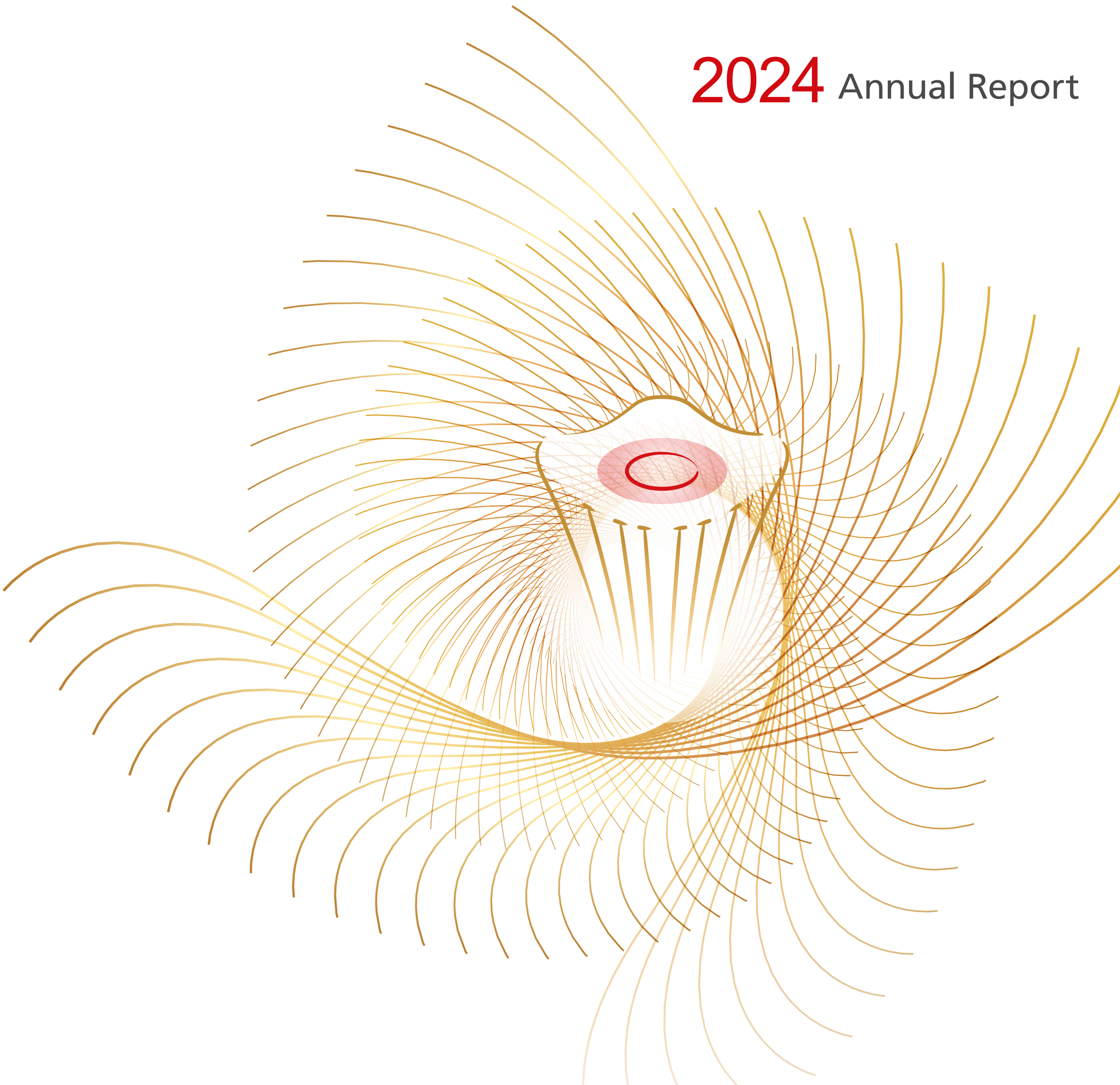
中信银行
CHINA CITIC BANK

(A joint stock limited company incorporated
in the People's Republic of China with limited liability)

Stock Code: 0998

2024 Annual Report



Corporate Profile

China CITIC Bank was founded in 1987. It is one of the earliest emerging commercial banks established during China's reform and opening-up and also China's first commercial bank participating in financing at both domestic and international financial markets. As a keen contributor to China's economic development, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. In April 2007, the Bank simultaneously listed its A and H shares at the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Relying on the comprehensive resources of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features"[1] and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading"[2] strategy. For government and institutional customers, corporate customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, investment banking business, international business, transaction banking business, custody business, financial market business etc. For individual customers, the Bank provides diversified financial products and services related to wealth management, personal credit, credit cards, private banking, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of government and institutional, corporate, inter-bank market and individual customers for comprehensive financial services on all fronts.

As at the end of reporting period, the Bank had 1,470 outlets in 153 large and medium-sized cities in China and 7 affiliates at home and abroad, namely CITIC International Financial Holdings Limited, CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., CITIC Wealth Management Corporation Limited, CITIC aiBank Corporation Limited, JSC Altyn Bank and Zhejiang Lin'an CITIC Rural Bank Limited. CITIC Bank International Limited, a subsidiary of CITIC International Financial Holdings Limited, recorded 31 outlets and 2 business wealth management centers in Hong Kong SAR, Macao SAR, New York, Los Angeles, Singapore and the Chinese mainland. CNCB (Hong Kong) Investment Co., Ltd. had 3 subsidiaries in Hong Kong SAR and the Chinese mainland. CITIC Wealth Management Corporation Limited is the wholly-owned wealth management subsidiary of the Bank. CITIC aiBank Corporation Limited, a joint venture co- sponsored by the Bank and Baidu, is the first independent legal entity practicing direct banking in China. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan.

With a firm grasp of the political and people-oriented nature of financial work, the Bank has remained committed to its financial positioning and responsibility under overall strategies of the Party and the country, and worked unswervingly to be a loyal practitioner of national strategies, a strong supporter of the real economy, and an active builder of China as a financial powerhouse. Thriving through 37 years since its establishment, the Bank has become a financial conglomerate with strong comprehensive strength and brand competitiveness, registering more than RMB9.5 trillion total assets and more than 65,000 employees. In 2024, Brand Finance of the United Kingdom rated the Bank the 19th on its list of the "Top 500 Banking Brands", and *The Banker* magazine of the United Kingdom rated the Bank the 18th on its list of the "Top 1,000 World Banks" in terms of tier-one capital.

Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Bank guarantee that the information contained in the 2024 Annual Report does not include any false record, misleading statement or material omission, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

The Board of Directors of the Bank adopted the full text and summary of the Bank's 2024 Annual Report on 26 March 2025. 9 of the 9 eligible directors attended the meeting with director Mr. Wang Yankang entrusting director Ms. Huang Fang to attend and vote on his behalf as proxy due to conflicting schedule. The supervisors and senior management of the Bank attended the meeting as non-voting delegates.

The 2024 annual financial reports prepared by the Bank in accordance with the PRC Accounting Standards and International Financial Reporting Standards (IFRS) Accounting Standards were audited respectively by KPMG Huazhen LLP and KPMG in accordance with China Auditing Standards and Hong Kong Standards on Auditing respectively, with both firms producing an auditor's report with a standard unqualified audit opinion.

Mr. Fang Heying as Chairman and executive director of the Bank, Mr. Lu Wei (performing the duties of the President) as person-in-charge of finance and accounting of the Bank and Mr. Kang Chao as the head of the Finance and Accounting Department of the Bank hereby declare and guarantee the truthfulness, accuracy and completeness of the financial report contained in the Bank's 2024 Annual Report.

Profit Distribution Plan: Chapter 3 "Corporate Governance – Profit and Dividend Distribution of Ordinary Shares" of this report discloses the Bank's Final Profit Distribution Plan for 2024 as reviewed and adopted by the Board of Directors and will be submitted to the 2024 Annual General Meeting for deliberation. The plan proposes to pay a cash dividend of RMB1.722 per 10 shares (tax inclusive, the same below). With reference to the total of 55.645 billion A shares and H shares on the register as at 4 March 2025 of the Bank, the total amount of the final cash dividends for ordinary shares of the year 2024 shall be RMB9.582 billion, together with the paid out interim cash dividends of RMB9.873 billion (RMB1.825 per 10 shares), amounting to RMB19.455 billion (RMB3.547 per 10 shares) of cash dividends in the whole year. The Bank shall maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the register date. No scheme for transfer of capital reserve to share capital will be applied for the current year.

Cautionary note on forward-looking statements: Forward-looking statements such as future plans and development strategies contained in this report do not constitute substantive commitments of the Bank to its investors. Investors and relevant persons are kindly reminded to maintain adequate risk awareness of such statements and understand the differences between plans, forecasts and commitments. Material risk reminder: During the reporting period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The Bank has disclosed in this report the major risks it exposed to in its operation and management and the risk management and controls thereof. For relevant information thereof, please refer to related parts in Chapter 2 "Management Discussion and Analysis" of this report.

For the purpose of this report, numbers are expressed in Renminbi (RMB) unless otherwise specified. This report is prepared in both Chinese and English. Shall there be discrepancy between the two versions, the Chinese version shall prevail.

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1 A bank with "Four Features": a responsible, unique, valuable and caring provider of the best comprehensive financial services.

2 "Five Leading": a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.


中信银行
CHINA CITIC BANK
中信银行，让财富有温度
全国统一客服热线
95558
www.citicbank.com

Contents

Vision

Become a responsible, unique, valuable and caring bank and strive to be a competitive player among the world's first-class banks.

Strategy

Becoming a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

Brand motto

The more we care, the more you gain.

Performance Overview

Operating performance:

Operating income
213.223 billion RMB

Net profit attributable to the equity holders of the Bank
68.576 billion RMB

Total assets
9,532.722 billion RMB

Net profit growth
2.33%

Profitability:

ROAA
0.75%

Cost-to-income ratio
32.71%

ROAE
9.92%

Net interest margin
1.77%

Asset quality:

Allowance coverage ratio
209.43%

NPL ratio
1.16%

The ratio of allowance for impairment of loans to total loans
2.43%

Core Business Capabilities:

Retail asset under management
4.69 trillion RMB

Balance of comprehensive finance
14.29 trillion RMB

Scale of wealth management products
1.99 trillion RMB

Customer base:

Corporate customers
1.2666 million

Online monthly active users
41.3521 million

Retail banking customers
145 million

Note: Indicators under customer base are data of the Bank while other indicators are data of the Group.

Definitions

the reporting period	From 1 January 2024 to 31 December 2024
CSRC Beijing Bureau	Beijing Bureau of the China Securities Regulatory Commission
the Bank/China CITIC Bank/CITIC Bank/CNCB	China CITIC Bank Corporation Limited
the Group	China CITIC Bank Corporation Limited and its subsidiaries
NFRA	National Financial Regulatory Administration
Lin'an CITIC Rural Bank	Zhejiang Lin'an CITIC Rural Bank Limited
Quzhou Development	Quzhou Xin'an Development Co., Ltd. (formerly known as Xinhu Zhongbao Co., Ltd.)
SSE	Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
CITIC Wealth Management	CITIC Wealth Management Corporation Limited
CNCB Investment	CNCB (Hong Kong) Investment Co., Ltd. (formerly known as China Investment and Finance Limited)
former CBIRC	former China Banking and Insurance Regulatory Commission
former CBRC	former China Banking Regulatory Commission
China Tobacco	China National Tobacco Corporation
CSRC	China Securities Regulatory Commission
CITIC aiBank	CITIC aiBank Corporation Limited
CITIC Limited	CITIC Limited (formerly known as CITIC Pacific Limited prior to renaming in August 2014)
CIAM	CITIC International Assets Management Limited
CIFH	CITIC International Financial Holdings Limited
CITIC Financial Holdings	China CITIC Financial Holdings Co., Ltd.
CITIC Financial Leasing	CITIC Financial Leasing Co., Ltd.
CITIC Group	CITIC Group Corporation (formerly known as CITIC Group Corporation prior to restructuring in December 2011)
CITIC Pacific	CITIC Pacific Limited
CNCBI	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited)
CITIC Corporation Limited	CITIC Corporation Limited (formerly known as CITIC Limited prior to renaming in August 2014)

(Note: The definitions are arranged in the alphabetic order of Mandarin Pin Yin)

Fang Heying
Chairman and executive director

Chairman's Letter to Shareholders

Dear shareholders,

The year 2024 is a crucial year for achieving the goals and tasks in the 14th Five-Year Plan (2021-2025). Under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at its core, China continuously enhanced its economic strength, scientific and technological capabilities and composite national strength, and took new solid steps to promote Chinese modernisation. The year 2024 also witnessed the commencement of CITIC Bank's new Three-Year Development Plan. CITIC Bank, committed to the mission of serving the real economy and enhancing people's well-being, fully implemented the guiding principles of the 3rd plenary session of the 20th CPC Central Committee, the Central Economic Work Conference and the National Financial Work Conference, and held fast to our mission of serving the real economy and helping people enjoy a happy life. With a vision of becoming one of the word class bank with leading competitive edge, we devoted ourselves to the building of a bank of value and wrote a new chapter in advancing the high quality development.

This past year, we held to the principles that "the higher we climb, the brighter the light" and "the further we go, the more brilliant the journey" in the face of the increasingly uncertain external environment and rapidly evolving industry ecosystem. As we strove forward, we made continual breakthroughs and exceeded ourselves.

This past year, we delivered solid results: dual growth in both revenue and profit, dual excellence in loan-deposit volume and pricing, dual stability in non-performing loans (NPL) and allowance coverage, and dual expansion in both corporate and retail customer bases. CITIC Bank's image as a balanced, steady, and sustainable financial institution has become even clearer.

This past year, we also received increasing recognition from external parties and the market: an upgrade in our corporate regulatory rating, a leap in our ESG rating, and global ranking improvements to 18th in tier-one capital and 19th in brand value. Our total market value growth outpaced the broader market for the third consecutive year.

Our strategic planning that keeps pace with the times is what guides in creating distinct value and pursuing more. Our increasingly balanced business structure is the driving force behind our ability to generate diversified value and achieve cross-cyclical growth. Our due reverence for risks is how we staunchly guarantee lasting value and steady progress for long-term success. Thanks to this solid foundation, our net profit surged from RMB50 billion to RMB60 billion over the past four years, with strong momentum toward RMB70 billion. To better share the fruits of our success with you, our investors, and express our sincere gratitude for your trust and support, we plan to further increase our dividend ratio, building on the foundation of our interim dividend distribution.

Looking back at this past year's growth, what lies behind the numbers is the legacy and perseverance of those at CITIC Bank coupled with the never-ending advancements in our system and ability. It is this enduring commitment that drives us forward on the path to becoming a bank of enduring value and unwavering trust.

We remained true to our original mission, focusing on the country's most fundamental interests as our guiding principle for development. Over the past year, we made advancing the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance, and digital finance our top priority, leveraging CITIC Bank's capabilities to better serve the economy and improve people's livelihoods. Our full-chain, full-lifecycle comprehensive financial service model for technology finance has gained significant momentum, leading to a growth of nearly 20% in outstanding loans to technology enterprises. Our green finance ecosystem expanded and increased in quality, pushing the balance of green credit past the RMB600-billion mark for an annual growth of 31%. The professional operation of our inclusive finance mechanism continually advanced. As the "CITIC Easy Loan" product portfolio maintained expansion, we provided service to over 300,000 micro and small businesses, covering nearly 80% of the nation's economic industries. In pension finance, we upgraded our "Happiness +" service system for the elderly, pushing the number of pension account book users to over five million. Our pension custody scale led the industry, further solidifying our industry clout. We also made remarkable strides in digital finance, with a range of tangible, impactful innovations. These included our retail customer insight system, corporate AI digital assistant, and financial market quant trading platform, all of which provided more advanced and effective support for our business growth.

We maintained firm strategic resolve with a focus on distinct development via our "Five Leading" strategy. This past year, with a rise in homogeneous competition, we fully leveraged our distinctive advantages of "CITIC Synergy", and intensely advanced our "Five Leading" strategy to become a leading bank in the five areas of wealth management, comprehensive financing, trading settlement, forex service, and digitalisation, by developing distinct features. We are overjoyed to see that the scale of our wealth management reached around RMB2 trillion, growing by 15% compared with previous year. Our debt financing instrument underwriting hit a market record of RMB960 billion. The balance of our trading settlements and number of active customers held steadily at the industry forefront. Our balance of payments, forex settlement and sales volume, and transnational e-commerce scale hit historical highs. Our technology investments exceeded RMB10 billion, and we deepened integration among industry, technology, and data while conducting adept organisational transformation, whose resulting value is being rapidly unlocked. These achievements not only reflect the significant strides we have made in building a "Five Leading" bank but also represent our gradual progress in deeply cultivating the traditional credit market, connecting to the capital market, and expanding into the international market. These are our attempts at and exploration of building a protective "moat' around ourselves and a reflection of our vision and determination to stride confidently into the future.

We advanced the reform and transformation with a focus on achieving balanced development in three major areas of operation. This past year, we continued the transformation of our business structure from one of "one body with two wings" to one of "three engines jointly pushing forward", to benefit people's well-being with even more financial values and enable our further diversified development at the same time. We remained firmly committed to our "retail first" strategy. Our retail customer base grew to 145 million, with assets under management (AUM) steadily rising to RMB4.69 trillion and the balance of personal mortgage loans surpassing the RMB1 trillion mark. We accelerated the reshaping of our corporate business advantages. There was rapid growth in credit for strategic emerging industries, mid- and long-term manufacturing industries business and for private enterprises, and the balance of RMB general corporate loans grew to historic highs. We deeply advanced integrated business management for interbank customers, achieving a coverage rate of over 80% among the target interbank customers, and fee-based business income from the financial markets segment again hit a new high. Thanks to years of system accumulation and capability breakthroughs, we are now gathering strong momentum for development in three business sectors alongside balanced development in quantity, pricing, quality, customer care, and efficiency. The ratio of contribution to CITIC Bank's revenue by the three business sectors—the corporate, retail, and financial markets—was about 4:4:2, which enables both proactive expansion and strategic defense, significantly enhancing our resilience to cyclical challenges.

We continued to temper quality with a focus on our risk control system to promote steady development. This past year, we kept pace with changing circumstances, continuously advanced the implementation and the effectiveness of our risk management, and firmly held the risk bottom line and the positive trend. As at the end of 2024, our non-performing asset ratio was 1.16%, marking the sixth consecutive year of decline, and our allowance coverage ratio rose to more than 209%, the highest since 2013. In the face of the increasingly complex external environment, we have tirelessly boosted our consciousness of the principle that revenue is immediate, while risks are delayed and of our preference to "concession in profit to concessions in risks". We continued to improve the risk management system featuring "effective risk control and vigorous development promotion", persisting in achieving coordinated efforts in our "Five Policies" concerning industry research, credit policies, approval standards, marketing guidelines, and resource allocation. This integrated practice, driven by concept-based guidance, system consolidation, and capability enhancement, has given us a distinct advantage in asset quality, fueling long-term value growth. It is also the key to our successful transition from the "development recovery phase" through the "capability-building phase" and into the current "stable development phase" and "competitive advancement phase."

We intensely expanded room for value enhancement with a focus on balanced quantity and pricing to pursue sustainable development. This past year, we maintained interest margin stability as the priority of our "four operation themes", consistently driving efficiency through professional and refined management and seeing exceptional results. At the end of 2024, we had a net interest margin of 1.77%, roughly the same as the previous year, accounting for the third successive year of beating the market and strongly supporting revenue growth momentum. This accomplishment was made possible by the operational philosophy of "balancing quantity and pricing" that deeply rooted among people as well as the gradual shaping of our pricing management system and customer relationship capabilities. We made efforts in both operation and management and shifted the development towards the endogenous and intensive mode achieving constant improvement in customer loyalty, asset and liability structure as well as more advantage in interest margin. In particular, in the low-interest, low-interest-margin market environment of recent years, this direction has provided us a stronger momentum for sustainable development.

Weathering storms keeps one tough, and though part of the journey is complete, the road ahead is still long. Today, CITIC Bank stands at the threshold of surpassing RMB10 trillion in total assets. We are spurring on the growth achieved while holding to a strong sense of responsibility. We deeply know that our large scale of assets is meant to build up and serve as leverage for China's national strategy, and that our refined management capacity is aimed at finding even better solutions to meet people's needs.

In the future, we will continue to improve strategic foresight and rapidly expand into new frontiers, further integrating with CITIC Group's synergistic ecosystem to drive mutual progress. We will continue to enhance quality and efficiency and realise endogenous development through our strategy of being "capital light, asset light, and cost light". All of our effort is aimed at finding a path from a single growth curve to a dual growth curve, combining "large yet light" efficiency reforms with "large and strong" momentum building. This will enable us to achieve breakthrough development and elevate our status as a bank of enduring value.

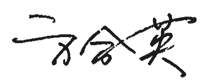
With self-confidence, we will strive forward with assurance amid cyclical transitions. To befriend time, one needs not only passion and perseverance but also foresight and insight. At this new starting point, we will keep fostering finance culture with Chinese characteristics, and achieve success through persistence in building up our system and boosting our ability. We will remain devoted to our "Five Priorities" and "Five Leading" strategy in the integrated promotion of building up the Bank, leverage collective wisdom to support strategic foresight, enable the organization's adaptive capacity to support strategic resolve, and ensure the transmission of a well-developed strategic framework and scientific operational philosophy for generations to come. We firmly believe that by staying true to our founding mission and consistently doing what is right, whether the path is easy or difficult, we will ultimately lay the solid foundation for becoming a century-old institution.

With our vision to better understand our customers, we grow and forge ahead with each of them. Empowering our customers and growing with them has always been the direction of our efforts. Today, digital and intelligent technologies have transformed us, giving wings to this journey. In the future, we will further deepen integration among industry, technology and data, and comprehensively meet the different needs and greater expectations of consumers throughout their lifecycles within the new landscape by making breakthroughs in digital and intelligent transformation of management, business and operations. In this way, we will accelerate our transition from simply responding to service demands to anticipating them, and deepen the partnership of mutual growth with customers within the scenarios of serving individuals, families, enterprises and the society.

We journey toward the light, co-creating value following the principle of altruism. As we grow in this era of development, we have the duty and capacity to undertake greater social responsibility. With the nation's fundamental interests at heart, we actively contribute to China's modernization, effectively balancing functionality with profitability. We remain committed to the core purpose of financial services, further embracing ESG principles, and balancing functionality with profitability. We will continue to deliver the CITIC answer that goes "beyond banking and beyond finance," constantly exploring new possibilities through shared prosperity and co-creation.

As vast as the galaxy is, so is our journey. Looking back, the strategic resolve and solid fundamentals forged through time and efforts gives us the confidence and courage to act. As we sail forward, our commitment to reform and innovation as well as the resilience in development shall rally the confidence and strength to star new journey.

The road ahead is wide and boundless. We will continue go further with our commitment to action.



Fang Heying
Chairman and executive director
26 March 2025

Chapter 1 Corporate Introduction

1.1 Corporate Information

Registered Name in Chinese	中信銀行股份有限公司 (abbreviated as "中信銀行")
Registered Name in English	CHINA CITIC BANK CORPORATION LIMITED (abbreviated as "CNCB")
Legal Representative	Fang Heying
Authorized Representative	Fang Heying, Zhang Qing
Secretary to the Board of Directors	Zhang Qing
Joint Company Secretaries	Zhang Qing, Kam Mei Ha Wendy (FCG, HKFCG) *(resigned on 28 August 2024)*, Cheung Yuet Fan *(FCG, HKFCG) (appointed on 28 August 2024)*
Securities Representative of the Company	Wang Junwei
Registered and Office Address[3]	6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Postal Code of the Registered and Office Address	100020
Official Website	www.citicbank.com
Telephone Number/Fax Number for Investors	+86-10-66638188/+86-10-65559255
Email Address for Investors	ir@citicbank.com
Customer Service and Complaint Telephone Number	95558
Principal Place of Business in Hong Kong	80/F., International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Media for Information Disclosure	*China Securities Journal* (www.cs.com.cn) *Shanghai Securities News* (www.cnstock.com) *Securities Times* (www.stcn.com)
Websites for Information Disclosure	SSE website publishing A-share annual report: www.sse.com.cn SEHK website publishing H-share annual report: www.hkexnews.hk
Place Where Annual Reports Are Kept	Office of the Board of Directors of CITIC Bank, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Legal Adviser as to PRC Laws	East & Concord Partners
Legal Adviser as to Hong Kong Laws	Clifford Chance LLP
Domestic Auditor	KPMG Huazhen LLP 8th Floor, Office Building Tower 2, Oriental Plaza East, No. 1 East Chang An Avenue, Beijing, China (Postal code: 100738)
Domestic Signing CPAs	Shi Jian and Ye Hongming
Overseas Auditor	KPMG 8th Floor, Prince's Building, No. 10 Chater Road, Central Hong Kong
China Overseas Signing CPA	Elise Wong (Wong Yuen Shan)
Sponsor 1 for Continuous Supervision and Guidance[4]	CITIC Securities Co., Ltd.
Office Address and Telephone	23/F, CITIC Securities Mansion, No. 48 Liangmaqiao Road, Chaoyang District, Beijing +86-10-60838888
Signing Sponsor Representatives	Ma Xiaolong and Hu Yan

3 The registered address of the Bank was changed from "Building C of Fuhua Building, No. 8 Chaoyangmen Beidajie, Dongcheng District, Beijing" to "No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing" in 2015 and to "6-30/F and 32-42/F, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing" in 2020.

4 The A-share convertible corporate bonds issued by the Bank in 2019 were delisted upon maturity on 4 March 2025. In accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other relevant regulations, the duration of continuous supervision and guidance of the Bank's sponsors for continuous supervision and guidance expired on 3 March 2025.

Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)
Sponsor 2 for Continuous Supervision and Guidance	China International Capital Corporation Limited
Office Address and Telephone	27-28/F, China World Office 2, No. 1 Jianguomen Waidajie, Beijing +86-10-65051166
Signing Sponsor Representatives	Ai Yu and Zhou Yinbin
Duration of Continuous Supervision and Guidance	From 19 March 2019 to 31 December 2020 (Where the convertible bonds are not fully converted to shares upon expiry of the duration of continuous supervision and guidance, the duration shall be extended to the time of full conversion or redemption upon maturity, whichever is earlier)
A-share Registrar	China Securities Depository and Clearing Corporation Limited Shanghai Branch 188 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
H-share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Listing Venue, Stock Name and Stock Code	A-share: Ordinary shares — SSE; CNCB — 601998 Preference shares — SSE; CITIC Excellent 1 — 360025 Convertible corporate bonds[5] — SSE; CITIC Convertible Bonds — 113021 H-share: Ordinary shares — SEHK; CITIC Bank — 0998
Constituent Stock of Major Indexes	SSE A Share Index, SSE Composite Index, SSE 180 Index, Shanghai-Shenzhen 300 Index, CSI Bonus Index, CSI Bank Index, CSI 800 Index, Hang Seng China H-Financials Index, FTSE China A50 Index
Credit Ratings	Standard & Poor's Long-term issuer credit rating A- Short-term rating A-2 Outlook Stable Moody's Deposit rating Baa2/P-2 Baseline credit assessment ba2 Outlook Stable Fitch Ratings Default rating BBB+ Viability rating bb- Outlook Stable Dagong Issuer rating AAA Outlook Stable CCX Issuer rating AAA Outlook Stable

5 The A-share convertible corporate bonds worth RMB40 billion issued by the Bank in March 2019 were delisted upon maturity on 4 March 2025. For relevant information please refer to Chapter 8 Convertible Corporate Bonds of this report.

1.2 Contact Persons and Contact Details

	Secretary to the Board of Directors	**Securities Representative**
Name	Zhang Qing	Wang Junwei
Address	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing	Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing
Telephone	+86-10-66638188	+86-10-66638188
Fax	+86-10-65559255	+86-10-65559255
Email Address	ir@citicbank.com	ir@citicbank.com

1.3 Honors and Awards

2024

January

the Bank was named the "Market Influence Institution" and "Market Innovation Business Institution" by National Interbank Funding Center. It was honored as the "Excellent Comprehensive Business Institution", "Excellent Acceptance Institution", "Excellent Discounting Institution", "Excellent Transaction Institution", "Excellent Settlement Institution", "Excellent Institution for Promoting New Generation System Business", "Excellent Institution of Corporate Promotion of New Generation System", and "Excellent Service Institution of Commercial Paper Information Disclosure" by Shanghai Commercial Paper Exchange Corporation Ltd. It was granted as the "Bond Market Leading Institution", "Excellent Financial Bond Issuer", "Excellent Bond Underwriting Institution", "Top 100 Proprietary Settlement", "Outstanding Contributor to Collateral Business", "Outstanding Settlement Agency of Global Connect Business", "Outstanding Institution of Valuation Services", and "Outstanding Underwriting Institution of ChinaBond Green Bond Index" in CCDC Member Business Development Quality Evaluation by China Central Depository & Clearing Co., Ltd.

February

the Bank was named the "Best Institution in the Interbank Inquiry Market", "Best Market Makers in the Interbank Inquiry Market", "Best Business Innovation Members of the Year", and "Member with Special Achievement in International Institution" by Shanghai Gold Exchange. It won honors of the "Outstanding Clearing Member", "Excellence in Proprietary Foreign Currency Pair Clearing", "Progress Award in Proprietary Interest Rate Swap Clearing", "Outstanding Settlement Member", "Outstanding Issuer of Capital Supplement Bonds", "Outstanding Institution for Over-the-Counter Debt Business", and "Outstanding Institution for Advancing Innovative Business Initiatives" in the High-quality Development Evaluation of Centralized Clearing Business and Issuance, Registration, Custody and Settlement Business by Shanghai Clearing House.

March

the Bank ranked 19th among the "Top 500 Banking Brands" published by Brand Finance of the United Kingdom.

April

the Bank was rated "A-" by Standard & Poor's, and was named "Excellent RMB Foreign Exchange ESP Market Maker of Interbank RMB Foreign Exchange Market", "Excellent Service Enterprise Exchange Rate Risk Management Member", "Excellent Foreign Currency Pair Market Maker", and "Excellent Data and Information Service Support Institution" by the China Foreign Exchange Trade System. It was granted "Market Outlook Award – Second Place of Overall Award" by London Stock Exchange Group.

May

the Bank was selected as the "Best Practice Case of Investor Relations Management of Chinese Listed Companies" by the China Association for Public Companies, and was granted the "Outstanding Mobile Payment Cooperation Award" by China UnionPay.

June

the Bank was named the "Best Advertiser of the Year 2024" in the selection of the IAI International Advertising Awards. Its agricultural business model was included in the "Top Ten Innovative Models of Financial Support for Agriculture" by the Ministry of Agriculture and Rural Affairs.

July

the Bank was ranked as "Excellent" in the rural revitalization assessment by the PBOC and NFRA; and was named "Excellent Wealth Management Bank" in the selection of the "Golden-Shell Award for Competitive Wealth Management Cases" by *21st Century Business Herald*.

August

the Bank ranked 18th on the list of "Top 1,000 World Banks" by *The Banker* magazine of the United Kingdom in terms of tier-one capital, was rated "AAA" by ESG ratings for constituent stocks of the CSI 800 Index, and was also named the "Excellent Northbound Market Maker" by Bond Connect Company Limited. The "'Sentry' Intelligent Anti-Fraud System" and the "DNA Service Management Engineering Project" were recognized as "China's Best Anti-Fraud and Risk Management Project" and "China's Best Customer Service Technology Implementation" by *The Asian Banker*, respectively. The Bank was also granted the "ESG New Benchmark Enterprise Award" by stockstar.com.

September

the Bank was included in "China's Top 30 ESG Pioneer Listed Companies in Financial Industry (2024)" list and "China's Top 50 ESG Pioneer Listed Companies in Beijing-Tianjin-Hebei Region (2024)" list by CCTV Finance, the "Top 20 ESG Comprehensive Performance for Banks" list by China Financial Media, and awarded the "ESG Financial Annual Prize of Clear Waters and Green Mountains Award" by CLS.cn. It was listed in the "Top 20 A-share Listed Companies in Financial Industry of ESG Information Disclosure 2024" and "Top 100 A-share Listed Companies of ESG Information Disclosure 2024" by Sino-Securities Index. It was recognized as "Outstanding Wealth Management Institution" and "Outstanding Wealth Management Sales Bank" in the selection of the "Excellence Demonstration Cases of Wealth Management for China's Banking Industry" hosted by *China Fund*. The "Happiness+" pension finance service system was named the "Outstanding Pension Finance Brand of Financial Institutions" by Xinhuanet, and the "CITIC Forex+" cross-border financial service system was recognized as the "Best Global Service Practice Demonstration Case" at the China International Fair for Trade in Services (CIFTIS) Financial Services Thematic Event.

October

the Bank was rated "Tier 1" in the financial service regulatory assessment on small and micro-sized enterprise conducted by the NFRA, and won the first place in the "Artificial Intelligence Technology Empowering Cybersecurity Application Test" organized by the National Computer Network Emergency Response Technical Team/Coordination Center of China (CNCERT/CC), and obtained "Ecosystem Brand Certification" from National Brand Project of Xinhua News Agency, Xinhua Publishing House, Kantar Group and *Caijing* magazine. The "Lv Xin Hui" Low-Carbon Ecosystem Platform for credit cards, the "CITIC Interbank+" Platform, and the "Happiness+" Pension Finance Case were selected as "Ecosystem Brand Benchmark Cases". The digital wealth advisor Xiaoxin was honored as "China Service Practice Case" among service demonstration cases by the Organizing Committee of the China International Fair for Trade in Services (CIFTIS), and was included in the "Leading Outstanding Cases of Internal Audit Digital Transformation" by the China Academy of Information and Communications Technology (CAICT).

November

the Bank was granted "Ingenuity Brand" by people.cn, the "Outstanding Bank with Practice in Five Priorities in Finance" by *The Economic Observer*, and the "Bank for Forex Services of the Year" by Jiemian News. It won the "Award of Global Influential Brand" and the "Outstanding Case for Five Priorities in Finance" by *China Investment Network*. The "enhancing quality and efficiency in serving the real economy" case of the Bank's corporate business was included in the "Innovative Practice Case Repository for Building a Financial Powerhouse" by people.cn, and the "Letters from the Polar Regions" integrated brand activity was recognized as a "Demonstration Case for Public Relations" by China Public Relations Association.

December

the Bank was granted the "Second Prize in the Financial Technology Development Award" by the People's Bank of China (PBOC) for the "Data Integration Project Based on Privacy Computing", "Trust Technology Platform", and "Integrated Platform (Ben Teng) Project for Wealth Management Product Comprehensive Sales and Collaborative Operation". It was named "Responsible Brand" by *China Newsweek*, and "Demonstration Case of Auto Financial Services in the Research of 'Gold Engine' Auto Industry Competitiveness" by *21st Century Business Herald*.

1.4 Financial Highlights

1.4.1 Operating Performance

Unit: RMB million

Item	2024	2023	Growth rate (%)	2022
Operating income	**213,223**	205,570	3.72	211,109
Profit before tax	**80,863**	74,887	7.98	73,416
Net profit attributable to the equity holders of the Bank	**68,576**	67,016	2.33	62,103
Net cash flow from/(used in) operating activities	**(181,032)**	(918)	Negative in previous year	195,066
Per share				
Basic earnings per share (RMB)	**1.22**	1.27	(3.94)	1.17
Diluted earnings per share (RMB)	**1.20**	1.14	5.26	1.06
Net cash flows from/(used in) operating activities per share (RMB)	**(3.33)**	(0.02)	Negative in previous year	3.99

Unit: RMB million

Item	2024			
	1st Quarter	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Operating income	**53,569**	**55,071**	**53,180**	**51,403**
Net profit attributable to the equity holders of the Bank	**19,191**	**16,299**	**16,336**	**16,750**
Net cash flows from/(used in) operating activities	**(333,139)**	**(8,770)**	**119,512**	**41,365**

1.4.2 Profitability Indicators

Item	2024	2023	Increase/ (decrease) in percentage point	2022
Return on average assets (ROAA)(1)	**0.75%**	0.77%	(0.02)	0.76%
Return on average equity (ROAE, not including non-controlling equity)(2)	**9.92%**	10.80%	(0.88)	10.80%
Cost-to-income ratio (excluding tax and surcharges)(3)	**32.71%**	32.61%	0.10	30.66%
Credit cost(4)	**0.95%**	0.93%	0.02	1.12%
Net interest spread(5)	**1.71%**	1.75%	(0.04)	1.92%
Net interest margin(6)	**1.77%**	1.78%	(0.01)	1.97%

Notes: (1) Return on average assets (ROAA) = net profit/the average of the balances of total assets at the beginning and end of the period.

(2) Return on average equity (ROAE) = net profit attributable to the ordinary shareholders of the Bank/the average of beginning and ending total equity attributable to the ordinary shareholders of the Bank.

(3) Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.

(4) Credit cost = current-year accruals of allowance for impairment losses on loans and advances to customers/average balance of loans and advances to customers.

(5) Net interest spread = average yield on total interest-earning assets – average cost rate of total interest-bearing liabilities.

(6) Net interest margin = net interest income/average balance of total interest-earning assets.

1.4.3 Scale Indicators

Unit: RMB million

Item	**31 December 2024**	31 December 2023	Growth rate (%)	31 December 2022
Total assets	**9,532,722**	9,052,484	5.31	8,547,543
Total loans and advances to customers(1)	**5,720,128**	5,498,344	4.03	5,152,772
– Corporate loans	**2,908,117**	2,697,150	7.82	2,524,016
– Discounted bills	**449,901**	517,348	(13.04)	511,846
– Personal loans	**2,362,110**	2,283,846	3.43	2,116,910
Total liabilities	**8,725,357**	8,317,809	4.90	7,861,713
Total deposits from customers(1)	**5,778,231**	5,398,183	7.04	5,099,348
– Corporate demand deposits(2)	**2,054,271**	2,187,273	(6.08)	1,951,555
– Corporate time and call deposits	**2,062,315**	1,745,094	18.18	1,855,977
– Personal demand deposits	**439,965**	340,432	29.24	349,013
– Personal time and call deposits	**1,221,680**	1,125,384	8.56	942,803
Deposits from banks and non-bank financial institutions	**968,492**	927,887	4.38	1,143,776
Placements from banks and non-bank financial institutions	**88,550**	86,327	2.58	70,741
Total equity attributable to the equity holders of the Bank	**789,264**	717,222	10.04	665,418
Total equity attributable to the ordinary shareholders of the Bank	**684,316**	602,281	13.62	550,477
Net asset per share attributable to the ordinary shareholders of the Bank (RMB)	**12.58**	12.30	2.28	11.25

Notes: (1) As per the *Notice on Amending and Issuing the Formats of Financial Statements for Financial Enterprises for 2018* (Finance and Accounting [2018] No.36) issued by the Ministry of Finance (MOF), the interest of a financial instrument accrued according to the effective interest method should be included in the book balance of the corresponding financial instrument and reflected in relevant items of the balance sheet. The Group prepared the financial statements according to requirements in the above notice since 2018. For the convenience of analysis, "total loans and advances to customers" and "total deposits from customers" do not include relevant interest.

(2) Corporate demand deposits included demand deposits from corporate customers and outward remittance and remittance payables of corporate customers.

1.4.4 Asset Quality Indicators

Item	**31 December 2024**	31 December 2023	Increase/ (decrease) in percentage point	31 December 2022
NPL ratio(1)	**1.16%**	1.18%	(0.02)	1.27%
Allowance coverage ratio(2)	**209.43%**	207.59%	1.84	201.19%
Allowance for loan impairment losses to total loans(3)	**2.43%**	2.45%	(0.02)	2.55%

Notes: (1) NPL ratio = balance of non-performing loans (NPLs)/total loans and advances to customers.

(2) Allowance coverage ratio = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/balance of NPLs.

(3) The ratio of allowance for loan impairment losses to total loans = balance of allowance for impairment losses on loans and advances to customers (excluding allowance for impairment losses on accrued interest)/total loans and advances to customers.

1.4.5 Other Main Regulatory Indicators

Item (note)	Regulatory value	31 December 2024	31 December 2023	Increase/(decrease) in percentage point	31 December 2022
Capital adequacy profile					
Core tier-one capital adequacy ratio	≥8.00%	**9.72%**	8.99%	0.73	8.74%
Tier-one capital adequacy ratio	≥9.00%	**11.26%**	10.75%	0.51	10.63%
Capital adequacy ratio	≥11.00%	**13.36%**	12.93%	0.43	13.18%
Leverage profile					
Leverage ratio	≥4.25%	**7.06%**	6.66%	0.40	6.59%
Liquidity risk profile					
Liquidity coverage ratio	≥100%	**218.13%**	167.48%	50.65	168.03%
Liquidity ratio					
Including: Local and foreign currencies	≥25%	**72.08%**	52.79%	19.29	62.61%
Renminbi	≥25%	**73.47%**	52.00%	21.47	62.18%
Foreign currencies	≥25%	**67.23%**	64.83%	2.40	69.24%

Note: The figures in the table were calculated in accordance with the regulatory consolidation standards of the Chinese banking industry.

1.4.6 Differences between IFRS and PRC Accounting Standards

There is no difference between the 2024 year-end net assets and the net profit of 2024 of the Group calculated according to the PRC Accounting Standards and those calculated according to the International Financial Reporting Standards (IFRS) Accounting Standards.

1.4.7 Five-Year Financial Summary

Unit: RMB million

Item	2024	2023	2022	2021	2020
Operating performance					
Operating income	**213,223**	205,570	211,109	204,554	195,399
Profit before tax	**80,863**	74,887	73,416	65,517	57,857
Net profit attributable to the equity holders of the Bank	**68,576**	67,016	62,103	55,641	48,980
Net cash flow from/(used in) operating activities	**(181,032)**	(918)	195,066	(75,394)	156,863
Per share					
Basic earnings per share (RMB)	**1.22**	1.27	1.17	1.08	0.94
Diluted earnings per share (RMB)	**1.20**	1.14	1.06	0.98	0.86
Net cash flow from/(used in) operating activities per share (RMB)	**(3.33)**	(0.02)	3.99	(1.54)	3.21
Scale indicators					
Total assets	**9,532,722**	9,052,484	8,547,543	8,042,884	7,511,161
Total loans and advances to customers	**5,720,128**	5,498,344	5,152,772	4,855,969	4,473,307
Total liabilities	**8,725,357**	8,317,809	7,861,713	7,400,258	6,951,123
Total deposits from customers	**5,778,231**	5,398,183	5,099,348	4,736,584	4,528,399
Total equity attributable to the equity holders of the Bank	**789,264**	717,222	665,418	626,303	544,573
Total equity attributable to the ordinary shareholders of the Bank	**684,316**	602,281	550,477	511,362	469,625
Net asset per share attributable to the ordinary shareholders of the Bank (RMB)	**12.58**	12.30	11.25	10.45	9.60
Profitability indicators					
Return on average assets (ROAA)	**0.75%**	0.77%	0.76%	0.72%	0.69%
Return on average equity (ROAE)	**9.92%**	10.80%	10.80%	10.73%	10.08%
Cost-to-income ratio (excluding tax and surcharges)	**32.71%**	32.61%	30.66%	29.34%	26.73%
Credit cost	**0.95%**	0.93%	1.12%	1.08%	1.64%
Net interest spread (note)	**1.71%**	1.75%	1.92%	1.99%	2.18%
Net interest margin (note)	**1.77%**	1.78%	1.97%	2.05%	2.26%
Asset quality indicators					
NPL ratio	**1.16%**	1.18%	1.27%	1.39%	1.64%
Allowance coverage ratio	**209.43%**	207.59%	201.19%	180.07%	171.68%
Allowance for loan impairment losses to total loans	**2.43%**	2.45%	2.55%	2.50%	2.82%
Capital adequacy ratios					
Core tier-one capital adequacy ratio	**9.72%**	8.99%	8.74%	8.85%	8.74%
Tier-one capital adequacy ratio	**11.26%**	10.75%	10.63%	10.88%	10.18%
Capital adequacy ratio	**13.36%**	12.93%	13.18%	13.53%	13.01%

Chapter 2 Management Discussion and Analysis

2.1 Industry Overview of the Company

The year 2024 is a critical year for accomplishing the goals and tasks set forth in the 14th Five-year Plan. In the face of complex and challenging developments marked by mounting external pressures and growing domestic challenges, authorities at the macro level responded with cool-headedness and made comprehensive moves, ensured overall stable performance and steady growth of the economy, made solid headway in pursuing high-quality development, and accomplished the main goals and tasks for economic and social development. After deducting price factors, China's GDP grew 5.0% year on year, with the consumption expenditure, gross capital formation, and net exports of goods and services each contributing 2.2, 1.3 and 1.5 percentage points to economic growth, and their respective share of economic growth contribution being 44.5%, 25.2% and 30.3%. Solid headway was made in fostering new quality productive forces. The reform and opening-up continued to deepen, and well-ordered and effective steps were taken to defuse risks in key areas. Steady progress was achieved in ensuring the people's well-being, and solid new strides were made in advancing Chinese modernization.

Proactive fiscal policies were effectively implemented. Financial authorities at all levels advanced efforts on both supply and demand sides, accelerated implementation, and strengthened the execution of existing and new fiscal policies, which actively provided support to boost China's strength in science and technology, advanced regional collaborated development, and supported intensified campaigns to prevent and control pollution. Efforts were made to help enterprises stabilize and expand employment, promote high-quality development across all stages of education. The minimum basic old-age benefits for rural and urban residents were raised, and local governments directed their fiscal resources downward to ensure basic living needs, salaries and government function at the primary level. They worked to implement a package of policies to defuse debt risk, supported the reform and transformation of financing platforms, and made efforts to stem the downturn and restore stability in the real estate market. These fiscal initiatives achieved new progress and outcomes, effectively contributing to the accomplishment of annual economic and social development goals.

Prudent monetary policies were implemented in a flexible, appropriate, precise and effective manner. In 2024, important monetary policies were adjusted multiple times, and a package of incremental financial policies were adopted, resulting in money and credit grew in a reasonable way. Required reserve ratios were lowered twice, and liquidity remained sound and sufficient. Policy interest rates were also cut twice, and overall financing costs were brought down, with the interest rates of newly granted corporate loans reaching a record low. The monetary policy framework was improved, as the central bank specified the policy interest rates and the LPR formation mechanism was refined. Comprehensive measures were implemented to keep the RMB exchange rate basically stable. Concrete steps were taken to advance the Five Priorities in finance to improve the financial services for major national strategies, key areas, and weak links. Growth rates for inclusive loans to small and micro-sized enterprises, loans to sci-tech SMEs, medium and long-term manufacturing, and green credit significantly outpaced the average growth of the total loans during the same period. Two new policy tools — the swap facility for securities, funds, and insurance companies, and the lending facility for share buybacks and shareholding increases — were introduced to bolster the stable growth of capital markets. Macro-prudential management of real estate finance was improved to support the stable and healthy development of the real estate market. Significant phased progress was achieved in resolving debt risks of local government financing platforms (LGFVs) through financial support. Risk mitigation for major institutions and key regions advanced steadily, while financial risk monitoring, assessment, and early warning systems were continuously improved.

Regulatory policies supported the high-quality development of the banking industry. Efforts were made to better serve the recovery of real economy and provide guidance to give full play of the urban real estate financing coordination mechanisms and the coordinated financing working mechanism for small and micro enterprises. Additionally, policies including the administrative measures on business such as fixed asset loans and working capital loans were released to further enhance credit management capabilities and financial service quality and efficiency of financial institutions of the banking industry to effectively prevent and mitigate risks in key areas. Efforts were made to deepen reform of the regulatory system and accelerate the development of a financial regulatory framework with Chinese characteristics to improve the effectiveness of compliance management of financial institutions and make continuous improvements in risk management.

In 2024, the banking industry continued to strengthen its ability to serve the real economy, saw steady growth in total assets, with overall stable asset quality and strong risk offsetting ability. As at the end of 2024, China's financial institutions in the banking industry had total assets in domestic and foreign currency of RMB444.6 trillion, an increase of 6.5% over the end of the previous year. The annual net profits amounted to RMB2.3 trillion. As at the end of 2024, non-performing loans (NPLs) of banking financial institutions stood at RMB3.3 trillion, with the NPL ratio being 1.50%. The provision coverage ratio posted 211.19%, remaining at a relative high level. The overall capital adequacy ratio of commercial banks was 15.74%.

2.2 Main Business of the Company

Relying on the comprehensive resources of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features" and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading" strategy. For government and institutional customers, corporate customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, investment banking business, international business, transaction banking business, custody business and financial markets business. For individual customers, the Bank provides diversified financial products and services related to wealth management, personal credit, credit cards, private banking, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of government and institutional, corporate, inter-bank market and individual customers for comprehensive financial services on all fronts. For details about the Bank's business during the reporting period, please refer to the section of "Business Overview" in this chapter.

2.3 Core Competitiveness Analysis

Standardized and efficient corporate governance. The Bank made great headway in boosting the building of a modern enterprise with Chinese characteristics, and persisted to the two "Consistent Adherence"[6]. It has always adhered to standardized, science-based and effective management and constantly improved its corporate governance and business operation systems and mechanisms, forming an organizational structure characterized by efficient management and professional division of duties. With reference to the theory and practice of modern bank development and considering the requirements for Party building, the Bank set up a science-based corporate governance framework comprised of the Board of Directors, the Board of Supervisors, the shareholders' general meeting and the senior management, and integrated overall Party leadership into its corporate governance. According to the principle of separating the front, middle and back offices, the Bank established a matrix management model with the Head Office departments as the lines and the branches and sub-branches as the arrays. The governing bodies of the Bank such as the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management functioned according to rules and performed duties effectively.

Significant edges in synergy. Giving into full play the CITIC Group's advantages of "all financial licenses and wide coverage of industries" and following the development principle of "One CITIC, One Customer", the Bank intensified efforts in Group-wide collaboration and Bank-wide collaboration, drove the in-depth integration of collaboration in business development and customer management, built featured coordinated service scenarios for the five priorities in finance, capital markets, cross-border finance, revitalization of existing assets and risk resolution, and continuously expanded the coordination ecosystems, hence providing customers with one-stop, customized, multi-scenario and full-lifecycle specialized comprehensive financial services, and enhancing the quality and efficiency of financial services for the real economy comprehensively.

Vigorous explorations and innovations. As China's first commercial bank participating in financing at both domestic and international financial markets, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. It has the genes of innovation and drives its development through innovation as well. The Bank has carried forward the CITIC style of exploration and innovation. It further boosted innovation in products and services, and gained unique competitive advantages in businesses such as investment banking, cross-border business, transaction settlement, auto finance, wealth management, going abroad finance, pension finance, credit card, and forex market making.

6 Must adhere to the Party leadership over state-owned enterprises as a significant political principle and must adhere to the establishment of a modern enterprise system as the direction of the reform of state-owned enterprises.

Effective risk prevention and control. The Bank continued to improve the risk management system in which risks can be put under control and development can be boosted, and enhanced the quality and efficiency of risk management. It strengthened comprehensive risk management, and effectively transmitted sound risk appetite. It pushed forward the combination of Five Policies[7] in depth, intensified research on industries aligned with the country's strategic priorities, and timely adjusted credit policies and optimized its asset portfolios in response to policy directives, regulatory requirements and market dynamics to enhance risk-adjusted returns. With consistent efforts in controlling new risks and mitigating existing ones, the Bank enhanced credit lifecycle control and continuously reinforced asset quality. Meanwhile, the Bank advanced digital risk control to elevate technology-driven safeguards and AI-powered control capabilities.

All-around empowerment by financial technology. Adhering to technology empowerment and innovation as core driving force, the Bank comprehensively empowered business development and strove to be a top technology-driven bank. It continued to increase its investment in technology, make its products and services more competitive, drive the transformation of business and operation model and create a data-driven development model. It became the first medium and large bank in China to launch the independently developed distributed core system, improving its comprehensive capabilities through financial technology on all fronts. New technologies such as artificial intelligence, blockchain, Internet of Things and big data were gradually and in-depth applied in increasingly wider business fields, becoming a significant driving force for the development of the Bank.

Fostering corporate culture as a solid foundation for development. The Bank thoroughly implemented the guidelines of the Central Financial Work Conference and the National Work Conference on Communication and Culture, vigorously promoted the outstanding traditional Chinese culture, proactively promoted the financial culture with Chinese characteristics, and guided all employees to follow it as the common value and action guide. Adhering to the original aspiration of finance for the people, the Bank served the real economy with correct views of operation, performance and risks, promoted the development of the Five Priorities in finance, and provided value guidance and cultural nourish for the vision of building a bank with "Four Features" in an all-around way and ranking in the leading places among world-class banks".

Professional and brilliant talent team. The Bank firmly upheld the idea of "talents are the primary resource", advanced human resources management reform featuring the orientation of capabilities and value contribution, rolled out new policies on managing the management team, talent development, incentives and constraints, and continued to improve the talent work mechanism conducive to its strategy, development and transformation. It further advanced the *14th Five-Year Plan for Talent Development of China CITIC Bank*, continuously advocated the Bank's talent concept of "uniting men in progression, inspiring men of action and promoting men with achievement", and strengthened the allocation of talents in key areas and key sectors. It continued to build six talent teams[8] through the collaboration between Head Office and branches, and comprehensively implemented the Bank-wide demonstrative talent project highlighting source training and independent cultivation. It enhanced the Bank-wide training system, conducted more targeted and effective talent cultivation, and strived to foster a team of talents capable of doing a good job in the work of the Five Priorities in finance and implementing the strategy of building a "Five Leading" bank.

Brand premise deeply rooted among the people. The Bank has always been committed to following the CPC and national policies, put into practice the new development concepts, and built a high-quality financial brand, so as to develop into a "value bank worthy of trust for the future". During the reporting period, further deepening the brand premise "the more we care, the more you gain" and aiming at brand communication, the Bank formulated the *2024 Brand Communication Plan of China CITIC Bank*, held the "Letters from the Polar Regions" brand integration activity in 19 cities across the country, and sponsored the China Open for 18 consecutive years, continuously expanding the "friends" of the brand. With business communication as the pillar, the Bank promoted the five priorities in finance of CITIC Bank and held the second "Trustworthy • New" high-quality development forum for the brand, promoting the integration of branding and business publicity. Taking daily communication as the cornerstone, the Bank coordinated marketing and communication, and integrated festive brand elements into the branding, so as to publicize the brand among the public. During the reporting period, China CITIC Bank rose to 19th place in the list of "Top 500 Banking Brands" of Brand Finance, reflecting the market's high recognition.

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7 The "Five Policies" refer to industry research, credit policies, check and approval standards (guides), marketing guidelines, and evaluation and resource policies.

8 The six talent teams refer to operation and management personnel, financial professionals, Fintec technicians, excellent youths, frontline backbones and Party building personnel.

2.4 Overview of the Operating Results

In 2024, in the face of a complicated and severe external environment, the Group fully implemented the plans and decisions of the CPC Central Committee and the State Council as well as regulatory requirements, fully promoted the development of the Five Priorities in finance, deepened the implementation of the new three-year development plan, and drove the development of the "Five Leading" bank. The Bank overcame difficulties and took the initiative to achieve good operating results, and further consolidated its upward development momentum.

Operating results kept improving and net profit increased stably. During the reporting period, the Group realized RMB213.223 billion in operating income, an increase of 3.72% compared with the previous year. Specifically, net interest income registered RMB146.679 billion, up by 2.19% compared with last year; net non-interest income posted RMB66.544 billion, up by 7.28% compared with the previous year. The Group realized RMB68.576 billion of net profit attributable to the shareholders of the Bank, up by 2.33% over the previous year.

Asset quality remained stable overall, and risk resistance capabilities kept improving. As at the end of the reporting period, the NPL balance of the Group recorded RMB66.485 billion, an increase of RMB1.685 billion or 2.60% over the end of the previous year, corresponding to an NPL ratio of 1.16%, down by 0.02 percentage points over the end of the previous year. The Group's allowance coverage ratio stood at 209.43%, an increase of 1.84 percentage points over the end of the previous year.

Asset and liability scales grew steadily, and business structure was further improved. As at the end of the reporting period, the Group recorded total assets of RMB9,532.722 billion, an increase of 5.31% over the end of the previous year; its total loans and advances to customers (excluding accrued interest) stood at RMB5,720.128 billion, a growth of 4.03% over the end of the previous year; and its total deposits from customers (excluding accrued interest) recorded RMB5,778.231 billion, marking a 7.04% increase from the end of last year. During the reporting period, the Group intensified its efforts in serving the real economy, with loans granted to green industries, strategic emerging industries, medium- and long-term manufacturing, inclusive finance and agriculture-related areas growing faster than that of total loans.

2.5 Analysis of the Financial Statements

2.5.1 Income Statement Analysis

During the reporting period, the Group realized RMB68.576 billion net profit attributable to the equity holders of the Bank, up by 2.33% over last year. The table below sets out the changes in the main items of the Group's income statement during the reporting period.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth rate (%)
Operating income	**213,223**	205,570	7,653	3.72
– Net interest income	**146,679**	143,539	3,140	2.19
– Net non-interest income	**66,544**	62,031	4,513	7.28
Operating expenses	**(71,938)**	(69,214)	(2,724)	3.94
Credit and other asset impairment losses	**(61,113)**	(62,204)	1,091	(1.75)
Profit before tax	**80,863**	74,887	5,976	7.98
Income tax	**(11,395)**	(6,825)	(4,570)	66.96
Profit for the year	**69,468**	68,062	1,406	2.07
Including: Net profit attributable to the equity holders of the Bank	**68,576**	67,016	1,560	2.33

2.5.1.1 Operating Income

During the reporting period, the Group realized operating income of RMB213.223 billion, up by 3.72% over last year, of which net interest income accounted for 68.8%, down by 1 percentage point from the previous year, and net non-interest income accounted for 31.2%, up by 1 percentage point over the previous year.

Unit: %

Item	2024	2023
Share of net interest income	**68.8**	69.8
Share of net non-interest income	**31.2**	30.2
Total	**100.0**	100.0

2.5.1.2 Net Interest Income

During the reporting period, the Group realized RMB146.679 billion of net interest income, an increase of RMB3.140 billion or 2.19% over the previous year. The table below sets out the average balances and average interest rates of the Group's interest-earning assets and interest-bearing liabilities, of which the average balances of assets and liabilities are average daily balances.

Unit: RMB million

	2024			2023		
Item	Average balance	Interest	Average yield/ cost rate (%)	Average balance	Interest	Average yield/ cost rate (%)
Interest-earning assets						
Loans and advances to customers	**5,569,970**	**235,922**	**4.24**	5,341,336	243,399	4.56
Financial investments[(1)]	**1,894,259**	**54,491**	**2.88**	1,898,824	56,938	3.00
Deposits with central banks	**358,348**	**5,842**	**1.63**	402,293	6,445	1.60
Deposits and placements with, and loans to banks and non-bank financial institutions	**416,681**	**12,261**	**2.94**	340,285	9,881	2.90
Financial assets held under resale agreements	**70,587**	**1,275**	**1.81**	63,975	1,029	1.61
Subtotal	**8,309,845**	**309,791**	**3.73**	8,046,713	317,692	3.95
Interest-bearing liabilities						
Deposits from customers	**5,509,436**	**103,975**	**1.89**	5,455,958	115,734	2.12
Deposits and placements from banks and non-bank financial institutions	**974,115**	**20,511**	**2.11**	1,138,344	24,845	2.18
Debt securities issued	**1,139,248**	**27,608**	**2.42**	953,129	24,996	2.62
Borrowings from central banks	**256,576**	**6,367**	**2.48**	163,969	4,281	2.61
Financial assets sold under repurchase agreements	**197,850**	**4,148**	**2.10**	176,567	3,762	2.13
Others	**11,752**	**503**	**4.28**	10,976	535	4.87
Subtotal	**8,088,977**	**163,112**	**2.02**	7,898,943	174,153	2.20
Net interest income		**146,679**			143,539	
Net interest spread[(2)]			**1.71**			1.75
Net interest margin[(3)]			**1.77**			1.78

Notes: (1) Financial investments included financial investments measured at amortized cost and financial investments measured at fair value through other comprehensive income.

(2) Net interest spread = average yield of total interest-earning assets – average cost rate of total interest-bearing liabilities.

(3) Net interest margin = net interest income/average balance of total interest-earning assets.

The table below sets out the changes in the Group's net interest income resulting from changes in the scale and interest rate factors.

Unit: RMB million

	2024 compared with 2023		
Item	**Scale factor**	**Interest rate factor**	**Total**
Assets			
Loans and advances to customers	**10,426**	**(17,903)**	**(7,477)**
Financial investments	**(137)**	**(2,310)**	**(2,447)**
Deposits with central banks	**(703)**	**100**	**(603)**
Deposits and placements with, and loans to banks and non-bank financial institutions	**2,215**	**165**	**2,380**
Financial assets held under resale agreements	**106**	**140**	**246**
Changes in interest income	**11,907**	**(19,808)**	**(7,901)**
Liabilities			
Deposits from customers	**1,134**	**(12,893)**	**(11,759)**
Deposits and placements from banks and non-bank financial institutions	**(3,580)**	**(754)**	**(4,334)**
Debt certificates issued	**4,876**	**(2,264)**	**2,612**
Borrowings from central banks	**2,417**	**(331)**	**2,086**
Financial assets sold under repurchase agreements	**453**	**(67)**	**386**
Others	**38**	**(70)**	**(32)**
Changes in interest expense	**5,338**	**(16,379)**	**(11,041)**
Changes in net interest income	**6,569**	**(3,429)**	**3,140**

Net Interest Margin and Net Interest Spread

During the reporting period, the Group's net interest margin and net interest spread registered 1.77% and 1.71% respectively, representing a decrease of 0.01 percentage points and 0.04 percentage points over the previous year. The Group's yield of interest-earning assets was 3.73%, down by 0.22 percentage points over the previous year; the cost rate of interest-bearing liabilities was 2.02%, down by 0.18 percentage points over the previous year. In recent years, the interest margin of the banking industry continued to narrow. The Group attached great importance to the balanced management of quantity and price. On the liability side, it actively implemented market regulatory requirements, and maintained a downward trend of the deposit interest rates. Meanwhile, it optimized the liability structure, improved the liability quality, and made relentless efforts in cost control. On the asset side, the Group continuously improved the quality and efficiency of serving real economy with credit, and guided the interest rates of new loans to be kept at reasonable levels of the market. It exerted efforts on both sides of assets and liabilities to consolidate and enhance its interest margin management advantages.

2.5.1.3 Interest Income

During the reporting period, the Group realized an interest income of RMB309.791 billion, a decrease of RMB7.901 billion or 2.49% over last year. The decrease was mainly due to the decline of interest-earning assets' yield. The proportion of interest income from loans and advances to customers, interest income from financial investments, interest income from deposits with central banks, interest income from deposits and placements with, and loans to banks and non-bank financial institutions, and interest income from financial assets held under resale agreements was 76.15%, 17.59%, 1.89%, 3.96% and 0.41%, respectively. Interest income from loans and advances to customers was the main component of interest income.

Interest Income from Loans and Advances to Customers

During the reporting period, the Group recorded RMB235.922 billion interest income from loans and advances to customers, a drop of RMB7.477 billion or 3.07% over the previous year, primarily because the decline of 0.32 percentage points in the average yield which offset the impact of a rise of RMB228.634 billion in the average balance of loans and advances to customers. Specifically, the average balance of corporate loans increased by RMB174.746 billion, and interest income went down by RMB1.049 billion; the average balance of personal loans increased by RMB119.629 billion, and interest income went down by RMB4.419 billion.

Classification by Maturity Structure

Unit: RMB million

	2024			2023		
Item	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Short-term loans	**1,825,130**	**83,666**	**4.58**	1,849,517	86,420	4.67
Medium to long-term loans	**3,744,840**	**152,256**	**4.07**	3,491,819	156,979	4.50
Total	**5,569,970**	**235,922**	**4.24**	5,341,336	243,399	4.56

Classification by Business

Unit: RMB million

	2024			2023		
Item	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Corporate loans	**2,865,760**	**118,076**	**4.12**	2,691,014	119,125	4.43
Personal loans	**2,306,336**	**112,330**	**4.87**	2,186,707	116,749	5.34
Discounted loans	**397,874**	**5,516**	**1.39**	463,615	7,525	1.62
Total	**5,569,970**	**235,922**	**4.24**	5,341,336	243,399	4.56

Interest Income from Financial Investments

During the reporting period, the Group's interest income from financial investments amounted to RMB54.491 billion, a decrease of RMB2.447 billion or 4.30% over the previous year, mainly attributable to a fall of 0.12 percentage points in the average yield of financial investments and a decrease of RMB4.565 billion in the average balance.

Interest Income from Deposits with Central Banks

During the reporting period, the Group's interest income from deposits with central banks stood at RMB5.842 billion, a decrease of RMB603 million or 9.36% over the previous year, mainly due to a decrease in the average balance of deposits with central banks.

Interest Income from Deposits and Placements with, and Loans to Banks and Non-bank Financial Institutions

During the reporting period, the Group's interest income from deposits and placements with, and loans to banks and non-bank financial institutions was RMB12.261 billion, an increase of RMB2.380 billion or 24.09% over the previous year, mainly due to an increase of RMB76.396 billion in the average balance and a rise of 0.04 percentage points in the average yield of deposits and placements with, and loans to banks and non-bank financial institutions.

Interest Income from Financial Assets Held under Resale Agreements

During the reporting period, the Group recorded RMB1.275 billion interest income from financial assets held under resale agreements, an increase of RMB246 million or 23.91% over the previous year, mainly attributable to an increase of RMB6.612 billion in the average balance and an increase of 0.20 percentage points in the average yield of financial assets held under resale agreements.

2.5.1.4 Interest Expense

During the reporting period, the Group's interest expense was RMB163.112 billion, a decrease of RMB11.041billion or 6.34% over the previous year. Interest expense decreased primarily because of a drop in the cost rate of interest-bearing liabilities.

Interest Expense on Deposits from Customers

During the reporting period, the Group's interest expense on deposits from customers was RMB103.975 billion, a decrease of RMB11.759 billion or 10.16% over the previous year, mainly due to a drop of 0.23 percentage points in the average cost rate which offset the effects from an increase of RMB53.478 billion in the average balance of deposits from customers.

Unit: RMB million

	2024			2023		
Item	**Average balance**	**Interest expense**	**Average cost rate (%)**	Average balance	Interest expense	Average cost rate (%)
Corporate deposits						
Time and call deposits	**1,904,464**	**48,403**	**2.54**	1,848,565	51,689	2.80
Demand deposits	**2,066,827**	**21,768**	**1.05**	2,202,740	31,406	1.43
Subtotal	**3,971,291**	**70,171**	**1.77**	4,051,305	83,095	2.05
Personal deposits						
Time and call deposits	**1,150,600**	**32,891**	**2.86**	1,079,370	31,651	2.93
Demand deposits	**387,545**	**913**	**0.24**	325,283	988	0.30
Subtotal	**1,538,145**	**33,804**	**2.20**	1,404,653	32,639	2.32
Total	**5,509,436**	**103,975**	**1.89**	5,455,958	115,734	2.12

Interest Expense on Deposits and Placements from Banks and Non-Bank Financial Institutions

During the reporting period, the Group's interest expense on deposits and placements from banks and non-bank financial institutions amounted to RMB20.511 billion, a decrease of RMB4.334 billion or 17.44% over the previous year, mainly due to a drop of RMB164.229 billion in the average balance and 0.07 percentage points in the average cost rate of deposits and placements from banks and non-bank financial institutions.

Interest Expense on Debt Certificates Issued

During the reporting period, the Group's interest expense on debt certificates issued stood at RMB27.608 billion, an increase of RMB2.612 billion or 10.45% over the previous year, primarily due to an increase of RMB186.119 billion in the average balance which offset the effects from a drop of 0.20 percentage points in the average cost rate of debt certificates issued.

Interest Expense on Borrowings from Central Banks

During the reporting period, the Group's interest expense on borrowings from central banks reached RMB6.367 billion, an increase of RMB2.086 billion or 48.73% over the previous year, mainly due to an increase of RMB92.607 billion in the average balance which offset the effects from a decrease of 0.13 percentage points in the average cost rate of borrowings from central banks.

Interest Expense on Financial Assets Sold under Repurchase Agreements

During the reporting period, the Group's interest expense on financial assets sold under repurchase agreements was RMB4.148 billion, an increase of RMB386 million or 10.26% over the previous year, primarily due to an increase of RMB21.283 billion in the average balance which offset the effects from a decrease of 0.03 percentage points in the cost rate of financial assets sold under repurchase agreements.

Other Interest Expense

During the reporting period, the Group's other interest expenses stood at RMB503 million, a drop of RMB32 million over the previous year.

2.5.1.5 Net Non-interest Income

During the reporting period, the Group realized RMB66.544 billion of net non-interest income, an increase of RMB4.513 billion or 7.28% over the previous year. The proportion of non-interest rate income stood at 31.21%, a rise of 1.03 percentage points over the previous year.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth (%)
Net fee and commission income	**31,102**	32,383	(1,281)	(3.96)
Net trading gain	**6,769**	7,138	(369)	(5.17)
Net gain from investment securities	**27,111**	21,103	6,008	28.47
Net hedging gain	**2**	–	2	Zero in previous year
Other net operating income	**1,560**	1,407	153	10.87
Total	**66,544**	62,031	4,513	7.28

2.5.1.6 Net Fee and Commission Income

During the reporting period, the Group realized net fee and commission income of RMB31.102 billion, a decrease of RMB1.281 billion or 3.96% over the previous year, which accounted for 14.59% of the operating net income, down by 1.16 percentage points over the previous year. Among these, commission for custodian and other fiduciary business went up by RMB1.498 billion or 23.77% over the previous year; settlement and clearing fees increased by RMB215 million or 9.51% over the previous year; bank card fees decreased by RMB1.243 billion or 7.40% over last year; agency fees dropped by RMB874 million or 14.93% over the previous year; guarantee and consulting fees declined by RMB219 million or 4.20% over last year. Please refer to "2.6.4 Non-interest Income" in this chapter for analysis of reasons under changes in net fee and commission income.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth (%)
Bank card fees	**15,557**	16,800	(1,243)	(7.40)
Commissions for custodian and other fiduciary business	**7,801**	6,303	1,498	23.77
Agency fees	**4,981**	5,855	(874)	(14.93)
Guarantee and consulting fees	**4,997**	5,216	(219)	(4.20)
Settlement and clearing fees	**2,476**	2,261	215	9.51
Other fees	**1,602**	564	1,038	184.04
Subtotal of fees and commissions	**37,414**	36,999	415	1.12
Fee and commission expense	**(6,312)**	(4,616)	(1,696)	36.74
Net fee and commission income	**31,102**	32,383	(1,281)	(3.96)

2.5.1.7 Net Trading Gain and Net Gain from Investment Securities

During the reporting period, the Group's net trading gain and net gain from investment securities registered a combined amount of RMB33.880 billion, an increase of RMB5.639 billion over the previous year, mainly because the Group seized the investment trading opportunities in the market amid the downward movement of market interest rates and achieved an increase in income from securities investment.

2.5.1.8 Operating Expenses

During the reporting period, the Group incurred RMB71.938 billion business and management fees, an increase of RMB2.724 billion or 3.94% over the previous year. During the reporting period, the cost-to-income ratio (after deducting tax and surcharges) of the Group stood at 32.71%, up by 0.10 percentage points over the previous year.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth (%)
Staff costs	**39,684**	38,083	1,601	4.20
Property and equipment expenses and amortization	**12,751**	11,575	1,176	10.16
Other general operating and administrative expenses	**17,309**	17,371	(62)	(0.36)
Subtotal	**69,744**	67,029	2,715	4.05
Tax and surcharges	**2,194**	2,185	9	0.41
Total	**71,938**	69,214	2,724	3.94
Cost-to-income ratio	**33.74%**	33.67%	Up by 0.07 percentage points	
Cost-to-income ratio (excluding tax and surcharges)	**32.71%**	32.61%	Up by 0.10 percentage points	

2.5.1.9 Credit and Other Asset Impairment Losses

During the reporting period, the Group's accrued credit and other asset impairment losses totaled RMB61.113 billion, a decrease of RMB1.091 billion or 1.75% over the previous year. Specifically, allowance for impairment losses on loans and advanced to customers was RMB52.699 billion, representing a rise of RMB2.859 billion or 5.74% over previous year. Allowance for impairment losses for financial investments was RMB3.839 billion, up by RMB1.334 billion or 53.25% over previous year. Please refer to the section of "Loan Quality Analysis" of this chapter for analysis of the Group's allowance for impairment losses on loans and advances to customers.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth (%)
Loans and advances to customers	**52,699**	49,840	2,859	5.74
Financial investments	**3,839**	2,505	1,334	53.25
Interbank business [Note]	**30**	57	(27)	(47.37)
Other financial assets and accrued interest	**5,564**	7,970	(2,406)	(30.19)
Off-balance-sheet items	**(1,087)**	1,554	(2,641)	(169.95)
Repossessed assets	**68**	278	(210)	(75.54)
Total	**61,113**	62,204	(1,091)	(1.75)

Note: Including the impairment losses on deposits and placements with, and loans to banks and non-bank financial institutions, and financial assets held under resale agreements.

2.5.1.10 Income Tax Expense

During the reporting period, the Group's income tax expense was RMB11.395 billion, representing an increase of RMB4.570 billion or 66.96% over the previous year. Effective tax rate during the reporting period stood at 14.09%, up by 4.98 percentage points over the previous year.

Unit: RMB million

Item	2024	2023	Increase/ (decrease)	Growth (%)
Profit before tax	**80,863**	74,887	5,976	7.98
Income tax expense	**11,395**	6,825	4,570	66.96
Effective tax rate	**14.09%**	9.11%	Up by 4.98 percentage points	

2.5.2 Balance Sheet Analysis

2.5.2.1 Assets

As at the end of the reporting period, the Group recorded total assets of RMB9,532.722 billion, an increase of 5.31% from the end of the previous year, mainly because the Group increased its loans and advances to customers and placements with, and loans to other banks and non-bank financial institutions.

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Total loans and advances to customers	**5,720,128**	**60.0**	5,498,344	60.7
Accrued interest of loans and advances to customers	**21,715**	**0.2**	19,948	0.2
Less: Allowance for impairment losses on loans and advances to customers(1)	**(140,393)**	**(1.5)**	(134,542)	(1.5)
Net loans and advances to customers	**5,601,450**	**58.7**	5,383,750	59.4
Total financial investments	**2,626,789**	**27.6**	2,599,876	28.7
Accrued interest of financial investments	**20,246**	**0.2**	19,335	0.2
Less: Allowance for impairment losses on financial investments(2)	**(26,165)**	**(0.3)**	(26,305)	(0.3)
Net financial investments	**2,620,870**	**27.5**	2,592,906	28.6
Investment in associates and joint ventures	**7,349**	**0.1**	6,945	0.1
Cash and deposits with central banks	**340,915**	**3.6**	416,442	4.6
Deposits and placements with, and loans to banks and non-bank financial institutions	**532,994**	**5.6**	318,817	3.5
Financial assets held under resale agreements	**136,265**	**1.4**	104,773	1.2
Others(3)	**292,879**	**3.1**	228,851	2.6
Total	**9,532,722**	**100.0**	9,052,484	100.0

Notes: (1) Including allowances for impairment losses on loans and advances to customers measured at amortized cost and allowances for impairment losses on accrued interest of loans and advances to customers measured at amortized cost.

(2) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on accrued interest of financial investments measured at amortized cost.

(3) Including precious metals, derivative financial assets, investment properties, property, plant and equipment, intangible assets, goodwill, right of use assets, deferred income tax assets and other assets, etc.

Loans and Advances to Customers

As at the end of the reporting period, the Group recorded RMB5,720.128 billion total loans and advances to customers (excluding accrued interest), up by 4.03% over the end of the previous year. Net loans and advances to customers accounted for 58.7% of total assets, down by 0.7 percentage points over the end of the previous year. The loans and advances to customers measured at amortized cost took up 90.6% of total loans and advances to customers. The table below sets out the classification of the Group's loans and advances to customers by measurement attribute.

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Loans and advances to customer measured at amortized cost	**5,184,765**	**90.6**	4,918,959	89.5
Loans and advances to customer measured at fair value through other comprehensive income	**523,751**	**9.2**	573,827	10.4
Loans and advances to customer measured at fair value through profit or loss	**11,612**	**0.2**	5,558	0.1
Total loans and advances to customer	**5,720,128**	**100.0**	5,498,344	100.0

Please refer to the section of "Loan Quality Analysis" of this chapter for analysis of the Group's loans and advances to customers.

Financial Investments

As at the end of the reporting period, the Group recorded RMB2,626.789 billion total financial investments (excluding accrued interest), up by RMB26.913 billion or 1.04% over the end of the previous year, mainly because of the increase in the Group's investments in debt securities.

Classification of the Group's financial investments by product is set out in the table:

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Investments in debt securities	**1,905,229**	**72.5**	1,854,012	71.3
Investment funds	**427,597**	**16.3**	421,154	16.2
Trust management plans	**191,173**	**7.2**	204,840	7.9
Directional asset management plan	**20,162**	**0.8**	22,908	0.9
Investment in wealth management products	**2,131**	**0.1**	4,045	0.2
Certificates of deposit and interbank certificates of deposit	**70,582**	**2.7**	81,776	3.1
Investment in equity instruments	**9,915**	**0.4**	11,141	0.4
Total financial investments	**2,626,789**	**100.0**	2,599,876	100.0

Classification of the Group's financial investments by measurement attribute is set out in the table below:

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Financial investments measured at fair value through profit or loss	**647,398**	**24.6**	613,824	23.6
Financial investments measured at amortized cost	**1,131,333**	**43.1**	1,098,899	42.3
Financial investments measured at fair value through other comprehensive income	**843,356**	**32.1**	882,346	33.9
Financial investments designated to be measured at fair value through other comprehensive income	**4,702**	**0.2**	4,807	0.2
Total financial investments	**2,626,789**	**100.0**	2,599,876	100.0

Investment in Debt Securities

As at the end of the reporting period, the Group registered RMB1,905.229 billion investments in debt securities, an increase of RMB51.217 billion or 2.76% over the end of the previous year, primarily because the increased investments in debt of enterprises.

Classification of Debt Securities Investment by Issuers

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Banks and non-bank financial institutions	**227,117**	**11.9**	222,656	12.0
Government	**1,471,789**	**77.2**	1,459,897	78.8
Policy banks	**28,179**	**1.5**	52,520	2.8
Business entities	**166,631**	**8.8**	115,016	6.2
Public entities	**11,513**	**0.6**	3,923	0.2
Total	**1,905,229**	**100.0**	1,854,012	100.0

Breakdown of Significant Investments in Financial Debt Securities

The table below sets out the breakdown of top ten investments in financial debt securities held by the Group as at 31 December 2024:

Unit: RMB million

Name of debt securities	Book value	Maturity date (DD/MM/YY)	Coupon rate (%)	Accrued impairment allowance
2024 Policy Bank Debt Securities	4,307	24/07/2029	1.85	–
2022 Financial Institute Debt Securities	3,291	21/11/2032	3.58	–
2020 Policy Bank Debt Securities	2,537	22/04/2025	2.25	–
2020 Policy Bank Debt Securities	2,013	10/01/2025	3.23	–
2022 Financial Institute Debt Securities	1,930	10/11/2025	3.20	–
2024 Policy Bank Debt Securities	1,782	23/07/2027	1.80	–
2020 Commercial Bank Debt Securities	1,524	24/09/2030	4.20	–
2024 Commercial Bank Debt Securities	1,509	30/12/2034	1.96	–
2024 Policy Bank Debt Securities	1,428	22/02/2029	2.30	–
2024 Policy Bank Debt Securities	1,221	13/09/2027	1.67	–
Total	**21,542**			–

Note: The first phase impairment allowance accrued as required by the expected credit loss measurement model not included.

Investments in Associates and Joint Ventures

As at the end of the reporting period, the Group recorded RMB7.349 billion investments in associates and joint ventures, an increase of 5.82% over the end of the previous year. As at the end of the reporting period, the Group's balance of allowance for impairment losses on investment in associates and joint ventures was zero. For relevant details, please refer to Note 23 "Investment in Associates and Joint Ventures" to the financial statements.

Unit: RMB million

Item	31 December 2024	31 December 2023
Investments in joint ventures	**7,009**	6,572
Investments in associates	**340**	373
Allowance for impairment losses	–	–
Net investments in associates and joint ventures	**7,349**	6,945

Derivatives

The table below sets out major categories and amounts of financial derivatives held by the Group as at the end of the reporting period. For relevant details, please refer to Note 19 "Derivative Financial Assets/Liabilities" to the financial report.

Unit: RMB million

	31 December 2024			31 December 2023		
	Nominal	Fair value		Nominal	Fair value	
Item	principal	Assets	Liabilities	principal	Assets	Liabilities
Interest rate derivatives	**4,673,773**	**21,144**	**20,791**	3,633,349	14,656	14,360
Currency derivatives	**4,605,533**	**64,282**	**57,090**	3,071,039	29,872	26,748
Other derivatives	**94,871**	**503**	**3,281**	34,448	147	742
Total	**9,374,177**	**85,929**	**81,162**	6,738,836	44,675	41,850

Repossessed Assets

As at the end of the reporting period, the Group recorded the balance of repossessed assets of RMB2.286 billion, and charged RMB1.132 billion allowances for impairment losses on repossessed assets. The book value of repossessed assets stood at RMB1.154 billion.

Unit: RMB million

Item	31 December 2024	31 December 2023
Original value of repossessed assets	**2,286**	2,369
– Land, premises and buildings	**2,284**	2,367
– Others	**2**	2
Allowances for impairment losses on repossessed assets	**(1,132)**	(1,138)
– Land, premises and buildings	**(1,132)**	(1,138)
– Others	**–**	–
Total book value of repossessed assets	**1,154**	1,231

Changes in Impairment Allowances

Unit: RMB million

Item	31 December 2023	Accruals/ reversals during the current period	Write-offs/ transfer out during the current period	Others [1]	31 December 2024
Loans and advances to customers[2]	134,517	52,699	(60,724)	12,748	**139,240**
Financial investments[3]	28,207	3,839	(3,365)	(15)	**28,666**
Interbank business[4]	298	30	–	–	**328**
Other financial assets and accrued interest	11,069	5,564	(5,848)	1,288	**12,073**
Off-balance-sheet items	10,520	(1,087)	(41)	329	**9,721**
Subtotal of allowances for credit impairment	**184,611**	**61,045**	**(69,978)**	**14,350**	**190,028**
Repossessed assets	1,138	68	(74)	–	**1,132**
Subtotal of allowances for other asset impairments	**1,138**	**68**	**(74)**	**–**	**1,132**
Total	**185,749**	**61,113**	**(70,052)**	**14,350**	**191,160**

Notes: (1) Including recovery of write-offs and impacts of exchange rate changes.

(2) Including allowances for impairment losses on loans and advances to customers measured at amortized cost, and allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income.

(3) Including allowances for impairment losses on financial investments measured at amortized cost and impairment losses on financial investments measured at fair value through other comprehensive income.

(4) Including allowance for impairment losses of deposits and placements with, and loans to banks and non-bank financial institutions and financial assets held under resale agreements.

2.5.2.2 Liabilities

As at the end of the reporting period, the Group recorded total liabilities of RMB8,725.357 billion, up by 4.90% from the end of the previous year, primarily due to the increase in deposits from customers and debt certificates issued.

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Borrowings from central banks	**124,151**	**1.4**	273,226	3.3
Deposits from customers	**5,864,311**	**67.2**	5,467,657	65.7
Deposits and placements from banks and non-bank financial institutions	**1,057,042**	**12.1**	1,014,214	12.2
Financial assets sold under repurchase agreements	**278,003**	**3.2**	463,018	5.6
Debt certificates issued	**1,224,038**	**14.0**	965,981	11.6
Others (Note)	**177,812**	**2.1**	133,713	1.6
Total	**8,725,357**	**100.0**	8,317,809	100.0

Note: Including financial liabilities measured at fair value through profit and loss, derivative financial liabilities, staff remunerations payable, tax and fee payables, estimated liabilities, lease liabilities, deferred income tax liabilities and other liabilities.

Liability Quality Management

The Bank highly values liability quality management, effectively measures, monitors and controls the quality of liabilities by establishing a science-based and complete liability quality management system, and ensures the quality of liabilities in terms of six aspects, namely, the stability of liability sources, the diversity of liability structure, the appropriateness of liability cost, the reasonable match between liabilities and assets, the initiative in obtaining liabilities, and the authenticity of liability items (the "Six Elements"). The Bank's liability quality management system is commensurate with the size and complexity of its liabilities, and its organizational structure consists of a decision-making level and an executive level. Specifically, the decision-making level includes the Board of Directors which bears ultimate responsibility for the liability quality management and the senior management which implements the liability quality management, while the executive level refers to relevant departments of the Head Office and branches. Focusing on the Six Elements, the Bank specified the goals and process of liability quality management and built a corresponding limit and indicator system covering key regulatory indicators of liability quality management.

During the reporting period, centering on the Six Elements of liability quality management, the Bank continued to strengthen the monitoring, analysis and management of changes in the size and structure of liabilities, adhered to the "balance strategy with a leading cost advantage as the core" in accordance with the basic principle of "balance between quantity and price", and focused on improving the balanced development of volume, price, quality and customers. During the reporting period, the Bank's regulatory indicators of liability quality management such as liquidity coverage ratio and net stable funding ratio remained within the regulatory requirements, and the Bank maintained high-quality liabilities. For details of the indicators, please refer to "Risk Management – Liquidity Risk Management" in this chapter.

Deposits from Customers

As at the end of the reporting period, the Group's total deposits from customers (excluding accrued interest) were RMB5,778.231 billion, representing an increase of RMB380.048 billion or 7.04% over the end of the previous year; and deposits from customers accounted for 67.2% of total liabilities, an increase of 1.5 percentage points from the end of the previous year. The Group's balance of corporate deposits was RMB4,116.586 billion, representing an increase of RMB184.219 billion or 4.68% over the end of the previous year; and balance of personal deposits stood at RMB1,661.645 billion, representing an increase of RMB195.829 billion or 13.36% over the end of the previous year.

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Corporate deposits				
Demand deposits	**2,054,271**	**35.0**	2,187,273	40.0
Time and call deposits	**2,062,315**	**35.2**	1,745,094	31.9
Subtotal	**4,116,586**	**70.2**	3,932,367	71.9
Personal deposits				
Demand deposits	**439,965**	**7.5**	340,432	6.2
Time and call deposits	**1,221,680**	**20.8**	1,125,384	20.6
Subtotal	**1,661,645**	**28.3**	1,465,816	26.8
Total deposits from customers	**5,778,231**	**98.5**	5,398,183	98.7
Accrued interest	**86,080**	**1.5**	69,474	1.3
Total	**5,864,311**	**100.0**	5,467,657	100.0

Breakdown of Deposits from Customers by Currency

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Renminbi	**5,360,385**	**91.4**	5,050,568	92.4
Foreign currencies	**503,926**	**8.6**	417,089	7.6
Total	**5,864,311**	**100.0**	5,467,657	100.0

Breakdown of Deposits by Geographical Region

Unit: RMB million

	31 December 2024		31 December 2023	
Item	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Head Office	**8,484**	**0.1**	2,669	0.1
Bohai Rim	**1,566,353**	**26.7**	1,439,550	26.3
Yangtze River Delta	**1,509,601**	**25.7**	1,472,237	27.0
Pearl River Delta and West Strait	**926,838**	**15.8**	859,897	15.7
Central China	**779,616**	**13.3**	729,490	13.3
Western China	**596,566**	**10.2**	548,939	10.0
Northeastern China	**126,530**	**2.2**	115,673	2.1
Overseas	**350,323**	**6.0**	299,202	5.5
Total	**5,864,311**	**100.0**	5,467,657	100.0

2.5.3 Shareholders' Equity

As at the end of the reporting period, the Group's shareholders' equity was RMB807.365 billion, an increase of 9.89% over the end of the previous year. The table below sets out the changes in shareholders' equity in the Group during the reporting period.

Unit: RMB million

Item	Share capital	Other equity instrument	Capital reserve	Other comprehensive income	Surplus reserve and general reserve	Retained earnings	Non-controlling interest	Total
31 December 2023	48,967	118,060	59,400	4,057	166,119	320,619	17,453	734,675
i. Net profit	–	–	–	–	–	68,576	892	69,468
ii. Other comprehensive income	–	–	–	12,805	–	–	109	12,914
iii. Investor capital	5,430	(12,561)	29,886	–	–	–	–	22,755
iv. Profit appropriations	–	–	–	–	13,233	(45,327)	(353)	(32,447)
31 December 2024	54,397	105,499	89,286	16,862	179,352	343,868	18,101	807,365

2.5.4 Loan Quality Analysis

Loan Risk Classification

The Group measures and manages the loan quality pursuant to the *Measures on Financial Asset Risks of Commercial Banks* formulated by the former CBIRC and the PBOC. It formulated the *Management Measures for Risk Classification of Financial Assets of China CITIC Bank*, which clarifies the risk classification methods for various financial assets according to financial assets category, counterparty type, product structure characteristics, historical defaults, etc. and taking into account the characteristics of the Group's asset portfolios. The Group classifies loans into pass, special mention, substandard, doubtful and loss, with the latter three collectively referred to as non-performing loans.

During the reporting period, the Group continued to strengthen risk classification management, adhered to the value concept of technology empowerment, and continuously improved the functions of the risk classification system. Adhering to the principle of substantial risk judgment, the Bank strictly identified asset risk categories in accordance with the three-level procedures of "preliminary classification, identification and approval" to truly reflect asset quality.

Unit: RMB million

	31 December 2024		31 December 2023	
Category	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Performing loans	**5,653,643**	**98.84**	5,433,544	98.82
Pass	**5,560,073**	**97.20**	5,346,875	97.25
Special mention	**93,570**	**1.64**	86,669	1.57
Non-performing loans	**66,485**	**1.16**	64,800	1.18
Substandard	**15,530**	**0.27**	17,346	0.32
Doubtful	**27,615**	**0.48**	26,107	0.47
Loss	**23,340**	**0.41**	21,347	0.39
Total loans	**5,720,128**	**100.00**	5,498,344	100.00

As at the end of the reporting period, the Group's balance of pass loans increased by RMB213.198 billion over the end of the previous year, and accounted for 97.20% of the total loans, representing a decrease of 0.05 percentage points over the end of the previous year; and the balance of special mention loans increased by RMB6.901 billion over the end of the previous year, accounting for 1.64% of the total loans, up by 0.07 percentage points over the end of the previous year. The balance of the Group's NPLs increased by RMB1.685 billion over the end of the previous year; and the NPL ratio stood at 1.16%, down by 0.02 percentage points over the end of the previous year. Adhering to the business philosophy of steady development, the Group continued to enhance its proactive and forward-looking risk management, optimized the risk management mechanism for key areas, and made greater efforts in risk resolution and NPL disposal, hence solidifying the fundamentals of asset quality. As at the end of the reporting period, the Group's asset quality remained stable.

Concentration of Loans by Product

As at the end of the reporting period, the Group's balance of corporate loans (excluding discounted bills) recorded RMB2,908.117 billion, an increase of RMB210.967 billion or 7.82% over the end of the previous year; and its balance of personal loans reached RMB2,362.110 billion, an increase of RMB78.264 billion or 3.43% over the end of the previous year. The balance of discounted bills decreased by RMB67.447 billion or 13.04% over the end of last year to RMB449.901 billion. The Group's balance of corporate non-performing loans (excluding discounted bills) dropped by RMB124 million over the end of the previous year, corresponding to a 0.10 percentage points decline in the NPL ratio over the end of the previous year. The Group's balance of personal non-performing loans increased by RMB1.912 billion over the end of the previous year, corresponding to a 0.04 percentage points increase in the NPL ratio over the end of the previous year. The NPL balance and NPL ratio of discounted bills dropped by RMB103 million and 0.02 percentage points over the end of the previous year, respectively.

Unit: RMB million

	31 December 2024				31 December 2023			
Category	Balance	Proportion (%)	NPL balance	NPL ratio (%)	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Corporate loans	2,908,117	50.84	36,905	1.27	2,697,150	49.05	37,029	1.37
Personal loans	2,362,110	41.29	29,580	1.25	2,283,846	41.54	27,668	1.21
Discounted bills	449,901	7.87	–	–	517,348	9.41	103	0.02
Total loans	**5,720,128**	**100.00**	**66,485**	**1.16**	5,498,344	100.00	64,800	1.18

Concentration of Corporate Loans by Industry

As at the end of the reporting period, rental and business services and manufacturing were the top two sector borrowers of the Group's corporate loans, recording loan balances of RMB563.951 billion and RMB556.173 billion, respectively. Among them, the loans to manufacturing accounted for 19.12% of the Group's total corporate loans, up by 0.58 percentage points from the end of previous year. The balance of loans granted to the real estate industry stood at RMB285.149 billion, accounting for 9.81% of the Group's total corporate loans, up by 0.19 percentage points from the end of previous year. In term of the increments, manufacturing, rental and business service, real estate, and production and supply of electric power, gas and water all recorded an increase of more than RMB20.0 billion, recording increments of RMB56.171 billion, RMB32.527 billion, RMB25.786 and RMB22.293 billion respectively.

As at the end of the reporting period, the Group's NPLs were mainly concentrated in three sectors, i.e., manufacturing, real estate, and rental and business service, with their NPL balances collectively taking up 61.04% of the total corporate NPLs. The asset quality indicators of the construction, information transmission, software and information technology services, and manufacturing improved slightly compared with the end of last year, with the balances of NPLs dropping by RMB2.708 billion, RMB1.356 billion and RMB768 million respectively over the end of the previous year, and the corresponding NPL ratio dropped by 2.33 percentage points, 2.73 percentage points and 0.37 percentage points respectively. During the reporting period, affected by the macro-economic environment, industry risks and other factors, the balances of the Group's NPLs in the sectors of rental and business service, wholesale and retail, etc. increased as compared to the end of last year.

Unit: RMB million

	31 December 2024				31 December 2023			
Category	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Corporate loans	**2,908,117**	**50.84**	**36,905**	**1.27**	2,697,150	49.05	37,029	1.37
Rental and business service	**563,951**	**9.86**	**5,808**	**1.03**	531,424	9.67	3,345	0.63
Manufacturing	**556,173**	**9.72**	**10,421**	**1.87**	500,002	9.09	11,189	2.24
Water, environment and public utilities management	**437,242**	**7.64**	**765**	**0.17**	434,570	7.90	410	0.09
Real estate	**285,149**	**4.99**	**6,296**	**2.21**	259,363	4.72	6,729	2.59
Wholesale and retail	**226,139**	**3.95**	**4,714**	**2.08**	213,632	3.89	3,585	1.68
Transportation, storage and postal service	**148,934**	**2.60**	**332**	**0.22**	139,201	2.53	264	0.19
Production and supply of electric power, gas and water	**118,483**	**2.07**	**706**	**0.60**	96,190	1.75	701	0.73
Construction	**115,613**	**2.02**	**609**	**0.53**	116,099	2.11	3,317	2.86
Financial industry	**91,514**	**1.60**	**48**	**0.05**	78,756	1.43	51	0.06
Information transmission, software and information technology services	**66,479**	**1.16**	**778**	**1.17**	54,705	0.99	2,134	3.90
Others	**298,440**	**5.23**	**6,428**	**2.15**	273,208	4.97	5,304	1.94
Personal loans	**2,362,110**	**41.29**	**29,580**	**1.25**	2,283,846	41.54	27,668	1.21
Discounted bills	**449,901**	**7.87**	**–**	**–**	517,348	9.41	103	0.02
Total loans	**5,720,128**	**100.00**	**66,485**	**1.16**	5,498,344	100.00	64,800	1.18

Concentration of Loans by Geographic Region

As at the end of the reporting period, the Group's total loans stood at RMB5,720.128 billion, an increase of RMB221.784 billion or 4.03% over the prior year-end. Specifically, the balances of loans to the Yangtze River Delta, the Bohai Rim and Pearl River Delta and West Strait ranked the top three, recording RMB1,647.237 billion, RMB1,455.154 billion and RMB812.116 billion, and accounting for 28.80%, 25.44% and 14.20% of the Group's total, respectively. In terms of increment, Yangtze River Delta, Bohai Rim and Pearl River Delta and West Strait ranked the top three, growing by RMB108.968 billion, RMB32.128 billion and RMB29.885 billion, respectively.

As for the distribution of NPLs, the Group's NPLs were mainly concentrated in the Bohai Rim, Western China and the Pearl River Delta and West Strait, with the combined NPL balance of above regions reaching RMB43.374 billion, accounting for 65.24% of the total. In terms of incremental NPLs, Western China registered an amount of RMB2.310 billion incremental NPLs and its NPL ratio rose by 0.26 percentage points; Yangtze River Delta ranked second, recording RMB2.042 billion incremental NPLs and a 0.10 percentage points' rise in its NPL ratio.

Unit: RMB million

	31 December 2024				31 December 2023			
Category	**Balance**	**Proportion (%)**	**NPL balance**	**NPL ratio (%)**	Balance	Proportion (%)	NPL balance	NPL ratio (%)
Yangtze River Delta	**1,647,237**	**28.80**	**8,712**	**0.53**	1,538,269	27.97	6,670	0.43
Bohai Rim	**1,455,154**	**25.44**	**18,993**	**1.31**	1,423,026	25.88	23,456	1.65
Pearl River Delta and West Strait	**812,116**	**14.20**	**10,032**	**1.24**	782,231	14.23	9,220	1.18
Central China	**804,731**	**14.07**	**8,671**	**1.08**	790,477	14.38	7,503	0.95
Western China	**696,388**	**12.17**	**14,349**	**2.06**	669,589	12.18	12,039	1.80
Northeastern China	**84,343**	**1.47**	**1,385**	**1.64**	85,037	1.55	1,436	1.69
Overseas	**220,159**	**3.85**	**4,343**	**1.97**	209,715	3.81	4,476	2.13
Total loans	**5,720,128**	**100.00**	**66,485**	**1.16**	5,498,344	100.00	64,800	1.18

Note: Bohai Rim includes the headquarters.

Breakdown of Loans by Type of Guarantee

During the reporting period, the Group's loan guarantee structure remained stable. As at the end of the reporting period, the balance of the Group's unsecured and guaranteed loans was RMB2,672.378 billion, an increase of RMB162.550 billion over the end of the previous year, accounting for 46.72% of the Group's total loans, up by 1.08 percentage points from the end of the previous year; the balance of loans secured by collateral and pledge was RMB2,597.849 billion, an increase of RMB126.681 billion over the end of the previous year, accounting for 45.41% of the Group's total loans, up by 0.46 percentage points from the end of the previous year.

Unit: RMB million

	31 December 2024		31 December 2023	
Type of guarantee	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Unsecured loans	**1,625,741**	**28.42**	1,546,536	28.12
Guaranteed loans	**1,046,637**	**18.30**	963,292	17.52
Loans secured by collateral	**2,197,326**	**38.41**	2,057,869	37.43
Pledge loans	**400,523**	**7.00**	413,299	7.52
Subtotal	**5,270,227**	**92.13**	4,980,996	90.59
Discounted bills	**449,901**	**7.87**	517,348	9.41
Total loans	**5,720,128**	**100.00**	5,498,344	100.00

Concentration of Borrowers of Corporate Loans

The Group focused on concentration risk control over its corporate loan borrowers. During the reporting period, the Group complied with the applicable regulatory requirements on concentration of borrowers. Since a single borrower was defined by the Group as a specific legal entity, one borrower could be the related party of another borrower.

Major regulatory indicator	**Regulatory Standard**	**31 December 2024**	31 December 2023	31 December 2022
Percentage of loans to the largest single customer (%)(1)	**≤10**	**1.10**	1.20	1.19
Percentage of loans to the top 10 customers (%)(2)	**≤50**	**8.86**	9.50	9.84

Notes: (1) Percentage of loans to the largest single customer = balance of loans to the largest single customer/net capital.

(2) Percentage of loans to the top 10 customers = balance of loans to the top 10 customers/net capital.

Unit: RMB million

		31 December 2024		
Borrower	**Industry**	**Balance**	**Percentage in total loans (%)**	**Percentage in regulatory capital (%)**
Borrower A	Real estate	**10,400**	**0.18**	**1.10**
Borrower B	Public administration, social security and social organizations	**9,759**	**0.17**	**1.03**
Borrower C	Rental and business services	**9,728**	**0.17**	**1.03**
Borrower D	Transportation, storage and postal services	**9,666**	**0.17**	**1.02**
Borrower E	Water, environment and public utilities management	**8,144**	**0.14**	**0.86**
Borrower F	Real estate	**8,119**	**0.14**	**0.86**
Borrower G	Rental and business services	**7,969**	**0.14**	**0.84**
Borrower H	Transportation, storage and postal services	**7,533**	**0.13**	**0.81**
Borrower I	Manufacturing	**6,309**	**0.11**	**0.67**
Borrower J	Rental and business services	**6,038**	**0.11**	**0.64**
Total loans		**83,665**	**1.46**	**8.86**

As at the end of the reporting period, the total balance of corporate loans from the Group to the top 10 customers amounted to RMB83.665 billion, taking up 1.46% of its total loans and 8.86% of its net capital.

Migration of Loans

The table below sets out the migration of the Bank's loans across the five tiers during the reporting period.

Category	31 December 2024	31 December 2023	31 December 2022
Migration ratio of pass loans (%)	**1.68**	2.18	2.26
Migration ratio of special mention loans (%)	**26.44**	36.70	29.38
Migration ratio of substandard loans (%)	**63.28**	83.18	73.43
Migration ratio of doubtful loans (%)	**73.38**	88.83	78.75
Ratio of migration from performing loans to NPLs (%)	**1.35**	1.63	1.60

As at the end of the reporting period, the Bank's ratio of loan migration from performing loans to NPLs was 1.35%, a decrease of 0.28 percentage points over the end of the previous year.

Overdue and Restructured Loans

Unit: RMB million

	31 December 2024		31 December 2023	
Category	**Balance**	**Proportion (%)**	Balance	Proportion (%)
Loans repayable on demand	**5,617,492**	**98.20**	5,408,918	98.38
Loans overdue [(1)]				
Within 3 months	**53,118**	**0.93**	40,756	0.74
3 months-1 year	**29,396**	**0.52**	28,890	0.52
1-3 years	**14,856**	**0.26**	17,325	0.32
More than 3 years	**5,266**	**0.09**	2,455	0.04
Subtotal	**102,636**	**1.80**	89,426	1.62
Total loans	**5,720,128**	**100.00**	5,498,344	100.00
Restructured loans [(2)]	**29,601**	**0.52**	17,477	0.32

Notes: (1) Loans overdue refer to loans with principal or interest overdue for one day or more. According to internal management needs, the Bank refined the terms of overdue loans and adjusted the data at the beginning of the period accordingly.

(2) Restructured loans refer to loans the debtors of which were in financial difficulties and the Group adjusted their contracts in the favor of the debtors or provided refinancing for their existing debts, including repaying existing debts with new borrowing and new debt financing so as to facilitate the loan repayment.

As at the end of the reporting period, the Group's balance of overdue loans recorded RMB102.636 billion, a rise of RMB13.210 billion over the end of the previous year, and the proportion of overdue loans in total loans went up by 0.18 percentage points over the end of the previous year. Affected by macroeconomic environment, transformation of the real estate market and other factors, the stability of operating cash flows of some enterprises and income of residents declined, which resulted in the rise of overdue loan balance in personal loans and loans of certain sectors.

During the reporting period, the Group managed loan restructuring in a stringent and prudent manner in accordance with regulatory policies. As at the end of the reporting period, the Group's balance of restructured loans stood at RMB29.601 billion, accounting for 0.52% of the total.

Analysis of Allowance for Loan Impairment

The Group set aside adequate allowance for loan impairment losses based on expected credit loss as required by the PRC Accounting Standards and International Financial Reporting Standards (IFRS) Accounting Standards in light of customer default rate, default loss rate and many other quantitative risk parameters as well as macro perspective adjustments.

Unit: RMB million

Item	**As at 31 December 2024**	As at 31 December 2023	As at 31 December 2022
Beginning balance	**134,517**	131,202	121,471
Accruals during the period[1]	**52,699**	49,840	55,786
Write-offs and transfer-out	**(60,724)**	(60,054)	(57,791)
Recovery of loans and advances written off in previous years	**13,259**	13,670	10,520
Others[2]	**(511)**	(141)	1,216
Ending balance	**139,240**	134,517	131,202

Notes: (1) Equal to the net loan impairment losses recognized as accruals for the Group in the consolidated income statement of the Group.

(2) Including foreign exchange rate changes and others.

As at the end of the reporting period, the Group's balance of allowance for loan impairment losses registered RMB139.240 billion, up by RMB4.723 billion over the end of the previous year. The Group's ratio of balance of allowance for loan impairment losses to NPL balance (i.e., allowance coverage ratio) and ratio of balance of allowance for loan impairment losses to total loans (i.e., allowance for loan impairment losses to total loans) stood at 209.43% and 2.43%, up by 1.84 percentage points and down by 0.02 percentage points over the end of the previous year, respectively.

The reasons behind the changes of the Group's allowance is that the loan scale of the Group in 2024 increased year on year, which resulted in an increase in the provision for loan impairment. Meanwhile, the Group's risk offsetting capability was further enhanced, and the allowance coverage ratio increased year on year.

2.5.5 Major Off-Balance Sheet Items

As at the end of the reporting period, the Group's major off-balance sheet items included credit commitments, capital commitments and pledged assets. The detailed items and balances are set out in the table below.

Unit: RMB million

Item	**31 December 2024**	31 December 2023
Credit commitments		
– Bank acceptance bills	**854,489**	867,523
– Letters of guarantee	**273,578**	237,359
– Letters of credit	**324,861**	256,351
– Irrevocable loan commitments	**54,064**	46,768
– Credit card commitments	**812,562**	779,947
Subtotal	**2,319,554**	2,187,948
Capital commitments	**1,055**	1,521
Pledged assets	**333,599**	838,102
Total	**2,654,208**	3,027,571

2.5.6 Cash Flow Statement Analysis

Net Cash Outflows Used in Operating Activities

The Group's net cash outflows used in operating activities registered RMB181.032 billion, and the figure in the same period of last year was net cash outflows of RMB918 million, primarily due to the increase in payment of borrowings from central banks and interbank outflows.

Net Cash Outflows Used in Investing Activities

The Group's net cash outflows used in investing activities recorded RMB29.532 billion, and the figure in the same period of last year was net cash inflows of RMB1.887 billion, mainly due to the increase in the scale of investment as well as sale and redemption of financial investments, which resulted in overall net cash outflows.

Net Cash Inflows Generated from Financing Activities

The Group's net cash inflows generated from financing activities registered RMB220.803 billion, and the figure in the same period of last year was net cash outflows of RMB63.102 billion, primarily due to the increase in the issuance and redemption of interbank certificates of deposit and debt securities, which resulted in overall net cash inflows.

Unit: RMB million

Item	2024	Year-on-year increase (%)	Main reason
Net Cash Outflows Used in Operating Activities	**(181,032)**	Negative in previous year	
Including: Net cash outflows due to increase in interbank business [Note]	**(294,894)**	292.05	Increase in interbank outflows
Cash inflow due to decrease in financial assets held for trading	**9,738**	Negative in previous year	Decrease in the scale of investments held for trading
Cash inflows due to increase in deposits from customers	**365,813**	27.81	More increment of deposits from customers
Cash outflows due to increase in loans and advances to customers	**(258,336)**	(32.08)	Less increment of loans to customers
Cash inflows due to decrease in deposits with central banks	**30,381**	263.37	Decrease in deposits with central banks
Cash outflows due to decrease in borrowings from central banks	**(148,593)**	(197.33)	Repayment of borrowings from central banks
Net Cash Outflows Used in Investing Activities	**(29,532)**	(1,665.02)	
Including: Proceeds from redemption of investments	**3,848,154**	39.01	Increase in sale and redemption of financial investments
Payments on acquisition of investments	**(3,860,233)**	40.18	Increase in investments
Net Cash Inflows Generated from Financing Activities	**220,803**	Negative in previous year	
Including: Proceeds from issuance of debt certificates	**1,553,890**	41.76	Increase in issuance of interbank deposit certificates and debt securities
Proceeds from issuance of other equity instruments	**30,000**	Zero in previous year	Issuance of perpetual bonds
Payments on redemption of other equity instruments	**(39,993)**	1,037.46	Redemption of perpetual bonds
Repayment of debt certificates	**(1,261,613)**	14.07	Increase in repayment of matured interbank deposit certificates and debt securities

Note: Including deposits and placements with, and loans to banks and non-bank financial institutions, financial assets held under resale agreements, deposits and placements from banks and non-bank financial institutions, and financial assets sold under repurchase agreements.

2.5.7 Capital Adequacy Ratio Analysis

The Group has established a closed-loop management system covering the whole process from capital planning, allocation, measurement, monitoring to evaluation. During the reporting period, in light of changes in both internal and external situations, the Group made greater efforts to serve the real economy, established and improved the linkage mechanism between capital planning and business arrangements, and reasonably promoted asset growth. Meanwhile, it continued to uphold the "capital light, asset light and cost light" development strategy. Guided by the concepts of light development and value creation, it continued to optimize the capital allocation model, enhanced refined capital management, guided operating institutions to reasonably arrange business, customer and product structure under capital constraints, and thus realized the balanced development of business growth, value return and capital consumption.

As at the end of the reporting period, as required by the *Measures for Capital Management of Commercial Banks* promulgated by the NFRA, the Group recorded the following capital adequacy profile: capital adequacy ratio of 13.36%, tier-one capital adequacy ratio of 11.26%, and core tier-one capital adequacy ratio of 9.72%, all meeting regulatory requirements.

Capital adequacy ratios

Unit: RMB million

Item	31 December 2024	31 December 2023	31 December 2022
Net core tier-one capital	**687,134**	605,156	551,863
Net additional tier-one capital	**108,619**	118,313	119,614
Net tier-one capital	**795,753**	723,469	671,477
Net tier-two capital	**148,407**	146,384	160,610
Net capital	**944,160**	869,853	832,087
Of which:			
Minimum requirement on core tier-one capital	**353,437**	336,386	315,775
Minimum requirement on tier-one capital	**424,124**	403,663	378,930
Minimum requirement on capital	**565,499**	538,217	505,240
Requirement on reserve capital	**176,718**	168,193	157,888
Requirement on countercyclical capital	**–**	–	–
Requirement on additional capital	**35,344**	33,639	–
Risk-weighted assets	**7,068,736**	6,727,713	6,315,506
Core tier-one capital adequacy ratio	**9.72%**	8.99%	8.74%
Tier-one capital adequacy ratio	**11.26%**	10.75%	10.63%
Capital adequacy ratio	**13.36%**	12.93%	13.18%

Note: The Group's capital adequacy ratios during the reporting period were calculated and disclosed in accordance with the *Measures for Capital Management of Commercial Banks* (NFRA order 2023 No.4) promulgated by the NFRA, and its capital adequacy ratios in comparable periods were calculated and disclosed according to the *Provisional Measures for Capital Management of Commercial Banks* promulgated by the former CBRC.

Leverage ratio

Unit: RMB million

Item	31 December 2024	31 December 2023	31 December 2022
Leverage ratio	**7.06%**	6.66%	6.59%
Net tier-one capital	**795,753**	723,469	671,477
Adjusted balance of on-and off-balance sheet assets	**11,268,348**	10,859,498	10,193,191

Note: The Group's leverage ratio during the reporting period was calculated and disclosed in accordance with the *Measures for Capital Management of Commercial Banks* (NFRA order 2023 No.4) promulgated by the NFRA, and its leverage ratio in comparable periods was calculated and disclosed in accordance with the *Rules on Leverage Ratio of Commercial Banks (2015 Revision)* (CBRC order 2015 No.1) promulgated by the former former CBRC. For detailed information about leverage ratios, please refer to the column on investor relations at http://www.citicbank.com/about/investor/financialaffairs/gglzb/2024/.

2.5.8 Major Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with the *International Financial Reporting Standards* (IFRS) Accounting Standards required the Group to make certain accounting estimates and assumptions when applying its accounting policies to determine the amounts of assets, liabilities as well as profits and losses for the reporting period. The accounting estimates and assumptions made by the Group were based on its historical experience and other factors such as reasonable expectations of future events. The key assumptions involved in such estimates and the judgment on uncertainties were reviewed on an on-going basis. Such accounting estimates and assumptions made by the Group were all appropriately recognized during the current period of the concerned changes and will be recognized as such during the subsequent periods of any impacts resulting from such changes.

The basis for preparing the Group's financial statements was influenced by estimates and judgments in the following main aspects: expected credit loss measurement model, classification of financial assets, fair value measurement of financial instruments, the derecognition of financial assets, the control of structured entities, income tax and deferred income tax.

2.5.9 Major Financial Statement Items with More than 30% Changes

Unit: RMB million

Item	End of 2024/2024	Increase/ Decrease over previous year-end/year-on-year (%)	Main reason
Deposits and placements with banks and non-bank financial institutions	**128,193**	58.1	Increase in deposits and placements with banks and non-bank financial institutions
Loans to banks and non-bank financial institutions	**404,801**	70.3	Increase in loans to non-bank financial institutions
Derivative financial assets	**85,929**	92.3	Increase in the scale and revaluation of derivative financial instruments
Financial assets held under resale agreements	**136,265**	30.1	Increase in securities purchased under resale agreements
Borrowings from central banks	**124,151**	(54.6)	Repayment of matured borrowings from central banks
Derivative financial liabilities	**81,162**	93.9	Increase in the trading and revaluation of derivative financial instruments
Financial assets sold under repurchase agreements	**278,003**	(40.0)	Decrease in securities sold under repurchase agreements
Tax and fee payables	**7,645**	68.5	Increase in income tax payable
Capital reserve	**89,286**	50.3	Increase in capital premium due to conversion of convertible bonds
Other comprehensive income	**16,862**	315.6	Increase in fair value of financial assets at fair value through other comprehensive income
Fee and commission expenses	**6,312**	36.7	Increase in precious metal distribution expenses
Income tax expense	**(11,395)**	67.0	Increase in profit before tax and increase in non-tax-deductible expenses

2.5.10 Segment Report

2.5.10.1 Segment Report

Major business segments of the Group include corporate banking, retail banking and financial markets business. The table below lists the operating results of the Group by business segment.

Unit: RMB million

	2024				2023			
Business Segment	**Segment operating income**	**Proportion (%)**	**Segment profit before tax**	**Proportion (%)**	Segment operating income	Proportion (%)	Segment profit before tax	Proportion (%)
Corporate banking	**95,245**	**44.7**	**49,829**	**61.6**	91,557	44.5	41,902	55.9
Retail banking	**85,690**	**40.2**	**9,230**	**11.4**	86,425	42.1	15,935	21.3
Financial markets business	**31,973**	**15.0**	**23,787**	**29.4**	25,988	12.6	17,281	23.1
Others and unallocated	**315**	**0.1**	**(1,983)**	**(2.4)**	1,600	0.8	(231)	(0.3)
Total	**213,223**	**100.0**	**80,863**	**100.0**	205,570	100.0	74,887	100.0

Unit: RMB million

	End of 2024		End of 2023	
Business Segment	**Segment assets**	**Proportion (%)**	Segment assets	Proportion (%)
Corporate banking	**3,016,097**	**31.8**	2,822,064	31.3
Retail banking	**2,342,470**	**24.7**	2,249,644	25.0
Financial markets business	**3,554,046**	**37.5**	3,336,485	37.1
Others and unallocated	**565,979**	**6.0**	591,811	6.6
Total	**9,478,592**	**100.0**	9,000,004	100.0

Note: Segment assets do not include deferred income tax assets.

2.5.10.2 Geographical Segments

The Group operates mainly in the Chinese mainland, with branches and sub-branches covering 31 provinces, autonomous regions and municipalities. London Branch officially commenced operation in 2019. The Hong Kong Branch was opened for business in March 2024. As for subsidiaries, CIFH and CNCB Investment were registered in Hong Kong, while Lin'an CITIC Rural Bank, CITIC Financial Leasing and CITIC Wealth Management were registered in the Chinese mainland. The table below lists the operating results of the Group by geographical segment.

Unit: RMB million

	End of 2024/2024				End of 2023/2023			
	Segment total assets		**Segment profit before tax**		Segment total assets		Segment profit before tax	
Geographical Segment	**Balance**	**Proportion (%)**	**Balance**	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Head Office	**3,551,480**	**37.5**	**44,190**	**54.6**	3,442,730	38.3	25,709	34.3
Yangtze River Delta	**2,080,747**	**22.0**	**17,268**	**21.4**	2,009,211	22.3	20,792	27.8
Pearl River Delta and West Strait	**1,080,806**	**11.4**	**539**	**0.7**	994,510	11.1	1,397	1.9
Bohai Rim	**2,010,887**	**21.2**	**9,842**	**12.2**	1,889,859	21.0	12,005	16.0
Central China	**900,004**	**9.5**	**4,629**	**5.7**	879,067	9.8	8,152	10.9
Western China	**750,011**	**7.9**	**1,477**	**1.8**	732,239	8.1	4,088	5.4
Northeastern China	**132,623**	**1.4**	**213**	**0.3**	126,449	1.4	226	0.3
Overseas	**520,398**	**5.5**	**2,705**	**3.3**	480,467	5.3	2,518	3.4
Offset	**(1,548,364)**	**(16.4)**	**–**	**–**	(1,554,528)	(17.3)	–	–
Total	**9,478,592**	**100.0**	**80,863**	**100.0**	9,000,004	100.0	74,887	100.0

Note: Segment assets do not include deferred income tax assets.

2.6 Key Issues in Operations

2.6.1 Loan Extension

In terms of corporate loans, the Bank closely followed the national policy direction and market dynamism and adhered to the orientation of serving real economy and building itself into a bank of value. The Bank accelerated the extension of credit to key areas of the real economy while tapping the potential of invested high-yield assets. It focused on the refined management of assets, further advanced the implementation of the five policies in finance, continuously improved the loan structure in terms of industry, customer and region, accelerated its arrangements in emerging industries, ensured the balanced development between the quantity, pricing and quality of corporate loans. As at the end of the reporting period, the Bank's balance of general corporate loans recorded RMB2,679.667 billion, representing an increase of RMB200.025 billion or 8.07% from the end of the previous year. The balance of RMB general corporate loans increased by RMB196.654 billion from the end of the previous year to RMB2,590.618 billion, a record high as for the growth. Affected by LPR cuts and national policies that guide financial institutions to make profit concessions to the real economy, the pricing of newly granted corporate loans and the average return on corporate loans continued to decline on the asset side. The asset quality of corporate assets (including discounting) improved amid stability, achieving a "double decline", with the balance and ratio of NPLs down by RMB89 million and 0.05 percentage points respectively.

During the reporting period, the Bank dynamically combined the implementation of national strategies with the adjustment of the credit structure, and continued to enhance credit support for key areas and weak links in the real economy, to further consolidate its share in the traditional market, enhance arrangements in key regions of national strategies and improve the management of customer groups, achieving continuous improvement in credit structure. As at the end of the reporting period, the balances of loans to key areas of the real economy such as green credit, strategic emerging industries, medium and long-term manufacturing loans, loans to inclusive micro and small businesses and loans to private business[9] recorded RMB600.565 billion, RMB643.954 billion, RMB300.613 billion, RMB599.825 billion and RMB1,347.328 billion respectively, up by RMB141.543 billion, RMB112.085 billion, RMB42.033 billion, RMB54.749 billion and RMB101.229 billion or 30.84%, 21.07%, 16.26%, 10.04% and 8.13% from the end of the previous year respectively. During the reporting period, the top three industries with the most incremental loans were manufacturing, lease and commercial services and real estates, all recording an increase of more than RMB20 billion, which further enhanced the Bank's loan foundation in traditional key areas. Meanwhile, centering around the national regional development strategy, the Bank continuously promoted high-quality coordinated development of key regions such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei region and the Chengdu-Chongqing economic zone, further enhancing its market competitiveness in key regions. As at the end of the reporting period, the proportion of loans to the four key regions reached 92.70%, up by 2.56 percentage points from the end of the previous year.

In terms of personal loans, during the reporting period, in face of the complex and changing external environment, relatively weak social expectations and insufficient effective demand, the Bank adhered to the orientation of building itself into a bank of value. By actively optimizing asset portfolios, enhancing the financial supports to residential housing, large amounts of consumption, small and micro enterprises and real economy and continuously improving capabilities in risk control and asset quality management, the Bank maintained the coordinated development among the quantity, pricing and quality of personal loans. During the reporting period, the Bank granted new personal loans (excluding credit cards) totaling RMB822.591 billion, including RMB224.847 billion of personal mortgage loans and RMB225.702 billion of personal inclusive loans. As at the end of the reporting period, the Bank's balance of personal loans (excluding credit cards) posted RMB1,815.412 billion, representing an increase of RMB104.511 billion or 6.11% from the end of the previous year. In terms of pricing, due to factors such as LPR cuts, adjustment of mortgage rates and increased market competition for quality customers, the Bank's pricing of new personal loans continued to decline.

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9 According to statistics of the PBOC, including loans to private holding enterprises and personal business loans (including local and foreign currencies), excluding discounted bills.

2.6.2 Customer Deposits

In terms of corporate deposits, during the reporting period, corporate deposits across the market experienced large fluctuation, with some deposit funds shifted towards fixed-term deposits, wealth management products and interbank deposits. The Bank actively responded to the changes and challenges in market environment, and maintained the balanced development between the quantity and pricing of corporate deposits by optimizing product allocation and improving integrated customer services, among other means. As at the end of the reporting period, the Bank's balance of corporate deposits recorded RMB3,969.310 billion, representing an increase of RMB186.278 billion or 4.92% from the end of the previous year, and 3.68% of which was the balance of structured deposits. During the reporting period, the average daily balance of corporate deposits was RMB3,836.397 billion, down by 1.51% year on year. In terms of deposit costs, during the reporting period, the Bank's cost rate of corporate deposits stood at 1.71%, down by 27 bps from the beginning of the year. The Bank will continuously build itself into a leading bank in transaction settlement, form a low-cost settlement deposit support system, and effectively promote the high-quality development of corporate liabilities.

In terms of personal deposits, during the reporting period, the Bank kept abreast with the changes in market interest rates, adjusted strategies for deposit products, made low-cost deposits such as demand deposits the main source of growth, and controlled the issue size and price of high-cost deposits such as structured deposits, consequently optimizing the deposit structure. As at the end of the reporting period, the Bank's personal deposits amounted to RMB1,459.634 billion, an increase of RMB154.679 billion or 11.85% from the end of the previous year. Among them, personal demand deposits totaled RMB407.600 billion, accounting for 27.92% and up by 3.95 percentage points from the end of the previous year; personal structured deposits were RMB71.410 billion, accounting for 4.89% of the total and down by 0.74 percentage point from the end of the previous year. The cost of personal deposits showed a trend of continuous decline. As at the end of the reporting period, the Bank's cost rate of personal deposits was 2.06%, down by 18 bps from the end of the previous year. The Bank estimated that in 2025, deposit rates across the market will decline further, continuously putting pressure on the growth of personal deposits. Therefore, the Bank took the following steps in response. First, it consolidated the customer base, and expanded the source of deposits; second, it stuck to the growth strategy dominated by low-cost deposits, drove the growth of demand settlement deposits through a growth system led by "Five Expertise and Six Dimensions"[10], improved customer experience by such means as wealth management and product optimization, increased the volume of low-cost deposits, and intensified control of the size of high-cost deposit products, to ensure the cost rate of personal deposits to be kept at a satisfactory level.

2.6.3 Net Interest Margin

During the reporting period, the net interest margin of the Group was 1.77%, down by 1 bp year on year outperforming the market by a large margin. Due to the impact of factors such as continuous LPR cuts, decrease in existing housing loan rates and insufficient actual credit demand, the yield on asset side declined along with the market. Cost rate on the liability side was improved remarkably. On the one hand, the Group continuously optimized the liability structure, improved the quality of liabilities, seized market opportunities, and actively strengthened liability cost control, which produced good results. On the other hand, thanks to the further deepening the market-oriented reform of deposit rates, the price competition in the deposit market was more regulated, providing a favorable external environment for the Group to reduce its costs of deposits.

Looking into 2025, the Group will, on the premise of improving the quality and efficiency of services for the real economy, maintain its own high-quality and sustainable development, and work to outperform the market in terms of NIM changes. On the asset side, the Bank will actively promote the Five Priorities in finance, optimize asset structure and quality, and make every effort to stabilize the returns on assets. The Bank will strive to achieve sound and fast growth in key areas such as manufacturing, green credit and strategic emerging industries, to satisfy the demand for quality customers and high-potential enterprises for comprehensive financial services, and prevent the risk of excess production capacity in certain areas. On the liability side, the Group will adhere to the development philosophy of "balancing quantity and price", press ahead with strategy of building a leading trading settlement bank, further consolidating the liability foundation, and working for a continuous decline in costs of liabilities.

10 Refers to advancing the growth of settlement deposits by building the growth capabilities in six dimensions (enlarging the size of new customer base, advancing upgrade of stratified customers, promoting cross-selling among customers, facilitating product integration and penetration, strengthening building of consumption payment scenarios, and expanding payment and settlement projects) based on deepening and integrating the "five expertise".

2.6.4 Non-interest Income

During the reporting period, the Group realized net non-interest income of RMB66.544 billion, an increase of 7.28% year on year. Specifically, the Group's other non-interest income stood at RMB35.442 billion, a year-on-year increase of 19.54%, mainly due to the fact that the Group seized market opportunities during the period of declining market interest rates, increased the effectiveness of trading and circulation, and achieved promising growth in investment income from bonds and notes.

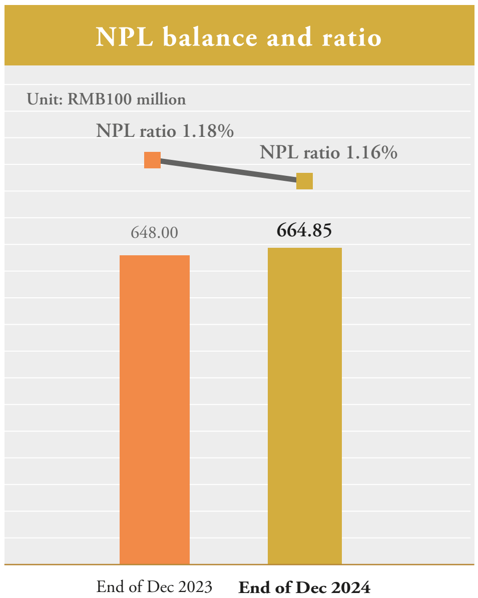
Mainly affected by the market environment and policies, net fee and commission income of the Group was RMB31.102 billion, down by 3.96% year on year. As for the specific product, bank card fees were RMB15.557 billion, down by 7.40% year on year, mainly due to the decline in credit card transaction volume on the whole market. However, the Group actively launched a variety of credit card products to meet diversified customer demands, outperformed the market by achieving revenue through annual fees and value-added services. Agency fees were RMB4.981 billion, down by 14.93% year on year, mainly due to declines in income from agency sale of fund, insurance, and trust. The Group actively adjusted business strategies, and constantly enhanced customer service capabilities. As a result, the income from agency sales was less impacted by the market environment. Commissions from custody and other entrusted businesses totaled RMB7.801 billion, up by 23.77% year on year, mainly due to the growth of wealth management income. The Group continuously improved the building of its sales channel, the management of product quality and the customer investment experience, and recorded growth in both the income and scale of wealth management business. Settlement and clearing fees were RMB2.476 billion, up by 9.51% year on year, mainly because income from businesses such as letters of credit increased.

Looking forward to 2025, the Group will continue to follow market opportunities, resolutely implement the "Five Leading" strategy, seize market opportunities, strengthen capability building, and realize more diversified and stable fee income, to maintain stable growth in non-interest income.

2.6.5 Asset Quality

In face of the complex and challenging situations in and outside China, the Group firmly adhered to the mainline of high-quality development, pursued progress while maintaining stability, and effectively tackled various risks and challenges, as a result its asset quality continued to improve steadily. During the reporting period, the Group further enhanced asset quality control. It focused on "containing new" to effectively prevent and control the emergence of new non-performing assets. It strictly implemented credit criteria, stepped up post-lending monitoring and maturity management, intensified efforts in risk resolution by multiple means, and upheld the bottom line of no systematic risks. It also focused its efforts on "disposing existing" by eliminating legacy risks. It actively responded to changes in risk situations, managed key customers and projects through targeted strategies, stepped up promotion of special assets, strengthened coordinated resolution of risks across the Group, sped up disposal of risky projects, and maintained stable asset quality.

As at the end of the reporting period, the total loans of the Group stood at RMB5,720.128 billion, an increase of RMB221.784 billion from the end of the previous year. The asset quality was stable overall. As at the end of the reporting period, the balance of NPLs stood at RMB66.485 billion, an increase of RMB1.685 billion from the end of the previous year. The NPL ratio was 1.16%, a decrease of 0.02 percentage points from the end of the previous year. The balance of special mention loans stood at RMB93.570 billion, an increase of RMB6.901 billion from the end of the previous year. The special mention loan ratio was 1.64%, an increase of 0.07 percentage point from the end of the previous year. The Group maintained its stable and prudential provision policies. As at the end of the reporting period, the Bank's ratio of balance of allowance for impairment losses on loans to the balance of NPLs (i.e., allowance coverage ratio) stood at 209.43%, a rise of 1.84 percentage points from the end of the previous year. The ratio of balance of allowance for impairment losses on loans to the balance of total loans (i.e., allowance for loan impairment losses to total loans) was 2.43%, a decrease of 0.02 percentage point from the end of the previous year, indicating overall adequate risk resilience.



Asset Quality in Key Areas

2.6.5.1 Risk Control for Corporate Real Estate Loans

The Bank steadfastly implemented the real estate control policies and regulatory requirements set by the CPC Central Committee and the State Council, and implemented an overall strategy of "improving quality, stabilizing existing quantity, and optimizing increment", ensuring a smooth and orderly operation of its real estate credit business.

The Bank maintained stable loan extension to real estate development. The Bank treated state-owned and private real estate enterprises equally, and met reasonable financing demand of real estate enterprises. It supported the construction of "three projects", including government-subsidized housing and urban village transformation in big and mega cities. It prioritized the support to the main urban areas in first and second-tier cities with a net inflow of population, and areas with high property sales rate. **The Bank tailored housing credit policies based on local conditions, supported both essential and improvement housing demands, and optimized financial services for new urban residents.** The Bank continued to observe the 16 measures put forward by the PBOC and the former CBIRC regarding the real estate sector and the extension of their validity period, among other policies, supporting the extension of duration and adjustment of repayment plans for existing businesses aligned with requirements, and promoting project completion and delivery. **It effectively advanced "the real estate financing coordination mechanism" and "the delivery of presold houses", defusing existing real estate project risks in a steady and orderly manner.** It reasonably controlled concentration to a single customer, prevented risks of large credit exposures, and continued implementing comprehensive limit management. It implemented list-based management of risk projects, applied tailored policies to different customers, and actively took market-oriented measures to revitalize projects.

As at the end of the reporting period, the balance of the Group's corporate real estate-related financing that bore credit risk, including loans, bank acceptance drafts, letters of guarantee, bond investment and non-standard investments, stood at RMB371.671 billion, an increase of RMB26.433 billion from the end of the previous year. Among these, the balance of corporate real estate loans was RMB285.149 billion, an increase of RMB25.786 billion over the end of the previous year, accounting for 9.81% of the Group's total corporate loans, up by 0.19 percentage points from the end of the previous year. The balance of the Group's corporate real estate financing through agency sale, wealth management product investments and others that do not bear credit risk was RMB57.559 billion, an increase of RMB8.153 billion from the end of the previous year. In addition, the balance of bond underwriting was RMB34.816 billion, a decrease of RMB4.931 billion from the end of the previous year. The Group adopted differentiated policies for real estate corporate customers and increased efforts in risk mitigation and disposal. As at the end of the reporting period, the Group's ratio of non-performing loans in real estate was 2.21%, a drop of 0.38 percentage points over the end of the previous year.

Looking into 2025, the Bank will continue to implement real estate industry policies and regulatory requirements, and prudentially carry out real estate business. It will pay close attention to macro policies on real estate, strengthen market research and forward-looking judgments, and take timely actions to optimize internal management measures accordingly and ensure the sound development of the real estate business.

2.6.5.2 Risk Control for Personal Housing Loans

The Bank actively implemented national and regional policy requirements, met the reasonable housing needs of home buyers, and achieved steady development of its personal housing loan business. During the reporting period, the newly granted personal housing loans in first and second-tier cities accounted for 80.52% of the Bank's total newly granted personal housing loans, an increase of 1.41 percentage points from previous year. As at the end of the reporting period, the balance of personal housing loans in first and second-tier cities accounted for 76.16% of the Bank's personal housing loans at the end of the reporting period, up by 1.77 percentage points from the end of the previous year.

As at the end of the reporting period, the balance of personal housing mortgage loans of the Bank reached RMB1,032.581 billion, an increase of RMB61.410 billion from the end of the previous year. The non-performing ratio of personal housing loans was 0.49%, a decrease of 0.01 percentage point from the end of the previous year; the ratio of special-mention loans was 0.39%, an increase of 0.14 percentage point from the end of the previous year. The Bank's average weighted mortgage ratio of personal housing loans maintained at around 40%, with sufficient and stable value of collateral, and the overall risk of personal housing loan business was manageable.

2.6.5.3 Risk Management of Local Government Hidden Debts

The Bank proactively implemented national policies on financial support for defusing debt risks of financing platforms, resolved risks in an effective and orderly manner, and promoted the steady and healthy development of the economy. As the national funds for debt resolution were gradually in place, the Bank's funds included into the management of local government hidden debts decreased fast. As at the end of reporting period, its balance of local government hidden debts stood at RMB137.903 billion (on-balance sheet loans), down by RMB71.968 billion from the the end of previous year. In terms of asset quality, there were no NPLs, and the ratio of special mention loans was 1.19%, far lower than that of the Bank's corporate loans, and the risks were generally under control.

2.6.5.4 Risk Control for Personal Consumption-Related Loans

Risk Control for Personal Consumer Loans

As at the end of the reporting period, the Bank's ratio of non-performing personal consumer loans was 2.14%, up by 0.59 percentage points from the the end of previous year. As the economy was still in the recovery stage, affected by unstable residential income and some other factors, the NPL ratio in personal consumer loans showed certain fluctuations. The Bank adhered to selecting enterprises from the white list, took strict steps to ensure the inclusion of qualified enterprises into the list and their continued management, focused on supplying credit to quality customers on the white list, and acquired quality customers to improve the overall quality of business. Meanwhile, the Bank developed a mechanism for differentiated asset quality control, monitoring business in all dimensions including product, customer group, region and channel, adopting differentiated risk control strategies based on monitoring results, and constantly adjusting target customer groups.

Risk Control for Credit Card Business

Affected by macro-economic environment, some customers' income level and solvency showed a trend of decline, placing pressure on the credit card industry in terms of asset quality. As at the end of the reporting period, the Bank's credit card business NPL ratio was 2.51%, down by 0.03 percentage point from the end of the previous year. By industry, affected by factors such as adjustment of the economic structure, industry compliance rectification and industrial cycle, risks in industries such as real estate agency services, small and medium-sized hotels/catering/fast food services were relatively high. Upholding the prudent risk appetite for credit card business, the Bank continuously iterated comprehensive management system of target customer groups and enhance risk monitoring and warning based on risk quantitative technology. The Bank innovatively developed a comprehensive risk management map for credit card business for precise, regional and differentiated risk control. During the reporting period, the asset quality of credit card business was generally stable and relevant risks were controllable.

2.6.6 Disposal of Non-performing Assets

Aiming to reduce losses, increase efficiency and create value, the Bank prioritized cash recovery, and formulated science-based and reasonable disposal plans for non-performing assets. The Bank expanded paths of disposal, combined the use of various disposal methods, tapped the value of assets, deepened the building of a special asset platform, seized market opportunities, and hence continuously enhanced disposal efficiency and benefits. During the reporting period, through comprehensive approaches of recovery, transfer, write-off and restructuring, the Group disposed of non-performing loans totaling RMB81.310 billion.

2.6.7 Business Synergy

Upholding the synergy philosophy of "Altruism and Win-win Cooperation", and levering on CITIC Group's resources of finance-finance cooperation, industry-finance cooperation and think tank cooperation, the Bank enriched synergistic ecosystem and increased the contribution of synergistic value with the focus on the Five Priorities in finance and key customer groups such as local governments, strategic customers, enterprises with specialized, sophisticated techniques and unique, novel products, listed and to-be-listed companies. During the reporting period, the Bank's co-financing exceeded RMB2.9 trillion. The cross-selling scale of corporate and retail banking and the asset custody business grew by 32.69% and 14.23%, respectively, and the quality and efficiency of synergy-empowered business development were enhanced.

In resolute response to regional development strategies of the nation, the Bank promoted the development of four key areas, namely, the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing area, in a coordinated way. During the reporting period, the Bank developed medium and long-term plans for regional development, and deepened synergistic collaboration focusing on industries with quality resources in the region. It built a "financing + industry + intelligence" service system, deepened cooperation with financial subsidiaries within CITIC Group such as CITIC Securities, China Securities, and CITIC AMC, and helped implement a batch of quality synergy programs including the three key campaigns (guarding against and defusing major risks, targeted poverty alleviation, and pollution prevention and control) and one asset revitalization initiative of Chongqing. It innovatively built the CITIC Equity Investment Alliance and "1+2+3+N"[11] model to support high-quality agricultural cultivation and other new collaborative models, achieving new results in providing synergistic services for the real economy. Leveraging CITIC Group's overall advantages in industry-finance collaboration, the Bank strengthened collaboration with non-financial subsidiaries, created synergistic service scenarios for rural revitalization and green and low-carbon development, effectively expanded the radius of customer services, and explored and developed new industry-finance collaboration models that can be duplicated and promoted.

2.7 Strategic Planning

The year 2024 is the first year of implementing the *Development Plan for 2024-2026 of China CITIC Bank*. In the year, the Bank made new grounds in strengthening the Bank's Party building and new achievements in serving the overall interests of the country, and achieved new leap in improving its operation performance.

The Bank maintained the development momentum. Its quality and efficiency of serving the real economy were enhanced. Following the national policy guidance closely, the Bank actively implemented financial regulatory requirements, timely introduce pragmatical policies and channeled more resources to core areas and weak links essential to the economy such as green and strategic emerging industries, advanced manufacturing, inclusive finance for micro and small-sized enterprises, agriculture and private business, and helped market entities tide over difficulties through multiple measures. **The profitability was notably enhanced.** Amid an environment of narrowing interest margins, intensifying competition, and significant pressure on income growth in the banking industry, the Bank achieved growth in both operating income and net profit, and demonstrated a strong resilience in its overall operations and development. **The asset quality kept improving.** NPL ratio and allowance coverage ratio both maintained stable, thus effectively consolidating the foundation of asset quality. Key risk indicators reached the best level in recent years. **The assets scale grew steadily,** achieving good results in the structure of both asset and liability. As at the end of the reporting period, total assets of the Bank exceeded RMB9.5 trillion with its deposits and loans both surpassing RMB5.7 trillion, and the Bank realized the coordinated development of efficiency, quality and scale.

The foundation for high-quality development was enhanced. The Bank upheld the four operation themes of stabilizing interest margin, stabilizing quality, expanding fee-based business income and expanding customers, and continued to make progress centering on value creation. **The Bank over-performed the market in stabilizing interest margin.** It followed the operational and management philosophy of the balance between quantity and pricing, and attached importance to both deposits and loans. Net interest margin was 1.77%, a slight decrease of 1bp from last year, which vigorously supported the growth of operating income. **The Bank made vigorous efforts to stabilize quality with great efficiency.** It continued to improve the comprehensive risk management system featuring "effective risk control and vigorous development promotion", pushed forward the combination of Five Policies in depth, and worked to ensure the asset quality improve stably overall. NPL ratio was 1.16%, declining for the sixth year in a row. **The Bank obtained remarkable outcomes in expanding fee-based business income.** It resolutely pushed forward the development of capital-light business, went all out to build itself into a bank of value, and took multiple measures to promote income growth. Net non-interest income reached RMB66.544 billion, an increase of 7.28% year on year, and non-interest income accounted for 31.21% of the total operating income, an increase of 1.03 percentage points. **The Bank improved both the quantity and quality in expanding customers.** It upheld the "customer-centric" philosophy, continued to strengthen customer group development, promoted stratified and classified customer management, improved the capacity of sustainable development, and kept the customer base stable. The Bank recorded 9.41% and 6.21% growth in the number of corporate customers and individual customers respectively.

11 "1+2+3+N" means to focus on the main task of "ensuring agricultural food security and supply of important agricultural products", actively promote the business layout for finance and real economy, gradually develop the three core drivers of "agricultural financing chain", "agricultural financing-industry chain" and "agricultural financing- intelligence chain", create N scenarios for upstream, middle and downstream industries, and provide "CITIC Solutions" for high-quality agricultural development.

The Bank remained firm in its strategy implementation. It proposed to implement the "Five Leading" strategy in its new three-year development plan and create a distinctive and differentiated model for financial services. In the process of advancing strategy implementation, the Bank focused on integrating the strategy with routine operation and management, set up a dedicated taskforce, formulated plans and key tasks, and clarified both roadmaps and implementation plans. After over a year of development, the Bank has achieved significant results. **A leading wealth management bank.** It deeply enhanced system capabilities and strengthened operating income drivers, and the balance of retail assets under management and the scale of corporate wealth management maintained a steady growth. **A leading comprehensive financing bank.** It vigorously advanced ecosystem development, deepened the "underwriting + investment + trading" full chain mechanism and set market records as for the underwriting scale. It expanded the value chain of equity and bond linkage and maintained the lead in the industry regarding capital market business. **A leading trading settlement bank.** It fully implemented the "Three Major Programs", further improved the infrastructure supporting capacity, driving force of products and scenario-based services, with its trading settlement amount and number of active clients continuously increasing. **A terms of a leading forex service bank.** It launched the "CITIC Forex+" cross-border comprehensive financial service system, became one of the country's first banks to have the multi-functional free trade accounts, consolidated its leading position as for financial service in cross border e-commerce platform and attained the highest level-A rating from State Administration of Foreign Exchange in 2024. **A leading digital bank.** It focused on three key areas, namely management digitization, business digitization, and operations digitization, comprehensively advanced the building of enterprise-level digital system and capability, accelerated the integration of digitalization into the genes of the Bank's development.

2.8 "Five Leading" Bank Strategy

2.8.1 A Leading Wealth Management Bank

The Bank upheld the customer- and value-oriented operation philosophy in its retail wealth management business. Driven by systems, supported by capabilities, and empowered by digitalization, it intensified efforts to build medium- and long-term systematic strengths in "new retail", continuously improved capabilities of specialized services and value creation, and provided customers with full-lifecycle personal banking service solutions, so as to become customers' first choice of wealth management bank.

The Bank upgraded its operation system, and made new breakthroughs in the "five expertise" comprehensive customer management. It established the digital "decision-making center" of retail business in the Bank, launched an unified platform to manage retail business strategy ("one horizontal" program) for retail sector, created comprehensive management logic based on customer needs, and made new breakthroughs in methodology, institutional procedures, and system instruments, deeply strengthened customer relationships by being an expert at "settlement, investment, financing, activities and services", and preliminarily achieved the full-process, closed-loop management for the "five expertise" management strategy.

The Bank optimized systems and mechanisms to unleash organizational potential and enhance customer management efficiency. It accelerated the intensive operation of the private banking center, established the important "service + operation" platform centering on the private banking center, strengthened dedicated allocation for the private banking team, and drove improvements in both customer management efficiency and market contribution for private banking. **It explored and promoted the Head Office's direct operation model for ordinary customers**, established the Remote Customer Management Service Center, and leveraged the Head Office's "remote center operation + App operation + digital operation team", to improve the Head Office's capability of direct management of ordinary customers.

The Bank enhanced its core business and its brands of asset management, private banking, and consumer finance. The Bank, insisting on market-based, platform-supported, digital and globalized development, **established "Investment + Advisory" in-depth integrated "advisory" service model** and strengthened the "integration and co-establishment" in asset management and wealth management, so as to enhance the "big value circulation chain" of wealth management, asset management and comprehensive financing. **The Bank made the private banking service more professional and promoted the globalization process of the service system**, carried out differentiated allocation of major asset categories, expanded the global radius of customer services, and improved the global asset allocation capacity for private banking customers. The number of new private banking customers in the year reached a record high, and AUM for private banking maintained a good growing momentum. **The Bank fully consolidated its competitive business of consumer finance, and deepened retail asset acquisition and operation**. It proactively implemented national real estate control policies while maintaining a steady growth in personal housing mortgage loans. It vigorously supported the real economy and inclusive finance, and actively expanded whitelist quality customer acquisition for CITIC Instant Loan and new energy vehicle loans. Centering on such livelihood scenarios as "catering, hotel, travel, entertainment and shopping", the Bank further strengthened quality customer acquisition and granting of installment loans of credit cards.

The Bank enhanced its distinctive advantages, improving management of pension customers and going abroad customers, and explored the management of young customers. For pension customers, it improved the third-pillar support, upgraded the pension planning tool to Pension Account Book 3.0 and improved the "Happiness +" pension finance service system. **For going abroad customers**, the Bank increased the rights and interests of the Easy Go membership system, and fully penetrated in multiple core scenarios including going abroad for further study and for business, with the number of going abroad customers served in the year continuously increasing. **For young customers**, the Bank rolled out the "Latte Plan", an automatic investment plan for wealth management, on mobile banking, released a service brand for Generation Z customers, and established a service system integrating new media publicity and the App function of mobile banking, leading to an increase in the scale of Generation Z customers and AUM.

The Bank leveraged its advantages in synergy, and further unleashed incremental capacity through integration of corporate banking and private banking and "dual interaction" of debit cards and credit cards. The "**Dual interaction**" **of debit cards and credit cards** increased in both the proportion of credit card customers acquired through the branch channel as well as the credit card coverage on private customers. The **integration of corporate banking and private banking** improved customer acquisition efficiency and capability through payroll services, payment and settlement as well as the capital market service scenarios. And the scale of assets under management from new customers acquired through private banking transformed from corporate banking in the "Light Up Program" reached more than RMB20.0 billion.

As at the end of the reporting period, the Bank had 145 million personal customers, an increase of 6.21% from the end of the previous year. The balance of retail assets under management (including market value)[12] stood at RMB4.69 trillion, an increase of 10.62% from the end of the previous year.

2.8.2 A Leading Comprehensive Financing Bank

During the reporting period, the Bank continued to advance the building of a "leading comprehensive financing bank", accelerated the formation of a "commercial banking + investment banking + collaboration + matchmaking" financing ecosystem, focused on expanding the "5+N"[13] key segments, and enhanced the integrated financing capabilities in multiple dimensions, to provide customers with "financing + intelligence" integrated financing services. As at the end of the reporting period, the balance of comprehensive financing of the Group stood at RMB14.29 trillion, an increase of 8.66% from the end of the previous year.

12 Including the retail customers' assets under management of the Bank's subsidiaries.

13 Referring to "Five Priorities" plus "N featured segments" including chain finance, government finance, cross-border finance, and park finance.

The "greater commercial banking" ecosystem vigorously served the real economy. During the reporting period, centering the implementation of Five Priorities in finance, the Bank focused on government finance, chain finance, cross border finance, industrial park finance and other characteristic sectors, continuously improved the capability and service in serving real economy. **As for government finance**, centering on the 14th five-year plans at the state, provincial and municipal levels, the Bank actively provided governments at various levels with whole-process services for local government bond projects, empowering major national strategic projects in such areas as transport infrastructure, agriculture, forestry and water conservancy, new infrastructure construction, and new energy. **As for chain finance**, it continuously advanced scale expanding and customer acquisition of supply chains and laddered development of equity chains, continuously improved the capability of servicing big customers with comprehensive financing. It enhanced the innovation in products and service model and financing support for small and medium enterprises in key industries by supply chain finance. As at the end of the reporting period, the Bank provided RMB1,663.465 billion of supply chain financing for 48,467 enterprises, up by 23.55% and 8.91% respectively from the end of the previous year. **As for cross border finance**, the Bank vigorously implemented the national strategy of high-standard opening up, and provided high-quality cross-border investment and financing services for "Going Global" enterprises with its non-residential account and free trade account as the carrier. **As for industrial park finance**, centering on national and local characteristic industrial parks and focusing on small and medium customer groups, the Bank launched Visit 10,000 Enterprise Partners – Scientific and Innovation National Campaign during which it hosted 334 events to deepen the cooperation with managers, enterprises and individuals in the parks and continuously enhanced its service in the park finance scenarios and for scientific and innovative enterprises.

The "greater investment banking" ecosystem continued to improve the integrated financial service capabilities in capital market and equity market. Relying on the endowment of "full licenses in finance and full coverage in industries" of CITIC Group, the Bank gave full play of synergistic advantages and made full efforts in building "an investment banking service from a commercial bank which understands the capital market more than any other" with its ecosystem and resources integration. **As for debt capital market**, with the leading underwriting capability as a drive, it enhanced the building of a full chain mechanism of "underwriting, investment and trading" to form the new pillar to support customer management and asset allocation. **As for equity capital market**, centering on the core scenarios of market value management, capital operations and merger and acquisition in the new landscape, the Bank comprehensively iterated the integrated financing business strategy and product system and made new breakthroughs in key financing services in the capital market.

The "greater collaboration" ecosystem further unleashed the benefits of synergy. The Bank delved into finance-finance and industry-finance collaboration scenarios, stepped up resource integration and forged a distinct coordinated service system centering on such areas as technology finance, green finance and capital markets. It launched programs to support rural revitalization, enterprises with specialized, sophisticated techniques and unique, novel products, among others, focused on key scenarios including bond underwriting, activation of existing assets, and industrial funds, and leveraged the benefits of finance-finance collaboration featuring sharing of strengths to boost the integrated financing services for key customer groups.

The "greater matchmaking" ecosystem increasingly played a role in integrating market resources. With the focus on ecosystem building, system layout, scenario expansion and capability improvement, the Bank strove to create a resource coordination hub with banking at the core, and made comprehensive efforts in four major scenarios including overseas bonds, leasing, insurance and AMC, continuously deepening the integrated financing services for customers. During the reporting period, the Bank's custody matchmaking business scale increased by RMB112.007 billion. The Bank continued to deepen efforts in building private equity fund ecosystem. During the reporting period, the total registered scale of newly custodied private equity funds reached RMB150.974 billion.

2.8.3 A Leading Trading Settlement Bank

During the reporting period, the Bank reshaped the concept of settlement, adhered to the principle of settlement first and with financing as support, strategically formulated roadmaps and implementation plans for high-quality development, and improved and pressed ahead with infrastructure construction, products and scenarios, so as to build itself into a "leading trading settlement bank".

The capacity of infrastructure services has been significantly improved. The Bank built a multi-tier trading settlement platform, formed a platform matrix of "serving medium and large-sized customers with 'Tianyuan Treasury', serving small and medium-sized customers with 'Easy Salary' and serving general customers with corporate online banking", and continuously upgraded its performance. The four-tiered operation and maintenance service system produced initial results. Integrating AI robots, 95558 customer service, local operation and maintenance teams of branches, and integrated business and technical team of the Head Office, the system effectively answered customers' questions and continued to ease the burden on customer managers through intensive operation and maintenance support. **The customer experience of products was continuously optimized.** Based on the customer experience, the Bank comprehensively restructured the trading settlement product system, promoted product integration, and developed three product series covering treasury management, procurement management and sales management, continuously improving product synergy. The market acceptance of large single products has been continuously improved. The "new fund pool" was put online, upgraded from a single pledge financing product to an integrated service platform covering trading settlement, pledge financing and asset management for enterprises. "CITIC Shouyintong" improved the the channel collection capability. The Bank was connected to the PBOC's national comprehensive service platform as the first platform-like commercial bank; it also launched interbank agency collection sub-products, further improving the settlement service capability to facilitate payment for the people. **The driving force of scenarios continued to increase.** The Bank consolidated the advantages of the auto finance industry, and promoted the three major changes of "from fuel vehicles to new energy vehicles, from downstream to the whole industrial chain, and from financing to comprehensive service". Drawing on the experience of auto financial services, the Bank studied and developed integrated solutions for all the trading settlement scenarios of 10 key industries, including food and beverage and consumer electronics, and made forward-looking plans to advance the trading settlement business, hence enhancing its competitiveness in trading settlement.

2.8.4 A Leading Forex Service Bank

During the reporting period, the Bank closely followed the country's high-standard opening-up strategy, adhered to the "specialized, swift, smart (3S)" service concept, gave full play to the unique advantages of its forex business, and built a cross-border financial service system featuring cross-border "settlement + financing + trading" as the cornerstone and covering the entire chain, all scenarios and full lifecycle of "CITIC Forex +".

The new international settlement capacity has been continuously consolidated. For large multinational enterprises, the Bank continued to deepen the global industrial chain of customers, opened up a "domestic – cross-border – overseas" fund chain for corporate customers with cross-border cash pools and cross-border treasurers as vehicles, and provided online and multi-channel cross-border settlement services, covering customers' overseas subsidiaries and affiliates in 62 countries and regions. **For small and medium-sized foreign trade customers,** the Bank relied on its first-mover advantage, further consolidated its leading position in financial services of new foreign trade patterns such as cross-border e-commerce platforms. During the reporting period, the cross-border e-commerce platform services realized a transaction volume of USD29.604 billion and served 115.3 thousand customers. The Bank also rolled out the first cross-border e-commerce settlement service for trade in service in China. As one of the first pilot banks, in line with the forex development reform policy of the State Administration of Foreign Exchange, the Bank carried out forex business process reengineering, and applied technologies such as big data and artificial intelligence to enhance its international settlement services and customer experience. It set up a special taskforce on payment service for foreigners in China, and adopted 24 measures to optimize the acceptance of overseas bank cards at POS and ATM. The Bank innovatively launched the "taking subway with bank card" for foreigners, helping Beijing become the first city in the country to let foreigners take subway in China with overseas bank cards.

The cross-border comprehensive financing capacity has been continuously improved. Focusing on six scenarios, namely global supply chain layout, international trade, cross-border M&A, cross-border debt swap, overseas project contracting and overseas fixed asset investment of enterprises, the Bank increased credit support and portfolio services. Domestic branches cumulatively invested RMB805.375 billion in comprehensive financing for forex business throughout the year. The Bank focused on free-trade zone (port) platforms to tap potential cross-border and offshore business opportunities, and became one of the first to launch multi-function free trade account (EF account) business in Hainan and Hengqin. As at the end of the reporting period, the Bank's loans to non-resident accounts and FT accounts totaled RMB61.190 billion, an increase of 34.23% over the end of the previous year.

The cross-border transaction service capacity has been continuously enhanced. With the goal of delivering "full-functional, online and 24/7" services, the Bank continuously iterated the online forex trading platform "Forex Trading Express", which cumulatively served enterprises with forex trading volume of USD117.502 billion and assisted 12,309 enterprises with "one-point access" to handle forex hedging business online. The "Forex Trading Express" platform has become an important digital support for the Bank to service enterprises' exchange rate risk management. In addition, the Bank actively participated in the development of factor markets and the interconnectivity of financial markets, and optimized the service model for cross-border institutional investors. Its Northbound Bond Connect has won the award of "Excellent Market Maker" for many consecutive years, and the scale of "Southbound Bond Connect" ranked among the top of custodian and clearing banks.

2.8.5 A Leading Digital Bank

The Bank advanced the strategy of building the Bank's strength in science and technology on all fronts, and continued to uphold innovation as the drive, follow the guidance of business and promote deep integration of business, data and technology. Centering on building itself into a leading digital bank, and guided by North Star digital and intelligence metrics, the Bank worked consistently to forge first-class digital capabilities and technological foundations. During the reporting period, the Group input RMB10.945 billion in information technology, accounting for 5.13% of its operating income. As at the end of the reporting period, the Group had 5,832 technology personnel, increasing by 3.66% from the end of the previous year, and accounting for 8.91% of the total personnel. The vigor of technological innovation was further released, and 364 patents were authorized on a cumulative basis.

The Bank adhered to the integrated development of industry, technology and data, and intensified efforts to foster new advantages of digital transformation. It deepened agile organizational transformation and pushed forward the reform of domain based system 2.0. The duration for demand analysis was reduced by 15% year on year, and the business needs delivered to the Head Office and branches gradually increased. **In terms of digital management, a digital-driven approach was adopted for key decision-making for management.** The Bank continued to advance the smart management accounting upgrade, and empowered the governance of loss-making corporate customers through operating income assessment measurement and loss governance monitoring. 70% of loss-making customers turned into profitable ones. **In terms of digital business, smart strategies were used to drive refined customer management.** Relying on digital and intelligent technologies, the Bank's corporate business developed the "Smart Online Banking 5.0" platform, launched the industry-leading, independently developed "Tianyuan Treasury" system (Standard Version 2.0) and the new version of the popular product "Easy Salary", and built the product service ecosystem featuring "trading + settlement", "financing + intelligence", to provide corporate customers with comprehensive solutions which are "beyond finance". The Bank built a customer-centric digital customer insight system for retail business, set up the retail expense management platform and "one horizontal" platform for unified operation strategies. The average monthly customer contact volume exceeded 300 million person times. For the financial market business, the Bank built an independent and manageable financial market application ecosystem, established the financial market quantitative platform and fostered digital strategy capacity, covering forex, precious metals and local currency all market businesses. The proprietary transaction and automatic transaction accounted for nearly 70%, a year-on-year increase of more than 40% in volume. The overall rank of empowered foreign exchange spot transaction remained its leading position in the joint-stock industry. **In terms of digital operations, the Bank improved quality and efficiency through digital and intelligence-driven operation management.** It focused on improving retail customer experience, reducing workload of frontline corporate business, marketing of financial market products and other areas, implemented the digital transformation program named "Hundred Rivers Initiative", re-engineered the workflow of the Mobile Processing Platform (MPP) on mobile business platform, and developed the innovative program of "Thousand Enterprises, Thousand Faces" smart marketing reports. The overall efficiency of the first batch of key business procedures increased by more than 100%, providing solid support for improving customer experience externally and empowering business management internally.

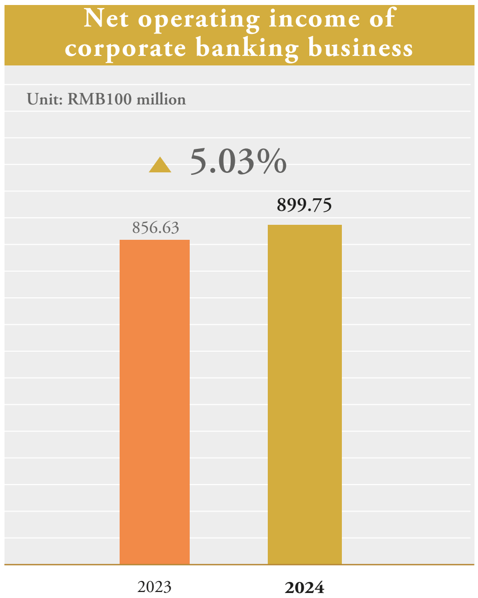
The Bank followed the roadmap of leading technologies and fostered a new future-oriented digital foundation. It accelerated the building and application of enterprise-level public capabilities, completed enterprise architecture planning for the retail sector with successful pilot implementation, and steadily advanced the establishment of corporate credit granting system clusters to reshape bank-wide corporate credit granting processes and service models. The three core middle offices, i.e., business, technology, and data, were rapidly developed and promoted. In terms of the business middle office, all capability centers ensured the full linkage of new and rebuilt systems as long as necessary, minimizing redundant development and resource waste while significantly enhancing operational efficiency and responsiveness. In terms of the technology middle office, the application systems achieved a containerization of over 90%, enabling agile business expansion and rapid innovation. In terms of the data middle office, the Bank built a next-generation "Lake-Warehouse Integration" big data foundation, established offline computing, near-line querying, and real-time computing clusters, and comprehensively improved data processing efficiency and flexibility.

The Bank remained committed to driving technological innovation and comprehensively enhancing enterprise-level data capabilities. It steadily pushed forward data governance, establishing over 25,000 foundational data standards and made an inventory of more than 1.5 million data assets. It accelerated the development of an "AI+BI" data service system, and optimized the bank-wide unified data platform (intelligent and digital), with the self-service data utilization rate exceeding 40% and self-service query and data retrieval efficiency up by over tenfold. The Bank upgraded its integrated decision-making AI platform "CITIC Brain" and generative AI platform "Cang Jie Large Model", and established a tripartite AI empowerment system of "independent platform + scenario exploration + ecosystem collaboration". The CITIC Brain was deployed in over 1,600 scenarios, while the Cang Jie Large Model was applied across wealth management, customer representative service centers, marketing, investment advisory, risk compliance, and other business scenarios, incubating more than 80 innovative applications and being recognized as an "Outstanding Large Model Application Case" by the China Academy of Information and Communications Technology (CAICT). The Bank accelerated the expansion of the application scenarios for its "Blockchain+" product matrix "from breadth to depth", and applied in many key scenarios such as inclusive finance, chain finance, fund supervision, big asset management. Leveraging knowledge graph technology, it developed an anti-fraud correlation graph to deeply analyze complex transaction networks, and issued alerts for nearly 20,000 suspicious accounts.

2.9 Business Overview

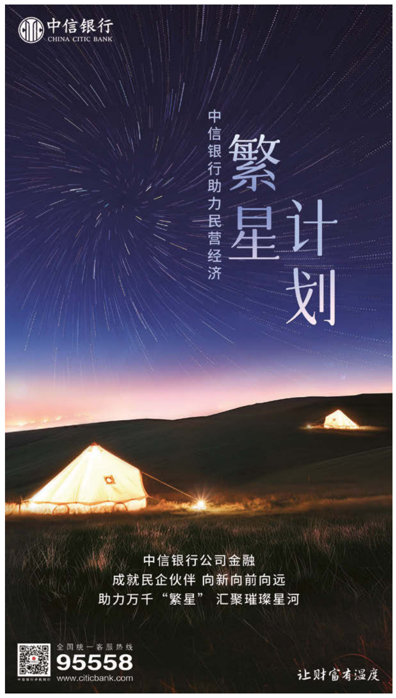
2.9.1 Corporate Banking

During the reporting period, the Bank's corporate banking remained committed to the mission of serving the real economy, adhered to customer and value orientation, drove the development of corporate banking by intensifying efforts in the Five Priorities in finance as the main areas of competition, refined customer structure, industrial structure and business structure, and improved the quality and efficiency of financial services. It acted faster to build itself into a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank, and strengthened its core competence and drivers of development. It continued to improve the stratified and classified customer management system, provided integrated, customized and diversified product and service solutions in a targeted manner, enhanced customer service capabilities, worked consistently to strengthen and optimize customer base management, and achieved new headway in the balanced development of quantity, pricing, quality, customer and efficiency.



During the reporting period, the Bank's corporate banking business registered a net operating income of RMB89.975 billion, up by 5.03% over last year, accounting for 45.02% of the Bank's net operating income. Specifically, the net non-interest income from corporate banking totaled RMB14.084 billion, up by 9.76% over last year, accounting for 22.80% of the Bank's net non-interest income, down by 0.27 percentage points over last year.

2.9.1.1 Customer Management



The Bank continued to reinforce the corporate customer base, refined the system for stratified and classified management of corporate customers, strengthened expansion of customer groups in key areas such as supply and equity chain, sci-tech innovation, cross-border business, capital markets and parks, empowered the management of small and medium-sized customer groups through intelligent opportunity management, and organized the "Visit 10,000 Enterprise Partners – Promoting Enterprise Growth" campaign, to provide financial support for local economy. As at the end of the reporting period, the Bank recorded 1,266.6 thousand accounts of corporate customers, an increase of 109.0 thousand accounts over the end of last year. Among them, there were 317.1 thousand accounts of base corporate customers[14] and 175.8 thousand accounts of valid customers[15], up by 30.6 thousand and 16.5 thousand respectively from the end of the previous year.

Major Customers

Leveraging the synergistic advantages of CITIC Group, the Bank prepared customer-specific plans for the management of major customers[16], developed customized comprehensive financial solutions, implemented major project management, innovated new supply chain financial products, promoted scale expanding and customer acquisition of supply chains and laddered development of equity chains centering on major customers, streamlined business process, expanded business authorization and allocated differentiated resources for each strategic customer. During the reporting period, the Bank established strategic cooperation with a batch of customers, including China National Nuclear Corporation and CRRC Group, achieved breakthroughs in cooperation with 39 quality groups, deepened cooperation with leading customers in key fields and industries such as medicine, energy, equipment manufacturing and automobile on comprehensive financing, wealth management and trading settlement, and provided high-quality and efficient financial services for small and medium-sized enterprises on the industrial chains of major customers.

As at the end of the reporting period, the Bank's balance of loans to major customers stood at RMB1,089.465 billion, an increase of 8.01% over the end of the previous year. During the reporting period, the Bank's daily average deposits from major customers stood at RMB1,625.596 billion, a decrease of 4.76% year on year.

Government and Institutional Customers

The Bank is committed to providing government and institutional customers of different levels and types with quality financial services, expanding cooperation with major customer groups in key areas, and continuously improving the brand values of government financial services of CITIC Bank.

14 Referring to corporate customers with a daily average deposit and wealth of RMB100,000 and above in the year.

15 Referring to corporate customers with a daily average deposit and wealth of RMB500,000 and above in the year.

16 The list of major customers consists mainly of the leading enterprises in the industries as the pillars of national economy, manufacturing champion enterprises in single segments, and large-cap listed companies. The data for the reporting period and at the beginning of the reporting period have both been adjusted based on the changes in the scope of the customer list.

During the reporting period, the Bank comprehensively deepened cooperation with governments at all levels, built a customer service network that covered government departments and public institutions at all levels, obtained over 1,000 qualifications for fiscal agency, and had been rated "excellence" in the centralized payment and collection services for central treasury by the Ministry of Finance for three consecutive years. The Bank played a positive role in practicing national strategies and advancing high-quality development, and helped address the concerns of governments with full-process services for local government bonds that covered key areas like industrial parks, social undertakings, infrastructure, renovation of old urban residential communities, government-subsidized housing projects and transport. Leveraging its strengths in custody service and the synergy across CITIC Group, the Bank took an active part in the management of government investment funds. It actively engaged in the digital transformation of governments, supported the reform demands of governments at various levels for "getting one thing done efficiently" and "enabling seamless online services", and established the government cooperation model integrating "finance, technology and government affairs", achieving extensive coverage across fiscal, social security, housing and urban-rural development, universities, hospitals, and other government service scenarios, as well as rapid product promotion.

As at the end of the reporting period, the Bank recorded 92.2 thousand accounts of government and institutional customers, an increase of 6.2 thousand or 7.21% from the end of last year. During the reporting period, daily average deposits of government and institutional customers posted RMB1,337.264 billion.

Small and Medium-sized Customers

Upholding the operation logic of "10, 100, 1,000 and 10,000 Customers"[17], the Bank remained committed to the strategic focus of "sparing no effort to grow the small and medium-sized customer base", the long-termism principle that "customer bases are the foundation of development", the development path that "puts equal emphasis on quality and quantity", and the system of powering development in four dimensions of "policies, services, products and collaboration", and worked persistently to strengthen the building of small and medium-sized customer bases.

During the reporting period, the Bank established high-quality channels, intensified connections with government departments and industrial clusters, deepened "head-to-head" collaboration and collaboration with regional channels, and carried out influential marketing campaigns such as "Visit 10,000 Enterprise Partners". It served high-growth customers, improved organizational structures, advanced the move to "transform customer service departments into product-focused units, and product departments into customer-focused units", and vigorously expanded ten major quality customer groups with high growth potential, including state-level enterprises with specialized, sophisticated techniques and unique, novel products and manufacturing champions in single segments. The Bank intensified high-level operation, refined the credit execution system and performance-based stimulus policies, upgraded "Smart Online Banking", "Easy Loan" and "CITIC Benefit +" wealth management and other products and services, and tailored differentiated service solutions. It deepened high-efficiency collaboration between the corporate banking line and the retail banking line, consolidated the system for the collaboration between corporate banking and retail banking based on refined scenarios, strategy-guided services, professional teams and regular support, and built a distinct service ecosystem.

As at the end of the reporting period, the number of small and medium-sized customers[18] of the Bank reached 306.7 thousand, an increase of 30.9 thousand compared with the end of the previous year. During the reporting period, the average daily deposits from small and medium-sized customers was RMB884.830 billion, a year-on-year increase of RMB71.321 billion.

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17 Targeting 10 most valuable customers unanimously recognized by local banks, 100 core customers with major contribution to profits, 1,000 basic customers that maintain sound cooperation with the Bank, and 10,000 settlement customers that maintain regular exchanges with the Bank.

18 Corporate customers with average daily corporate deposits and wealth between RMB100 thousand (inclusive) and RMB50 million (exclusive) in the year. The beginning base figures were adjusted accordingly.

2.9.1.2 Businesses and Products

Inclusive Finance | **Special Column**

During the reporting period, the Bank upheld the political consciousness and people-centeredness of finance work, remained committed to the purpose of "providing timely help and serving the people's livelihood", observed the principles of "market-oriented and law-based operation", established and improved the distinct "five-pronged model" (scenario-based services, online process optimization, batch customer acquisition, intelligent risk control and data assetization), and mobilized bank-wide efforts to develop inclusive finance. All this produced positive results, and earned the Bank the "Level I" rating (the highest level) in the regulatory assessment of financial services for micro and small enterprises by the NFRA.

The Bank established and improved the specialized organizational system characterized by "six unifications at the Head Office and four concentrations at branches"[19]. The Bank continuously optimized the organizational structure and risk control mechanism, fully leveraged the benefits of the coordination mechanism of the Inclusive Finance Leading Group and Working Group, formulated the *Special Action Plan of China CIITC Bank for Promoting Inclusive Finance*, and established and implemented the "Five Specials and Five Strengthens"[20] model of the coordinated financing mechanism for micro and small enterprises. It kept inclusive finance indicators as part of the performance assessment of heads of branches and maintained a weight of over 10% in the comprehensive performance assessment of branches, provided subsidies, remuneration and funds for expenses, and continuously improved the mechanism of developing the confidence, willingness, capability, and expertise in inclusive finance.

The Bank established and improved the online product system characterized by "complete service categories and excellent customer experience". The Bank constantly improved the test field mechanism for product innovation and the credit factory product for R&D, launched "Operation E Loan", restructured the "Housing Mortgage E Loan", and continuously enriched the "CITIC Easy Loan" product system by further refining product features and user experience to make financing support with high credit lines and low interest rates accessible to customers in just minutes.

The Bank established and improved the precision marketing system characterized by "digital empowerment and list-based customer acquisition". The Bank upgraded "Smart Online Banking", refined the features of electronic channels, and put into operation "*Xinzhihui*", a mini program, enabling fast and convenient online application for customers, and effectively improving customer experience. It vigorously forged AI marketing channels, created the "Benefit Marketing" platform for business opportunities, and promoted digital marketing tools such as "Inclusive AI Business Manager", reducing manual operation and boosting service efficiency.

The Bank established and improved the intelligent risk control system characterized by "promoting robust development and effective risk control". The Bank dynamically refined the risk compliance management strategy, and improved the institutional system for risk compliance that consists of more than 60 policies, to strengthen credit policy guidance. It upgraded the intelligent risk control platform, and continuously enhanced post-lending first inspection, automatic regular inspection and integrated post-lending and early warning capabilities. It maintained risk tolerance, and refined the rules for exempting those who fulfilled duties from accountability. It improved the loan renewal policy, and stepped up efforts in loan renewal in the principle of "granting renewed loans wherever relevant criteria is met". As at the end of the reporting period, the balance of renewed loans to micro and small enterprises totaled RMB102.296 billion, up by RMB54.238 billion, or over 100%, from the end of the previous year.

The Bank established and improved the integrated service system characterized by "customers first and collaboration". The Bank fully leveraged the strengths of CITIC Group of "full licenses in finance and full coverage in industries", strengthened collaboration with financial and non-financial subsidiaries, carried out cooperation with government departments and large platforms, among others, and provided "credit +" integrated services covering financing, wealth management and settlement.

As at the end of the reporting period, the balance of loans to micro and small businesses[21] was RMB1,655.863 billion, an increase of RMB190.606 billion from the end of the previous year; the number of customers with outstanding loans was 328.6 thousand, an increase of 28.3 thousand from the end of the previous year. The balance of inclusive loans to micro and small businesses[22] was RMB599.825 billion, an increase of RMB54.749 billion from the end of the previous year, a growth faster than the average growth of all types of loans; the number of customers with outstanding loans was 310.4 thousand, an increase of 26.8 thousand from the end of the previous year. During the recording period, the interest rates on inclusive loans to micro and small enterprises fell by 0.33 percentage points, driving the steady decline in the comprehensive financing costs of micro and small businesses at the Bank. Asset quality was kept at a relatively sound level, with the NPL ratio lower than the average of all types of loans across the Bank.

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19 Unification of policies, processes, products, systems, risks and brands at the Head Office, and concentration of review, approval, loan extension and post-lending control at branches.

20 Setting up special task forces, formulating special plans, optimizing special products, launching special campaigns, and providing special policies at the Head Office; and strengthening coordination, communication & connection, active push, implementation, and continuous services at branches.

21 Referring to loans to small-sized enterprises, loans to micro-sized enterprises, and business loans to self-employed individuals and owners of micro and small enterprises.

22 Referring to the loans to micro and small enterprises and business loans to self-employed individuals and owners of micro and small enterprises with a total credit of RMB10 million (including) or below.

Investment Banking Business

With investment banking business as an important strategic pillar underpinning the practice of building a "leading comprehensive financing bank", the Bank seized market and policy opportunities, and advanced product and service innovation, further consolidating and enhancing its position in the market. During the reporting period, the Bank's investment banking business recorded a financing scale of RMB2,111.967 billion, up by 39.80% year on year.

During the reporting period, the Bank underwrote 2,223 debt financing instruments, with a total amount of RMB960.006 billion, up by 34.98% year on year, ranking first in the market by both the number and scale of underwritten bonds[23] and renewing the market record of the annual scale of underwritten corporate credit bonds. It served 927 customers, ranking first in the market. It raised RMB82.098 billion in the capital market[24]. Seizing the great opportunity arising from the special loans for stock repurchase and shareholding increase, it became one of the first six lending banks in the market, and announced 23 signed contracts worth RMB4.2 billion in total, ranking first among joint-stock banks. It successfully built several market benchmark projects in on-balance sheet financing areas such as cross-border syndicated loans, privatization of Hong Kong-listed stocks, M&A loans to free trade zone, and activation of specific assets, with the financing scale hitting a record high.

Technology Finance	Special Column

The Bank attached great importance to the development of technology finance business, further increased input of resources, and explored institutional innovation in multiple aspects, with the aim to take the lead in the market. Both the coverage and depth of its services for tech enterprises kept expanding. As at the end of the reporting period, the Bank's balance of loans to tech enterprises[25] stood at RMB564.372 billion, an increase of 19.34% from the end of prior year. It served 8,246 enterprises with specialized, sophisticated techniques and unique, novel products[26] among the first five batches of such enterprises named by the state, up by 1,640 from the end of prior year.

In terms of product innovation, the Bank upheld the concept of "selecting customers from the perspective of investment", constantly upgraded point card-based approval model, and creatively launched the Yangtze River Delta point card and "Torch Loan", among other products. It focused on the hard and core tech enterprises at earlier stages and of smaller scales, and vigorously advanced the launch of products such as loans for the commercialization of technological outcomes, fixed asset loans for tech enterprises and IPR loans, continuously forging the power of featured technology finance products.

In terms of ecosystem building, the Bank further improved the mechanism of regular connection with government departments including the Ministry of Industry and Information Technology and the Ministry of Science and Technology; deepened cooperation with national industrial associations, leading securities companies and relevant intermediary agencies; stepped up collaboration with national key universities and research institutes, and actively engaged in industry-academia-research collaboration. Based on the CITIC Equity Investment Alliance, the Bank worked to build a private placement ecosystem for technology finance, guiding more financial resources to flow into tech enterprises.

In terms of risk control, the Bank continued to make customer selection the first step of risk prevention and control, and guided branches to precisely acquire customers through list-based management. It vigorously pushed forward the implementation of the differentiated approval mechanism for technology finance in key regions, and effectively boosted the efficiency and precision of approval, to meet the diverse financing needs of enterprises. It advanced the launch of credit rating models for enterprises, making the rating results more accurate and based on science.

Looking forward into 2025, we will continue to advance the in-depth integration of financial services into the national key scientific and technological plans. Centering on the high-level technological independence, we will make every efforts in the Five Priorities in finance to better serve the growth of new quality productivity with financial services of high quality and efficiency.

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23 According to data of Wind Info.

24 According to data of Wind Info.

25 The statistical standards were adjusted based on changes in the scope of the tech enterprises list, and the baseline at the beginning of the year was adjusted accordingly.

26 Statistics was conducted based on the latest list of state-level enterprises with specialized, sophisticated techniques and unique, novel products, and the baseline at the beginning of the year was adjusted accordingly.

International Business

During the reporting period, the Bank's international business demonstrated high-quality and sustainable growth in both the number of customers and international settlement volume. The number of international business customers reached 47,700, an increase of 12.95% compared to the end of the previous year. The annual international settlement volume achieved USD923.245 billion, reflecting a year-on-year growth of 12.47%.

During the reporting period, the Bank provided medium- to long-term project financing support for large-scale infrastructure construction projects undertaken by Chinese enterprises in Belt and Road partner countries such as Indonesia, Laos, Angola, and Egypt. As of the end of the reporting period, the financing balance reached RMB12.764 billion, representing a 15.05% increase compared to the end of the previous year. Concurrently, the Bank launched the "Cross-border Safe Deposit Box" service solution for foreign-related guarantees, issuing RMB47.428 billion in new foreign-related guarantees during the reporting period, marking a year-on-year increase of 56.46%.

During the reporting period, to fully support the stabilization of foreign trade, the Bank focused on enhancing credit support for small and medium-sized foreign trade enterprises through three key initiatives: upgrading the loyalty card model for export-oriented businesses, optimizing and expanding the whitelist credit solutions in collaboration with China Export & Credit Insurance Corporation to include non-resident clients, and independently developing the first big data financing product, "Cross-border Quick Loan." These measures cumulatively facilitated the expansion of over 1,200 small and medium-sized foreign trade credit clients. The Bank deepened its collaboration with China Export & Credit Insurance Corporation, achieving a leading position among joint-stock banks in short-term credit insurance financing scale. Through the State Administration of Foreign Exchange's Cross-border Financial Service Platform, the Bank's credit insurance financing scale surpassed RMB6 billion, positioning it at the forefront of the industry.

The Bank continued to strengthen its foreign exchange compliance capabilities, earning the highest A-level rating from the State Administration of Foreign Exchange during the reporting period. Additionally, the Hong Kong branch officially commenced operations, establishing a new strategic foothold for the Bank in providing global financial services.

Transaction Banking Business

During the reporting period, the Bank vigorously developed transaction banking business, drove financing through settlement and promoting settlement through financing, and met customer demands in all aspects by combining financing and settlement.

In terms of trading settlement, the Bank strove to deliver exceptional customer experience and minimalist user experience. The "Tianyuan Treasury 2.0" unveiled a featured business center to set an example for the industry; multi-bank capability kept enhancing, with the banks having direct fund links numbering more than 100; frequently used features were upgraded fast, and a special treasury for state-owned assets was launched, gathering nearly 2,700 customers within the Group, serving nearly 20,000 member enterprises, and handling transactions worth nearly RMB500.0 billion. The "Easy Salary" platform facilitated customer expansion, introducing features for nine scenarios, and enabling "three-step registration" for new customers and "seamless migration" for existing customers. During the reporting period, the new version of "Easy Salary" recorded 22 thousand newly registered corporate customers. The "regulatory payment" product covered fund regulation across five major scenarios, with the scale of funds under regulation exceeding RMB600.0 billion in the whole year.

In terms of transaction financing, the Bank worked to build distinct supply chain finance business. As for the bank acceptance bill business, the Bank intensified online service and scenario applications, registering 26 thousand financing customers with more than RMB1.8 trillion funded cumulatively. As for the guaranteed commercial bill discounting business, the Bank expanded business channels, and supported online processing of supply chain bills, financing over 2,400 customers with nearly RMB80.0 billion of funds. The domestic factoring business further showed its unique advantages, recording RMB427 million of income from fee-based business, up by 56.53% year on year. As for domestic L/G business, the Bank vigorously promoted the "Credit Guarantee – Speedy Issuance", an automatic review and approval product, quickly meeting customers' demands for guarantee in bidding & tendering and contract performance, among other areas, and serving more than 4,000 customers. During the reporting period, the Bank provided professional solutions for over 2,500 supply chains in key industries, establishing leading edges known as a complete product system, deep insights into industries, high service efficiency and strong support for the real economy in the market.

Asset Custody Business

During the reporting period, upholding the philosophy of "value-added custody", the Bank deepened business collaboration within the Group, intensified the move of bringing assets generated from internal resources under custody, spared no efforts in the development of the asset management business, and deepened customer management. Meanwhile, the Bank further promoted asset management businesses such as mutual fund, pension and cross-border fund custody. As at the end of the reporting period, the mutual funds under the Bank's custody amounted to RMB2.52 trillion, an increase of RMB351.654 billion from the end of the previous year, which included money funds, bond funds, equity funds, index funds and publicly offered REITs. The pension business and the cross-border custody business maintained stable growth. As at the end of the reporting period, the annuities under the Bank's custody reached RMB496.229 billion and the QDII funds under custody amounted to RMB302.161 billion, up by RMB82.676 billion and RMB123.820 billion from the end of the previous year respectively.

During the reporting period, the Bank enhanced its digital custody services. It attached great importance to the development of the custody business system and it applied innovative AI technologies to further optimize the business process, which significantly improved business efficiency. The Bank continuously enriched the services of customer channels and created more digital service products that improve customer experience and meet customer demand. It sped up the digital development of business procedures, enhanced risk identification and process control capabilities, and identified and removed risks and hidden dangers in a timely manner through digital monitoring of the process, ensuring secure and orderly business operations.

As at the end of the reporting period, the Group's custodian assets surpassed RMB16 trillion and reached RMB16.42 trillion, an increase of RMB1.74 trillion from the end of the previous year. During the reporting period, the Bank recorded RMB3.720 billion in income from custody business, up by RMB203 million year on year; the market share of custody business and its income continued to grow. The Bank was named the "Best Custodian Bank in Asia" for its asset custody business by *The Asian Banker* in 2024.

Wealth Management for Corporate Customers

The Bank stayed committed to establishing a leading corporate wealth management service system, and spared no effort to boost the sustainable development of corporate wealth management business.

Based on prudent currencies and currency+ with low fluctuations and pure bond corporate wealth management products with low fluctuations, the Bank vigorously explored featured products such as fixed income + preferred shares and fixed income + broad-based index options. During the reporting period, the Bank kept strengthening the cooperation with leading external institutions, and further enriched the ecosystem of corporate wealth management products. As at the end of the reporting period, the Bank had 29 external partners, up by 3 from the beginning of the year, and acted as a sales agent for 556 corporate wealth management products, up by 149 from the beginning of the year. Meanwhile, the Bank combined the fulfillment of its corporate social responsibility with the advancement of corporate wealth management business, implemented the national requirements for promoting the Five Priorities in finance, and stepped up the launch and sales of green wealth management products, products for enterprises with specialized, sophisticated techniques and unique, novel products, and charitable products. During the reporting period, RMB23.509 billion of the said products were sold in total, effectively promoting the green transition of society and contributing to diverse social values.

As at the end of the reporting period, the size of corporate wealth management was RMB209.916 billion, up by 15.59% over the the end of previous year, in which collaborated agency sales registered RMB42.094 billion. The Bank had 31.7 thousand corporate wealth customers, up by 18.96% over the the end of previous year, with the customer base further consolidated.

2.9.1.3 Risk Management

Upholding the customer-centric business philosophy and centering on the overall goal of "better structure, distinctive characteristics, consolidated foundation and enhanced earnings", with high quality development as the main theme in its development, the Bank's corporate banking line actively served the real economy, improved the capabilities of integrated customer management, refined the banking Group unified credit extension system, to enhance the limit management of key customers, prevent credit concentration risk and realize high quality development of the corporate banking business.

In terms of customers, the Bank raised the comprehensive contributions of major customers to the Bank in terms of quantity, pricing, quality, customer, and efficiency. Centering around the objectives of "sparing no efforts to grow the small and medium-sized customer bases and settlement business", the Bank worked to improve its expertise in the management of small and medium-sized customers. It took solid steps to deepen cooperation with institutional customers, and advanced the systematic operation of institutional banking business in a coordinated manner. It enhanced support for private enterprises, and assisted the private enterprises in the key areas of the real economy growing better and stronger.

In terms of regions, the Bank implemented the objectives of regional coordinated development strategy, promoted the high-quality development along the Belt and Road, coordinated the development of the western, northeastern, central and eastern sectors with the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the integrated development in the Yangtze River Delta as the lead, the development of the Yangtze Economic Belt and the protection and high-quality development in the Yellow River basin as the support, and major agricultural production areas and important ecological function areas as the guarantee, to accelerate the formation of a regional economic picture of complementary and high-quality development.

In terms of industries, following national policies, the Bank continued to provide financial services to the real economy, increased credit support for green finance, strategic emerging industries, high-tech industries, rural revitalization and manufacturing, vigorously backed the "Two Renewals" and "Two Majors"[27], and actively served key areas of the national economy such as grain, energy, strategic resources and important industries. It preemptively planned for the new quality productive forces with clear technical roadmaps and strong commercial viability, and actively explored new economic sectors and emerging industries with the focus on such areas as the next-generation information technology, AI, new energy, biomedicine and high-end equipment.

In terms of businesses, the Bank made all-out efforts to promote the Five Priorities in finance, and actively integrated technology finance into the national technological innovation strategy and the building of a modern industrial system. As for green finance, it focused on four themes of green industries, green customers, green products and green services. As for inclusive finance, it adhered to the principles of "stabilizing growth, pursuing high quality, forging characteristics and expanding influence". As for pension finance, it drove diverse services in comprehensive financing, payment settlement, and featured product innovation, etc. centering around health industry, elderly-care industry and silver economy. As for digital finance, with the focus on the development and security of digital economy, the Bank followed and cooperated with quality enterprises in such areas as database development, data security and cyber security. It deepened the building of an integrated financing ecosystem, leveraged CITIC Group's advantages of all financial licenses and synergy, and grew comprehensive financing to meet diverse customer demands. It made greater efforts to develop supply chain finance, and promoted industry-focused development of supply chain operations. It also comprehensively advanced cross-border finance, and enhanced cross-border financial services across scenarios. Besides, the Bank maintained the leading position in the capital market, and actively seized the opportunities arising from loans for share repurchase and acquisition increase, among other businesses.

As at the end of the reporting period, the Bank's balance of corporate loans (excluding discounted bills) posted RMB2,679.667 billion, an increase of RMB200.025 billion over the end of the previous year; and its NPL ratio was 1.19%, down by 0.10 percentage points over the end of last year. The Bank's asset quality of corporate loans remained overall stable.

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27 "Two Renewals" refer to renewal of large-scale equipment and trade-in of consumer goods; "Two Majors"refer to implementation of major national strategies and building of security capabilities in major areas.

2.9.2 Retail Banking

Keeping abreast with market development trends and adhering to the operation logic of retail banking, the Bank enlarged customer base, strengthened product, optimized channel potential, improved service experience, and provided customers with comprehensive financial and non-financial services.

During the reporting period, the Bank's retail banking business registered net operating income of RMB81.833 billion, down by 2.07% year on year, representing 40.94% of its net operating income. Net non-interest income from retail banking recorded RMB20.339 billion, down by 13.98% year on year, accounting for 32.93% of the Bank's net non-interest income, down by 9.58 percentage points from last year.

2.9.2.1 Customer Management

The Bank systematically advanced stratified management of retail customers, arranged differentiated assessment based on positions, upgraded digital marketing tools, organized targeted empowerment training, and enhanced professional capabilities in stratified services, to achieve the chain-like upgrade from ordinary basic customers, wealthy customers, VIP customers to private banking customers. As at the end of the reporting period, the Bank recorded 145 million personal customers, a growth of 6.21% over the end of the previous year.

For ordinary basic customers, the Bank fully leveraged its capabilities in the coordinated operation of multiple channels, including mobile banking, corporate WeChat account, remote assistant and AI outbound calls, to upgrade from volume channeling to transformation of ordinary customers towards customers of higher tiers in the chain. As at the end of the reporting period, the number of the Bank's ordinary basic customers totaled 17.7962 million, up by 4.78% from the end of the previous year.

For wealthy and VIP customers, the Bank built the management approach on the strategy of "acquisition, upgradation and retention", continuously deepened customer relationship as an expert at "five expertise", improved professional capabilities in stratified services across channels, and enhanced customer service experience. As at the end of the reporting period, the number of the Bank's wealthy and VIP customers reached 4,588.2 thousand, an increase of 7.01% compared with the end of last year.

For private banking customers[28], the Bank further improved the chain-like customer upgrade mechanism, reinforced stratified management of private banking customers, fostered a customer acquisition ecosystem across private banking channels, and upgraded the digital operation system for private banking, significantly boosting the quality and efficiency of private banking business. As at the end of the reporting period, the number of private banking customers reached 84.1 thousand, an increase of 13.77% over the end of the previous year. During the reporting period, the monthly average daily balance of AUM of the private banking customers reached RMB1.17 trillion, up by 14.19% year on year.

In terms of grouped management of customers, the Bank provided professional, distinctive, differentiated, comprehensive financial and non-financial services to key customer groups such as pension customers, going abroad customers, and Generation Z customers, continuously improving customer satisfaction.

[28] Referring to the customers with the monthly average daily balance of AUM totaling RMB6.00 million or above.

In terms of management of pension customers, the Bank continued to carry out the pension investment education activities, and upgraded the "Happiness +" pension finance service system, to meet customers' diverse pension needs. It helped pre-retirement people make pension plans in a science-based way; published *The Longevity Era: Be the CFO of Your Own Life*, the first novel-like pension finance book; and upgraded the "Happiness + Pension Account Book 3.0", a one-stop pension planning platform. The Bank helped elderly people gain better access to pension services, renewed strategic cooperation with aging associations, released the *Risk Prevention Manual for Elderly Financial Consumers*, continuously hosted the "Happiness+" Parent Talent Competition, launched convenient services such as pension community, healthcare assistance and Elderly Care Map on mobile banking, and carried out a variety of anti-fraud publicity activities, to help elderly customers protect property security. As at the end of the reporting period, the Bank had 98,331.6 thousand middle-aged pre-retirement and eldler customers, up by 12.27% from the end of the previous year.

In terms of management of going abroad finance customers, the Bank further forged its brand as the top choice for both outbound and inbound travelers. During the reporting period, the Bank expanded the presence of diverse services in going abroad finance, and, in collaboration with the visa application centers of foreign embassies, overseas card organizations, domestically leading overseas study service agencies, tourism service platforms and foreign exchange service agencies, among other partners, launched a range of featured going abroad finance services and services facilitating payment from overseas visitors in China, to meet the diverse demands of customers, including outbound travelers, families with children studying abroad and foreign visitors in China, throughout their journeys. As at the end of the reporting period, the Bank had a total of 12,386.5 thousand going abroad customers, up by 12.11% from the end of the previous year.

In terms of management of Generation Z customers[29], on the basis of thoroughly understanding the lifestyle, consumption habits and values of Generation Z customers, the Bank developed a service system exclusive to Generation Z customers to meet young customers' diversified wealth management and consumption demands. During the reporting period, the Bank rolled out the "Latte Plan", an automatic investment plan for wealth management, to help young customers effectively build up wealth. Based on young users' preferences, the Bank issued co-branded cards themed games including Star Rail and Tears of Themis. Focusing on the consumption scenarios of young people, such as travelling and shopping, the Bank launched "Yanka" (good-looking card) credit card series, including Dragon-Horse Spirit Card, Go Card, Pass card, and Xingxing Card. It built a new media channel matrix and opened its official account "China CITIC Bank Xin Youth" on bilibili.com and Xiaohongshu, to continuously communicate its philosophy of serving young people. As at the end of the reporting period, the Bank had 46.7799 million Generation Z customers, issued over 15 million "Yanka" credit cards, and recorded a total transaction amount of over RMB370.0 billion.

2.9.2.2 Businesses and Products

Wealth Management Business

During the reporting period, the Bank upheld the value of being customer-centric, and strengthened the investment research-driven approach. With focus on customer demands and market analysis, it continuously improved the wealth management product system, provided forward-looking and effective supply, enhanced customer profit experience, promoted high-quality development of wealth management business, and achieved win-win results for customers and the Bank.

First, the Bank implemented the approach of market-oriented product selection, professional investment research and science-based assessment, enhanced the capabilities of selecting products from the whole market, and provided customers with pro-cyclical quality products.

In terms of wealth management business, the Bank pressed ahead with the transformation towards net asset value (NAV) business, strengthened the investment research-driven approach and professional capability building, and intensified cooperation with leading wealth management companies, to select optimal products for customers. As at the end of the reporting period, the balance of the Bank's retail wealth management products exceeded RMB1.40 trillion, an increase of 10.90% from the end of the previous year.

[29] Referring to the Bank's retail customers aged between 18 (inclusive) and 34 (inclusive).

In terms of fund business, the Bank followed market changes and customer demands, kept enriching the supply of fund products, provided customers with a variety of asset allocation solutions, such as pure bond strategy, fixed income + strategy, index strategy, and proactive equity strategy, and optimized the structure of customer asset allocation, to deliver rewarding financial experience for customers. As at the end of the reporting period, the agency sale of mutual funds held reached RMB153.4 billion, of which non-monetary funds achieved a stable annual growth of 6.96% despite a volatile stock market trend.

In terms of insurance business, being customer demand oriented, the Bank further enriched the types of insurance products it sold as an agent centering on pension plans and inclusive finance, to provide customers with more comprehensive protection against risks. During the reporting period, the sales of the retail insurance business posted RMB19.706 billion. The Bank actively responded to the regulatory requirements on "returning to the founding mission". During the reporting period, the sales of products providing long-term protection represented 57.83% of the total, indicating a business structure better than the market level.

In terms of personal deposits, for time deposits, the Bank continued to optimize the product line and improve customer investment experience. It refined fixed-term deposit product with lump-sum deposit and withdrawal by launching the "Enjoy as You Like" feature, which offered convenient services such as on-demand auto-deposit and auto-renewal upon maturity, to better meet customer needs for the allocation of deposit products. The Bank continued to improve the customer deposit process in pension scenario, refined the mobile banking interface for the display and purchase of savings products in pension accounts, and offered dedicated modules for product purchase and position query, allowing customers to easily check their positions. For personal settlement deposits, the Bank established the growth system led by "Five Expertise and Six Dimensions". That is, based on deepening the management of "Five Expertise" related customers, the Bank also built the growth capabilities in six dimensions (enlarging the size of new customer base, advancing chain-like upgrade of customers from lower tiers to higher ones, promoting cross-selling among customers, facilitating product integration and penetration, strengthening building of consumption payment scenarios, and expanding payment and settlement projects), to further improve the interaction between loan and deposit services, enhance digital operation, and promote the improvement of the liability structure.

Second, the Bank actively aligned with the orientation of major national strategies, and enriched product supply centering on the Five Priorities in finance.

During the reporting period, the Bank collaborated with leading wealth management companies and sold green and ESG themed wealth management products as an agent, to support the healthy and high-quality development of the real economy. As at the end of the reporting period, the Bank recorded 27 green and ESG themed wealth management products in existence, with the AUM totaling RMB5.165 billion. The Bank sold 94 green and environmental protection themed mutual funds of various types for domestically leading fund companies. In collaboration with CITIC Wealth Management, the Bank explored the new model of "charity + finance", to promote finance for good. As at the end of the reporting period, the AUM under charitable wealth management products sold by the Bank as an agent amounted to RMB9.928 billion.

Third, the Bank continued to intensify the building of the investment research system, built a sales capacity system, and strengthened product allocation capacity.

The Bank's wealth management and fund business kept abreast of market changes, continuously output investment research views, polished allocation methods, enhanced the team's sensitivity to market changes and attention to customer experience, organized and carried out activities such as "10,000-Mile Tour", and strengthened salespersons' basic capabilities and allocation skills. In terms of insurance business, the Bank continued to iterate the sales methodology and optimize the insurance process, upgraded the training and honor system, and strengthened process control to improve allocation efficiency.

Fourth, being customer-centric, the Bank enhanced digital service capacity, to make financial services more accessible and convenient.

The Bank continuously upgraded the features of "Xiao Xin", a digital wealth advisor, providing customers with 24/7 real-time conversation-based consulting services both before and after investment for funds, wealth management, insurance, among other products, while offering them services throughout the process of wealth management including asset allocation. During the reporting period, the digital advisor "Xiao Xin" was named "Chinese Service Practice Case" among service demonstration cases at CIFTIS for its innovative, leading and inclusive features.

Digital Finance **Special Column**

The Bank resolutely implemented the strategic plans on digitalization of the country, aligned with the goal of building a world-class enterprise, centered on its action plan on digital transformation, adhered to the problem-oriented and goal-oriented approach, and continued to drive the digital building of the retail business.

Upholding the philosophy of "benefiting the public through intelligence", the Bank remained committed to the development path of "AI + finance", and focused on the upgrade of the retail business towards data, ecosystem, personalization and intelligence, covering the management of all customers and providing inclusive wealth management services for the public via digital means.

In terms of data, the Bank continued to upgrade the customer insight platform, and focused on advancing such work as dialog mining, lattice cockpit, "five expertise" thermometer, customer timeline and intelligent calendar. During the reporting period, the Bank segmented customers into a total of 112 lattice customer groups, accumulated more than 4,700 labels, triggered an average of 40 million business opportunities on a daily basis, connected to over 270,000 behavior points, and integrated 71 marketing calendars, further refining the insight into customers' diversified demands and advancing the improvement of quality and expansion of coverage of inclusive finance.

In terms of the ecosystem, the Bank actively established cooperation with major financial institutions based on the open platform "Xing Fu Hao". During the reporting period, the platform introduced 37 external financial institutions and attracted over 2.36 million followers. The Bank provided users with long-term interactive investor education services, and launched 15 activities including collecting golden beans, survey rewards, quiz for prizes, puzzle games, Sowing Festival, Wealth Carnival and sign-in. The Bank and partner financial institutions jointly built investment companionship scenarios, developed the function "Happiness Expert", and brought in professional institutional investment experts to provide more thorough asset allocation services to users.

In terms of personalization, the Bank continued to build the intelligent marketing and automated operation capabilities facing over 100 million customers and upgraded the unified strategy management and A/B test capabilities to meet their personalized demands for financial services. During the reporting period, 3,612 strategies were deployed across channels, providing diversified fine matched contents, activities, information and caring services for 1.170 billion persons cumulatively.

In terms of intelligence, during the reporting period, the Bank completed the upgrading of the digital wealth advisor "Xiao Xin", which provides advisory services for four types of products, namely wealth management, funds, insurance and deposits, as well as asset allocation and diagnosis services. Since its launch, "Xiao Xin" served a total of 4.58 million advisory conversions and had overall satisfaction of more than 95%. The Bank further improved the intelligent recommendation system, which supported standardized product recommendation across channels that satisfies tailor-made customer needs, and introduced applications for scenarios including proactive service for mobile banking breakpoints and fund transfer interception, recording an average of 4 million recommendation service instances per day. Meanwhile, the Bank continued to develop the AI outbound call channel, focused on promoting the new model of "AI-Human collaborative call", and applied intelligent tools to continuously empower manual channels, which significantly improved service efficiency and provided more customers with caring online services. During the reporting period, outbound calls were made to 39.1442 million customers, up by 9.79% year on year.

In 2025, the Bank will further deepen the strategy of digitally transforming the retail business, continue to develop the digital management system facing over 100 million customers in terms of customer group strategy, content integration and channel execution, explore generative AI application scenarios, comprehensively upgrade business management and customer interaction models, and continuously improve the comprehensive operation capability with customers at the center.

Personal Loan Business

Adhering to the concept of "Value Personal Loan" and the role of personal loans as the "ballast stone" of the Bank's asset business, the Bank promoted the balanced development of three key products, namely, personal housing loans, personal business loans and personal consumer loans in an balanced manner, to support the development of the real economy and private economy and boost consumption upgrading.

In terms of personal housing loans, the Bank actively implemented the country's policies on real estate regulation, better supported people's needs for essential and improvement-oriented housing, and promoted the building of a new model for real estate development. As at the end of the reporting period, the balance of housing mortgage loans registered RMB1,032.581 billion, an increase of RMB61.410 billion from the end of last year, with the increment ranking top among peers. **In terms of personal business loans**, focusing on the real economy and inclusive business, the Bank continued to optimize policies and supporting functions for personal business loan products, further improved the share of inclusive financial business, expanded the coverage of beneficiaries, and made the services more accessible and convenient. As at the end of the reporting period, the balance of personal inclusive loans was RMB411.650 billion, representing an increase of RMB31.196 billion over the end of the previous year. **In terms of personal consumer loans**, the Bank deeply explored consumer finance scenarios such as housing and automobile, maintained active and sound marketing and risk control strategies, and actively carried out consumer finance business. Focusing on high-quality target customer groups, the Bank continued to improve its business and product system, promoted product innovation and upgrading, achieved in-depth integration of technological innovation and upgrading, big data empowerment and business practice, and continuously improved the quality and efficiency of consumer loan services.

As at the end of the reporting period, the balance of personal loans (excluding credit cards) of the Bank was RMB1,815.412 billion, an increase of RMB104.511 billion or 6.11% over the end of the previous year.

Credit Card Business

The Bank's credit card business thoroughly implemented the "Five Leading" and the "Retail First" strategy. Focusing on high-quality and sustainable development, the Bank comprehensively upgraded its product and service systems, and built a quality scenario ecosystem centering around consumption of general public, while deepening the precise alignment of "consumer needs, product offerings, and consumption scenarios". It further put forward high-quality customer acquisition and refined operations, accelerated technological innovation and digital transformation, and fully leveraged the important role of credit cards in "boosting spending, expanding domestic demand, and improve people's well-being" to further enhance people's senses of gain, happiness and security.

During the reporting period, the Bank **focused on high-quality customer acquisition**, built a high-quality customer acquisition system featuring the integration of "sub-centers, branches, cross-industry alliance and Group", and enhanced the quantity and quality of customer acquisition through multiple channels. It upgraded the product system, and, centering around the basic needs for people's well-being, daily consumption and other scenarios, issued a series of products for "catering, accommodation, travel, entertainment and shopping", including Love Catering Card, Love Accommodation Card, Love Travel Card, PASS Card, and GO Card. The Bank **strengthened scenario-based ecosystem building**, continued to carry out the "99365"[30] brand campaign, and deepened the ecosystem building of CBD and merchants by combining a mix of marketing instruments including coupons and discounts for a certain amount of payment. As at the end of the reporting period, the Bank established partnerships with over 6,000 national merchant brands, covering more than 400 thousand stores, engaged over 12 million customers in campaigns, and launched nearly 1,500 business districts. The Bank **strengthened interest earning asset operation**, improved the consumer installment product system. It prioritized the "neighborhood" scenario-based development, deepened "head-to-head" cooperation with leading enterprises and top internet platforms, and launched diversified installment marketing campaigns to comprehensively address various consumer finance demands of credit card customers. The Bank **enhanced capacity building of technological innovation and intelligent services**. It leveraged AI-powered response assistance and smart policy routing to establish an efficient social engagement ecosystem and significantly improve customer service efficiency. It upgraded the intelligent outbound calling platform with core system enhancement and capacity expansion, and boosted capabilities in business script matching, accuracy of model identification, voice selection for robots, and human-machine collaboration.

As at the end of the reporting period, the Bank issued cumulatively 123 million credit cards, an increase of 6.68% over the end of the previous year, and recorded RMB487.882 billion balance of credit card loans. During the reporting period, the Bank's credit card transaction volume stood at RMB2.44 trillion, a decrease of 10.13% year on year; it realized RMB55.910 billion income from credit card business, a decrease of 5.91% year on year.

Private Banking Business

Adhering to the implementation of the new 3 year development plan, the private banking business of the Bank is committed to build its private banking business as a shining name card of "leading wealth management bank". It adhered to the customer and value orientation, promoted stratified operation, collaborative customer acquisition, capital allocation and digital operation, comprehensively enhanced the professional operation capability and customer service capability of private banking.

The specialized operation system was becoming more mature and the production capacity of the team was released at an accelerated pace. The Bank promoted the stratified and intensive operation of private banking customers on all fronts, with a total of 21 branches and 46 private banking centers implementing intensive operation, covering nearly 9,000 more customers compared with the beginning of the year. It accelerated the staffing of private banking, built a standardized team management mechanism, optimized the training system, and continuously improved the operating result of the private banking team. As an important part for "service + operation" of private banking customers, private banking centers has had their layout improved step by step, and 99 private banking centers (11 of them were newly approved) have been established with approval, covering 69 major cities.

[30] Refers to "RMB9 Movie Ticket Privilege", "RMB0.09 Exchange Privilege" and "Wonderful 365".

The Bank strengthened resource integration and accelerated the release of customer acquisition capacity through channels. The **corporate-private integration "Light Up Program"** increased the allocation of key resources, focused on key scenarios and activities such as the dividend distribution of listed companies, and continuously improved the efficiency of corporate-retail integration. During the reporting period, the Bank acquired more than 8,000 corporate and private customers, representing a year-on-year increase of 6.59%. The **going abroad finance product "Junior Trip"** enriched the scenario ecosystem and expanded brand reputation with its featured services. During the reporting period, the number of private banking customers acquired through the service increased by 77.59% year on year, and nearly 13.6 thousand "Junior Trip" credit cards were issued cumulatively. Relying on the advantages and benefits of key credit card products, the **debit-credit linkage** increased investment in activities, and significantly improved the two-way customer acquisition. During the reporting period, the number of private banking customers acquired through debit-credit linkage increased by 26.79% year on year, and the coverage rate of private banking credit cards increased by 6.29% year on year. The **cross-border linkage** established a multi-scenario customer acquisition model, and, relying on overseas featured value-added services, drove the significant increase in channel value, with the global service capabilities for high-net-worth customers continuously enhanced.

The Bank promoted sales through capital allocation and improved production capacity through structural optimization. Private banking deposits focused on the development of settlement deposit scenarios, and continued to refine the deposit structure, with the daily average balance of settlement deposits of private banking customers increasing by 46.13% year on year. **Private banking wealth management** continued to focus on fixed income + products, with steady growth in scale and sales volume. The number of wealth management products held by private banking customers increased by 16.40% over the end of the previous year. The premiums of **private banking insurance** recorded positive growth, and the proportion of protection products continued to increase, continuing improve the insurance structure of private banking. The performance of **mutual fund and private fund products** continued to outperform the market, and existing products increased by 16.47% as compared to the end of the previous year. **Featured single products** maintained a rapid growth momentum and the scale of inheritance business grew steadily. The volume of discretionary entrustment increased by 15.10% from the end of the previous year, and the scale of inheritance business exceeded RMB70.0 billion.

The Bank strengthened digital operation and support capabilities, and built digital capabilities of private banking. The Bank upgraded the business strategy system for private banking customers in an all-round manner, established a strategic synergy mechanism for retail banking, and added and optimized 26 precise marketing models for private banking business in the year, covering more than 30 core business scenarios. It strengthened the online channel operation and productivity delivery capability, and upgraded the service process of mobile banking agency sales of private banking, private banking wealth management and featured single products. The number of active customers of the exclusive version of private banking grew by 33.14% year on year. The Bank effectively improved the agency sale product selection and customer service capability for private banking with the support of the system, was among the first in the industry to launch family service trust and online and offline full-process services, and realized the quantitative evaluation of standard products for agency sales based on internal and external data.

Ageing Finance Business

Pension Finance | **Special Column**

During the reporting period, the Bank implemented the guiding principles from the Central Financial Work Conference, boosted the development of pension finance, met residents' diversified pension needs, and provided services to promote the development of the silver economy. It continuously optimized the "Happiness +" pension finance service system, and enhanced its market recognition for "Elderly Care at CITIC".

Building a long-effect mechanism for pension finance. The Bank set up a Pension Finance Special Taskforce, and formulated the *Special Action Plan of China CITIC Bank for Promoting the Development of Pension Finance*. As a member of the Pension Finance Office of the Wealth Management Committee under CITIC Financial Holdings, the Bank provided customers with comprehensive service solutions for pension finance through Group-wide coordination and bank-wide collaboration.

Promoting high-quality development of three-pillar pension plans. The Bank continued to optimize the first-pillar supporting financial services, and realized the national-wide issuance of digital social security cards on mobile banking. The number of digital social security card issuing regions above the prefecture level exceeded 60. The Bank innovatively improved the service plan for the second-pillar annuity customers, and forged featured value-added services suitable for annuity management needs. As at the end of the reporting period, the scale of custody of pension exceeded RMB500.0 billion. It promoted and implemented the private pension policies nationwide, continued to carry out investment education activities for pension finance, and launched the dialogue program of Old Friends themed CITIC Bank Empowers Your Dream Over Time, helping disseminate the knowledge on pension finance. The Bank further enriched pension finance products and made all categories of private pension products including savings deposits, pension funds, commercial insurance for the elderly and pension wealth management available for purchase. It launched the "Well-Selected" pension finance product recommendation system to improve the precise match between customer demand and financial products. As at the end of the reporting period, the Bank had 2,188.2 thousand private pension accounts, up by 136.04% from the end of the previous year.

Enriching "finance + non-finance" pension services. Centering around different customer groups' needs for elderly care, the Bank continued to upgrade the "Happiness +" pension finance service system. On the one hand, centering around the needs of elderly groups including "independent seniors, semi-independent seniors, and disabled/cognitively impaired seniors", the Bank further enriched the online services of its "Happiness+ Club" and launched features such as "elderly care communities, medical-health services, and elderly care maps". These services now cover 67 elderly care communities across 29 cities, complemented by offline medical assistance and family doctor services. For the third consecutive year, the Bank released the *China Resident Pension Wealth Management Development Report* (2024), and the industry's inaugural *Elderly Care Community White Paper*. On the other hand, centering around the planning needs of customers preparing for retirement, the Bank rolled out the automatic investment plan "Latte Plan" for "young customers" and launched the asset management tool "balance sheet" on mobile banking. As at the end of the reporting period, the users totaled 4,007.6 thousand. The Bank published the inaugural novel-style pension finance guide *The Longevity Era: Be the CFO of Your Own Life* for young and middle-aged groups. It developed and upgraded the "Happiness + Pension Account Book 3.0", a one-stop pension planning platform, and innovated the feature of financial and non-financial pension accounts keeping. As at the end of the reporting period, the users totaled 5,035.5 thousand.

Pension Finance	Special Column

Consolidating the efforts to make financial services more age-friendly. The Bank was one of the first commercial banks to launch a mobile banking version exclusive to elderly customers. It has made 100% of its outlets age-friendly, continued to optimize the age-friendly IVR[31] system, and launched the "Happiness Express", a convenient manual service. Meanwhile, the Bank continued to carry out financial education initiatives and crack down on elderly-targeting illegal financial activities. It developed educational materials such as the *Mastering Smartphones, Financial Literacy Handbook for the Elderly, and Guide on Elderly Financial Consumer Risk Prevention*, while continuously enhancing the "Sentry" intelligent anti-fraud risk control system to safeguard the financial security of elderly customers.

Looking into 2025, the Bank will remain committed to featured and systematic development of the pension finance business, and based on the advantages of CITIC Group synergy, actively explored and built a pension finance ecosystem featuring the "dual circulation" of domestic and overseas markets. It will continue to polish the featured pension finance brand of China CITIC Bank with a focus on pension planning for residents, financial support for the pension industry, empowerment of pension finance through technology and establishment of a pension ecosystem through collaboration, and take solid and effective steps to build the characteristic brand of CITC pension service and boost the development of pension finance.

Payroll Service Business

The Bank strategically promoted the growth of payroll service business. It continued to strengthen the collaboration and cooperation between corporate banking and retail banking departments, and deepened the assessment mechanism, performance incentives and human resources allocation. For different corporate customer groups, the Bank expanded the coverage of payroll service with a focus on enterprises which increases its staff and salary paymen, and built one-stop solution for enterprises with its integration of the advantages of corporate and retail business. On the enterprise end, the Bank continued to build the "Easy Salary" payroll service platform and the necessary tools for the digital transformation of enterprises' human resources and fiscal management. On the individual end, the Bank introduced the exclusive payroll card, benefits and wealth management services to continuously build the "caring" customer services.

2.9.2.3 Risk Management

During the reporting period, the Bank's retail credit business adhered to the objective of dynamic and balanced development of "quality, efficiency and scale", and accurately balanced "effective risk control" and "vigorous development promotion" through proactive optimization of asset portfolios and continuous improvement of control and asset quality control capabilities, hence further enhancing the refined risk management.

Risk Management of Personal Loans

The Bank actively responded to changes in internal and external situations, closely followed up macro-economic policies, continuously strengthened proactive risk management and control, kept improving the digital risk control system that covers the processes before, during and after lending, and promoted the high-quality development of personal loan business under the "new retail" development strategy.

In the pre-lending process, the Bank optimized the mortgage cooperation channel structure, established a refined and differentiated risk appetite for different regions and channels, increased the market share and business proportion of high quality channels, and prevented fraud risk. It strengthened risk control on the access side, consolidated the quality of pre-lending investigation, continuously increased the proportion of high quality customers with medium and high scores, and improved the asset quality from the source. **In the lending process**, the Bank refined its digital risk control capability, continuously improved the closed-loop operation mechanism of models and strategies, and strengthened proactive risk management and control. At the same time, it deepened differentiated credit approval strategies from the perspectives of products, regions, channels and customer groups, and strengthened the building of the anti-fraud system. **In the post-lending process**, the Bank strengthened the collection system building, established differentiated collection models based on the characteristics of different products, developed localized and flexible collection strategies, and fully leveraged the synergy between the Head Office and branches to improve the overall efficiency of collection.

31 IVR refers to Interactive Voice Response system, through which customers can interact and obtain functions such as menu navigation by telephone, reduce waiting time effectively and achieve self-service.

As at the end of the reporting period, the Bank's balance of personal non-performing loans (excluding credit card loans) recorded RMB17.190 billion, an increase of RMB2.875 billion from the end of the previous year. The NPL ratio was 0.95%, up by 0.11 percentage points from the end of the previous year. The overall quality of personal loan assets remained reasonable.

Risk Management of Credit Card Business

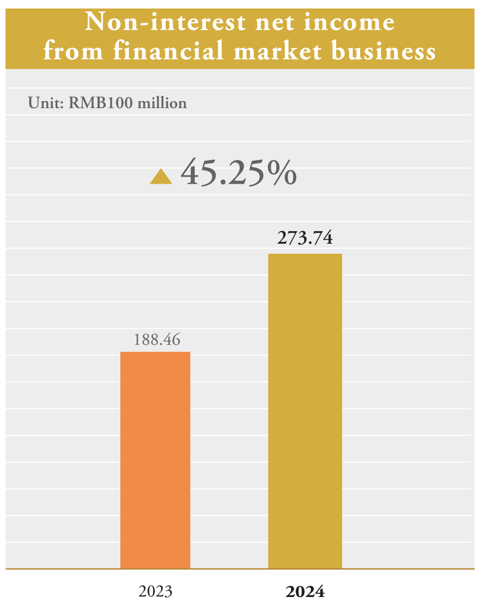
The Bank built a multi-task model for deep learning with advanced risk quantification technology and empowered full-process risk management by systematizing, standardizing and parameterizing risk control, which effectively improved data mining and risk identification capacities. It optimized and iterated the portraits of target customer groups, and implemented the differentiated regional customer acquisition strategy. Through effective transmission of the credit policy and accurate control of the credit use process, the Bank continuously optimized the customer group structure and the asset structure. In the meantime, through full-perspective customer segmentation, the Bank established a transaction level risk interception mechanism and intensified interception and control of high risks in the credit use link. The Bank adhered to the risk bottom line, reinforced control over fund use and fraud risk prevention, advanced the joint prevention and control of gambling and fraud, and promoted the healthy development of credit card business. It stepped up efforts to recover and dispose of non-performing assets, improved the effectiveness of non-performing asset disposal, actively explored new disposal modes, and revitalized existing credit assets to accelerate capital turnover.

As at the end of the reporting period, the Bank recorded RMB12.237 billion in the balance of non-performing credit card loans, a decrease of RMB961 million from the end of the previous year. The NPL ratio was 2.51%, down by 0.03 percentage points from the end of the previous year. The overall quality of credit card assets remained stable.

2.9.3 Financial Market Business

Facing the complex and changing economic and financial environments, the financial markets business of the Bank closely followed the national strategies and policy directions. Giving full play to the roles of financial instruments such as bond financing, bill discounting, foreign exchange hedging and gold leasing in the financial markets, it effectively guided funds to match supply and demand, promoted the optimal resource allocation, and effectively improved the quality and efficiency of serving the real economy. Under the principle of serving the real economy with high quality and promoting sustainable business development, and aiming at "refined management" and "innovative development", the financial markets business of the Bank unswervingly improved the comprehensive operation and management system of "sales service – investment transaction – research of risk control", advanced the integrated and in-depth management of interbank customers, and built a leading product model as market-maker, realizing both social and economic benefits in the pursuit of "beneficial and practical".

During the reporting period, the Bank's financial market business recorded a net operating income of RMB26.736 billion, an increase of 23.39% year on year, accounting for 13.38% of the Bank's net operating income. Non-interest net income from financial market business recorded RMB27.374 billion, an increase of 45.25% year on year, accounting for 44.32% of the Bank's net non-interest income, up by 10.43 percentage points from last year.



2.9.3.1 Customer Management

During the reporting period, the Bank's financial market business focused on the "Five Leading" strategy, took the integrated and in-depth management of interbank customers as the core path, and move faster to formulate, support and expand the agency sales based on its proprietary trading. It comprehensively improved the new structure of "sales service – investment transaction – research and risk control" covering both the Head Office and branches, and formed a new characteristic financial market system with "strengthening value customer groups as the main body and expanding the agency sales and optimizing proprietary trading as two wings".

On this basis, the Bank concentrated resources to enhance the management of the target customer groups of peers and cross-developed settlement business scenarios, continuously improving customer contribution. It took precise measures and made continuous efforts in terms of team structure and management mode, and advanced the development of basic marketing service system in a three-dimensional manner. It utilized digital tools such as "CITIC Interbank +" and interbank CRM to continuously enhance operation support, service experience and cooperation depth, and actively sharpen the systematic advantages of its financial markets business.

During the reporting period, the number of quality interbank customers steadily increased. The "CITIC Interbank+" platform recorded 3,022 contracted accounts, an increase of 182 accounts over the the end of previous year.

2.9.3.2 Businesses and Products

Financial Interbank Business

During the reporting period, the financial interbank business of the Bank focused on the integrated and in-depth operation of interbank customers. In response to market changes and on the premise of ensuring liquidity and security, it flexibly adjusted the asset-liability structure and strategy, and strengthened the multi-dimensional cooperation with customers.

Leveraging on CITIC Financial Holdings' full coverage of financial licenses and the investment, trading and investment research resources of the CITIC group, the Bank adhered to the philosophy of "customer integration, product integration, investment research integration and brand integration", and upgraded "CITIC Interbank +" to connect more peers, accelerate resource sharing, channel sharing, license sharing and digital intelligence sharing, and jointly build a new ecosystem for "extensive peer" cooperation. During the reporting period, the online business volume of the "CITIC Interbank +" platform reached RMB2.25 trillion, up by RMB0.43 trillion or 23.86% year on year.

In terms of bill business, the Bank actively fulfilled the requirements of serving the high-quality development of the real economy with financial services. During the reporting period, the Bank cumulatively provided discounting services of RMB1,577.981 billion to 19,526 enterprises, of which 14,385 were micro and small enterprises, accounting for 73.67% of the total. The Bank cumulatively processed bill rediscounting of RMB264.973 billion, representing a year-on-year increase of RMB3.557 billion.

Forex Business

The Bank's forex business committed to serve the real economy, vigorously supported the transmission and implementation of regulatory policies, actively fulfilled its responsibilities as a market maker and promoted the high-quality development of the forex market, providing enterprises and overseas institutional investors with exchange rate risk solutions. During the reporting period, the Bank continuously provided quotation to the interbank forex market. Its forex market making volume recorded USD3.35 trillion, increasing by 28.35% year on year, and staying ahead in the market. The Bank added the quotation trading of Indonesian Rupee derivatives and the trading of Macao Pataca, and was among the first group to participate in the Korean Won spread delivery forward trading of the China Foreign Exchange Trading System. Currently, it has the listed direct transaction between RMB and 20 currencies of countries along the Belt and Road Initiative such as South African Rand, Kazakhstan Tenge, Thai Baht, Macao Pataca and Singapore Dollar. Unswervingly following regulatory orientations, it stepped up the publicity of the exchange rate risk neutrality concept, and helped enterprises establish the exchange rate risk management mechanism. It continued to strengthen forex capability building, enriched the exchange rate hedge product system, provided professional and comprehensive forex services, and helped enterprises, particularly micro, small and medium-sized enterprises improve the capability of managing exchange rate risk. It served the high-level opening-up of the financial industry, and offered cross-border institutional investors with solutions including forex services. Foreign exchange trading services for cross-border institutional investors exceeded USD200.0 billion, up by 68.26% year on year. The Bank took an active part in the self-discipline initiatives in China's forex market, and supported the progress in various work including self-discipline management, market regulation and international exchanges.

Bond Business

The Bank's bond business targeted its function in providing customers with integrated financing services, actively carried out bond investment transactions with proprietary funds, providing customers with high-quality financial services for fund-raising, and offered financial liquidity for the development of the real economy. During the reporting period, the Bank earnestly performed its duty as a central government bond underwriter, vigorously supported the issuance of central government bonds in primary markets, and provided strong fund support for serving national strategies and supporting the real economy. The Bank ranked among the top joint-stock banks in terms of comprehensive underwriting performance for three consecutive years. It gave full play to its professionalism in bond investment, stepped up collaboration between the Head Office and branches, strengthened the efficiency of transaction circulation, unlocked the new momentum of collaboration, effectively satisfied the comprehensive financing service needs of corporate customers, and empowered the integrated management of interbank customers.

The Bank fulfilled its duties and responsibilities as a core market maker in the interbank bond market, continued to carry out bilateral and requested market marking quotations, and actively offered the market pricing benchmark and liquidity support, ranking among the top market makers by several indicators. During the reporting period, the Bank launched a series of innovative products, including the Innovation Development Index and bond baskets, among which the Bank's new quality productivity bond basket was the first market-wide financial instrument themed on new quality productivity, which has provided investors with a novel avenue for thematic investments, launched the first IMM contract transaction under the Northbound Bond Connect program in the market, and assisted the China Foreign Exchange Trade System and Shanghai Clearing House in carrying out the first batch of "Swap Connect" contract compression business in the market. It successfully launched the first batch of new interest rate swap contracts in the market, and actively participated in the innovation of the derivatives market. As for the market making business, the Bank actively implemented the interconnectivity mechanism in the bond market, and made greater efforts to facilitate services for overseas institutional investors, staying ahead in the market in terms of the Bond Connect and bond settlement agency businesses, and continuously contributing to the high-standard opening-up of the bond market. At the same time, the Bank implemented the inclusive finance policy, steadily promoted the OTC bond business of small and medium-sized financial institutions, and built a whole-process integrated OTC bond system to serve small and medium-sized financial institutions to facilitate their participation in the bond market and bolster the development of the multi-level bond market.

Monetary Market Business

During the reporting period, the Bank aggressively conducted bond repurchase, interbank lending and issuance of interbank certificates of deposits in both local and foreign currencies, continued to enhance the financing capacity in the monetary market, earnestly performed the duties of a primary dealer in the open market, and actively met the short-term financing needs of small and medium-sized commercial banks, non-banking financial institutions as well as other trading entities. It proactively participated in the innovation and building of trading mechanisms, launched the first batch of pledge-style government bond repurchase transactions under general repo and swap facilities in the whole market, and concluded the first anonymous local government bond contract expansion repurchase in the market, the three-party foreign currency repurchase with Yulan bond basket as collateral and the OTC repurchase of bonds under custody of Shanghai Clearing House for small and medium-sized financial institutions, thus further consolidating its position as a core dealer in the interbank market. During the reporting period, the Bank recorded a trading volume of RMB28.70 trillion in the RMB money market, the issuance of RMB interbank certificates of deposit reached RMB1.42 trillion, the trading volume in the foreign currency money market of USD536.105 billion, and the issuance of interbank certificates of deposit in foreign currencies amounted to USD630 million.

Precious Metal Business

Regarding the precious metal business, the Bank focused on serving the real economy with financial services, enriched transaction strategies and increased business income. During the reporting period, the Bank actively served enterprises across the precious metal industry chain through joint marketing between the Head Office and branches, steadily promoted customer products and provided customers with specialized services such as leasing, value reservation and warehouse receipt transaction. It strengthened market research and judgment, actively performed its duty as an importer, enhanced the allocation to core trading operations, and vigorously pursued bilateral swing trading strategies through digital means. As one of the first gold market makers on the Shanghai Gold Exchange, the Bank performed the duties and obligations as a market maker, continuously conducted market-making quotations, and actively provided liquidity support to the market. During the reporting period, the Bank remained at the top of the market in market making.

Asset Management Business

The asset management business is the bridge and hub for the Bank to build a "wealth management – asset management – comprehensive financing" value chain. The Bank's subsidiary CITIC Wealth Management leverages the advantages of synergy within the CITIC Group and collaboration between the parent bank and subsidiaries as well as its own asset organization and investment management capacities to continuously forge an all-round asset management business line with core competitiveness, a full range of products, wide customer coverage and leading comprehensive strength, and strives to build itself into a first-class enterprise in world with an all-around asset management business.

Upholding the customer-centric business philosophy, CITIC Wealth Management established a "6+2" product system encompassing six major tracks namely money, money+, fixed income, fixed income+, hybrid, equity, along with two new tracks of projects and stock rights. Meanwhile, it actively explored scenario-based businesses such as pension finance, wealth inheritance and discretionary trust, to build a full lifecycle wealth management service system.

During the reporting period, CITIC Wealth Management closely followed the orientation of national strategies and adhered to its fundamental mission of serving the real economy. **Continuing to develop technology finance**. With a focus on promoting sound circulation among "technology, industries and finance", it enhanced support for innovative technologies such as new energy, new materials, next-generation information technology and biomedicine. **Vigorously developing green finance**. It proactively acted on the green and sustainable development philosophy and supported green development in key areas. During the reporting period, CITIC Wealth Management issued RMB8.806 billion wealth management products on themes of ESG, green etc. **Comprehensively practicing inclusive finance**. It further expanded the "charity + finance" model and continued to develop "Caring for Children" series wealth management products. As at the end of the reporting period, it had 21 wealth management products worth a total of RMB11.768 billion. With those efforts, it fulfilled the mission of supporting common prosperity through wealth management. **Actively responding to pension finance initiatives.** It participated in the development of a pension insurance system with Chinese characteristics. As at the end of the reporting period, it had 169 ongoing "Xinyi" series products which were designed to meet pension investment needs, with a scale of RMB70.417 billion. **Developing digital finance through innovation**. It established the "Digital and Intelligent Wealth Management" technology empowerment system, intensified efforts to build a digitalization talent team, and advanced six major digital transformation projects. Centering around the value chain of wealth management business, it adhered to technology-driven development, and continued to foster new quality productive forces.

As at the end of the reporting period, the wealth management products amounted to RMB1.99 trillion, an increase of 15.29% from the end of the previous year, of which the scale of new net-worth management products reached RMB1.95 trillion, accounting for 97.68% of the total. The Bank cumulatively served 22,567.3 thousand wealth management customers, representing an increase of 37.79% over the end of the previous year. During the reporting period, the Bank realized income from wealth management business of RMB4.226 billion, up by 47.87% year on year.

2.9.3.3 Risk Management

Risk Management of Financial Market Business

Focusing on both business development and risk control needs, the Bank implemented the "Five Policies" working mechanism and the integrated and in-depth management strategy for interbank customers, and strengthened credit management for interbank customers. It optimized the list-based management system for unsecured corporate bonds, strengthened concentration limit management and steadily improved asset allocation efficiency. The Bank prudently carried out bond investment, adopted digital tools to assist market research and judgment, and made more science-based investment decision-making. It made high quality enterprises with high credit ratings across industries the key credit investment targets of domestic currency bond investment, and the bonds issued by high quality Chinese issuers overseas the key credit investment targets of foreign currency bond investment. During the reporting period, the credit qualification for bond investment was generally sound.

Risk Management of Asset Management Business

During the reporting period, CITIC Wealth Management continued to consolidate the quality and efficiency of risk management. It continued to improve the risk management system. Centering on the "overall + professional" risk management mechanism, it optimized the "7+8+X"[32] comprehensive risk management system, fully considered the covertness, hysteresis and infectivity of risks, and strengthened management at macro, medium and micro levels. It continued to strengthen its risk prevention and control capability, gave full play to the leading role of comprehensive risk management policies, built a risk appetite system adapting to wealth management characteristics, and formed an "appetite – limit" transmission mechanism. Focusing on the research of key industries, it improved the review and approval standards and empowered business development. It also deepened the risk indicator management and stress testing system, enhanced the sensitivity and foresight of risk prevention and control, and prevented and mitigated risks in key areas.

As at the end of the reporting period, the underlying assets of new net-worth management products of CITIC Wealth Management were all normal assets, and asset quality maintained stable.

2.9.4 Distribution Channels

2.9.4.1 Retail Online Channels

China CITIC Bank APP

During the reporting period, the Bank continued to optimize the basic service scenarios of the mobile banking App with a focus on user experience and through the pathway of "scenario services – traffic distribution – business monetization", and also carried out product operation to improve customer service experience. **In terms of scenarios services**, the Bank redesigned the experience journey for three important business scenarios, i.e., account restructure, transaction details (income/expense analysis), and membership, and integrated localized lifestyle service scenarios to foster a scenario of active users. It upgraded the membership tier system, unified the view of membership level-based benefits and rights, and developed six growth-oriented tools. **In terms of traffic distribution**, based on the existing intelligent distribution, the Bank built a "people – product – scenarios traffic distribution large model" according to the user lifecycle, product preference analysis, and scenario-based insights, to improve the traffic allocation efficiency. **In terms of business monetization**, the Bank created online product selection scenarios such as "Xinxin Family" "Night Market of Wealth Management" and "Product Map", optimized the pre-sales, in-process and after-sales processes for wealth management, funds, insurance, and deposits, provided customers with full lifecycle accompanying services with the help of digital wealth advisors, enhanced the online digital operation capacity for wealth management products and ensured the transformation of business value. In terms As to the development of featured customer groups, the Bank continued to enhance featured services for Generation Z, middle-aged and silver-aged customer groups through upgrading card services for young customers, Pension Account Book 3.0, and asset authorization and sharing services etc. It consolidated the cross-scenario support via the "Super Customer Representative Service Team", reinforced the "Be the CFO of Your Own Life" value proposition and strengthened the brand image of a "caring bank".

During the reporting period, China CITIC Bank APP recorded 18.8827 million online monthly active accounts (MAUs), and the total number of customers granted loans through the Lending Channel reached 1,938.1 thousand.

32 The "7+8+X" comprehensive risk management system consists of 7 major risks (credit risk, market risk, liquidity risk, operational risk, reputational risk, IT risk and concentration risk), 8 other risks (strategic risk, country risk, compliance risk, money laundering risk, sanction risk, interest rate risk in the banking book, financial risk and model risk) and X special risks (consumer rights protection, fair trading management, information disclosure, valuation management, partner management, environmental, social and governance (ESG) and climate-related risk management).

Mobile Card Space APP

The Bank upgraded Mobile Card Space App 11.0, launched two new portals of "Credit Card" and "Discounts", and continuously improved the user experience of core benefit reception processes to achieve structured and visualized benefits. It was one of the first tranch in the industry to release the HarmonyOS Edition of the credit card App, and launched the senior-friendly version 3.0 of the Mobile Card Space App. Centering around the interface design, functional workflows, and security performance, the Bank optimized the core card services for the elderly customers, and built a new Card Security Center, to provide elderly customers with one-stop services and settings. During the reporting period, the Mobile Card Space App recorded 22,469.4 thousand online monthly active accounts, an increase of 13.05% year on year.

Remote Customer Management Service

During the reporting period, the Bank established the Remote Customer Management Service Center, and deepened multi-channel collaboration between remote operations, online App platforms, and outlet-based customer managers. For online users, the Bank applied intelligent technologies to identify and predict pain points, provided precise personalized services via phone calls, WeCom, and other channels, and ensured a "one-point access, full-channel response" experience. For customers beyond the reach of offline outlets, the remote assistant teams collaborated with branch-based customer managers to deliver accompanying services integrated with marketing, transformed traditional services such as wealth management, benefit notifications, and event updates into rapid online solutions via remote engagement, and significantly expanded service coverage. During the reporting period, the Bank's Remote Customer Management Service Center proactively reached customers for hundreds of million times, covering near 20 million customers.

Open Banking

The Bank advanced the development of open banking and the scenario-based ecosystem. Through standardized, modular and light docking solutions (including but not limited to API, SDK, H5 and WeChat Mini Program), it embedded financial/non-financial services into third-party cooperation scenarios and introduced third-party services to promote the rapid output of retail banking, inclusive finance, corporate banking and other characteristic products and services, and the efficient introduction of external resources from cooperative platforms. During the reporting period, the Bank jointly developed scenarios such as account, wealth, payment and bill payment with industries through standardized product components, serving more than 85.51 million person-times and recording more than RMB551.6 billion in cumulative transactions.

2.9.4.2 Corporate online channels

During the reporting period, the Bank continued to strengthen corporate online channel building, launched Smart Online Banking 5.0, and realized "zero-distance" contract signing for corporate online banking, simplifying contracting procedures. It improved the "self-service" experience, established a "guided service" model for online banking, and leveraged customer behavior insights to guide customers to operate through intelligent prompts. The Bank introduced a series of special zones such as the Task Center, Product Center, Admin Dashboard and Cloud Counter Series, to improve the one-stop business handling efficiency. It comprehensively upgraded the systems, and provided support for UnionTech, Kylin and other domestic operating systems. It enhanced the intensive operation of channels, built a four-tier operation and maintenance system, and applied co-screen interactive tool to improve quality and efficiency of customer services. As at the end of the reporting period, the Bank recorded 1,227.9 thousand customers across corporate online channels, up by 12.20% over the end of last year, and the coverage rate of corporate customers through online channels reached 96.95%. During the reporting period, 227 million transactions were enabled through corporate online channels, up by 5.38% year on year, and the amount of transactions hit RMB177.72 trillion, up by 8.76% year on year.

2.9.4.3 Physical outlets

Domestic institutions

As at the end of the reporting period, the Bank had 1,470 outlets in 153 medium-sized and large cities in the Chinese mainland, including 37 tier-one branches (directly managed by the Head Office), 125 tier-two branches, and 1,308 sub-branches (including 30 community/micro and small sub-branches), plus 1,509 self-service banks (including onsite and offsite self-service banks), 4,456 self-service terminals and 9,593 smart teller machines (including 3,173 vertical ones). As such, the Bank has developed a diversified outlet pattern that consists of comprehensive outlets, boutique outlets, community/micro and small outlets and off-bank self-service outlets.

With its outlets basically covering all medium-sized and large cities in China, the Bank shifted its focus of domestic outlet establishment to layout optimization and efficiency improvement. Allocation of resources for outlet construction favored developed cities and regions such as Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and Nanjing. At the same time, as an active response to the national 14th Five-Year Plan, the Bank implemented national strategies such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and rural revitalization as well as the Belt and Road Initiative, and supported the economic development of key areas such as the free trade zones, ports, special economic zones, new areas and demonstration zones of common prosperity.

The Bank continued to upgrade financial equipment and relevant systems at outlets, and promoted split-type STMs and all-in-one smart counters, effectively enhancing operational efficiency and customer experience, especially elderly customers. Meanwhile, the Bank promoted the platform for integrated management of outlet equipment, the platform for management of outlet information release, and the platform for outlet site selection based on big data, enhancing intelligent, digital and refined management at outlets.

During the reporting period, the Bank continued to implement service quality monitoring, established quarterly and annual service quality reporting mechanisms across all outlets. In-depth analysis of the outlet service quality was conducted, and monitoring processes were optimized based on the findings. A branch feedback mechanism for service quality was introduced to achieve closed-loop management in service quality monitoring. The Bank launched the "Service Excellence Plus" contests of outlet service standard improvement, and enhanced staff professionalism, standardized daily service workflows, and significantly boosted outlet service efficiency through activities such as setting up age-friendly financial education-themed outlets, tiered service skill competitions, and targeted improvement for under-performing outlets. Aligned with the China Banking Association's "Top 1,000/100 Excellence" criteria, the Bank established its own "Top 100" outlet evaluation mechanism. 69 outlets were recognized as service model outlets, with their best practices disseminated bank-wide to drive holistic service quality improvements and take its demonstration and leading role into full play.

Overseas institutions

In terms of the layout of overseas outlets, the Bank set up London Branch in the UK, Hong Kong Branch in Hong Kong SAR and Sydney Representative Office in Australia. CNCBI, an affiliate of the Bank, had 31 outlets and 2 business wealth management centers in Hong Kong SAR, Macao SAR, New York, Los Angeles, Singapore and the Chinese mainland. CNCB Investment had 3 subsidiaries in Hong Kong and the Chinese mainland. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan. During the reporting period, in line with its strategic development plan, the Bank moved forward to improve the management frameworks for human resources, businesses, systems, authorization and performance evaluation of overseas affiliates, guided the overseas affiliates in compliant and prudent operation, and steadily promoted the upgrading of Sydney Representative Office.

2.9.5 Overseas Branches

2.9.5.1 London Branch

London Branch, the Bank's first overseas branch directly managed by the Head Office, opened for business in June 2019. It conducts wholesale banking and its main business scope covers deposits, loans such as bilateral lending, syndicated lending, trade finance and cross-border M&A finance, financial markets services such as agency spot foreign exchange trading, money market trading, derivative trading, offshore RMB trading, bond repurchase and investment in and issuance of bonds and certificates of deposits, as well as financial services such as cross-border RMB payment settlement.

During the reporting period, based on the macroeconomic and international geopolitical situations, London Branch strengthened risk control and compliance management, deepened collaboration between domestic and overseas operations, gave full play to its functions as the financing center in EMEA[33], and expanded cooperation with the Bank's overseas subsidiaries in comprehensive services. It proactively explored market opportunities resulted from the fluctuations of macro-economy, and stayed active in the money market and forex market. It undertook the forex transactions business of the Head Office during European trading sessions, provided customers with efficient and convenient forex services throughout the day, actively performed its duties as an interbank forex market maker, and offered the market continuous two-way quotations. During the reporting period, London Branch recorded a proprietary trading volume of USD36.513 billion, and a forex trading volume of USD36.583 billion as an agent of the Head Office.

During the reporting period, London Branch realized operating income of USD36,734.3 thousand[34] and net profit of USD18,406.0 thousand. As at the end of the period, London Branch recorded total assets of USD3.008 billion.

2.9.5.2 Hong Kong Branch

In March 2024, the Bank's Hong Kong Branch was officially opened for business.

2.9.6 Subsidiaries and Joint Ventures

2.9.6.1 CIFH

CIFH was incorporated in Hong Kong in 1924. It was acquired by CITIC Group in June 1986 and restructured to become an investment holdings company after its acquisition of the then Hong Kong Chinese Bank Limited in 2002. It is now a wholly-owned subsidiary of the Bank, with an issued share capital of HKD7.503 billion. CIFH is the main platform for the Bank to conduct its overseas businesses. Its business scope includes commercial banking and non-banking financial services. CIFH conducts its commercial banking business mainly via its holding subsidiary CNCBI (in which CIFH holds 75% equity interest), and conducts its non-banking financial business primarily via CIAM (in which CIFH holds 46% equity interest).

As at the end of the reporting period, CIFH had 2,676 employees and no retired employees at the company's expense. It recorded HKD490.524 billion[35] in total assets and HKD61.217 billion in net assets, up by 4.11% and 4.95% from the end of the previous year, respectively. During the reporting period, it realized net profit of HKD2.775 billion, up by 9.44% year on year.

CNCBI: CNCBI is a whole-license commercial bank in Hong Kong. As the main channel of the Bank's overseas business and cross border synergy, its gave full play of the synergy between the Bank and CNCBI, provided comprehensive financing services around customers' need regarding "equity, debt, loan and investment". During the reporting period, it continued to improve its competitive products and services including syndicated loans, US dollar denominated bonds issued by Chinese enterprises, offshore RMB trading and cross border wealth management to enhance its comprehensive financial services. As at the end of the reporting period, its corporate loans increased by 2.95% compared with the end of previous year. Its securities service business continued to expand fast. As at the end of the reporting period, it registered HKD308.382 billion of securities custody assets, and HKD181.329 billion of bond trust balance. Its green and sustainability finance business grew robustly. As at the end of the reporting period, sustainable development linked loans grew by 66.92% from the end of the previous year. During the reporting period, it underwrote USD19.607 billion of green and sustainable development linked sustainability-linked bonds, accounting for 35.76% of the total amount of the offshore bonds of Chinese enterprises it underwrote, which was 6.71 percentage points higher year on year. Its retail business hit a historic high in terms of operating income. During the reporting period, it successfully built the layout of cross-border wealth management services that combines Chinese mainland branches, Hong Kong private banking and Singapore private banking, developing cross-border business into a new engine of income increase, and achieving two-digit growth in both the number of high-net-worth customers and income from cross-border business. Meanwhile, to further speed up FinTech transformation and empower business development, it established CITIC Bank Digital and Intelligent (Shenzhen) Information Technology Co., Ltd, and commenced operations in early 2025.

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33 Europe, Middle East and Africa.

34 The exchange rate of USD against RMB was 1: 7.2992 on 31 December 2024.

35 The exchange rate of Hong Kong dollar against Renminbi was 1:0.940049197 on 31 December 2024.

As at the end of the reporting period, CNCBI, with an issued share capital of HKD18.404 billion, recorded total assets of HKD487.062 billion and net assets of HKD56.368 billion, up by 4.15% and 5.33% from the end of last year, respectively. During the reporting period, CNCBI realized operating income of HKD10.567 billion and net profit of HKD2.742 billion, up by 5.85% and 5.99% year on year, respectively.

CIAM: CIAM is a Hong Kong-based institution mainly engaged in private equity investment and asset management. During the reporting period, upholding the strategy of "controlling risks, increasing income, reducing costs and streamlining tiers", CIAM strengthened the management of projects and platform companies as well as orderly exit, and increased the recovery of debt projects. In addition, CIAM continued to strengthen expense management and control, reduced operation costs and improved income.

2.9.6.2 CNCB Investment

CNCB Investment is an overseas wholly-controlled subsidiary of the Bank established in Hong Kong in 1984 with a registered capital of HKD1.871 billion. The business scope of CNCB Investment covers lending (holding a Hong Kong money lender license), investment (mainly including debt securities investment, fund investment, stock investment and long-term equity investment, etc.), and overseas licensed investment banking business and domestic equity investment fund management business via its own subsidiaries.

As the overseas investment banking platform of the Bank, CNCB Investment continuously advanced the building of its marketing service system, improved product chain and business strategies, strengthened comprehensive risk management, and made every effort to build itself into a new-type overseas investment bank with cross-border asset management at the core. It increased collaboration with the Head Office and domestic branches, playing its key supporting role as a strategic support for building a new development pattern characterized by the synergy between domestic and overseas commercial banking and investment banking businesses. During the reporting period, CNCB Investment pressed ahead with asset-light transformation, and achieved fast development in bond underwriting business, recording 300 projects during the reporting period, up by 62.16% year on year, and ranked 6th by underwriting size in the underwriting market of offshore bonds of Chinese enterprises[36]. The scale of proactive asset management business grew steadily, with increasingly diverse product services and steady progress in key channel and customer development.

As at the end of the reporting period, CNCB Investment registered USD5.217 billion of total assets, up by 5.65% over the end of last year, USD771 million of net assets attributable to parent company, up by 6.75% over the end of last year, and USD4.903 billion of assets under proactive management, an increase of 21.15% over the end of last year. During the reporting period, CNCB Investment realized USD15 million of net profits attributable to parent company.

2.9.6.3 CITIC Financial Leasing

Wholly owned by the Bank, CITIC Financial Leasing was incorporated in April 2015 with a registered capital of RMB4.0 billion. Its business scope mainly covers financial leasing.

CITIC Financial Leasing is an important arrangement of the Bank to serve the real economy and improve the financial product system. During the reporting period, CITIC Financial Leasing, based on its primary business of leasing, continued to advance strategic transformation, steadily implemented the development strategy of "developing leasing of two large-sized assets and two small-sized assets and optimizing leasing of medium-sized assets", and vigorously supported development of the real economy. In terms of the leasing of large-sized assets, it intensified collaboration with ship-making enterprises as well as aviation and shipping companies, input RMB7.853 billion in aircraft and ship leasing business, held or newly built 81 aircraft and ships, completed asset turnover in the ship markets for domestic and international trade, and successfully achieved the high-yield closed-loop management of leased assets that combines both entry and exit. In terms of the leasing of small-sized assets, it input RMB14.299 billion in leasing business related to vehicles and household PV etc., and pioneered the project company-based fund model for household PV leasing business, serving more than 82,000 rural households in total. It increased presence in passenger vehicles at a faster pace, and helped more than 60,000 car owners to possess and use cars. In terms of the leasing of medium-sized assets, it enhanced support for key areas like green and environmental protection and strategic emerging industries. As at the end of the reporting period, the balance of the green leasing business was RMB34.340 billion, and the balance of assets leased to strategic emerging industries was RMB33.308 billion.

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36 Data from WSTPro/SereS, a platform for US bonds of Chinese enterprises.

As at the end of the reporting period, CITIC Financial Leasing recorded total assets of RMB83.419 billion, up by 38.15% over the end of last year, and recorded net assets of RMB9.071 billion, up by 11.60% from the end of the previous year. During the reporting period, CITIC Financial Leasing realized net operating income of RMB1.697 billion, a decrease of 4.91% year on year, and net profit of RMB936 million, an increase of 11.75% year on year. The company recorded return on equity (ROE) of 10.89%.

2.9.6.4 CITIC Wealth Management

CITIC Wealth Management was incorporated in Shanghai in July 2020 with a registered capital of RMB5.0 billion. As a wholly-owned subsidiary of the Bank, CITIC Wealth Management mainly engages in the issuance of wealth management products, investment and management of investor assets under custody and financial advisory and consulting. For details of asset management business during the reporting period, please refer to relevant content on asset management under “2.9.3 Financial Market Business” in this chapter.

As at the end of the reporting period, CITIC Wealth Management had 489 employees and no retired employees at the company’s expense. It registered total assets of RMB12.062 billion and net assets of RMB11.309 billion. During the reporting period, it recorded operating income of RMB4.030 billion, and net profit of RMB2.492 billion, up by 15.80% and 10.50% over the same period of last year, respectively. It registered the return on equity (ROE) of 21.65%.

2.9.6.5 CITIC aiBank

CITIC aiBank is the first direct bank with independent legal person status in China jointly established by the Bank and Fujian Baidu Borui Network Technology Co., Ltd. with a registered capital of RMB5.634 billion and was officially opened for business in November 2017. The Bank holds 65.70% of its shares.

2024 marks the beginning of CITIC aiBank’s new three-year strategic plan and serves as a pivotal year for business transformation. During the reporting period, CITIC aiBank remained committed to its founding mission as a digital banking pioneer, navigating a challenging and complex market environment. The bank continuously strengthened its core capabilities, focused on accelerating the transformation of its self-operated business, and seized opportunities arising from the structural adjustments in industrial finance driven by the national push for advancing industrial digitalization, effectively increasing the proportion of industrial finance business. By fulfilling its responsibility to support small and micro enterprises and the real economy through inclusive finance, the bank contributed to the implementation of high-quality economic development.

During the reporting period, CITIC aiBank focused on addressing the practical needs of its inclusive customer base by integrating its consumer finance product, “Haohuihua,” into residents’ daily lives. This created a user-centered, CITIC aiBank-branded self-operated consumer finance scenario, further optimizing product experiences and business processes. The bank also enhanced financial support for small and micro enterprises by leveraging distinctive products such as “Baixingdai” and “Baipiaotie” to effectively implement monetary policy measures and precisely channel financial resources into small and micro enterprises. As of the end of the reporting period, CITIC aiBank’s industrial finance business grew by 37.32%, with its proportion of the total business increasing by 6.66 percentage points compared to the previous year. Inclusive finance loans to small and micro enterprises reached RMB9.101 billion, reflecting a growth of 45.43%.

CITIC aiBank remains committed to driving development through technological innovation, focusing on cutting-edge applications in tech innovation and striving to build industry-leading standards of new quality productive forces. The bank advanced compliant data sharing and integration across financial institutions, with its “Parent-Subsidiary Bank Data Integration Project” winning the second prize in the People’s Bank of China’s Financial Technology Development Awards. It also explored the use of big data and artificial intelligence in analyzing agriculture, rural areas, and farmers scenarios, with its “AI-Based Rural Financing Service Platform” included in Beijing’s Fintech Empowerment for Rural Revitalization Demonstration Projects. Through digital technologies, the bank provided more precise credit services to small and micro enterprises under the inclusive finance category, upgrading its “aiBank Credit Score” intelligent risk control model to effectively assess credit risks of inclusive finance customers. The Asian Banker recognized CITIC aiBank with the award for “China’s Best Credit Risk Technology Implementation (Digital Banking Category)”. Additionally, CITIC aiBank made its debut on Forbes China’s “Top 50 Most Influential Fintech Companies in China” list.

During the reporting period, CITIC aiBank successfully navigated multiple challenges, including the narrowing of net interest margins in the banking industry, adjustments to asset structures, and the transformation of development models. The bank prioritized its financial functionality, continued to reduce fees and share benefits with customers, and further enhanced its sustainable development capabilities. As of the end of the reporting period, CITIC aiBank's total assets reached RMB117.29 billion, with net assets of RMB9.045 billion. During the reporting period, it achieved operating net income of RMB4.626 billion and net profit of RMB652 million.

2.9.6.6 JSC Altyn Bank

JSC Altyn Bank was formerly an affiliate of HSBC established in Kazakhstan in 1998. In November 2014, it was wholly acquired by the Halyk Savings Bank of Kazakhstan, the largest commercial bank in the country. In April 2018, the Bank completed the acquisition of a majority stake in JSC Altyn Bank. At present, the Bank holds 50.1% of shares in JSC Altyn Bank.

During the reporting period, JSC Altyn Bank deeply integrated into China-Kazakhstan economic and trade cooperation, actively engaged in the Belt and Road Initiative, and strove to build Kazakhstan into a model region for the international expansion of the Bank. During the reporting period, it vigorously pushed forward the development of auto finance and digital banking, supported Chinese auto brands in globalization, actively built featured cross-border RMB businesses, and sharpened its edges in differentiated competition. Leveraging CITIC Group's role as the Chinese chair of China-Kazakhstan Entrepreneur Committee, it deepened collaboration for win-win outcomes and provided quality services for the two-way investment cooperation between Chinese and Kazakhstani enterprises, and established the brand as the top choice for both outbound and inbound investors. During the reporting period, JSC Altyn Bank distributed cash dividends, maintained a relatively high rate of return, and continuously created values for shareholders.

As at the end of the reporting period, JSC Altyn Bank recorded total assets of 1,002.472 billion tenge[37], and net assets of 137.611 billion tenge. During the reporting period, it realized net operating income of 65.425 billion tenge and net profit of 39.108 billion tenge, with the ROE standing at 31.22%.

2.9.6.7 Lin'an CITIC Rural Bank

Lin'an CITIC Rural Bank, located in Lin'an District, Hangzhou, Zhejiang Province, officially started operation in January 2012. It has a registered capital of RMB200 million, with the Bank holding 51% of its equity interest. Lin'an CITIC Rural Bank is mainly engaged in general commercial banking business.

Lin'an CITIC Rural Bank focused on rural areas, communities and micro and small enterprises, serving as an important window for the Bank to fulfill its social reponsibility and implement the strategies of rural revitalization and common prosperity. As at the end of the reporting period, loans to farmers and micro and small enterprises comprised 92.67% of the total loans granted; the average balance of loans per account was RMB495.5 thousand; the balance of loans worth above RMB5 million and those below RMB1 million represented 9.91% and 42.27% of the total, respectively, indicating further optimized loan structure.

Affected by intensified market competition and profit concessions to micro and small enterprises, during the reporting period, Lin'an CITIC Rural Bank recorded RMB71 million of net operating income, down by 9.60% year on year, and RMB11 million of net profit, down by 68.01% year on year. As at the end of the reporting period, total assets and net assets stood at RMB2.196 billion and RMB425 million, respectively.

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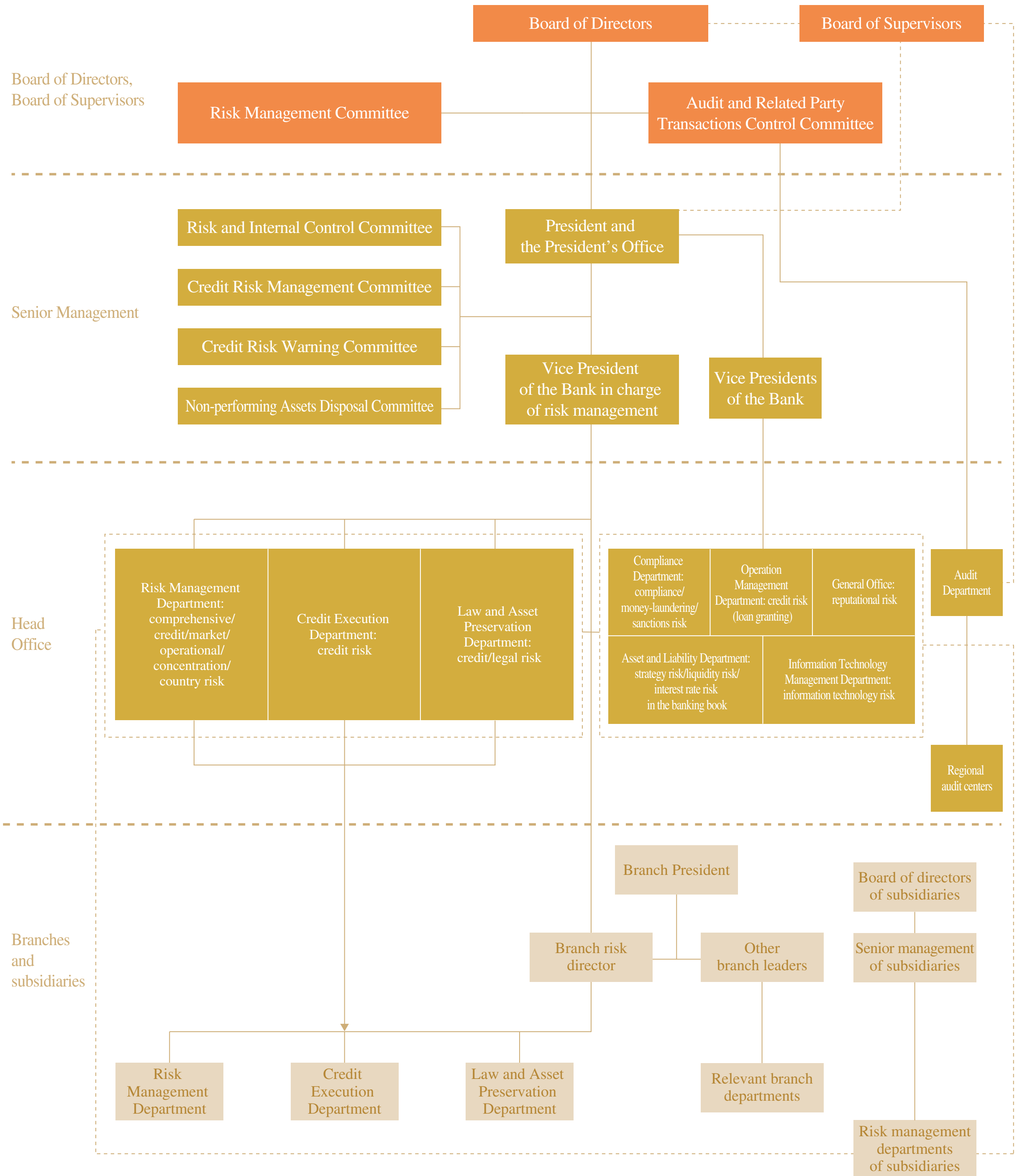
37 The exchange rate of tenge against RMB was 1:0.013902973 on 31 December 2024.

2.10 Risk Management

2.10.1 Risk Management Structure



2.10.2 Risk Management System

The Bank continued to improve the comprehensive risk management system that is "effective in controlling risks and promoting development", and constantly deepened the prudential risk compliance culture. It pressed ahead with the implementation of the "Five Policies", integrated executing various decisions and plans of the CPC Central Committee and promoting the five priorities in finance with seizing business opportunities, and guided target extension and withdrawal of credit. It improved the unified credit management system, and strengthened regional and customer concentration control. It deepened the mechanism for integrated credit approval, management and inspection, improved the full-time approver system, strengthened post-lending management and building of the collateral management system, and refined the whole-process management mechanism for credit business. It tightened quality control over all assets, and classified assets strictly. It pushed forward risk projects defusing, increased efforts in cash recovery, and tapped the value of written-off assets. It deepened the comprehensive risk penetration management of subsidiaries, strengthened the building of professional risk management teams, and enhanced the risk management capabilities of the Bank.

The Bank made risk appetite a drive to transmit and implement national policy orientations, upheld a prudent overall risk appetite, and made consistent efforts to ensure compliance and prevent systemic risks. The Bank elaborated on risk appetite from four perspectives of value, capital, risk and social responsibility, defined quantitative indicators of risk appetite at different levels, and clearly specified bottom-line requirements for the management of major risks associated with credit, market, operation and liquidity, among others. The Bank strengthened the connection of risk appetite with credit policies, risk limits, capital management, and appraisal and assessment, highlighting both uniformity and difference, intensified risk appetite management of subsidiaries, and advanced the effective transmission and execution of risk appetite across the Group.

The Bank continuously strengthened digital risk control, optimized and iterated digital risk control tools, and pushed forward the building of the risk management system. It deepened data integration and governance, improved digital risk management in the whole process covering risk identification, measurement and evaluation, monitoring, reporting and control, and upgraded risk management to make it increasingly powered by data and intelligence instead of being based on information alone.

2.10.3 Credit Risk Management

Credit risk refers to the risk of a bank incurring losses in its business due to the failure of its borrowers or transaction counterparties to fulfill the obligations specified in relevant agreements or contracts. The Bank's credit risk mainly comes from various credit businesses, including but not limited to loans (factoring included), guarantee, acceptance, loan commitments and other on-and off-balance sheet credit businesses, bond investment of banking book, derivatives trading and security financing, structured finance and other businesses. Under the overall objective of maintaining stable asset quality and increasing the proportion of high-quality customers and guided by the principle of serving the real economy and preventing risks, the Bank continuously optimized its credit structure, enhanced comprehensive financial service capabilities, strengthened the whole-process credit management, prevented systemic risks, and kept credit risks within a tolerable range. For details on the credit risk management of various businesses of the Bank during the reporting period, please refer to "Business Overview" of this chapter.

The Bank strictly implemented the *Administrative Measures for Large Exposures of Commercial Banks* released by former CBIRC and other relevant provisions, proactively conducted management of large exposures under the framework of comprehensive risk management, reinforced the institutional foundation, and carried out statistical monitoring and regulatory submission in an orderly manner. During the reporting period, the Bank strictly implemented the identification and classification standards for customers with large exposures, with all indicators related to large exposures within regulatory limits.

During the reporting period, in order to actively adapt to market developments and changes in the policy environment, the Bank took various measures to improve the capability, quality and effectiveness of post-lending management, thereby realizing continuous value creation. It implemented the requirements of "Year for Deepened Post-lending Management", and continuously advanced the development of post-lending management system. The Bank revised the policy on post-lending management of corporate customers, and further improved relevant mechanisms. It continued to carry out stratified and classified risk monitoring, and strengthened risk investigation of key areas and key customers. It also improved the early warning committee mechanism, optimized early warning strategies, and further brought into play the role of early warning of risk. It organized special inspections of key post-lending areas and strictly implemented regulatory requirements.

2.10.4 Market Risk Management

Market risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in market prices (including interest rate, exchange rate, stock price and commodity price). The main market risk confronting the Bank includes interest rate risk and exchange rate risk. The Bank has established a market risk management policy system covering market risk identification, measurement, monitoring, control and reporting. By closely monitoring market risks, strictly implementing product access and risk limit management, timely conducting risk measurement and reporting and other measures, the Bank has prevented and controlled its market risk. The target of market risk management of the Bank is to control market risk within the reasonable range and maximize risk-adjusted returns based on its risk appetite.

During the reporting period, the Bank measured market risk capital according to the *Rules on Capital Management of Commercial Banks*, and continued to consolidate the system and data foundation of the market risk measurement. It also improved the market risk management system, and revised relevant rules for market risk limit management, stress testing, contingency plans and reporting management, in a bid to enhance management effectiveness. In addition, the Bank continuously tracked and monitored market fluctuations of interest rate and exchange rate, strengthened risk analysis and judgement, conducted risk warning and reporting, and effectively prevented and responded to market risks. For details of market risk capital measurement, please refer to the *Third Pillar Information Disclosure Report of 2024* issued by the Bank. For details of interest rate gap, foreign exchange exposure and sensitivity analysis, please refer to Note 55(b) to the financial report of this report.

2.10.4.1 Interest Rate Risk Management

Management of interest rate risk in the trading book

The Bank established a complete risk limit system for the interest rate risk in the trading book, set limits such as value at risk, interest rate sensitivity and market value loss according to features of different products, and regularly assessed the interest rate risk in the trading book through stress testing and other tools, so as to control the interest rate risk in the trading book within its risk preference.

The Bank's interest rate risk in the trading book is mainly affected by changes in yields of the domestic bond market. During the reporting period, the domestic bond market yields overall went downwards amid fluctuations. The Bank closely tracked market changes, strengthened market research and judgment, effectively carried out risk monitoring and warning, and prudently controlled the interest rate risk exposure in the trading book.

Management of interest rate risk in the banking book

Interest rate risk in the banking book, consisting of gap risk, benchmark risk and option risk, is defined as the risk of loss in the overall earnings and economic value of the banking book arising from adverse movements in interest rate, maturity structure and other factors. The Bank manages its interest rate risk in the banking book with the basic objective of controlling its interest rate risk in the banking book within a reasonable range according to its risk management capability, risk preference and tolerance. Relying on effective comprehensive risk management, the Bank established a sound management system for interest rate risk in the banking book, including a multi-level risk management structure, risk management strategies and processes, risk identification, measurement, monitoring, control and mitigation systems, internal control and audit policies, information management systems, risk reporting and information disclosure mechanism, etc.

During the reporting period, the Bank closely followed changes in monetary policies and fiscal policies, strengthened the analysis and prediction of the trend of market interest rate and the simulation and analysis of customer behavior changes, and took forward-looking measures for proper response. It applied gap analysis, sensitivity analysis, stress testing and other methods to monitor the risk exposure level and changes from multiple dimensions such as re-pricing gap, duration, net interest income fluctuation (△NII) and economic value of entity fluctuation (△EVE). It also flexibly employed price guidance, duration management, scale management and other management tools to ensure the overall stability of the Bank's interest rate risk exposures in the banking book. With the combined effect of the above management measures, the Bank's management indicators for interest rate risk in the banking book fluctuated within the risk tolerance range of the Bank during the reporting period.

2.10.4.2 Exchange Rate Risk Management

Exchange rate risk refers to the risk of on- and off-balance sheet businesses of a bank incurring losses due to unfavorable changes in exchange rates. The Bank mainly measures the magnitude of exchange rate risk through foreign exchange exposure analysis. Its foreign exchange exposure mainly comes from the foreign exchange position formed through foreign exchange transactions and from foreign currency capital and foreign currency profits. The Bank manages exchange rate risk by reasonably matching Renminbi and foreign currency denominated assets with liabilities denominated in the same currencies and by making appropriate use of derivative financial instruments. For foreign exchange exposures of bank-wide assets and liabilities as well as foreign exchange exposures formed in foreign exchange settlement and sale, foreign exchange trading and other transactions, the Bank sets exposure limits to control its exchange rate risk at an acceptable level.

The exchange rate risk of the Bank was mainly subject to impact of changes in the Renminbi exchange rate against the US dollar. During the reporting period, the exchange rate of RMB against US dollar fluctuated. The Bank strictly controlled the foreign exchange risk exposures of relevant businesses, and intensified routine risk monitoring, forewarning and reporting, controlling the exchange rate risk within the acceptable range.

2.10.5 Liquidity Risk Management

Liquidity risk refers to the risk that a bank is unable to obtain adequate capital in a timely manner and at a reasonable cost to repay matured debts, perform other payment obligations or meet other capital needs for normal business. The Bank's liquidity risk management aims to effectively identify, measure, monitor and control the liquidity risk at the legal person level and the Group level by establishing a science-based and sound system for liquidity risk management, and ensuring that the liquidity demand can be met at a reasonable cost in a timely manner on the premise of compliance with regulatory requirements.

The Bank has set up a robust governance structure for liquidity risk management, which clearly lays out the division of duties among the Board of Directors, the Board of Supervisors and the senior management and subordinate specialized committees and the relevant management departments of the Bank, and explicitly defines the strategies, policies and procedures on liquidity risk management. The Board of Directors assumes the ultimate responsibility for liquidity risk management of the Bank, and shall review and approve the liquidity risk appetite, liquidity risk management strategy, important policies and procedures, etc. The Board of Supervisors is responsible for supervising and evaluating the performance of the Board of Directors and the senior management in liquidity risk management, and reporting to the shareholders' general meeting. The senior management shall take charge of the management of liquidity risk, keep abreast of major changes in liquidity risk and regularly report to the Board of Directors. The Asset and Liability Committee of the Head Office shall perform part of responsibilities of the senior management under the latter's authorization. As the leading department for liquidity risk management of the Bank, the Asset and Liability Department of the Head Office is responsible for formulating policies and procedures for liquidity risk management, measuring, monitoring and analyzing liquidity risk and other specific management work. The Audit Department of the Head Office is responsible for auditing, supervising and evaluating the Bank's liquidity risk management.

The Bank maintains a prudent liquidity risk level, and implements a prudent, coordinated liquidity risk management strategy and a unified liquidity risk management mode. The Head Office is responsible for formulating liquidity risk management policies and strategies for the Group and its legal-person institutions, and for managing liquidity risk at the legal-person institution level in a centralized manner. All domestic and overseas affiliates of the Group are responsible for developing and continuously implementing their own strategies and procedures for liquidity risk management pursuant to the requirements of competent regulators and within the Group's master policy framework on liquidity risk management.

During the reporting period, the domestic economic recovery still faced certain challenges, and the counter-cyclical adjustment of macro policies was intensified. The central bank cut the reserve requirement ratio (RRR) twice to maintain reasonably ample liquidity in the market. It cut the policy rate twice and drove down the market interest rate. It launched policy tools such as government bond trading and buy-out reverse repurchase to optimize market capital structure. It adopted and optimized structured instruments of monetary policy, and increased financial support to key areas and weak links. In 2024, the liquidity of the money market was reasonable and abundant, while the interest rate of the money market generally fluctuated downward around the policy rate.

The Bank constantly enhanced liquidity risk management, increased the foresight and proactiveness of liquidity management and kept optimizing the coordinated management of assets and liabilities. Adhering to stabilizing and increasing deposits, it stepped up efforts in improving the total amount and structure of fund sources and utilization, and maintained a dynamic balance between liquidity and efficiency in a coordinated manner. It also enhanced liquidity risk measurement and monitoring, kept practicing liquidity risk limit management, and kept liquidity risk management indicators meeting regulatory requirements and maintained at reasonable levels. Moreover, the Bank properly conducted routine liquidity management, strengthened market analysis and forecast, made forward-looking fund arrangements, and improved the efficiency of fund utilization on the basis of ensuring liquidity safety. It reinforced proactive management of liabilities and maintained a reasonable and proactive liability structure so as to ensure smooth channels and diversified sources of financing. In addition, the Bank continued to promote the issuance of financial bonds to replenish and stabilize the sources of liabilities. It paid attention to emergency liquidity management, and enhanced its emergency management capability. During the reporting period, the Bank reasonably set stress scenarios and conducted liquidity risk stress tests on a quarterly basis, comprehensively taking into account major factors and external environmental factors that may trigger liquidity risk. Under the mild, medium and severe scenarios, the Bank's minimum survival periods all exceeded the 30-day limit specified by the regulator.

As at the end of the reporting period, the Group's liquidity indicators continued to meet regulatory requirements. The liquidity coverage ratio was 218.13%, 118.13 percentage points higher than the minimum regulatory requirement, indicating that the Group had an adequate reserve of premium liquid assets and strong capacity to withstand the short-term liquidity risk, which is set out as below:

Unit: RMB million

Item	31 December 2024	31 December 2023	31 December 2022
Liquidity coverage ratio	**218.13%**	167.48%	168.03%
Qualified premium liquid assets	**1,264,199**	923,158	1,087,933
Net cash outflow in the coming 30 days	**579,554**	551,189	647,452

Note: The Group disclosed relevant information on its liquidity coverage ratio in accordance with the *Rules on Disclosure of Liquidity Coverage Ratio of Commercial Banks* (CBRC Decree [2015] No.52).

The net stable funding ratio was 106.90%, 6.90 percentage points higher than the minimum regulatory requirement, indicating that the available stable funding sources for the Group could support the needs of sustainable business development, which is set out as below:

Unit: RMB million

Item	31 December 2024	30 September 2024	30 June 2024
Net stable funding ratio	**106.90%**	107.59%	107.67%
Available stable funding	**5,373,336**	5,294,788	5,252,921
Required stable funding	**5,026,517**	4,921,209	4,878,710

Note: The Group disclosed relevant information on its net stable funding ratio in accordance with the *Rules on Disclosure of Net Stable Funding Ratio of Commercial Banks* (CBIRC Decree [2019] No.11).

For relevant information about the Group's liquidity gaps as at the end of the reporting period, please refer to Note 55(c) to the financial report of this report.

2.10.6 Operational Risk Management

Operational risk refers to the risk of losses resulting from deficient internal procedures, employees and information technology systems and external incidents. It includes legal risk but excludes strategic risk and reputational risk. The Bank has established a sound policy system for operational risk management to consolidate the foundation for operational risk management. Aiming at improving its risk management and control capabilities and capability of responding to internal and external events, and improving service efficiency and return to shareholders, the Bank established a correct value orientation for operational risk management, and fostered a favorable operational risk management culture. It strengthened the organic connection between the operational risk management system and mechanisms of business continuity, outsourcing risk management, network security and data security, so as to enhance the operational resilience of the Bank.

During the reporting period, the Bank continued to strengthen the management and control of its operational risk, strictly implemented the *Operational Risk Management Measures of Banking and Insurance Institutions*, and revised and improved operational risk management policies and procedures. It actively advanced the implementation of the operational risk measurement with standardized capital approaches, and continuously bolstered the mechanism for collecting data about loss resulting from operational risk, improving the quality of data. It timely started operational risk-triggered evaluation in the links where risk management is weak, enriched the key risk indicator system, and made risk monitoring more forward-looking. It guided subsidiaries and overseas branches to improve the operational risk management system and optimize the functions of the operational risk management system, continuously enhancing the Bank-wide operational risk management. Moreover, it made further endeavors to establish a robust risk management system for its outsourcing business, strengthened the screening and assessment reporting of outsourcing risk, urged the department in charge of outsourcing affairs to perform its duty, reviewed and revised the outsourcing catalog, and strengthened the review of outsourcing projects and policies. The Bank continued to improve the business continuity system, conducted problem screening and rectification, completed drills on business continuity as scheduled, continuously monitored operational interruption risk, and improved management quality and efficiency. It also deepened the IT risk assessment and enhanced its IT risk management capability. During the reporting period, the operational risk management system of the Bank operated stably, placing operational risk under control in the overall sense.

2.10.7 Compliance Risk Management

Compliance risk refers to the possibility of criminal, administrative and civil liabilities, property losses, reputation damage or other negative impacts incurred by financial institutions or their employees because financial institutions' operation and management behaviors or their employees' performance of duty are not compliant with relevant regulations. Compliance risk management is a core risk management activity of the Bank, with the Board of Directors being the decision-making body for significant compliance matters and ultimately responsible for the effectiveness of compliance management of the Bank.

During the reporting period, the Bank strictly implemented regulatory policies and requirements, and established the concept of operation in compliance with laws and regulations, thus securing its high-quality development. **The Bank upheld its mission in the "Year for Rectification and Improvement"**, conducting governance combining inspection, rectification and assessment[38] with reference to the typical problems of departure from serving the real economy as identified by the National Audit Office and the NFRA, and working to improve the quality and efficiency of serving the real economy. **The Bank focused on intensifying the implementation of policies and regulations**. It issued the *Notice on Further Strengthening Implementation of Regulatory Requirements*, classified regulatory provisions, clarified requirements for policy transmission and implementation, and intensified supervision over the implementation of regulatory policies regarding renewal of loans to micro and small-sized enterprises, among others. It released a series of *Key Compliance Reminders*, summarized critical compliance requirements, and urged strict defense of the bottom line across the Bank. **The Bank deepened penetration of its compliance culture**. It launched the Risk Compliance Culture Season campaign for the ninth straight year, and, under the guidance of the financial culture with Chinese characteristics, assigned 19 key jobs in four aspects, namely primary-level cultural penetration, targeted institutional governance, risk compliance inspection and rectification, and screening in key fields. It carried out education themed "Four Compliance Lessons"[39] at primary-level institutions, and organized over 20,000 compliance training sessions and over 10,000 warning education sessions at various levels across the Bank, to promote correct outlook on operation, performance and risk.

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38 Referring to the internal control and compliance governance mechanism that integrates compliance inspection, problem rectification, and evaluation & assessment.

39 "Four Compliance Lessons" refer to the compliance lesson for top executives, the compliance lesson for business lines, the first lesson for new employees and the online compliance lesson for all employees.

2.10.8 Information Technology Risk Management

Information technology risk refers to the operational, legal and reputational risks caused by natural disasters, human factors, technical loopholes and management defects in the application of information technology by commercial banks. Information technology risk management is incorporated into the Bank's comprehensive risk management system and is an important part of comprehensive risk management. With the core concept of "adhering to the bottom line, strengthening awareness, focusing on execution, proactive management and creating value", the Bank is committed to creating an information technology risk culture system covering "all employees, all aspects and full process".

The Bank has established an organizational structure featuring "three lines of defense" consisting of the "one department and three centers" of information technology, risk management department, compliance department, audit department and other relevant departments. During the reporting period, the Bank continued to improve the information technology risk management policy system, and strengthened the management of information technology risk. It continuously refined the mechanism and process for the management of information technology risk, and promoted the early discovery, warning and disposal of information technology risk by intensifying risk indicator monitoring, evaluation and inspection. It stepped up production and operation management, enhanced the quality of information systems in operation, boosted the capability of business continuity drills, and promoted the safe, sustainable and stable operation of information systems.

During the reporting period, the Bank did not have any major information technology risk events, and the information systems operated well, placing information technology risk under control in the overall sense.

2.10.9 Reputational Risk Management

Reputational risk mainly refers to the risk that damages the Bank's brand value, adversely affects its normal operation and even affects market and social stability due to negative opinion of the Bank by stakeholders, the public and the media resulted from the Bank's behaviors, employees' behaviors or external events.

During the reporting period, the Bank upheld political consciousness and took a people-centric approach in financial work, followed the basic principles of "forward-looking, commensurateness, full coverage and effectiveness" in reputational risk management, and ensured various work related to reputation risk management be advanced effectively. The Bank adhered to the Party's leadership, and promoted the effective operation of the three-tiered structure for reputation risk governance consisting of the Board of Directors, Board of Supervisors and senior management, departments of the Head Office, and branches and subsidiaries. The Bank continued to strengthen the whole-process management mechanism for reputational risk, upheld the customer-centric approach, and took active steps to eliminate hidden risks at the source. Guided by systematic thinking, the Bank refined the prevention and control mechanism to avoid any negative public opinion events that might trigger industry-wide risks. The Bank advanced the building of the risk prevention and control system, and raised the reputational risk management and response capabilities of institutions at various levels.

2.10.10 Country Risk Management

Country risk refers to the risk of losses to the business of the Bank in a country or region or other losses of the Bank caused by the inability or refusal of the debtor in the country or region to repay the Bank's debts due to political, economic and social changes and events in that country or region.

The Bank formulated sound country risk management policies and procedures so as to effectively identify, measure, monitor and control country risk. It identified and measured country risk in cross-border credit extension, investment and off-balance sheet businesses, conducted regular country risk assessment and ratings in countries (regions) where business has been conducted or planned to be conducted, set appropriate country risk limits, and regularly monitored and rationally controlled country risk exposures. During the reporting period, the Bank revised and improved country risk management rules and processes, and pushed forward the improvement and optimization of management tools. It closely tracked changes in international situations, continuously monitored and assessed country risk, and intensified risk screening. It updated country risk ratings, reviewed and adjusted country risk limits in a timely manner, carried out stress tests on country risk, and controlled country risk at an acceptable level.

2.10.11 Money Laundering Risk Management

Money laundering risk refers to the risk of customer attrition, business or financial loss or legal sanctions, regulatory punishments or reputation damage possibly incurred by the Bank for being exploited by money laundering or other illegal and criminal activities or failing to observe the laws, regulations and internal rules on AML during operation and management.

In AML work, the Bank remained led by Party building, strictly complied with the *Law of the People's Republic of China on Anti-Money Laundering*, the *Guidelines for Risk Management Regarding Money Laundering and Terrorist Financing in Corporate Financial Institutions (Trial)*, as well as other laws and regulations regarding AML, and effectively fulfilled its legal obligation of AML under the management mechanism where the three lines of defense (decision-making by the Board of Directors, supervision by the Board of Supervisors and execution by senior management) performed duties in a coordinated manner, and the Head Office, branches and sub-branches performed respective responsibilities.

The Bank attached great importance to AML work, and thoroughly practiced the philosophy of risk-oriented AML management. It continued to improve relevant mechanisms and processes, took solid steps to advance AML inspection, rectification and assessment, vigorously improved the refined management of customers, and sped up AML intelligence building, to enhance the compliance of AML work and the effectiveness of AML risk prevention and control in all aspects.

During the reporting period, in strict compliance with regulatory requirements, the Bank kept optimizing the AML policy system by revising and issuing three policies respectively regarding AML data governance, customers' money laundering risk event management norms, and internal account AML management, and formulated three notices respectively regarding the standardization of duty performance by AML leading groups at branches, management of local money laundering risk events, and management of AML investigation risk event entries. The Bank regularly conducted AML review of "policies, products and systems", and enhanced AML risk reminding, to secure healthy business development. It carried out AML inspection, rectification and assessment throughout the year, deepened special screening in key areas, and rectified institutional and fundamental problems. It further promoted the work for reducing the burden and increasing the efficiency of AML, and upgraded intelligent analysis of suspicious transactions, to improve its operation efficiency and reduce false screening risk. It enriched the rules for customer due diligence monitoring, refined the standards for customer credit line control, and consolidated the effectiveness of integrated operation. Leveraging new technology and algorithm, it continued to increase and optimize the models for suspicious transaction monitoring, and made the systems more intelligent and easier-to-use. The Bank organized over 1,100 AML training sessions for directors, supervisors, senior management members and employees at all levels, and carried out 855 AML publicity activities on regulatory hotspots, to fulfill its social responsibility in AML while fostering an AML compliance culture.

2.11 Material Investments, Material Acquisitions, Material Sales of Assets and Equity

Except for the day-to-day businesses such as transfer of credit assets that were involved in its normal business operation, there was no other material investments, acquisitions, sales of assets and equity of the Bank that took place in the reporting period.

2.12 Outlook

Looking forward to 2025, it is expected that the Chinese economy will continue to recover and improve. Although it's still difficult to consolidate such momentum amid the increasingly complex and challenging external environment, the fundamentals for China's economic development remain unchanged, with favorable conditions such as promising markets and the resilient economy still there.

In general, tailwinds supporting high-quality development are increasing. **Policies will provide great opportunities for development.** Earlier released proactive macro policies are gradually unleashing their effects, and even more robust macro policies are expected to be launched in the days ahead. Active factors in economic operation grow, and the combination of economic stimulus and reform dividends creates more opportunities for the next round of development for commercial banks, kickstarting the window phase of policy dividends. **The technological boom will fuel growth and dynamism in markets.** Frontier technologies are developing fast, as the ongoing technological revolution is advancing rapidly and the productivity leap is bringing unprecedented changes. The extensive application of "AI plus" and the booming of new forms and modes of economy, such as smart manufacturing, smart logistics and smart retail, will give rise to new demands and opportunities, and create broader prospects for the economy.

Meanwhile, due to the external impacts, China's economy still faces difficulties and challenges. The foundation of economic recovery is still not solid, and problems such as insufficient valid domestic demand, especially sluggish consumption, production and operation distress in some enterprises, problem in overdue payables, pressure facing the task of increasing the income of general public and shortcomings in social security, all weighs on banks' credit supply and asset quality control.

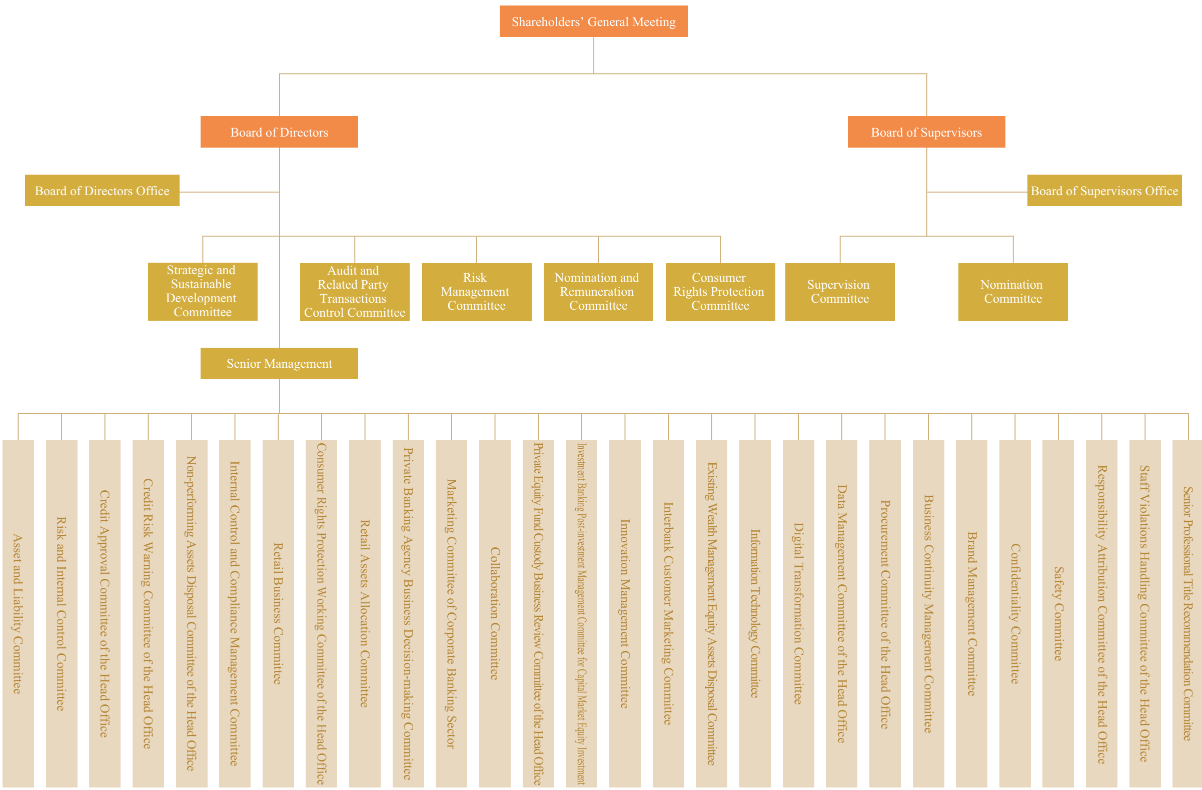
2025 marks the last year for China to implement its 14th Five-year Plan. The Bank will always bear in mind the country's most fundamental interests, firmly implement national strategies, further promote the development of Five Priorities in finance by strengthening core functions, and advance capability building with the focus on building a "Five Leading" bank. It will remain committed to the "four business themes", namely stabilizing interest margin, stabilizing quality, expanding fee-based business income and expanding customers, tightening cost control, and further forge its balanced competitiveness as a prudent and sustainable bank, to lay a solid foundation for comprehensively accomplishing the objectives of the new three year plan and fulfilling the vision of becoming a first-class bank in the world. According to an analysis based on external market environment and the Bank's future operation, the Bank is expected to see an asset growth rate around 5% to 6% in 2025. Forward-looking statements such as future plans and development strategies involved in the above forecasts do not constitute substantive commitments of the Bank to investors. Investors and related parties should have sufficient awareness of risks in this regard, and understand the differences between plans, forecasts and commitments.

2.13 Information about Structured Entities

For relevant information about structured entities beyond the scope of the Bank's consolidated financial statements, please refer to Note 59 to the financial report of this report.

Chapter 3 Corporate Governance

3.1 Corporate Governance Structure



3.2 Overall Profile of Corporate Governance

The Bank is committed to promoting its high-quality development with high-quality corporate governance. During the reporting period, the Bank earnestly implemented the state's decisions and plans as well as regulatory requirements, integrated the strengthening of the Party leadership into all aspects of corporate governance, and continuously improved its corporate governance system, mechanism and capability, thereby enhancing its corporate governance efficiency in an all-round manner. The Board of Directors, the Board of Supervisors of the Bank and their special committees operated according to rules and performed their functions and responsibilities, thus ensuring the smooth coordination as well as checks and balances between governance bodies. The channels for the directors and supervisors to perform their duties were further broadened, the methods for them to perform their duties were improved, and their capabilities of performing duties were further enhanced. Furthermore, the Bank attached great importance to and effectively gave play to the supervision, check and balance role of independent directors and external supervisors and fully safeguarded their right to know and other legal rights.

The Board of Directors continued to strengthen its self-improvement, voluntarily accepted the supervision of the Board of Supervisors and other parties, and leveraged on its role in strategic guidance to fully support the development of the real economy and reinforce the duty performance regarding risk prevention. Closely following the national strategies and the five priorities in finance, the Bank continued to increase financial support for green credit, strategic emerging industries, medium and long-term manufacturing, private enterprises, rural revitalization, inclusive small and micro enterprises and other key areas, and provided high-quality financial services for the development of the real economy. It scientifically compiled the *Development Plan for 2024-2026*, improved the whole-journey strategic management system, and solidly facilitated the implementation of strategic goals. Focusing on value creation, it deepened value operation, moved faster in implementing the "Five Leading" strategy, and actively promoted the light-capital transformation and development and the comprehensive upgrading of financial technology integrated empowerment, thereby making the business structure more coordinated and stable. In face of the complex external environment, the Board of Directors adhered to the prudent risk management concept and strengthened the comprehensive risk management system to continuously improve the internal control and compliance management.

The Board of Supervisors upheld the Party's comprehensive leadership as both the starting point and fundamental guiding principle for its supervisory work. According to relevant laws, regulations, regulatory requirements and the provisions in the Bank's Articles of Association, and focusing on the Bank's development plans and central tasks and based on the Bank's legal position, responsibilities and obligations, the Board of Supervisors continuously improved the top-level design and the supervision mechanism, performed its supervision responsibilities earnestly, and carried out in-depth supervision and evaluation of duty performance, thus strengthening the supervision capacity. It completed the re-election of the Board of Supervisors according to rules, and continuously optimized the member structure of both the Board of Supervisors and its special committees, hence ensuring the ongoing compliance in its operations. Through the comprehensive sorting and refinement of legal supervision items, it continued to strengthen its governance system and capacity, and hence ensured targeted and focused supervision. In doing so, it actively increased the quality and effectiveness of supervision, and effectively protected the interests of the Bank, its shareholders, employees and other stakeholders.

During the reporting period, the Bank arranged the directors, supervisors and the board secretary to participate in training on anti-money laundering and anti-fraud etc. organized by external organizations such as the CSRC Beijing Bureau and the SSE. They also attended special training sessions on amendment of the *Company Law of the People's Republic of China*, reform of the rules for independent directors of listed companies, integrity governance, answer to financial fraud cases, investor protection and investor relations, market value management, information disclosure, ESG and sustainable development. During the reporting period, the above-mentioned persons recorded 75 person-time participation in training, and carried out surveys of 17 person-times at the Bank's affiliates and subsidiaries, further improving their professional duty performance and science-based decision-making capability.

The Bank carefully checked the special self-inspection list of corporate governance, and completed the rectification of problems identified in the previous year's special self-inspection. During the reporting period, there was no significant difference between the set-up and operation of the Bank's corporate governance bodies and requirements for corporate governance of listed companies set forth in laws and administrative provisions and of the CSRC; neither were there major corporate governance issues that the regulatory authorities requested to resolve but remained outstanding.

3.3 Explanations on Independence from the Controlling Shareholder and De Facto Controller

The controlling shareholder and de facto controller of the Bank conduct a series of measures in accordance with the relevant regulatory requirements to ensure that the Bank maintains its independence in terms of assets, personnel, finance, institution and business.

In terms of assets, the Bank has the ownership of or right to use land, properties, trademarks, domain names and other intellectual property relating to its business operations, and none of its controlling shareholder and de facto controller or their related parties occupied or controlled the Bank's assets.

In terms of personnel, no senior management member of the Bank held any administrative position other than director or supervisor in the controlling shareholder.

In terms of finance, the Bank, with an independent finance and accounting department, established independent finance and accounting system as well as financial management policies, makes independent financial decisions, sets up independent accounts in accordance with laws, and does not share accounts with controlling shareholder and de facto controller. Its controlling shareholder and de facto controller follow the same procedures and lawful requirements for opening accounts with the Bank as those for third parties, and their accounts are independent from the Bank's funds and accounts.

In terms of institutional set-up, the Bank has established the shareholders general meeting, the Board of Directors and the Board of Supervisors, and set up business departments and management departments based on its own needs in operation and management. The Bank independently exercises the functions and powers of operation and management, and has no mixed organization with the controlling shareholder and de facto controller.

In terms of business, the Bank has a complete business system and the ability of independent operation to directly deal with the market, and independently engages in businesses within the approved business scope, without interference or control by its controlling shareholder or de facto controller. The completeness or independence of the Bank's operational autonomy is not adversely affected by the related relationship with the controlling shareholder or de facto controller. During the reporting period, CITIC Group, the de facto controller of the Bank, acquired 60% of the issued shares of China Huarong Financial Leasing Co., Ltd. (short as "Huarong Financial Leasing" hereinafter) through agreement transfer. The financial leasing business of Huarong Financial Leasing overlaps with that of CITIC Financial Leasing to a certain extent, a wholly-owned subsidiary of the Bank. In order to protect the legitimate rights and interests of the Bank and its minority shareholders and eliminate and avoid horizontal competition with the Bank and its subsidiaries, CITIC Group issued the *Letter of Commitment on Avoiding Horizontal Competition*. Please refer to Chapter 5 "Report of the Board of Directors – Undertakings by the Company and Its Relevant Stakeholders" of this report and the *Announcement of China CITIC Bank Corporation Limited on Acquisition of Equity Interest and Issuance of Letter of Commitment on Avoiding Horizontal Competition by De Facto Controller* published by the Bank on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 29 May 2024. Save as disclosed above, during the reporting period, the controlling shareholder, the de facto controller of the Bank and other entities controlled by them did not engage in the same or similar business as that of the Bank.

3.4 Profit and Dividend Distribution of Ordinary Shares

To give investors reasonable return on investment and develop the stable expectation of investment returns, relevant provisions of the Bank's Articles of Association lay down explicit dividend policy of ordinary shares of the Bank including the basis, principles, intervals, methods and conditions of profit distribution for ordinary shares, highlight cash distribution as the Bank's preferred distribution method, require that the minimum cash distribution proportion for ordinary shareholders should be no less than 10% of the net profit attributable to equity holders of the Bank except for special circumstances and that the amendment of profit distribution policy shall only be valid after being brought in writing by proposal by the Board of Directors, reviewed and approved by the independent directors, as well as approved by special resolution in the shareholders general meeting whilst shareholders are offered an online voting platform for participation in voting for the proposals on distribution plans. Through compliant and transparent procedures as well as comprehensive decision-making process, the profit distribution policy of the Bank states definite criteria and proportion for profit distribution which fully protects legitimate rights and interests of its small and medium investors, and meets the provisions set forth in the Bank's Articles of Association.

The Bank has not distributed profit through transfer of capital reserve to share capital since its IPO. Cash dividend distribution of ordinary shares of the Bank in the past three years and the dividends of 2024 is set out in the table below.

Unit: RMB million

Year for which dividends were distributed	Cash dividends every ten shares (RMB yuan, pre-tax)	Total amount of cash dividends (pre-tax)	Proportion in net profit attributable to ordinary shareholders of the Bank
2021	3.020	14,778	28.08%
2022	3.290	16,110	28.11%
2023	3.261	17,432	28.01%
2024[40]	3.547	19,455	30.50%

3.4.1 Interim Profit Distribution for 2024

The interim profit distribution plan for 2024 reviewed and approved by the Board of Directors and the Board of Supervisors of the Bank with the independent non-executive directors of the Bank fully playing their due responsibilities and functions and expressing a concurring opinion. The plan was approved by the 2nd Extraordinary General Meeting of 2024 of the Bank held on 20 November 2024. The Bank's 2024 interim profit distribution plan was approved by 99.956% of the votes of the A shareholders holding less than 5% of the shares at the shareholders general meeting, therefore, the minority investors had the opportunities to fully express their views and aspirations, which effectively ensured the legitimate rights and interests of the minority investors. The procedures for formulating the Bank's interim profit distribution plan for 2024 were in compliance with the provisions of the Bank's Articles of Association, with clear dividend distribution criteria and ratios and the decision-making procedures and mechanism were complete.

Pursuant to the *2024 Interim Profit Distribution Plan of China CITIC Bank Corporation Limited* approved by the shareholders at the shareholders general meeting, the Bank paid 2024 interim dividends of ordinary shares in cash on 11 December 2024 to A shareholders on the register as at 10 December 2024, and on 15 January 2025 to H shareholders on the register as at 18 December 2024 respectively. The cash dividend was RMB1.825 (tax-inclusive) per 10 shares, with a total amount of RMB9,873 million for cash dividends for ordinary shares. The aforesaid distribution plan has been fully implemented.

The 2024 interim profit distribution plan of the Bank was explained in detail in the 2024 Interim Report, documents of the 2024 2nd Extraordinary General Meeting, the H-share circular of the 2024 2nd Extraordinary General Meeting, the announcement on the implementation of interim dividend distribution of A ordinary shares for 2024, the announcement on poll results of the 2024 2nd Extraordinary General Meeting, and the announcement on adjustment to the distribution ratio under the 2024 interim profit distribution plan. For details, please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

3.4.2 Dividend Distribution Plan for 2024

After-tax profit as shown in the Bank's 2024 audited financial statements prepared in accordance with the PRC Accounting Standards and IFRS Accounting Standards were both RMB66.372 billion.

The Bank appropriated 10% of its after-tax profit as shown on the financial statements prepared in accordance with the PRC Accounting Standards to the statutory surplus reserve, with the accrual thereof recording RMB6.637 billion, and appropriated RMB6.065 billion to general reserve, namely 1.5% of the balance of risk assets as at the end of the reporting period.

[40] Including the 2024 interim cash dividends for ordinary shareholders which has been distributed.

In comprehensive consideration of factors such as financial and capital position, the Bank plans to pay 2024 final cash dividends to all ordinary shareholders. Based on the total number of shares as at the register date, the final cash dividends for holders of A shares and H shares on the register on the register date shall be RMB1.722 per 10 shares (tax inclusive, the same below). With reference to the total of 55.645 billion A shares and H shares on the register as at 4 March 2025[41] of the Bank, the total amount of the final cash dividends of the year 2024 for ordinary shareholders shall be RMB9.582 billion, together with the paid out interim cash dividend of RMB9.873 billion (RMB1.825 per 10 shares), amounting to RMB19.455 billion (RMB3.547 per 10 shares) of cash dividends in the whole year, which accounts for 30.50% of the consolidated net profit attributable to ordinary shareholders of the Bank and 28.37% of the consolidated net profit attributable to shareholders of the Bank of the year 2024.

The cash dividends shall be denominated and declared in Renminbi, and shall be paid to A shareholders in Renminbi and to H shareholders in Renminbi or its equivalent in Hong Kong dollar. When paid in Hong Kong dollar, the dividends shall be calculated in accordance with the average benchmark exchange rate of Renminbi to Hong Kong dollar as released by the PBOC one week preceding the convening of the 2024 Annual General Meeting (inclusive of the date of the general meeting). The Bank shall maintain the total amount of dividends unchanged and adjust the dividends per share when there is a change in the Bank's total shares before the register date. The Bank will disclose in relevant announcements when there is such change. No scheme for transfer of capital reserve to share capital will be applied for the current year. Retained undistributed profit after dividend payment shall be carried forward to the next financial year and continue to be used to replenish the Bank's capital so as to maintain reasonable capital adequacy ratio. The Bank recorded a 9.79% return on weighted average equity attributable to its ordinary shareholders in 2024 and is expected to maintain a certain level of return and contribution in 2025.

This final profit distribution plan for ordinary shares for 2024 (short as "the Plan" hereinafter) complies with relevant provisions of the Bank's Articles of Association and follows clear criteria and proportions of dividend payment. After sufficient discussion and consideration at the meeting of the Strategic and Sustainable Development Committee under the Board of Directors of the Bank, the Plan was submitted for deliberation at the meetings of the Board of Directors and the Board of Supervisors convened on 26 March 2025 and approved thereafter. And it shall be submitted to the 2024 Annual General Meeting for approval. It is expected that the Bank will pay the 2024 final dividends to its ordinary shareholders within two months after adoption of the Plan by the general meeting. Relevant decision-making procedures and mechanisms of the Plan are complete. The Bank proposed to pay the 2024 final dividends to H shareholders on 15 August 2025. Should there be any change thereof, the Bank will publish a separate announcement for disclosure. The record date and specific method of dividend payment to A shareholders shall be announced separately by the Bank.

The Bank's independent non-executive directors have performed their due responsibilities in the decision-making process of the Plan and expressed their independent opinion on the Plan as follows: The Bank's profit distribution plan for 2024 is in compliance with relevant rules and requirements on annual profit distribution in laws, regulations and normative documents, consistent with the reality of CITIC Bank, the need to safeguard its long-term healthy development and has taken the overall interests of both CITIC Bank and its shareholders, especially small and medium shareholders into consideration. We hereby endorse the Plan and agree to have the Plan submitted to the Annual General Meeting of CITIC Bank for approval.

When the Plan is submitted to the 2024 Annual General Meeting for approval, the Bank will, as required by relevant regulatory requirements, offer investors online voting facilities and disclose voting results in accordance with the shareholding percentages of the voting A shareholders. The shareholding percentages are placed in the three ranges of below 1%, 1-5%, and above 5%. The shareholders with less than 1% shareholding will be further classified into the two categories of above and below RMB500,000 market value of shareholdings of each shareholder, and their voting results shall be further disclosed accordingly. Small and medium investors have opportunities to fully express their opinions and appeals, and the compilation and implementation of the Plan fully protects their legitimate rights and interests.

For details of the 2024 final profit distribution plan for ordinary shares for 2024 of the Bank, please refer to relevant announcement published by the Bank on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report.

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41 CITIC Convertible Bonds was delisted upon its maturity on 4 March 2025. For relevant information, please refer to Chapter 8 Convertible Corporate Bonds of this report.

3.5 Shareholders' General Meeting

3.5.1 Shareholders' General Meeting and Shareholders' Rights

Responsibilities of the shareholders' general meeting

The shareholders' general meeting is the Bank's organ of power. According to the Bank's Articles of Association, it is responsible for making decisions on the Bank's business strategies and investment plans; electing and replacing directors as well as shareholder representative supervisors and external supervisors, and deciding on the remunerations of directors and supervisors; deliberating on and approving work reports of the Board of Directors and the Board of Supervisors; deliberating on and approving the Bank's annual financial budget plans, final accounts plans, profit distribution plans and loss remedy plans; deliberating on and approving the change of use of raised proceeds; resolving on the Bank's plan for injection or reduction of registered capital; resolving on the Bank's plans for merger, division, splitting, dissolution, liquidation or change in corporate status of the Bank, resolving on the issue of corporate debt securities or other securities as well as the listing thereof; resolving on the purchase of the Bank's ordinary shares according to laws and regulations; amending the Bank's Articles of Association; engaging and dismissing accounting firms for regular mandatory audit of the Bank's financial statements and deciding on their remunerations or the ways to determine their remunerations; deliberating on proposals put forward by shareholders who individually or collectively hold more than 3% of the voting shares of the Bank; deliberating on matters involving major investments, purchase or disposal of major assets within one year that exceed 10% of the audited net asset value of the Bank for the latest reporting period; deliberating on and approving share incentive plans; deciding on or authorizing the Board of Directors to decide on matters relating to the issued preference shares of the Bank, including but not limited to determining whether to repurchase, convert preference shares or pay dividends; deliberating on related party transactions that shall be reviewed and approved by the general meeting pursuant to relevant laws, administrative regulations, ministerial rules and the securities regulatory rules of the places where the Bank's shares are listed; removal of independent directors from office; deliberating on and approving the rules of procedures of the shareholders' general meeting, Board of Directors and Board of Supervisors; and deliberating on other matters that shall be decided by the shareholders general meeting in accordance with relevant laws, administrative regulations, ministerial rules, requirements of the securities regulators at the places where the Bank's shares are listed and relevant provisions of the Bank's Articles of Association.

Annual general meeting

The annual general meeting of the Bank provides an effective communication platform between the shareholders and the Board of Directors. For the convening of an annual general meeting, the Bank shall issue a written notice 20 days prior to the date of the meeting, informing all shareholders on record who are entitled to attend the meeting of the matters to be approved as well as the date and venue of the meeting. Directors, supervisors and the board secretary of the Bank shall attend the annual general meeting, while President and other senior management members of the Bank shall be present at the annual general meeting as non-voting attendees. Directors, supervisors and senior management members of the Bank shall make explanations regarding inquiries and suggestions raised by shareholders at the meeting. Domestic and overseas auditors engaged by the Bank shall also attend the annual general meeting as non-voting delegates and answer questions in relation to external audit, audit reports and their contents, accounting policies and independence of auditors, etc.

Extraordinary general meeting

In accordance with the Bank's Articles of Association, extraordinary general meetings may be convened when proposed by more than 50% and at least two of the independent directors, the Board of Directors or the Board of Supervisors, or upon written request of shareholders that individually or collectively hold more than 10% of the Bank's voting shares (actual numbers of shares shall be calculated as per the shareholdings of the requesting shareholders on the date when such a written request is made). To convene an extraordinary general meeting, a written notice shall be given 15 days prior to the date of the meeting to notify all registered shareholders who are entitled to attend the meeting of the matters to be considered and the date and venue of the meeting.

Submitting proposals to the general meeting

According to the *Company Law of the People's Republic of China*, when the Bank convenes a general meeting, the Board of Directors, the Board of Supervisors and ordinary shareholders (including preference shareholders with restored voting rights) that individually or collectively hold more than 1% of the Bank's shares have the right to submit proposals to the Bank. The content of proposals shall be within the scope of authority of the shareholders' general meeting, shall have a clear subject and specific matters to be resolved, and shall comply with relevant provisions of the laws, administrative regulations and the Bank's Articles of Association. Ordinary shareholders (including preference shareholders with restored voting rights) that individually or collectively hold more than 1% of the Bank's shares may produce their ad hoc proposals and submit them in writing to the convener of the general meeting 10 days prior to the date of the meeting. Within 2 days after the receipt of such proposals, the convener shall issue supplementary notices for the general meeting to announce the contents of the ad hoc proposals and submit such proposals to the general meeting for approval.

Convening of extraordinary meetings of the Board of Directors

Extraordinary meetings of the Board of Directors may be convened when proposed by shareholders that represent more than 10% of the voting rights, more than one third of the directors, or more than 50% or two of the independent directors. The Chairman of the Board of Directors shall convene and preside over an extraordinary meeting of the Board of Directors within 10 days.

Making inquiries to the Board of Directors

Shareholders have the right to supervise and manage the business operations of the Bank, and put forward suggestions or inquiries. Shareholders are entitled to inspect the Bank's Articles of Association, share register, share capital and minutes of general meetings. To make inquiries to the Board of Directors, shareholders may contact the Board of Directors or the Bank via email to ir@citicbank.com or via other contacts as provided on the Bank's website. The Bank has published all of its announcements, press releases and useful company information on its website to improve its information transparency.

3.5.2 Convening of General Meetings

During the reporting period, the Bank convened 2 extraordinary general meetings, 1 annual general meeting, 2 A shareholders class meetings and 2 H shareholders class meetings, where 26 proposals were adopted after deliberation. These meetings were all convened in compliance with the procedures specified in the Bank's Articles of Association. Relevant resolutions of the general meetings and class meetings were disclosed by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

On 11 April 2024, the Bank held the first extraordinary general meeting of 2024, the first A shareholders class meeting of 2024 and the first H shareholders class meeting of 2024 in Beijing. Chairman of the Bank, Mr. Fang Heying presided over the meetings. Other directors, supervisors and the board secretary attended the extraordinary general meeting, A shareholders and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The extraordinary general meeting reviewed and adopted the proposal regarding the extension of the authorization period to the Board of Directors and its authorized person(s) to deal with relevant matters in relation to the Rights Issue. The proposal was also reviewed and approved at the first A shareholders class meeting of 2024 and the first H shareholders class meeting of 2024.

On 20 June 2024, the Bank held the annual general meeting of 2023, the second A shareholders class meeting of 2024 and the second H shareholders class meeting of 2024 in Beijing. Chairman of the Bank Mr. Fang Heying presided over the meetings. Other directors, supervisors and the board secretary attended the annual general meeting and the A and H shareholders class meetings, and some senior management members were present at the meetings as non-voting attendees. The annual general meeting reviewed and adopted 18 proposals namely the 2023 Annual Report, 2023 financial statements, 2023 profit distribution plan, 2024 financial budget plan, shareholder return plan for 2024-2026, report of the use of proceeds from the previous issuance, extension of the effective period of the resolutions in relation to the Rights Issue, engagement of accounting firms and their fees for 2024, special report of related party transactions for 2023, report of the Board of Directors for 2023, report of the Board of Supervisors for 2023, director remuneration policy of the 7th Session of the Board of Directors, supervisor remuneration policy of the 7th Session of the Board of Supervisors, appointment of executive directors of the 7th Session of the Board of Directors, appointment of non-executive directors of the 7th Session of the Board of Directors, appointment of independent directors of the 7th Session of the Board of Directors, appointment of external supervisors of the 7th Session of the Board of Supervisors, appointment of shareholder representative supervisor of the 7th Session of the Board of Supervisors. Among the proposals, the proposal on extension of the effective period of the resolutions in relation to the Rights Issue was also reviewed and approved at the second A shareholders class meeting of 2024 and the second H shareholders class meeting of 2024.

On 20 November 2024, the Bank held the 2nd extraordinary general meeting of 2024 in Beijing. The Chairman of the Bank Mr. Fang Heying presided over the meeting. Some directors, supervisors and the board secretary attended the meeting, and some senior management members were present at the meeting as non-voting attendees. The meeting reviewed and adopted three proposals regarding the 2024 interim profit distribution plan, general authorization to issue capital bonds and general authorization to issue financial bonds.

3.6 Board of Directors

3.6.1 Responsibilities and Members of the Board of Directors

The Board of Directors is the decision-making body of the Bank. As at the disclosure date of this report, the 7th Session of the Board of Directors comprised 9 members, of which more than one third of the total are independent directors. As per the Bank's Articles of Association, the principal responsibilities of the Board of Directors include the following: to convene the general meeting and produce work reports to the general meeting; to implement the resolutions adopted by the general meeting; to determine the development strategies, business plans and investment proposals of the Bank, and supervise the strategy implementation; to prepare the annual financial budget and final accounts of the Bank; to prepare the profit distribution plans and loss remedy plans of the Bank; to determine the plans for major investment, major assets acquisition, disposal and write-off, asset mortgage, data governance, external donations and other major matters of the Bank in accordance with laws, regulations, supervisory provisions and the Bank's Articles of Association or within the scope of authorization of the general meeting; to formulate plans for the issuance of bonds or other securities and the listing; to develop the Bank's capital planning and assume ultimate responsibilities for capital management; to prepare proposals for the amendments to the Bank's Articles of Association; to determine the appointment or dismissal of the President of the Bank and the board secretary and to determine matters relating to their remunerations, awards and punishments; considering the nomination by the President, to determine the appointment or dismissal of the Vice Presidents of the Head Office; in accordance with regulatory requirements, to determine the appointment or dismissal of the Business Directors and other senior management members who shall be appointed by the Board, to determine matters relating to their remunerations, awards and punishments, and to supervise the duty performance by the senior management; to review and establish the basic management rules and internal management structure of the Bank; to request the general meeting to appoint or dismiss the accounting firms for the regular mandatory audit of the Bank's financial statements, etc. The Board of Directors should listen to the opinions of the Bank's Party Committee prior to making decisions on major issues of the Bank.

The Bank has established a comprehensive and standardized policy system and operation mechanism to ensure the independent and standardized operation of the Board of Directors and timely and complete access to independent opinions and comments. Specifically, the standards and procedures for nomination and election of directors are specified in the Bank's Articles of Association and the rules of procedure of special committees of the Board of Directors; directors who have material interests in the matters to be discussed by the Board of Directors shall abstain from voting; the Board of Directors, special committees under the Board of Directors and independent directors shall give full consideration to the opinions of external auditors; independent directors may independently engage intermediaries to audit, consult or review specific matters of the Bank, and reasonable expenses incurred shall be borne by the Bank. It was verified that relevant mechanisms were effectively implemented during the reporting period. In the meantime, the *Management Measures for Information Reporting by the Senior Management to the Board of Directors and the Board of Supervisors of China CITIC Bank Corporation Limited* specifies the form, content and procedures of information reporting by the senior management or relevant departments to the Board of Directors and its special committees, to ensure that the Board of Directors and its special committees can timely and accurately obtain various operational information and make science-based and independent judgments and decisions.

The Board of Directors of the Bank has completed self-assessment of the effectiveness of the design and operation of its internal control. Please refer to "Internal Control Assessment" in this chapter for details.

3.6.1.1 Members of the Board of Directors

Members of the Board of Directors of the Bank as of the disclosure date of this report are listed as follows:

Name	Position	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Fang Heying	Chairman, Executive Director	Male	Jun. 1966	Sep. 2018-Jun. 2027	915,000	1,000,000	–	Yes
Cao Guoqiang	Non-executive Director	Male	Dec. 1964	Sep. 2018-Jun. 2027	0	0	–	Yes
Hu Gang	Executive Director, Vice President, Chief Risk Officer	Male	Mar. 1967	Oct. 2024-Jun. 2027	1,585,000	1,627,000	226.17	No
Huang Fang	Non-executive Director	Female	May 1973	Nov. 2016-Jun. 2027	0	0	–	Yes
Wang Yankang	Non-executive Director	Male	Mar. 1971	Apr. 2021-Jun. 2027	0	0	–	Yes
Liu Tsz Bun Bennett	Independent Non-executive Director	Male	Dec. 1962	Jun. 2022-Jun. 2027	0	0	31.00	No
Zhou Bowen	Independent Non-executive Director	Male	Oct. 1976	Aug. 2023-Jun. 2027	0	0	27.00	No
Wang Huacheng	Independent Non-executive Director	Male	Jan. 1963	Oct. 2023-Jun. 2027	0	0	30.00	No
Song Fangxiu	Independent Non-executive Director	Female	Apr. 1976	Oct. 2023-Jun. 2027	0	0	28.00	No
Non-incumbent Member								
Liu Cheng	Executive Director, President	Male	Dec. 1967	Mar. 2022-Feb. 2025	624,000	624,000	274.59	No

Notes: (1) The commencement of the terms of office of the re-elected directors listed above is the time of their respective initial appointment.

(2) The final remunerations of the directors who receive remunerations from the Bank are still undergoing confirmation, and the remaining amounts will be disclosed upon completion of the confirmation process.

(3) The non-executive directors (not including independent non-executive directors) receive no remuneration for director from the Bank.

(4) Changes in shareholdings of directors, supervisors and senior management members of the Bank during the reporting period listed in Chapter 3 of this report were all attributed to share purchase in the secondary market. All of them held the Bank's ordinary H shares, except that Mr. Wang Kang held 16,800 ordinary A shares of the Bank.

The Board of Directors developed the *Policy on Diversity of Board Members*, and the Bank believes that the diversity of the Board members helps improve the operation quality of the Bank and is the key factor for the Bank to achieve its strategic objectives, maintain its competitive advantages and realize sustainable development. In designing the composition of its Board of Directors, the Bank will consider the diversity of Board members from various aspects, including but not limited to talent, skills, expertise, industry and professional experience, cultural and educational background, gender, age and race. The Nomination and Remuneration Committee of the Board of Directors supervises the implementation of the *Policy on Diversity of Board Members* every year. As at the disclosure date of this report, the current session of the Board of Directors consists of 9 members, including 2 executive directors, 3 non-executive directors and 4 independent non-executive directors, covering different gender, age, cultural and educational backgrounds and professional experiences. Two of the directors are female, accounting for 22% of the total. All of these make the Bank meet the requirement of diversity.

The Bank's current director nomination policy and the *Policy on Diversity of Board Members* ensure that potential successor candidates are available to maintain the existing gender diversity of the Board. In the future, the Bank will fully consider the composition of candidates for directors in the selection of directors in accordance with the requirements of the board diversity policy, and further enhance the diversity of Board members.

As at the end of the reporting period, none of the incumbent directors or directors resigned during the reporting period was subject to penalties imposed by the securities regulatory authorities in the past three years.

3.6.1.2 Positions Held by Directors at Shareholders

Name	Shareholder	Position	Term of office
Fang Heying	CITIC Group	Party committee member	Since Nov. 2020
		Deputy General Manager	Since Dec. 2020
	CITIC Limited	Deputy General Manager Member of the Executive Committee	Since Dec. 2020
	CITIC Corporation Limited	Deputy General Manager	Since Dec. 2020
Cao Guoqiang	CITIC Financial Holdings	Director	Since Mar. 2022
		General Manager (in charge of finance)	Since May 2023
Wang Yankang	State Tobacco Monopoly Administration	Chief of State-owned Assets Management Division of the Financial Management and Supervision Department (Audit Department)	Since Aug. 2016

3.6.1.3 Positions Held by Directors at Organizations Other Than Shareholders

Name	Name of Organization	Position
Hu Gang	CITIC Bank International Limited	Director
Huang Fang	Zhejiang Xinhu Group Co., Ltd.	Director
Liu Tsz Bun Bennett	Hong Kong Business Accountants Association	Honorary Consultant
	Shenzhen WeBank Co., Ltd.	Independent Director
	Ping An Life Insurance Company of China, Ltd.	Independent Director
	China Vanke Co., Ltd.	Independent Director
	China Petroleum & Chemical Corporation	Independent Director
Zhou Bowen	Tsinghua University	Long-tenured professor at the Department of Electronic Engineering
		Professor of Huiyan Symposium
	Shanghai Artificial Intelligence Laboratory	Director and chief scientist
Wang Huacheng	Renmin University of China	Professor and PhD supervisor at the Department of Finance of Renmin Business School
	China National MPAcc Education Steering Committee	Deputy Director
	Accounting Society of China	Vice Chairman
	Cost Research Society of China	Vice Chairman
	Tsinghua Tongfang Co., Ltd.	Independent Director
	Wanhua Chemical Group Co., Ltd.	Independent Director
	Beijing Capital International Airport Company Limited	Independent Director
Song Fangxiu	Peking University	Deputy Secretary of the Party Committee of the School of Economics, Professor and PhD supervisor at the Department of Finance
		Director of China Center for Financial and Investment Research
	China Silver Group Limited	Independent director

3.6.1.3 Resumes of Directors

Mr. Fang Heying

Chinese Nationality

Secretary of the Party committee, Chairman and executive director of the Bank. Mr. Fang has served as deputy general manager of CITIC Group Corporation, deputy general manager and member of the executive committee of CITIC Limited, and deputy general manager of CITIC Corporation Limited since December 2020, and as a Party committee member of CITIC Group Corporation Limited since November 2020. Mr. Fang served as President of the Bank from March 2019 to April 2023. Prior to that, Mr. Fang was president of the Bank's Suzhou Branch, president of the Bank's Hangzhou Branch, and head of the Bank's financial markets business, vice president and Chief Financial Officer of the Bank. Before that, he was a teacher at Zhejiang Banking School, assistant general manager of the credit department of the experimental urban credit cooperative of Zhejiang Banking School. Mr. Fang has more than 30 years of experience in the Chinese banking industry. He graduated from Hunan College of Finance and Economics (currently Hunan University) and attained with a master's degree in business administration for senior management member from Peking University. He is a senior economist with full professorship.

Mr. Cao Guoqiang

Chinese Nationality

Non-executive director of the Bank. Mr. Cao has served as director of CITIC Financial Holdings since March 2022 and general manager (in charge of finance) of CITIC Financial Holdings since May 2023. Mr. Cao used to be a deputy chief staff member and deputy section chief of the planning and treasury division of the PBOC Shaanxi branch; assistant general manager, deputy general manager and general manager of the planning and treasury department at the Head Office of China Merchants Bank Co., Ltd. (CMB); general manager of the Budget and Finance Department of the Head Office, Party Committee member, assistant president, vice president and chairman of the Board of Supervisors of the Bank; general manager of the Finance Department of CITIC Group Corporation Limited; chief financial officer of CITIC Limited; and director and deputy general manager (in charge of finance, acting on behalf of general manager) of CITIC Financial Holdings. Mr. Cao has over 30 years' experience in the Chinese banking industry. He graduated from Hunan College of Finance and Economics (currently Hunan University) with a bachelor's degree in monetary banking and obtained his master's degree in monetary banking from Shaanxi College of Finance and Economics (currently Xi'an Jiaotong University). He is a senior economist.

Mr. Hu Gang

Chinese Nationality

Party Committee member, executive director, Vice President and Chief Risk Officer of the Bank. Mr. Hu concurrently serves as a director of CITIC Bank International Limited. He used to be deputy head of the preparatory team for the establishment of the Bank's Changsha Branch, Party committee member and vice president of Changsha Branch; Party committee member, vice president, secretary of Party committee and president of the Bank's Chongqing Branch; secretary of Party committee and president of the Bank's Shanghai Branch; Chief Risk Officer and head of the wholesale business of the Bank. Prior to that, he successively worked for the Political Department of Hunan Provincial Procuratorate, and served as deputy section chief at the Personnel Department of Hunan Provincial Party Committee Office, Assistant General Manager and General Manager of Beihaixiang Properties Development Company, vice chairman of Hongdu Enterprise Company (both affiliated to Hunan Zhongli Industrial Group Co., Ltd.) and chairman of Changsha Xiangcai Urban Credit Cooperative in Hunan Province. Mr. Hu has nearly 30 years of experience in the Chinese banking industry. He graduated from Hunan University with a doctoral degree in economics and is a senior economist.

Ms. Huang Fang

Chinese Nationality

Non-executive director of the Bank. Ms. Huang has served as a director of Zhejiang Xinhu Group Co., Ltd. since August 2013. Previously, Ms. Huang worked at Agricultural Bank of China (ABC) where she successively served as deputy general manager of the international business department at the Zhejiang Provincial Branch business department, vice president (presiding) of Hangzhou Baojiao sub-branch, deputy general manager of the corporate banking unit at the Zhejiang Provincial Branch business department, deputy general manager (presiding) and general manager of the personal finance unit at the Zhejiang Provincial Branch business department; and was vice president and chief financial officer of Xinhu Holdings Limited, a director of Xinhu Zhongbao Co., Ltd., and vice president and chief financial officer of Zhejiang Xinhu Group Co., Ltd. Ms. Huang graduated from Zhejiang University with a bachelor's degree in law. She is an intermediate economist.

Mr. Wang Yankang

Chinese Nationality

Non-executive director of the Bank. Mr. Wang has served as chief of State-owned Assets Management Division of the Financial Management and Supervision Department (Audit Department) of the State Tobacco Monopoly Administration since August 2016. Previously, he worked at the Financial Management and Supervision Department (Audit Department) of the State Tobacco Monopoly Administration where he successively served as cadre, deputy chief staff member, and chief staff member of the Audit Division; deputy chief of the First Audit Division; deputy chief of the State- owned Assets Management Division; and consultant and deputy chief of the State-owned Assets Management Division. He was once temporarily appointed as the deputy county chief of Yunxi County, Hubei Province. Prior to that, Mr. Wang worked at the Finance Department of Tsinghua University and was assigned by the National Audit Office to the Audit Bureau of the State Tobacco Monopoly Administration. Mr. Wang graduated from Renmin University of China with a bachelor's degree in accounting, and obtained a master's degree in accounting from Beijing Technology and Business University. He is a senior accountant.

Mr. Liu Tsz Bun Bennett

Chinese Nationality (Hong Kong)

Independent non-executive director of the Bank. Mr. Liu is now an honorary consultant of the Hong Kong Business Accountants Association, and an independent director of Shenzhen WeBank Co., Ltd., Ping An Life Insurance Company of China,Ltd., China Vanke Co., Ltd. and China Petroleum & Chemical Corporation. He used to be an accounting consulting expert of the Ministry of Finance of China and a Hong Kong member of the 14th session of Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Liu had served as a managing partner of audit of KPMG Huazhen LLP China, a managing partner of audit of KPMG Asia Pacific, a chairman of KPMG China and a senior advisor of KPMG Hong Kong. Mr. Liu graduated from the London School of Economics and Political Science with a bachelor's degree in economics. He has the chartered accountant qualification in England and Wales as well as the Hong Kong Institute of Certified Public Accountants senior fellowship.

Mr. Zhou Bowen

American Nationality

Independent non-executive director of the Bank. Mr. Zhou is an IEEE Fellow/CAAI Fellow, has been a long-tenured professor at the Department of Electronic Engineering and a professor of Huiyan Symposium of Tsinghua University since May 2022, and has served as director and chief scientist of Shanghai Artificial Intelligence Laboratory since April 2024. Previously, he was the President of the Basic Research Institute of Artificial Intelligence at IBM's headquarters in New York, USA, Chief Scientist of IBM Watson, and IBM Distinguished Engineer from March 2003 to September 2017; Vice President and Senior Vice President of JD.com, Inc., Chairman of Technology Committee of JD.com, Inc., President of JD Cloud & AI, and President of JD AI Research Institute from September 2017 to November 2021; Director of Kingdee International Software Group Co. Ltd. from March 2020 to December 2021; and he founded Beijing Xianyuan Technology Co., Ltd. in December 2021. Graduated from the University of Colorado with a doctorate degree in electronic and computer engineering, Mr. Zhou has been engaged in AI basic theory and cutting-edge technology research for more than 20 years. He has long-time academic research experience in the new generation of information technology represented by artificial intelligence, and accumulated an abundance of hands-on experience in the field of Internet.

Mr. Wang Huacheng

Chinese Nationality

Independent non-executive director of the Bank. He currently serves as a professor and PhD supervisor at the Department of Finance of Renmin Business School. He is one of the first batch of outstanding scholars (Post-A professor) appointed by Renmin University of China, a state-level famous teacher, the deputy director of the China National MPAcc Education Steering Committee, Vice Chairman of Accounting Society of China, Vice Chairman of Cost Research Society of China, and an independent director of Tsinghua Tongfang Co., Ltd., Wanhua Chemical Group Co., Ltd. and Beijing Capital International Airport Company Limited. The positions he previously held include Deputy Director of Accounting Department and Deputy Dean of the business school at Renmin University of China as well as an independent director of many companies such as Huatai Securities Co., Ltd., E Fund Management Co., Ltd., China Railway Construction Corporation Limited, BOE Technology Group Co., Ltd., Hua Xia Bank Co., Ltd., China Great Wall Securities Co., Ltd., etc. Graduated from Renmin University of China with a doctorate degree in management (majoring in accounting), Mr. Wang has abundant research achievements and extensive experience in fiscal, accounting, and financial fields.

Ms. Song Fangxiu

Chinese Nationality

Independent non-executive director of the Bank. She is currently deputy secretary of the Party Committee of the School of Economics, professor and PhD supervisor at the Department of Finance, director of the China Center for Financial and Investment Research, Peking University and independent director of China Silver Group Limited. Ms. Song has been teaching at the School of Economics, Peking University since 2003. She once worked as lecturer, associate professor, Party Committee member of the School of Economics, deputy director of the Department of Finance and assistant to the dean of the School of Economics. From 2006 to 2007, Ms. Song was a visiting scholar at the University of Minnesota. Ms. Song graduated from the Department of Finance of the School of Economics, Peking University with a doctoral degree. Her research focuses on monetary theories and policies, international finance and asset pricing. She published more than 50 academic papers on key journals of economics, books such as *Asset Allocation Mechanisms and Interest Rate Liberalization in China's Transition Economy and Comparison of Currency Internationalization Between China and the United States* and a number translated books. She hosted three provincial or ministerial level research subjects in the National Social Science Fund Project and the Beijing Philosophy and Social Science Project and participated in a number of national and provincial level research subjects.

3.6.1.4 Appointment, Resignation and Dismissal of Directors

As the term of office of the 6th Session of the Board of Directors of the Bank expired in June 2024, the 2023 Annual General Meeting of the Bank appointed members of the 7th Session of the Board of Directors on 20 June 2024. It appointed Mr. Fang Heying, Mr. Liu Cheng and Mr. Hu Gang as executive directors of the 7th Session of the Board of Directors, Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wang Yankang as non-executive directors of the 7th Session of the Board of Directors, and Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen, Mr. Wang Huacheng and Ms. Song Fangxiu as independent directors of the 7th Session of the Board of Directors of the Bank. Among the directors, Mr. Hu Gang was appointed as a new director with term of office commencing from the date on which his qualification was approved by the regulatory authorities, and other directors were re-appointed with their terms of office commencing from 20 June 2024.

On 20 June 2024, the first meeting of the 7th Session of the Board of Directors of the Bank reviewed and approved relevant proposals, and appointed Mr. Fang Heying as Chairman of the 7th Session of the Board of Directors of the Bank, who took office on 20 June 2024.

On 28 October 2024, Mr. Hu Gang officially assumed as executive director of the Bank as approved by the NFRA. Prior to his formal appointment, Mr. Hu Gang obtained a legal opinion as referred to in Rule 3.09D of the Hong Kong Listing Rules on 5 August 2024, and confirmed that he understood his responsibilities as a director of a listed issuer.

On 20 November 2024, the Board of Directors of the Bank considered and approved relevant proposal, approving the nomination of Mr. Fu Yamin as a candidate for non-executive director of the 7th Session of the Board of Directors by Summit Idea Limited and submitted relevant proposal to the general meeting of the Bank for consideration. On 25 March 2025, the 1st Extraordinary General Meeting of 2025 of the Bank elected Mr. Fu Yamin as a non-executive director of the 7th Session of the Board of Directors of the Bank. Mr. Fu Yamin will take office on the date when his qualification is approved by the regulatory authorities.

On 20 February 2025, due to change of work arrangements, Mr. Liu Cheng resigned from the positions including executive director, chairman of the Risk Management Committee of the Board of Directors and member of the Strategic and Sustainable Development Committee of the Board of Directors of the Bank. The resignation of Mr. Liu Cheng took effect on 20 February 2025.

On 20 February 2025, the Board of Directors of the Bank considered and approved relevant proposal, approving the nomination of Mr. Lu Wei as a candidate for executive director of the 7th Session of the Board of Directors of the Bank and submitted relevant proposal to the general meeting of the Bank for consideration. On 25 March 2025, the 1st Extraordinary General Meeting of 2025 of the Bank elected Mr. Lu Wei as an executive director of the 7th Session of the Board of Directors of the Bank. Mr. Lu Wei will take office on the date when his qualification is approved by the regulatory authorities

3.6.2 Information on Work of the Board of Directors

During the reporting period, the Board of Directors convened 11 meetings (including 10 on-site meetings and 1 meeting via written resolutions)[42]. At the meetings, the Board of Directors deliberated and adopted 101 proposals, including the *Development Plan for 2024-2026 of China CITIC Bank, 2023 Annual Report of China CITIC Bank Corporation Limited, 2023 Profit Distribution Plan of China CITIC Bank Corporation Limited, 2024 Business Plan of China CITIC Bank Corporation Limited, 2024 Financial Budget Plan of China CITIC Bank Corporation Limited, 2023 Sustainable Development Report of China CITIC Bank Corporation Limited, 2024 Audit Project Plan of China CITIC Bank, Report for the First Quarter of 2024 of China CITIC Bank Corporation Limited, 2024 Interim Report of China CITIC Bank Corporation Limited, 2024 Interim Profit Distribution Plan of China CITIC Bank Corporation Limited, Report for the Third Quarter of 2024 of China CITIC Bank Corporation Limited*, and re-election of the Board of Directors etc. In addition, the Board of Directors listened to 45 presentations respectively regarding the reports on operating results of the Bank in 2023 and each quarter of 2024, reports on comprehensive risk management in 2023 and each quarter of 2024, reports on internal control & compliance and anti-money laundering in 2023 and the first half year of 2024, report on outsourcing risk assessment in 2023, innovations of the Bank in 2023, the Bank's problems notified by regulators and rectification plan for 2023, regulatory rating and rectification of information technology in 2023, report on audit work in 2024, report on inclusive finance and rural revitalization work, etc. In accordance with regulatory requirements and the Bank's Articles of Association, relevant significant events were all submitted to the on-site Board meetings for deliberation. Matters necessary to be passed by written resolutions and eligible for the same as per laws, regulations and the Bank's Articles of Association were deliberated and passed by written resolutions.

42 During the reporting period, the Board of Directors held meetings on 19 January, 20 March, 21 March, 29 April, 23 May, 20 June, 28 August, 19 September, 30 October, 20 November and 27 December 2024 respectively.

The resolutions of the Board have been published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com).

The attendance records of the directors of the Bank at the Board meetings in the reporting period are set out in the table below:

Directors	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure	Attendance of general meetings/number of meetings during his or her tenure
Fang Heying	10/11	1/11	7/7
Cao Guoqiang	9/11	2/11	7/7
Hu Gang	3/3	0/3	1/1
Huang Fang	11/11	0/11	7/7
Wang Yankang	11/11	0/11	7/7
Liu Tsz Bun Bennett	11/11	0/11	7/7
Zhou Bowen	10/11	1/11	6/7
Wang Huacheng	11/11	0/11	7/7
Song Fangxiu	10/11	1/11	7/7
Non-incumbent Member			
Liu Cheng	11/11	0/11	7/7

During the reporting period, none of the Bank's directors raised any objection to the resolutions of the Board of Directors or its special committees of the Bank. During the meetings and the periods when the meetings were not in session, directors of the Bank put forward numbers of advice and suggestions, which were all adopted or responded to by the Bank.

The Nomination and Remuneration Committee under the Bank's Board of Directors examined the qualifications of the nominated directors in terms of their independence, expertise, experience and competence, to ensure the Board of Directors to work efficiently and make scientific decisions.

3.6.3 Special Committees under the Board of Directors

There are 5 special committees under the Board of Directors, namely the Strategic and Sustainable Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Rights Protection Committee.

3.6.3.1 Strategic and Sustainable Development Committee

As at the end of the reporting period, the Strategic and Sustainable Development Committee of the Board of Directors of the Bank comprised 4 directors, with the Chairman and executive director Mr. Fang Heying as committee chairman, and non-executive director Mr. Cao Guoqiang, then executive director Mr. Liu Cheng and independent non-executive director Mr. Zhou Bowen as committee members. Its principal responsibilities include: to study the Bank's operation and management targets, long-term development strategies, and special strategic development plans respectively regarding human resources, information technology development and other areas, and make recommendations thereon to the Board of Directors; to study proposals on major cooperation, investment, financing, and merger and acquisition, and make recommendations thereon to the Board of Directors; to study annual financial budget and final accounts plan, and make recommendations thereon to the Board of Directors; to supervise and examine the implementation of annual business plans and investment proposals; to coordinate and promote the ESG system building, review the ESG-related work reports, and press ahead with the implementation of other ESG-related work as required by regulatory authorities; and to promote the implementation of work related to the Five Priorities in finance of the Bank.

During the reporting period, the Strategic and Sustainable Development Committee convened 8 meetings[43] in total. At the meetings, it deliberated and adopted 21 proposals, including the 2023 profit distribution plan, 2024 business plan, report on equity management of substantial shareholder and major shareholders in 2023, 2023 sustainable development report, 2024 work plan of the Strategic and Sustainable Development Committee of the Board of Directors, election of the chairman of the Strategic and Sustainable Development Committee of the 7th Session of the Board of Directors, 2024 interim profit distribution plan, dividend distribution plan for preference shares of China CITIC Bank for 2024, and capital plan for 2024-2028 of China CITIC Bank, etc. In addition, it listened to 2 presentations regarding the evaluation report on plan implementation in 2021-2023, and the report on inclusive finance and rural revitalization work, and put forward suggestions on the implementation of strategic planning, inclusive finance, capital management and ESG management, among others.

The attendance records of the Strategic and Sustainable Development Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Fang Heying	8/8	0/8
Cao Guoqiang	7/8	1/8
Zhou Bowen	8/8	0/8
Non-incumbent Member		
Liu Cheng	8/8	0/8

3.6.3.2 Audit and Related Party Transactions Control Committee

As at the end of the reporting period, the Audit and Related Party Transactions Control Committee of the Board of Directors of the Bank comprised 3 directors, with independent non-executive director Mr. Liu Tsz Bun Bennett as chairman, and independent non-executive directors Mr. Wang Huacheng and Ms. Song Fangxiu as members. The principal responsibilities of the committee include the following: to inspect the risk profile and compliance status, accounting policies and practices, financial reporting procedures and financial position of the Bank; to supervise and evaluate the Bank's internal control; to take charge of the Bank's annual audit-related work; to supervise and evaluate the internal audit work; to make recommendations to the Board of Directors on the engagement, re-engagement or replacement of external auditors; to propose the appointment or dismissal of the chief financial officer to the Board of Directors; to study the regulations on related party transactions, and make recommendations thereon to the Board of Directors; and to make preliminary review of the related party transactions subject to approval by the Board of Directors, and submit them to the Board of Directors for approval.

During the reporting period, the Audit and Related Party Transactions Control Committee convened 10 meetings[44] in total, where it deliberated and adopted 28 proposals including 2023 Annual Report, Report for the First Quarter of 2024, 2024 Interim Report, Report for the Third Quarter of 2024, special report of related party transactions for 2023, report on internal control assessment in 2023, proposals on related party transactions, 2024 work plan of the Audit and Related Party Transactions Control Committee of the Board of Directors, engagement of accounting firms for 2024 and relevant fees etc. It also listened to 10 presentations regarding the reports on operating results of the Bank in 2023 and each quarter of 2024, reports on internal control & compliance and anti-money laundering in 2023 and the first half year of 2024, etc., and put forward suggestions on internal control compliance, internal and external audits, related party transactions management, etc., proactively performing its role in supervision.

43 During the reporting period, the Strategic and Sustainable Development Committee held meetings on 19 January, 20 March, 21 March, 20 June, 28 August, 30 October, 20 November and 27 December 2024 respectively.

44 During the reporting period, the Audit and Related Party Transactions Control Committee held meetings on 19 January, 30 January, 19 March, 28 April, 22 May, 19 June, 27 August, 28 October, 26 December and 30 December 2024 respectively.

The attendance records of the Audit and Related Party Transactions Control Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Liu Tsz Bun Bennett	10/10	0/10
Wang Huacheng	10/10	0/10
Song Fangxiu	9/10	1/10

During the preparation and audit of the Bank's 2024 Annual Report, the members of Audit and Related Party Transactions Control Committee reviewed the audit time frame and progress schedule of the external auditors, tracked audit progress, priorities and initial conclusions, etc., and checked on and supervised external auditors' work by means including listening to presentations and arranging symposiums. The committee reviewed the Bank's financial statements twice. In addition, the committee carried out multiple rounds of adequate communication with the CPAs responsible for the annual audit. The Audit and Related Party Transactions Control Committee convened a meeting on 21 March 2025, and was of the opinion that the financial statements of the Bank gave a true, accurate and fair view of the overall situation of the Bank. The Audit and Related Party Transaction Control Committee reviewed the external auditor's summary report on annual audit and comprehensively and objectively assessed the performance and professionalism of the annual audit assignment.

3.6.3.3 Risk Management Committee

As at the end of the reporting period, the Risk Management Committee of the Board of Directors of the Bank comprised 4 directors, with the then executive director Mr. Liu Cheng as chairman, and executive director Mr. Hu Gang and independent non-executive directors Mr. Liu Tsz Bun Bennett and Mr. Wang Huacheng as members. The principal responsibilities of the committee include the following: to supervise the senior management's controls of credit risk, liquidity risk, market risk, interest rate risk in the banking book, operational risk, compliance risk, money laundering risk, reputational risk, etc.; to evaluate risk preference, policies on management of liquidity risk, market risk, interest rate risk in the banking book, operational risk, compliance risk, money laundering risk and reputational risk, lawfulness and compliance of business operation, fraud prevention management, risk management profile and risk tolerance of the Bank on a regular basis, and to advise the Board of Directors on how to improve risk management and internal control of the Bank; to review the proposals on risk management submitted to the Board of Directors for review according to the Bank's overall strategies, and make recommendations thereon to the Board of Directors.

During the reporting period, the Risk Management Committee convened 7 meetings[45]. At the meetings, it deliberated and adopted 25 proposals, including the *2023 Report on Assessment of Internal Capital Adequacy, the 2023 Report on Management of Capital Adequacy Ratios*, the third pillar information disclosure report for each quarter of 2024, matters relating to the implementation of expected credit loss model, the 2024 Work Plan of the Risk Management Committee of the Board of Directors, the 2024 Risk Preference Statement and its amendment, and the election of chairman of the Risk Management Committee of the 7th Session of the Board of Directors of the Bank. It also listened to 22 presentations regarding the reports on comprehensive risk management in 2023 and each quarter of 2024, the work report on disposal of non-performing assets in 2023 and the work report on reputational risk management in 2023, etc. and put forward suggestions on strengthening the research and analysis of risk profile, enhancing concentration risk management, and improving the risk management of overseas institutions, etc.

[45] During the reporting period, the Risk Management Committee held meetings on 19 March, 28 April, 19 June, 20 June, 27 August, 28 October and 26 December 2024 respectively.

The attendance records of the Risk Management Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Hu Gang	1/1	0/1
Liu Tsz Bun Bennett	7/7	0/7
Wang Huacheng	7/7	0/7
Non-incumbent Member		
Liu Cheng	7/7	0/7

3.6.3.4 Nomination and Remuneration Committee

As at the end of the reporting period, the Nomination and Remuneration Committee of the Board of Directors of the Bank comprised 4 directors, with independent non-executive director Mr. Wang Huacheng as chairman, and independent non-executive directors Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen and Ms. Song Fangxiu as members. The principal responsibilities of the Nomination and Remuneration Committee are the following: to formulate the procedures and standards for selecting and appointing directors and senior management members that are appointed or removed by the Board of Directors, to select and review the qualifications of the candidates for directors and senior management members that are appointed or removed by the Board of Directors and make recommendations to the Board of Directors on the nomination or removal of directors and the appointment or removal of senior management members; to advise the Board of Directors on independent non-executive director candidates, and to review the qualifications of the nominated candidates for independent non-executive directors in terms of independence, expertise, experience and ability; to review the structure, size and composition (including skills, knowledge and experience) of the Board of Directors at least annually and assess the independence of independent non-executive directors, and make recommendations on any proposed changes to the Board of Directors in line with the Bank's development strategy; to formulate policies concerning diversity of Board members and promote the diversity of Board members, including but not limited to the diversity of gender, age, culture, educational background and professional experience; to deliberate the remuneration management rules and policies of the Bank, to formulate the performance evaluation measures for directors and senior management members and conduct the evaluation, to draft and review the remuneration policy and schemes for directors and senior management members, and to make recommendations on the remuneration schemes to the Board of Directors and supervise the implementation of such schemes.

During the reporting period, the Nomination and Remuneration Committee convened 7 meetings[46]. At the meetings, it deliberated and adopted 21 proposals, including the Report of the Board of Directors on the Duty Performance of Directors in 2023, nomination of candidate for director of the 7th Session of the Board of Directors, nomination of members of special committees of the 7th Session of the Board of Directors, appointment of the senior management member, formulation of the *Basic Regulations on Employee Salary Distribution of China CITIC Bank Corporation Limited*, and revision of the *Management Measures for Recourse and Reduction of Performance-based Remuneration of China CITIC Bank Corporation Limited* etc. and put forward suggestions on qualifications of candidates for directors and senior management members, remuneration management etc.

The Nomination and Remuneration Committee of the Board of Directors when reviewing candidates for directors and making advice to the Board of Directors, takes account of objective conditions properly considering the benefits of diversity in all aspects of Board members, and comprehensively weighing talent, skills, expertise, experience, cultural and educational background of Board members. At any given time, the Nomination and Remuneration Committee may recommend the Board of Directors to improve its diversity in one or multiple aspects, so as to maintain an appropriate and balanced composition of the Board of Directors and adapt to the business development of the Bank.

46 During the reporting period, the Nomination and Remuneration Committee held meetings on 19 March, 28 April, 22 May, 20 June, 19 September, 28 October and 26 December 2024 respectively.

The attendance records of the Nomination and Remunerations Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Wang Huacheng	7/7	0/7
Liu Tsz Bun Bennett	7/7	0/7
Zhou Bowen	5/7	2/7
Song Fangxiu	7/7	0/7

During the reporting period, the Nomination and Remuneration Committee performed the nomination procedure for directors and senior management members in line with its rules of procedures, including: reviewing the qualifications of the nominated candidates for directors and senior management members in terms of their independence, expertise, experiences and capabilities; reviewing the structure, size and composition of the Board of Directors (including skills, knowledge and experience) at least on an annual basis; and making recommendations on any proposed changes regarding the Board of Directors commensurate with the Bank's development strategy.

3.6.3.5 Consumer Rights Protection Committee

As at the end of the reporting period, the Consumer Rights Protection Committee of the Board of Directors of the Bank comprised 5 directors, with non-executive director Ms. Huang Fang as chairperson, and non-executive director Mr. Wang Yankang and independent non-executive directors Mr. Liu Tsz Bun Bennett, Mr. Zhou Bowen and Ms. Song Fangxiu as members. The principal responsibilities of the committee include the following: to submit the consumer rights protection work report and annual report to the Board of Directors, carry out relevant work as authorized by the Board of Directors, discuss and decide on relevant matters, and study major issues and important policies on consumer rights protection; to formulate the Bank's strategies, policies and objectives on consumer rights protection work; to guide and supervise the establishment and improvement of consumer rights protection management policy system; to urge the senior management and the consumer rights protection department to effectively implement and practice relevant work of consumer rights protection; to review the work reports of the senior management and the consumer rights protection department, study the audit reports, regulatory circulars and internal assessment results relating to the annual consumer protection work, and urge the senior management and relevant departments to timely correct problems identified in the rectification.

During the reporting period, the Consumer Rights Protection Committee convened 4 meetings[47]. At the meetings, it deliberated and adopted 4 proposals concerning the 2024 Work Plan of the Consumer Rights Protection Committee under the Board of Directors, election of the chairman of the Consumer Rights Protection Committee of the 7th Session of the Board of Directors etc., listened to 1 presentation regarding the 2023 work report on and 2024 work plan for consumer rights protection work, and put forward suggestions on enhancing the consumer protection capabilities, etc.

47 During the reporting period, the Consumer Rights Protection Committee held meetings on 19 March, 20 June, 27 August and 28 October 2024 respectively.

The attendance records of the Consumer Rights Protection Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Huang Fang	4/4	0/4
Wang Yankang	4/4	0/4
Liu Tsz Bun Bennett	4/4	0/4
Zhou Bowen	2/4	2/4
Song Fangxiu	4/4	0/4

3.6.4 Independence of Independent Non-Executive Directors and Their Performance of Duties

The independent non-executive directors of the Bank had no business or financial interests in the Bank or its subsidiaries, nor did they assume any managerial positions in the Bank. Therefore, their independence was well assured. The Bank has received annual confirmation from each independent non-executive director confirming his/her independence and recognized his/her independence as such.

The Nomination and Remuneration Committee of the Board of Directors reviews the implementation and effectiveness of relevant mechanisms every year. After considering the following factors, the Nomination and Remuneration Committee considered that the Bank maintained an effective mechanism to ensure the Board of Directors can obtain independent opinions and comments:

- The Board of Directors had four independent non-executive directors, accounting for more than one third of members of the Board of Directors. The chairmen of the Audit and Related Party Transactions Control Committee and the Nomination and Remuneration Committee of the Board of Directors are all independent non-executive directors, and all of their members are independent non-executive directors. As at the end of the reporting period, half of members of the Risk Management Committee of the Board of Directors are independent non-executive directors.

- When reviewing the qualifications of proposed independent non-executive directors, the Nomination and Remuneration Committee of the Board of Directors shall fully consider their independence.

- The Chairman held an annual meeting with all independent non-executive directors without the presence of other directors, and listened to their independent opinions on the Bank's corporate governance and operation management.

- The Bank has established a special meeting mechanism for independent non-executive directors to ensure that independent non-executive directors can study and discuss matters of the Bank when necessary.

- In daily work, the Bank provided effective channels for independent non-executive directors to know about the Bank's operation, and organized business departments to fully communicate with independent non-executive directors according to the latter's reasonable requirements.

The independent non-executive directors of the Bank effectively performed their duties by attending the general meetings as well as meetings of the Board of Directors and its special committees, reviewing reference information submitted by senior management and actively expressing their opinions. They also enhanced their understanding of the business development of the Bank and its affiliates by multiple means including field surveys and symposiums. During the reporting period, each of the independent non-executive directors of the Bank worked not less than 15 business days at the Bank.

The independent non-executive directors of the Bank highly valued and continuously enhanced their own capacity for duty performance. Prior to each Board meeting, they communicated with the management of the Bank on relevant agenda items. They also participated in various training sessions organized by the regulators and listened to reports on relevant policies of the Bank to understand regulatory requirements and trends, deepen their understanding of regulatory policies, and improve their capacity for performance of duties.

According to the *Regulations of China CITIC Bank Corporation Limited on the Work of the Independent Directors in Relation to the Annual Report*, the independent non-executive directors of the Bank communicated with the auditors and fully performed their role of independent supervision. During the reporting period, the independent non-executive directors did not raise any objections to the proposals of either the Board of Directors or its special committees.

The independent non-executive directors of the Bank put forward relevant comments and suggestions regarding the Bank's operation and management, business development, strategic planning, profit distribution, risk management and related party transactions, etc. The Bank attached great importance to such inputs and implemented them in the light of its actual situations. For information regarding the attendance of the independent non-executive directors at general meetings and the Board meetings during the reporting period, please refer to "Information on Work of the Board of Directors" in this chapter.

3.6.5 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Bank has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* (the "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules and has complied with Rules 13.67 and 19A.07B of the Hong Kong Listing Rules to regulate the securities transactions of its directors and supervisors. All the directors and supervisors were consulted specifically for this matter, and all of them confirmed that they had strictly complied with the relevant provisions of the Model Code throughout the reporting period.

3.6.6 Responsibility Statement of the Directors on the Financial Statements

The following statement, which sets out the responsibility of the directors to the financial statements, should be read in conjunction with, but distinguished in understanding from, the review opinions as set out in the auditor's report contained in this annual report.

The directors acknowledge that they are responsible for preparing the financial statements of the Bank that give a true view of the operating results of the Bank for each financial year. The directors are not aware of any events or conditions that could have material adverse impact on the Bank's operation as a going concern.

3.7 Board of Supervisors

3.7.1 Responsibilities and Members of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank accountable to the general meeting. The principal responsibilities of the Board of Supervisors of the Bank include the following: to supervise and inspect the development strategies, financial activities, business decision-making, internal control, risk management, remuneration management, etc. of the Bank; to guide and supervise the internal audit of the Bank; and to supervise and assess the duty performance and due diligence of the Board of Directors, the senior management and their members; among others.

3.7.1.1 Members of the Board of Supervisors

Members of the Board of Supervisors of the Bank as of the disclosure date of this report are listed as follows:

Name	Position	Gender	Date of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Wei Guobin	External Supervisor	Male	Mar. 1959	May 2020-May 2026	0	0	26.00	No
Sun Qixiang	External Supervisor	Female	Sep. 1956	Jun. 2021-Jun. 2027	0	0	26.00	No
Li Rong	Shareholder Representative Supervisor	Female	Apr. 1968	Jan. 2021-Jun. 2027	364,000	364,000	158.61	No
Cheng Pusheng	Employee Representative Supervisor	Male	Feb. 1968	Mar. 2022-Jun. 2027	354,000	354,000	158.61	No
Zhang Chun	Employee Representative Supervisor	Male	Feb. 1973	Jun. 2024-Jun. 2027	210,000	210,000	134.35	No
Zeng Yufang	Employee Representative Supervisor	Female	Dec. 1970	Sep. 2017-Jun. 2027	188,000	188,000	128.08	No
Non-incumbent Supervisors								
Chen Panwu	Employee Representative Supervisor	Male	Jan. 1964	Sep. 2017-Jan. 2024	334,000	334,000	13.86	No
Liu Guoling	External Supervisor	Male	Jan. 1960	Jun. 2021-Dec. 2024	0	0	25.72	No

Notes: (1) The commencement of the terms of office of the re-elected supervisors listed above is the time of their respective initial appointment.

(2) The final remuneration of the supervisors who received remuneration from the Bank are being confirmed, and the remaining part will be disclosed after confirmation.

(3) The shareholder representative supervisor receives no remuneration for supervisor from the Bank.

As at the end of the reporting period, none of the supervisors, whether incumbent or became non-incumbent during the reporting period, was subject to penalties imposed by the securities regulatory authorities in the past three years.

3.7.1.2 Positions Held by Supervisors at Organizations Other Than Shareholders

Name	Name of Organization	Position
Wei Guobin	Bank of Hengshui Co., Ltd.	External Supervisor
Sun Qixiang	Peking University C.V. Starr International Insurance Society China Taiping Insurance Group Ltd.	Professor and PhD supervisor of School of Economics C.V. Starr Professor Member of Board of Directors Independent Director

Note: Supervisors of the Bank held on positions or concurrent posts in the Bank's shareholders.

3.7.1.3 Resumes of Supervisors

Mr. Wei Guobin

Chinese Nationality

External supervisor of the Bank. Mr. Wei is concurrently an external supervisor of Bank of Hengshui Co., Ltd. He served as a board director of BOC Hong Kong Investment Co., Ltd. and chairman of the board of supervisors of Zhongyi Shanyuan (Beijing) Technology Co., Ltd. Prior to that, he worked at Bank of China Limited and served successively as assistant president and vice president of Hebei Branch, president of Shanxi Branch, general manager of the Personal Banking Department of the Head Office, and president of Hunan Branch. Mr. Wei graduated from Hebei Banking School with a degree in finance and he is a senior economist.

Ms. Sun Qixiang

Chinese Nationality

External supervisor of the Bank. Ms. Sun is now a professor and PhD supervisor of School of Economics, Peking University. Ms. Sun is the C.V. Starr Professor, the chief expert of the projects sponsored by the National Social Science Fund of China, and the expert receiving Special Government Allowances from the State Council. Ms. Sun concurrently serves as member of the U.S.-based International Insurance Society (IIS) Board and independent director of China Taiping Insurance Group Ltd. Previously, she was a dean of the School of Economics of Peking University, chairperson of the Asia-Pacific Risk and Insurance Association, visiting professor at Harvard University, and independent director of AVIC Industry-Finance Holdings Co., Ltd., Bank of China Investment Management Co., Ltd. and China Development Bank Securities Co., Ltd. Ms. Sun graduated from the School of Economics of Peking University with a doctorate degree in economics.

Ms. Li Rong

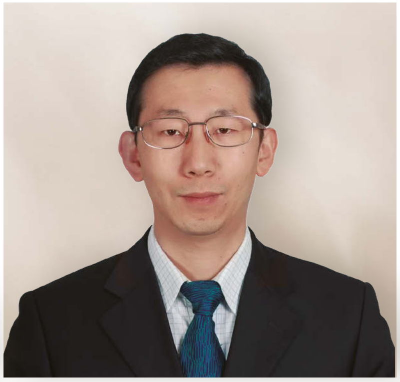
Chinese Nationality

Shareholder representative supervisor of the Bank. Ms. Li is currently the director of the Board of Directors Office and director of the Board of Supervisors Office of the Bank. Previously, she served as general manager of Retail Banking Department, assistant president and vice president of the Bank's Chongqing Branch, general manager of the Interbank Business Department and general manager of the Compliance Department of the Bank's Head Office. Prior to that, Ms. Li worked at the Chongqing Branch of China Merchants Bank Co., Ltd., serving successively as deputy director of the General Office, general manager of the Personal Banking Department, general manager of the Business Department, general manager of the Retail Banking Department, etc. Ms. Li graduated from Chongqing University with a master's degree of business administration. She is a senior economist with full professorship.

Mr. Cheng Pusheng

Chinese Nationality

Employee representative supervisor of the Bank. Mr. Cheng is now the general manager of the Audit Department of the Bank. Previously, Mr. Cheng was assistant general manager and deputy general manager of the Budget and Finance Department, general manager of the Centralized Purchasing Center, general manager of the Audit Department, and employee representative supervisor of the Bank, president of Taiyuan Branch of the Bank. Mr. Cheng graduated from Shaanxi University of Finance and Economics (now Xi'an Jiaotong University) with a master's degree in economics, and is a senior economist.



Mr. Zhang Chun

Chinese nationality

Employee Representative Supervisor of the Bank. Mr. Zhang is currently the deputy general manager (presiding) of the Bank's Culture and Labor Union Department. Mr. Zhang once served as deputy director of the Bank's General Office and secretary of the Committee for Disciplinary Inspection of Beijing Branch. Prior to that, Mr. Zhang worked in the President's Office of China Huarong Asset Management Corporation (currently China CITIC Financial Asset Management Co., Ltd.) as an assistant director and deputy director, and was at the level of assistant director of Board of Directors' Office of CITIC Group Corporation Limited. Mr. Zhang graduated from Central University of Finance and Economics with a master's degree in economics, and is a senior economist.

Ms. Zeng Yufang

Chinese Nationality

Employee representative supervisor of the Bank. Ms. Zeng currently serves as vice president of the Bank's Guangzhou Branch. Earlier, she was deputy general manager and general manager of the accounting department of the Bank's Shenzhen Branch, and assistant president and vice president of the branch. Prior to that, she was assistant chief of the finance and accounting division of State Development Bank Shenzhen Branch. Ms. Zeng graduated from East-West University of the U.S. with a master's degree in business administration.

3.7.1.4 Appointment, Resignation and Dismissal of Supervisors

On 13 January 2024, Mr. Chen Panwu resigned from employee representative supervisor and member of the Nomination Committee of the Board of Supervisors of the Bank due to retirement. Mr. Chen Panwu's resignation took effect on 13 January 2024.

Due to the expiration of the term of office of the 6th Session of the Board of Supervisors of the Bank in June 2024, the 2nd Joint Meeting of the 2nd Session of the Employee Representative Meeting of the Bank in 2024 which was held on 29 March 2024 and the 2023 Annual General Meeting of the Bank which was held on 20 June 2024 appointed members of the 7th Session of the Board of Supervisors. Mr. Wei Guobin, Ms. Sun Qixiang and Mr. Liu Guoling were appointed as external supervisors of the 7th Session of the Board of Supervisors; Ms. Li Rong was appointed as shareholder representative supervisor of the 7th Session of the Board of Supervisors; Mr. Cheng Pusheng, Mr. Zhang Chun and Ms. Zeng Yufang were appointed as employee representative supervisors of the 7th Session of the Board of Supervisors of the Bank. Mr. Zhang Chun was a newly appointed supervisor, and others were re-appointed. All of the appointment took effect on 20 June 2024.

On 27 December 2024, Mr. Liu Guoling resigned from external supervisor, member of the Supervision Committee and member of the Nomination Committee of the Board of Supervisors of the Bank due to personal stamina reason. The resignation of Mr. Liu Guoling took effect on 27 December 2024.

3.7.2 Information on Work of the Board of Supervisors

During the reporting period, the Board of Supervisors convened 12 meetings (all onsite meetings). Centering on the Bank's central tasks, it strengthened the supervision of financial activities, risk management, internal control and duty performance, etc. At the meetings, the Board of Supervisors deliberated and approved 28 proposals, including *2023 Annual Report of China CITIC Bank Corporation Limited, Report for the First Quarter of 2024 of China CITIC Bank Corporation Limited, 2024 Interim Report of China CITIC Bank Corporation Limited, Report for the Third Quarter of 2024 of China CITIC Bank Corporation Limited, Shareholder Return Plan for 2024-2026 of China CITIC Bank Corporation Limited, 2023 Profit Distribution Plan of China CITIC Bank Corporation Limited, 2024 Interim Profit Distribution Plan of China CITIC Bank Corporation Limited, 2023 Internal Control Assessment Report of China CITIC Bank Corporation Limited, 2023 Sustainable Development Report of China CITIC Bank Corporation Limited, Proposal on Engagement of Accounting Firms of 2024 and Their Fees*, assessment report on duty performance of the Board of Directors, the Board of Supervisors, the senior management and its members by the Board of Supervisors in 2023, 2023 work report and 2024 work plan of the Board of Supervisors, nomination of candidates of the 7th Session of the Board of Supervisors. It also listened to 70 presentations regarding the Bank's circular on relevant policies, development plan for 2024-2026, operating results for 2023 and each quarter of 2024, comprehensive risk management report for 2023 and each quarter of 2024, internal control, compliance and anti-money laundering work report for 2023 and the first half of 2024, consumer protection work report for 2023 and the first half of 2024 and its work plan, the audit project plan for 2024, the work report on information disclosure of 2023, report on investor relations management in 2023, the risk management strategies (2024-2026), report on implementation of consolidated management of the bank group in 2023, report on equity management of substantial shareholders and major shareholders in 2023, and implementation of opinions and suggestions of the Board of Supervisors, so as to gain an in-depth understanding of the Bank's operation and management status and actively perform its supervision responsibilities.

The Board of Supervisors mainly performs its supervisory function through holding meetings. Based on comments and recommendations of supervisors, the Board of Supervisors issued 5 *Supervision Work Letters* in the year to relevant business units for research and feedback, and submitted them to the Board of Directors and the senior management, which helped further improve the whole process and closed-loop supervision mechanism for meetings, raised the quality and efficiency of the meetings of the Board of Supervisors, and enhanced the interaction of bodies involved in corporate governance. In addition, it intensified efforts in tracking and implementing the resolutions and supervisory opinions of its meetings, and promoted the enhancement of supervisor efficiency and quality. Members of the Board of Supervisors also attended shareholders' general meetings, attended meetings of the Board of Directors, meetings of the special committees of the Board of Directors and meetings of the senior management as non-voting delegates and reviewed various documents and materials submitted by the senior management to ensure adequate supervision over the decision-making process of the Bank's significant events.

During the reporting period, the Board of Supervisors actively and innovatively explored new working methods, broadened the channels for duty performance, deepened the supervision influence, and promoted the transformation towards "proactive and dynamic supervision". After collective study of the Board of Supervisors, it issued the *Supervision Reminder Letters* concerning the management of overseas subsidiaries to the Board of Directors and the senior management. By doing so, the Board of Supervisors provided the Board of Directors and senior management with pertinent and constructive suggestions. Centering on China's economic and financial policies and regulatory requirements, the Board of Supervisors made plans and selected survey topics in a scientific way, continuously optimized the survey mode, strengthened the transformation of survey value, conducted on-site surveys on the theme of "promoting the development of the Five Priorities in finance" and "formulation and implementation of development plan" throughout the year in three branches. It put forward systematic and pertinent opinions and suggestions for reference of the Board of Directors and the senior management, thereby facilitating the Bank's high-quality development.

The attendance records of the members of the Board of Supervisors at the meetings during the reporting period are set out in the table below.

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Wei Guobin	11/12	1/12
Sun Qixiang	10/12	2/12
Li Rong	10/12	2/12
Cheng Pusheng	12/12	0/12
Zhang Chun	7/7	0/7
Zeng Yufang	10/12	2/12
Non-incumbent Supervisor		
Chen Panwu	0/0	0/0
Liu Guoling	12/12	0/12

3.7.3 Special Committees under the Board of Supervisors

The Supervision Committee and the Nomination Committee are the special committees set up under the Board of Supervisors.

Supervision Committee

As at the end of the reporting period, the Supervision Committee of the Bank's Board of Supervisors comprised 3 supervisors, with Mr. Wei Guobin as chairman, and Mr. Cheng Pusheng and Ms. Zeng Yufang as members. The principal responsibilities of the committee include the following: to supervise the Board of Directors in the establishment of prudent business concepts and value propositions and the formulation of development strategies of the Bank, and to carry out supervisory inspections of the Bank's financial activities, operational decisions, risk management, internal control, etc.

During the reporting period, the Supervision Committee under the Board of Supervisors convened 5 meetings which deliberated and adopted 12 proposals including the rules of procedure of the Supervision Committee of the Board of Supervisors, 2023 Annual Report, Report for the First Quarter of 2024, 2024 Interim Report, Report for the Third Quarter of 2024, shareholder return plan for 2024-2026, 2023 profit distribution plan, 2024 interim profit distribution plan, 2023 sustainable development report, 2023 internal control assessment report, engagement of accounting firms for 2024 and relevant fees, and dividend distribution plan for preference shares in 2024, and listened to one report on the development plan for 2024-2026.

The attendance records of the Supervision Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Wei Guobin	4/5	1/5
Cheng Pusheng	2/2	0/2
Zeng Yufang	5/5	0/5
Non-incumbent Supervisor		
Liu Guoling	5/5	0/5

Nomination Committee

As at the end of the reporting period, the Nomination Committee of the Bank's Board of Supervisors comprised 3 supervisors, with Ms. Sun Qixiang as chairperson, and Ms. Li Rong and Mr. Zhang Chun as members. The principal responsibilities of the committee include the following: to study standards and procedures on selecting and appointing supervisors, and to carry out preliminary review of the qualifications and competence for office of supervisors elected by general meetings and put forward corresponding recommendations. The employee representative supervisors are nominated by the Board of Supervisors and the labor union of the Bank, and are democratically elected, dismissed or replaced by employees of the Bank.

During the reporting period, the Nomination Committee of the Board of Supervisors convened 3 meetings which deliberated and adopted 7 proposals including the assessment report on duty performance of the Board of Directors, the Board of Supervisors, the senior management and its members by the Board of Supervisors, the rules of procedure of the Nomination Committee of the Board of Supervisors, the nomination of candidates for external supervisors and shareholder representative supervisor of the 7th Session of the Board of Supervisors, the supervisor remuneration policy of the 7th Session of the Board of Supervisors, etc.

The attendance records of the Nomination Committee members at the committee meetings during the reporting period are set out in the table below:

Members	In-person attendance/ number of meetings during his or her tenure	Attendance by proxy/ number of meetings during his or her tenure
Sun Qixiang	3/3	0/3
Li Rong	3/3	0/3
Zhang Chun	0/0	0/0
Non-incumbent Members		
Chen Panwu	0/0	0/0
Liu Guoling	3/3	0/3

3.7.4 Work Performance of External Supervisors

During their procedures of decision-making and supervision, the external supervisors of the Bank were free from the influence of substantial shareholders and senior management members as well as other entities and individuals that had a stake in the Bank. They paid attention to safeguard the legitimate rights and interests of small and medium shareholders and other stakeholders, and were able to perform their supervisory duties independently. During the reporting period, the external supervisors of the Bank attended the meetings of the Board of Supervisors, meetings of the Board of Directors and its special committees as non-voting delegates and participated in the thematic surveys of the Board of Supervisors to learn about the operation and management of the Bank. Through studying proposals and special reports, they could make independent, professional and objective judgments on matters of the Bank, and actively expressed comments and suggestions, thus improving the quality and efficiency of the supervision carried out by the Board of Supervisors. During the reporting period, the external supervisors of the Bank invested sufficient time and energy to perform their duties, and they all performed their supervisory function at the Bank for more than 15 business days, which complied with regulatory provisions.

3.7.5 Independent Opinions of the Board of Supervisors on Relevant Matters

3.7.5.1 Compliance of Business Operation

The Bank conducted its business according to relevant laws, and its decision-making process complies with relevant requirements of laws, regulations and the Bank's Articles of Association. Neither breach of laws, regulations or the Bank's Articles of Association nor behavior that would impair the interests of the Bank and shareholders were identified on part of the directors or senior management members in their duty performing.

3.7.5.2 Truthfulness of the Financial Statements

The compilation and review process of the financial statements was compliant with laws, regulations and regulatory provisions and no misrepresentation, distortion or material misstatements were identified in the report.

3.7.5.3 Acquisition or Disposal of Assets

The Board of Supervisors was not aware of any acquisition or disposal of assets by the Bank that might constitute insider trading, impair shareholder rights and interests or result in loss of the Bank's assets.

3.7.5.4 Related Party Transactions

The Board of Supervisors was not aware of any related party transactions that might impair the interests of the Bank and its shareholders.

3.7.5.5 Implementation of Resolutions Adopted at the General Meetings

The Board of Supervisors had no objections to the reports and proposals that the Board of Directors submitted to the general meetings for approval in 2024. The Board of Supervisors supervised the implementation of the resolutions adopted at the general meetings and held that the Board of Directors diligently implemented the relevant resolutions of the general meetings.

3.7.5.6 Internal Control

The Board of Supervisors deliberated and approved the *2024 Internal Control Assessment Report of China CITIC Bank Corporation Limited*.

3.7.5.7 Performance of Social Responsibilities

The Board of Supervisors deliberated and approved the *2024 Sustainable Development Report of China CITIC Bank Corporation Limited*.

3.7.5.8 Profit Distribution Plan

The Board of Supervisors deliberated and approved the *2024 Profit Distribution Plan of China CITIC Bank Corporation Limited*, and was of the opinion that the profit distribution plan was in compliance with laws, regulations and the Bank's Articles of Association. It contained reasonable contents and was in line with interests of all shareholders and conducive to the long-term development of the Bank.

3.7.5.9 Implementation of the Regulations on Management of Information Disclosure

The Bank performed its information disclosure obligations in strict accordance with relevant regulatory requirements, earnestly implemented various regulations on the management of information disclosure matters, and disclosed information in a timely and fair manner. The information disclosed during the reporting period was truthful, accurate and complete.

Except for the above disclosed matters, the Board of Supervisors had no objections to other supervisory issues during the reporting period.

3.8 Senior Management

3.8.1 Responsibilities and Members of the Senior Management

The senior management is accountable to the Board of Directors and subject to the supervision of the Board of Supervisors. There is a strict division of duties and separation of power between the Bank's senior management and the Board of Directors. Pursuant to the Bank's Articles of Association and as authorized by the Board of Directors, the senior management carefully carries out operation and management activities and implements the resolutions of the general meeting and the Board meetings. The Board of Directors evaluates the performance of the senior management members, the results of which shall be used as the basis for determining remunerations and other incentive arrangements for the senior management members. The senior management should timely, accurately and completely report the Bank's operation and management and provide relevant materials as required by the Board of Directors or the Board of Supervisors. As at the disclosure date of this report, the senior management consist of 6 members.

3.8.1.1 Members of the Senior Management

Members of the senior management of the Bank as at the disclosure date of this report are listed as follows:

Name	Position	Gender	Year and month of birth	Term of office	Year-beginning shareholding	Year-end shareholding	Pre-tax payable remuneration earned from the Bank during the reporting period (RMB10 thousand)	Whether receiving remuneration from the Bank's related party (parties)
Hu Gang	Executive director, Vice President, Chief Risk Officer	Male	Mar. 1967	Since May 2017	1,585,000	1,627,000	226.17	No
Xie Zhibin	Vice President	Male	May 1969	Since Jun. 2019	353,000	749,000	226.59	No
He Jingsong	Vice President	Male	Dec. 1968	Since Oct. 2024	360,000	760,000	201.45	No
Gu Lingyun	Vice President	Male	Feb. 1978	Since Mar. 2025	–	–	–	–
Lu Jingen	Business Director	Male	Jun. 1969	Since Aug. 2018	553,000	553,000	190.22	No
Zhang Qing	Board Secretary	Female	Aug. 1968	Jul. 2019-Jun. 2027	550,000	550,000	190.47	No
Non-incumbent senior management members								
Liu Cheng	Executive director, President	Male	Dec. 1967	Jan. 2022-Feb. 2025	624,000	624,000	274.59	No
Wang Kang	Vice President, Chief Financial Officer	Male	Jun. 1972	Jan. 2022-Apr. 2024	1,816,800	316,800	57.29	No
Lü Tiangui	Vice President	Male	Oct. 1972	Aug. 2018-Mar. 2025	550,000	830,000	226.17	No
Liu Honghua	Business Director	Male	May 1964	Aug. 2019-May 2024	540,000	540,000	78.00	No

Notes: (1) The commencement of the terms of office of the re-engaged senior management members listed above is the time of their respective initial engagement.

(2) The final remunerations of members of the senior management who received remuneration from the Bank are still undergoing confirmation, and the remaining amounts will be disclosed upon completion of the confirmation process.

(3) On 20 February 2025, Mr. Liu Cheng resigned from President and other positions of the Bank, and the Board of Directors appointed Mr. Lu Wei as President of the Bank and designated him to perform the duties of President of the Bank with effect from the same date. Please refer to "3.8.1.4 Appointment, Resignation and Dismissal of Senior Management Members" of this report for details.

(4) On 19 September 2024, the Board of Directors of the Bank approved the appointment of Mr. Gu Lingyun as the Vice President of the Bank. Upon the approval from NFRA, Mr. Gu Lingyun officially took office as the Vice President of the Bank from 18 March 2025.

As at the end of the reporting period, none of the senior management members, whether incumbent or became non-incumbent during the reporting period, was subject to penalties imposed by the securities regulatory authorities in the past three years.

3.8.1.2 Positions Held by Senior Management Members at Organizations Other Than Shareholders

Name	Name of Organization	Position
Hu Gang	CNCBI	Director
Xie Zhibin	CNCB Investment	Director
	CITIC Foundation for Reform and Development Studies	Director

Note: Senior management members of the Bank held no positions or concurrent posts in the Bank's shareholders.

3.8.1.3 Resumes of Senior Management Members

Mr. Hu Gang

Chinese Nationality

Party Committee member, executive director, Vice President and Chief Risk Officer of the Bank. Please refer to "Responsibilities and Members of the Board of Directors" in this chapter for Mr. Hu's resume.

Mr. Xie Zhibin

Chinese Nationality

Party Committee member and Vice President of the Bank. Mr. Xie serves as director of CNCB (Hong Kong) Investment Co., Ltd. and is concurrently a director of CITIC Foundation for Reform and Development Studies. Previously, he was a Party Committee member and assistant general manager of China Export Credit Insurance Corporation (during which he temporarily worked as a standing member of the Party Committee and Deputy Mayor of Hohhot City in Inner Mongolia Autonomous Region), and Party Committee member and Secretary of the Committee for Disciplinary Inspection of China Everbright Group Co., Ltd. Prior to that, Mr. Xie served as assistant general manager, deputy general manager and general manager of the human resources department (assistant director, deputy director and director of the organization department under the Party Committee) of China Export Credit Insurance Corporation, Party committee secretary of the company's Shenzhen branch, and person in charge, Party committee secretary and general manager of the company's Hebei provincial branch. Mr. Xie graduated from Renmin University of China with a doctorate degree in economics. He is a senior economist.

Mr. He Jingsong

Chinese Nationality

Party Committee member and Vice President of the Bank. Mr. He concurrently serves as Secretary of Party Committee and President of Beijing Branch of the Bank. He previously served as vice president (presiding) and president of Dongchenggenjie Sub-branch, general manager of the Corporate Banking Department of Chengdu Branch, assistant to president, vice president, secretary of the Party Committee and president of Chengdu Branch, general manager of the Asset Preservation Department of the Head Office, and Secretary of Party Committee and president of Shanghai Branch of the Bank. Prior to that, Mr. He worked at Sichuan Rural Trust and Investment Company. He has 27 years' experience in China's banking industry. He graduated from Southwestern University of Finance and Economics and obtained master's degrees in economics. He is a senior economist.

Mr. Gu Lingyun

Chinese Nationality

Party Committee Member and Vice President of the Bank. Mr. Gu used to serve as the assistant president and vice president (presiding) of Jiefang sub-branch of Hangzhou branch; vice president (presiding) and president of Qianjiang sub-branch of Hangzhou branch; executive deputy general manager of the Business Department of Hangzhou branch; assistant president, Party Committee member, chief risk officer and vice president of Hangzhou Branch; deputy general manager (presiding) of the Inclusive Finance Department of the Head Office; Party Committee member, vice president (presiding), secretary of the Party Committee and president of the Asset Management Business Center of the Head Office of the Bank; and secretary of the Party Committee, president and chairman of CITIC Wealth Management Corporation Limited. Mr. Gu has more than 20 years of experience in the Chinese banking industry. He graduated from the School of International Business and Economics of Zhejiang University with a bachelor' s degree in Economics.

Mr. Lu Jingen

Chinese Nationality

Business Director of the Bank. Mr. Lu previously served as the deputy chief of the corporate credit division, president of the Olympic Village sub-branch, president of the CITIC International Building sub-branch, and Party committee member and assistant general manager of the Business Department of the Head Office of the Bank (currently Beijing Branch); assistant general manager (presiding) of the Corporate Banking Department of the Bank, the secretary of Party committee and president of Kunming Branch, Changsha Branch and Nanjing Branch of the Bank, and general manager of the Corporate Banking Department (Rural Revitalization Department) of the Bank. Mr. Lu has 30 years' experience in the Chinese banking industry. He received his master's degree in economics from Renmin University of China, EMBA degree from Peking University and doctorate degree in management from Central South University. He is a senior economist.

Ms. Zhang Qing

Chinese Nationality

Board Secretary and Company Secretary of the Bank. Ms. Zhang concurrently serves as the general manager of the Risk Management Department of the Bank. Prior to that, Ms. Zhang served as assistant general manager, deputy general manager (presiding), and general manager of the Credit Management and Approval Department of the Bank's Xi'an branch, Party committee member, assistant president, and vice president of the branch, general manager of the Credit Management Department of the Bank, head of the Organizing Department of the Party Committee and general manager of the Human Resources Management Department of the Bank, and a board director of CITIC Financial Leasing and CNCB (Hong Kong) Investment Limited. Prior to that, she worked at the Shaanxi branch of Industrial and Commercial Bank of China, successively working on the accounting, planning, credit management in the sub-branch and project review in the branch. She has over 30 years' professional experience in the Chinese banking industry. She graduated from Shaanxi Institute of Mechanical Engineering (now Xi'an University of Technology) with a master's degree in engineering. Ms. Zhang is a senior economist.

3.8.1.4 Appointment, Resignation and Dismissal of Senior Management Members

On 12 April 2024, Mr. Wang Kang resigned from the positions of Vice President and Chief Financial Officer of the Bank due to work adjustment. The resignation of Mr. Wang Kang became effective from 12 April 2024.

On 23 May 2024, the Board of Directors of the Bank considered and approved relevant proposal, appointing Mr. He Jingsong as Vice President of the Bank. Mr. He Jingsong took office as the Bank's Vice President on 18 October 2024 upon approval by NFRA.

On 31 May 2024, Mr. Liu Honghua resigned from the position of Business Director of the Bank due to retirement. The resignation of Mr. Liu Honghua took effect from 31 May 2024.

On 20 June 2024, the Board of Directors of the Bank considered and approved relevant proposal, re-appointing Mr. Liu Cheng as President of the Bank and Ms. Zhang Qing as Board Secretary of the Bank, each with a term of three years. They can be re-appointed upon expiration of respective term of office.

On 19 September 2024, the Board of Directors of the Bank considered and approved relevant proposal, appointing Mr. Gu Lingyun as Vice President of the Bank. Mr. Gu Lingyun took office as the Bank's Vice President on 18 March 2025 upon approval by NFRA.

On 20 February 2025, Mr. Liu Cheng resigned from President of the Bank due to change of work arrangements. The resignation of Mr. Liu Cheng took effect on 20 February 2025. On the same day, the Board of Directors of the Bank considered and approved relevant proposal, appointing Mr. Lu Wei as President of the Bank who shall take office on the date when his qualification for President is approved by regulators. The Board of Directors designated Mr. Lu Wei to perform the duties of President of the Bank for a period from the effective date of Mr. Liu Cheng's resignation from President of the Bank to the date when Mr. Lu Wei's qualification for President of the Bank is approved by regulators.

On 10 March 2025, Mr. Lü Tiangui resigned from the position of Vice President of the Bank due to change of work arrangement. The resignation of Mr. Lü Tiangui took effect from 10 March 2025.

3.8.2 Establishment and Implementation of Performance Evaluation and Incentive Mechanisms for Senior Management Members

The Bank kept improving its mechanisms for annual performance evaluation and incentive of the senior management members. The Bank conducts performance evaluation on senior management members from the perspectives such as implementation of strategic planning and fulfillment of annual business targets. The Board of Directors of the Bank conduct assessment on the match between the leadership and performance of senior management members and the objectives and requirements of their respective positions. The Board of Supervisors of the Bank conducts routine supervision over the duty performance of senior management members and conducts annual performance evaluation on senior management members with reference to duty performance reports, duty performance interviews and score lists, and reports to the general meeting and regulators.

3.9 Remunerations of Directors, Supervisors and Senior Management Members

The Bank formulated remuneration rules for directors and supervisors, and clarified the remuneration standards for directors and supervisors, which were implemented upon consideration and approval by the general meeting. It also established the deferred payment and recourse deduction mechanism for performance-based remuneration, which applies to senior management members as well as directors and supervisors receiving performance-based remuneration from the Bank. Remuneration of directors of the Bank shall be drawn up by the Nomination and Remuneration Committee of the Board of Directors, and approved by the general meeting after being passed by the Board of Directors. Remuneration of supervisors shall be drawn up by the Nomination Committee of the Board of Supervisors, and approved by the general meeting after being passed by the Board of Supervisors. The remuneration of senior management shall be drawn up by the Nomination and Remuneration Committee of the Board of Directors and submitted to the Board of Directors for approval. The directors, supervisors and senior management members shall not participate in the process of determining their own remuneration. Independent non-executive directors shall give objective, impartial and independent opinions on the remuneration of directors and senior management members. Supervisors attend the meetings of the Board of Directors and the Nomination and Remuneration Committee of the Board of Directors as non-voting delegates, and supervise the scientificity and rationality of the remuneration plan for directors and senior management.

The Bank offers remunerations to directors, supervisors and senior management members who are at the same time the employees of the Bank corresponding to their positions, and the remunerations include salary, bonus, allowance and subsidy, employee welfare and social insurance contributions, housing provident fund and annuity. The remuneration of independent directors and external supervisors consists of three parts, which are basic remuneration, floating remuneration and allowance, and shall be decided according to the *Proposal regarding the Director Remunerations Policy of the 7th Session of the Board of Directors* and the *Proposal regarding the Supervisor Remunerations Policy of the 7th Session of the Board of Supervisors* approved at 2023 Annual General Meeting. The Bank does not pay any salary or allowance to any other directors or supervisors. Please refer to the *Circular of the Annual General Meeting of 2023, Second A Shareholders Class Meeting of 2024 and Second H Shareholders Class Meeting of 2024 of China CITIC Bank Corporation Limited* published by the Bank on 1 May 2024 on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for policies on allowance for independent non-executive directors and external supervisors of the Bank.

Pursuant to relevant PRC laws and regulations, the Bank has joined various mandatory contribution retirement schemes as set out in PRC laws and regulations for all employees (including the executive directors, supervisors and senior management members that are also employees of the Bank). Pre-tax remunerations paid to the directors, supervisors and senior management members (both incumbent and non-incumbent) who received remunerations from the Bank were RMB24.5818 million in total for the reporting period. As at the end of the reporting period, the Bank had not provided any share incentives to directors, supervisors or senior management members.

The 2023 Annual Report of the Bank disclosed the annual remunerations of directors, supervisors and senior management members. Upon confirmation, the remaining portion of the 2023 remunerations of independent non-executive directors and supervisors is hereby disclosed as follows:

Name	**Title**	**Remaining portion of 2023 remunerations before tax (RMB10,000)**
Liu Tsz Bun Bennett	Independent Non-executive Director	10.00
Zhou Bowen	Independent Non-executive Director	3.34
Wang Huacheng	Independent Non-executive Director	2.36
Song Fangxiu	Independent Non-executive Director	1.86
He Cao	then Independent Non-executive Director	6.66
Chen Lihua	then Independent Non-executive Director	7.64
Qian Jun	then Independent Non-executive Director	8.14
Wei Guobin	External Supervisor	10.00
Sun Qixiang	External Supervisor	10.00
Liu Guoling	then External Supervisor	10.00
Li Rong	Shareholder Representative Supervisor	139.32
Cheng Pusheng	Employee Representative Supervisor	138.32
Zeng Yufang	Employee Representative Supervisor	138.62

3.10 Interests of Directors and Supervisors in Material Contracts, Transactions or Arrangements

During the reporting period, neither the Bank, its holding companies, any of its subsidiaries nor fellow subsidiaries entered into any material contract, transaction or arrangement in relation to the business of the Bank in which any director, supervisor or entity related to directors or supervisors had material interests, whether directly or indirectly.

3.11 Service Contracts of Directors and Supervisors

None of the directors or supervisors of the Bank concluded with the Bank or any of the Bank's subsidiaries any service contract that may not be terminated within one year as of the entry into effect of the contract or that may only be terminated with the payment of other compensations in addition to the mandatory compensations.

3.12 Relationships among Directors, Supervisors and Senior Management Members

There was no material financial, business, family or other relationship among directors, supervisors or senior management members of the Bank.

3.13 Interests of Directors in Businesses Competing with the Bank

None of the directors of the Bank had any interest in businesses that directly or indirectly competed or may compete with the Bank.

3.14 Liability Insurance for Directors, Supervisors and Senior Management Members

In 2024, the Bank bought liability insurance for all of its directors, supervisors and senior management members. In 2024, no director, supervisor or senior management member of the Bank has been benefited by any permitted indemnity provisions that had been or were in force.

3.15 Chairman and President

The Bank set separated positions of its Chairman and President. During the reporting period, Mr. Fang Heying was Chairman and executive director of the Bank, responsible for presiding over the general meeting, convening and presiding over meetings of the Board of Directors and examining the implementation of board resolutions and other relevant matters. Mr. Liu Cheng was the executive director and President of the Bank, performing the duties including implementing board resolutions and presiding over the Bank's business operation and management and other relevant matters. The division of duties between the Chairman and President of the Bank was clearly defined and in compliance with the Hong Kong Listing Rules.

On 20 February 2025, due to change of work arrangements, Mr. Liu Cheng resigned from executive director, President and other positions of the Bank. On the same day, the Board of Directors of the Bank appointed Mr. Lu Wei as President of the Bank. The Board of Directors designated Mr. Lu Wei to perform the duties of President of the Bank for a period from the effective date of Mr. Liu Cheng's resignation from President of the Bank to the date when Mr. Lu Wei's qualification for President of the Bank is approved by regulators.

3.16 Amendments to the Articles of Association

In May 2022, pursuant to laws, regulations and regulatory requirements and in light of the actual conditions of the Bank, the Bank improved Party building requirements, standardized the management of share repurchase and investment & financing matters, and further improved articles on the management of substantial shareholders, rights and obligations of shareholders, powers, duties and convening of the shareholders general meeting, responsibilities of governance bodies, composition and rules of procedures of the Board of Directors and the Board of Supervisors, and related party transactions in the Bank's Articles of Association. The proposal for the amendments to the Articles of Association was considered and approved at the Annual General Meeting of 2021, the First A Shareholders Class Meeting of 2022 and the First H Shareholders Class Meeting of 2022 held on 23 June 2022, and the amended Articles of Association was approved by the NFRA and took effect in July 2024.

Please refer to the relevant announcements published by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for relevant details about the amendments to the Articles of Association.

3.17 Implementation of Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentive Measures during the Reporting Period

The Bank did not have any share incentive scheme, employee stock ownership plan or other employee incentive measures in effect as at the end of the reporting period.

3.18 Company Secretaries as per the Hong Kong Listing Rules

As at the disclosure date of this report, the Bank engaged, externally, Ms. Cheung Yuet Fan (FCG, HKFCG) as the joint company secretary of the Bank as per the *Hong Kong Listing Rules*; and the main contact person of Ms. Cheung Yuet Fan within the Bank was Ms. Zhang Qing, the board secretary and the joint company secretary of the Bank. The contact information of Ms. Zhang Qing is Tel: +86-10-66638188, Fax: +86-10-65559255.

3.19 Independent Non-Executive Directors' Statement on Undertakings Made by CITIC Group and CIFH under the Non-Competition Deed

CITIC Group had transferred its 70.32% equity interest in CIFH to the Bank on 23 October 2009, thus releasing CIFH from all obligations under the *Non-Competition Deed*.

The independent non-executive directors of the Bank came to a conclusion on the non-competition undertakings of CITIC Group, holding that CITIC Group honored its non-competition undertakings during the reporting period. CITIC Group produced a statement on the performance of its non-competition undertakings under the *Non-Competition Deed* it entered into with the Bank on 13 March 2007.

3.20 Development and Review of Corporate Governance Policies and Practices

The Board of Directors of the Bank attached great importance to the establishment and improvement of internal rules and regulations on corporate governance. During the reporting period, in light of its own real situations and relevant regulatory requirements, the Bank revised its corporate governance policies including the *Rules of Procedure of the Strategic and Sustainable Development Committee of the Board of Directors of China CITIC Bank Corporation Limited,* the *Rules of Procedure of the Audit and Related Party Transactions Control Committee of the Board of Directors of China CITIC Bank Corporation Limited,* the *Rules of Procedure of the Risk Management Committee of the Board of Directors of China CITIC Bank Corporation Limited,* the *Rules of Procedure of the Nomination and Remuneration Committee of the Board of Directors of China CITIC Bank Corporation Limited,* the *Rules of Procedure of the Consumer Rights Protection Committee of the Board of Directors of China CITIC Bank Corporation Limited,* the *Management Measures for Authorization by the Board of Directors of China CITIC Bank Corporation Limited,* the *Management Measures for Information Reporting by the Senior Management to the Board of Directors and the Board of Supervisors of China CITIC Bank Corporation Limited*. By doing so, the Board of Directors continued to optimize the corporate governance mechanism of the Bank, and improved the operating efficiency of the Board of Directors and its special committees, providing strong support for the Bank to strengthen science-based corporate governance and ensure the compliant and prudent duty performance of relevant governance entities.

The Board of Supervisors of the Bank continued to strengthen the top-level design, optimized the workflow for agenda item management of meetings of the Board of Supervisors, and defined key supervisory responsibilities. Based on laws, regulations, regulatory requirements and the Bank's reality, the Bank sorted and detailed statutory supervisory duties, revised the *Supervisory Duty List for the Board of Supervisors of China CITIC Bank (Version 6.0, 2024)* and issued it across the Bank. The list detailed and clarified the supervisory responsibilities of the Board of Supervisors in six major areas, covering 48 duties, including adding the supervisory responsibilities of the Board of Supervisors in operational risk management, improving the supervisory responsibilities of the Board of Supervisors in terms of issuance and fund raising of securities/corporate bonds, money laundering risk management, risk prevention and control of criminal cases and changes in accounting policies, and clarifying the supervisory responsibilities of the Board of Supervisors in terms of the duty performance of the Board of Directors, the senior management and its members, so as to make supervision more targeted, comprehensive and pertinent. In line with the latest regulatory policies and requirements, the Board of Supervisors revised the *Rules of Procedures of the Supervision Committee of the Board of Supervisors of China CITIC Bank Corporation Limited* and the *Rules of Procedures of the Nomination Committee under the Board of Supervisors of China CITIC Bank Corporation Limited*, improved the responsibilities of the special committees, optimized the compositions of the special committees, and adjusted the review and approval procedures for relevant appointments.

3.21 Review and Supervision of Training and Continuing Professional Development of Directors, Supervisors and Senior Management Members

The Board of Directors kept urging the directors and senior management members to participate in relevant training for better professional development in general and for them to enhance comprehensive quality and competence for performance of duties in particular.

The table below sets out the participation of the Bank's directors, supervisors, and board secretary in the reporting period in the training provided by relevant institutions:

Name	Title	Trainer	Training Model	Training Duration (day)
Fang Heying	Chairman, Executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	3
Cao Guoqiang	Non-executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	2.5
Liu Cheng	then Executive Director, President	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	3
Hu Gang	Executive director, Vice President, Chief Risk Officer	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Huang Fang	Non-executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	2.5
Wang Yankang	Non-executive Director	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	2
Liu Tsz Bun Bennett	Independent Non-executive Director	CSRC Beijing Bureau SSE China CITIC Bank	Online training Centralized lecture	6
Zhou Bowen	Independent Non-executive Director	CSRC Beijing Bureau SSE China CITIC Bank	Online training Centralized lecture	2.5
Wang Huacheng	Independent Non-executive Director	CSRC Beijing Bureau SSE China CITIC Bank	Online training Centralized lecture	2.5
Song Fangxiu	Independent Non-executive Director	CSRC Beijing Bureau SSE China CITIC Bank	Online training Centralized lecture	2
Wei Guobin	External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Sun Qixiang	External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Liu Guoling	then External Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Li Rong	Shareholder Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Cheng Pusheng	Employee Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Zeng Yufang	Employee Representative Supervisor	CSRC Beijing Bureau China CITIC Bank	Online training Centralized lecture	1.5
Zhang Qing	Board Secretary	SSE China CITIC Bank	Online training Centralized lecture	3

Ms. Zhang Qing, the board secretary and company secretary of the Bank, participated in relevant professional training sessions organized by the regulators and other relevant organizations, had completed more than 15 training hours during the reporting period, compliant with relevant regulatory requirements of SEHK.

As per relevant regulatory requirements, the Bank compiled the *References Letters for Directors and Supervisors* on both regular and non-regular basis to help the directors and supervisors gain a comprehensive understanding of the business momentum, strategy implementation, risk control, internal control and compliance of the Bank. The directors of the Bank reviewed the reports and other written materials provided to them regarding the latest developments in the banking industry in general and the Bank's business in particular as well as relevant legal and regulatory requirements. Below is a summary of the directors' continuing professional development during the reporting period:

Name	Training on business, directors' duties and corporate governance	Monthly updates and other written materials on latest developments in the Bank's business operation and the banking industry as well as relevant legal and regulatory requirements
Fang Heying *(Chairman, Executive director)*	✓	✓
Cao Guoqiang *(Non-executive director)*	✓	✓
Liu Cheng *(then Executive director, President)*	✓	✓
Hu Gang *(Executive director, Vice President, Chief Risk Officer)*	✓	✓
Huang Fang *(Non-executive director)*	✓	✓
Wang Yankang *(Non-executive director)*	✓	✓
Liu Tsz Bun Bennett *(Independent non-executive director)*	✓	✓
Zhou Bowen *(Independent non-executive director)*	✓	✓
Wang Huacheng *(Independent non-executive director)*	✓	✓
Song Fangxiu *(Independent non-executive director)*	✓	✓

3.22 Compliance with the Corporate Governance Code under the Hong Kong Listing Rules

The Bank was in compliance with all code provisions as well as best practices of the *Corporate Governance Code* set out in Appendix C1 to the Hong Kong Listing Rules throughout the year ended 31 December 2024.

3.23 Corporate Culture Development

The Bank firmly implemented the guiding principles of the Central Financial Work Conference, carried out the publicity of financial culture with Chinese characteristics on all fronts, guided all employees to make "honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance" their values and code of conduct and integrate them into the Bank's operations and business practice, and advanced the effective integration and establishment of the "Five Dos and Five Don'ts" principles across the Bank. During the reporting period, the Bank launched a campaign to study and discuss the financial culture with Chinese characteristics and fully understand the practical requirements of the "Five Dos and Five Don'ts" principles, which covered all branches and employees; it held a themed speech competition, which vividly demonstrated the achievements and practices of the Bank in fostering and implementing the financial culture with Chinese characteristics; it organized a themed writing competition, which showcased the moving deeds of primary-level employees in practicing the financial culture with Chinese characteristics; it produced a number of videos to publicize advanced models, calling on all employees to forge ahead in the new journey through touching deeds by people around them. Drawing upon the essence of traditional cultures, the Bank promoted fine traditional Chinese culture through cultural and sports activities such as staff photography exhibitions, sports day, charitable activities, reading month and book micro-video recommendations, and advanced its creative transformation and development in the new era, so as to foster a positive cultural atmosphere and provide a cultural impetus for the Bank's high-quality development.

3.24 Investor Relations

Attaching great importance to communication with investors, the Bank continued to improve its investor relations management and strove to create more value for investors. In the face of the complicated and volatile external environment, the Bank always adhered to an investor-orientated principle, took multiple measures to continuously enhance the depth and breadth of communication with investors, and actively conveyed to the market the Bank's initiatives and achievements in promoting high-quality development. During the reporting period, the Bank ranked the forefront of the domestic A+H banking peers in terms of market value growth. It abided by relevant requirements of the "Shareholders Communication Policy" of the Hong Kong Stock Exchange, and solicited shareholders' opinions and suggestions through investor mailbox and hotline, SSE e-interactive platform and other channels. It released annual and interim result announcements before the corresponding press conference, publicly solicited issues of concern from investors, thus strengthened exchanges with shareholders, and protected their right to know. The shareholders communication policy was effective.

During the reporting period, the Bank held its 2023 annual results and 2024 interim results release conferences via online video live and onsite meeting for the first time, livestreaming the whole event through its APP and several other online platforms. After the conferences, the Bank publicized Q&A records in time for the investors who were unable to attend the conferences to learn about the Bank's operation and management updates in time. In addition, the Bank held the third-quarter results presentation in the form of "recorded broadcast + online text interaction" in SSE Roadshow Center, actively responding to market hotspot topics and investors' concern. After publicizing regular results, the Bank took the initiative to "go out", and the senior management led a team to launch results roadshows with institutional investors in places like Beijing, Shanghai, Shenzhen and Hong Kong, actively introducing the Bank's operational performance and development strategies to the market. In doing so, it showcased the Bank's operation achievements in stabilizing interest spread and development quality, expanding fee-based business income and customer base, as well as its development potential in the "Five Leading" development, and thus continuously enhancing investors' recognition of the Bank's values.

During the reporting period, the Bank held more than 120 investor exchanges by holding road shows, receiving investor research and participating in securities companies' strategy meetings. The Bank recorded the above-mentioned investor reception and communication activities according to relevant regulatory requirements, and properly kept relevant documents. Moreover, for effectively protecting the rights and interests of minority investors, the Bank has arranged personnel to actively communicate with small and medium investors through responding to the SSE e-interactive platform and answering questions from investor via hotline and email, so as to convey the investment value of the Bank to investors who follow the Bank's development.

Pursuant to Rule 2.07A of Hong Kong Listing Rules, under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Bank has adopted electronic dissemination of corporate communications. Both English and Chinese versions of all Corporate Communications were available electronically on the official websites of the Bank (www.citicbank.com) and HKEXnews (www.hkexnews.hk) to replace of printed copies. Please refer to the notification letters disclosed by the Bank on the official websites of HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 23 February 2024 for relevant information.

Valuation Enhancement Plan

On 26 March 2025, the 9th meeting of the 7th Session of the Board of Directors of the Bank reviewed and approved the *Valuation Enhancement Plan of China CITIC Bank Corporation Limited*. According to the plan, the Bank will improve its investment value by such means as adhering to strategic layout, improving corporate governance, increasing dividends, strengthening investor relations management, refining information disclosure, winning supports from shareholders, and completing the mechanism for market value management. For details of the valuation enhancement plan, please refer to the *Valuation Enhancement Plan of China CITIC Bank Corporation Limited* published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report.

Market value management policy

As a constituent company of major indices, the Bank actively responded to regulatory policies, strengthened market value management, and developed market value management policies. On 26 March 2025, the 9th meeting of the 7th Session of the Board of Directors of the Bank reviewed and approved the *Market Value Management Policy of China CITIC Bank Corporation Limited*. For information about its review by the Board of Directors, please refer to the *Announcement on the Resolutions of the Board of Directors Meeting of China CITIC Bank Corporation Limited* published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report.

3.25 Information Disclosure and Management of Insider Information

During the reporting period, strictly following the principles of truthfulness, accuracy, completeness, timeliness and fairness, abiding by laws and regulations, and considering the information needs of investors, the Bank published nearly 400 periodic reports, extraordinary announcements and other documents at the SSE and the SEHK. Meanwhile, in light of hotspot issues on the capital market, the Bank kept improving the framework and contents of its periodic reports, demonstrated the effectiveness of its strategy implementation and differentiated competitive advantages from multiple perspectives, and provided investors with timely, sufficient and effective information to effectively protect investors' right to know. Meanwhile, the Bank kept improving its management mechanism for inside information, and properly registered inside information and insiders at critical time points, so as to prevent the risks of inside information divulgence and insider trading. During the reporting period, the Bank was not aware of any circumstance where any insider traded the Bank's shares by virtue of inside information.

3.26 Management of Related Party Transactions

During the reporting period, the Bank continued to attach great importance to the management of related party transactions, optimized its rules and mechanism for such management, enhanced internal control management, review and approval, advanced the IT application and intelligent development in management, and raised the management quality and efficiency for related party transactions. The Bank also promoted the creation of synergistic value and shareholder value under the premise of compliance, and effectively safeguarded the interests of the Bank and its shareholders.

The Bank upheld its management system that featured decision making by the Board of Directors, supervision by the Board of Supervisors, execution by the senior management, and division of duties among business units. The Bank effectively performed its obligations of reviewing and disclosing related party transactions, submitted all material related party transactions to the Audit and Related Party Transactions Control Committee for review and to the Board of Directors for deliberation, and compliantly disclosed such transactions and reported to NFRA, in strict compliance with relevant requirements on the management of related party transactions. All the members of the Audit and Related Party Transactions Control Committee under the Board of Directors were independent non-executive directors. It carried out preliminary review of material related party transactions and expressed independent opinions thereabout on behalf of small and medium shareholders to ensure that such transactions were made pursuant to internal approval procedures and in a fair manner on terms no more favorable than those granted to independent third parties and in the overall interests of the Bank and all of its shareholders.

During the reporting period, the Bank deepened the implementation of supervisory policies on related party transactions, constantly reinforced the management of related party transactions, continuously improved the IT application and intelligent development of related party transaction management, and ensured the compliance and orderly conduct of related party transactions. **It improved the management rules system for related party transactions**, released the detailed rules for related party transaction management based on regulatory guidance and the Bank's management reality, detailed various management processes and requirements for related party transactions, and took solid steps to ensure the effective implementation of the regulatory rules. **It reinforced the management of related party transactions on deposit business across the Bank**, and according to the latest regulatory requirements, carried out special training on related party transactions on deposit business, and strengthened the awareness of management requirements for related party transactions on deposit business across the Bank, to ensure that the review, disclosure and reporting procedures for material related party transactions are followed in accordance with requirements. **It supported its subsidiaries to reinforce related party transactions**. It printed and issued the notice on reinforcing related party transactions of subsidiaries, introduced targeted measures centering on related party transaction management systems and mechanisms, processes and regulations, system building, and so on, and specified responsible units and specific requirements for each item, so as to help subsidiaries to further improve related party transaction management. **It carried out self-inspection and rectification on compliance of related party transactions**. Based on the bank-wide self-inspections of related party transaction management, it optimized the reporting mechanism for related party information, carried out inspections with focuses on related party information reporting and related party transaction data reporting, etc., and strengthened the standardized supervision and guidance of routine management, so as to prevent compliance risks. **It improved the IT application of related party transaction management**, further strengthened proactive identification of related parties, and developed and launched the "suspicious related party customers" system function, which can automatically match the Bank's suspicious related parties with customer information, precisely identify targets of due diligence, and improve the efficiency of related party identification.

3.27 Internal Control Assessment

The purpose of the Bank's internal control is to reasonably ensure the lawfulness and compliance of business and management, safety of assets, and truthfulness and completeness of financial statements and other relevant information, improve business efficiency and effectiveness, and promote the realization of the development strategy. The Board of Directors authorized the internal audit function to self-assess the effectiveness of the internal control design and operation of the Bank in accordance with relevant requirements such as the *Basic Standards for Enterprise Internal Control, Guidelines for Assessment of Enterprise Internal Control and Guidelines for Internal Control of Commercial Banks*, and in combination with the Bank's rules and assessment measures on internal control. The internal audit function produced the *2024 Internal Control Assessment Report of China CITIC Bank Corporation Limited* (short as "the *Internal Control Assessment Report*" hereinafter), holding that the Bank's internal control was valid as at 31 December 2024 (record date). In the course of the self-assessment, the Bank was not aware of any material defects in its internal control. The Board of Supervisors of the Bank reviewed the *Internal Control Assessment Report* and had no objections to the content of the report.

Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report for the *Internal Control Assessment Report* (including the statements of the Board of Directors and the Board of Supervisors on their respective responsibilities in relation to internal control).

3.28 Development and Implementation of Internal Control Policies

The Bank attached great importance to the establishment and improvement of its internal control system, stepped up governance of processes with focus on key areas, continuously strengthened management of the weak links of internal control, and further refined the internal control system with clear responsibilities, effective control and powerful supervision.

The Bank pressed ahead with targeted governance on regulations. It cleared the policy-like documents with management requirements, such as regulatory notices, guiding opinions, and implementation plans, in a centralized manner; organized special re-inspections of trial policies, policies implemented for five years or above, and implementation rules of branches; and eliminated the loopholes in policy enforcement. It carried out the fourth round of institutional governance, and conducted the work of establishing, revising, and abolishing regulations in time, to eliminate risks and loopholes. It promoted the application of the institutional middle-office system in all aspects, moved all processes of institutional management online, and strengthened process tracking and acceptance inspection.

The Bank advanced the internal control governance for key businesses. It compiled the *Directory of Internal Control Management Risk Points* for 42 key businesses including CITIC Instant Loan and car finance, and sorted key risk points, to clarify control measures and intensify control of key links. In consideration of regulatory reminders and industrial risks, it carried out special inspections on auto loans, entrusted loans, agency sales, and domestic letters of credit, conducted internal control assessment on the classification of micro and small-sized enterprises and credit loans for renovation scenarios, and urged responsible departments to implement internal control measures throughout the process of operation and management.

The Bank strengthened rectification of key problems by category. Centering on national macro policies, regulatory focuses and operation reality, the Bank established "four ledgers" for the rectification of problems. It carried out 10 tasks in the "breakthrough ledger" for internal control at the source, strengthening systematic rectification of such problems as the five-tier classification of loans and enterprise categorization; advanced rectification and clearance of the issues in the "priority ledger" as listed in the annual regulatory notifications for legal entities; established a "regional ledger" of 100 key issues subject to local regulatory penalties; and organized branches to establish a "core ledger" for local notifications, urging rectification of problems in line with regulatory requirements.

The Bank strengthened behavioral case prevention management. It fully implemented the new regulatory requirements for case prevention, promptly revised policies regarding case prevention management, case management, and rotation of key positions, among others, and improved the mechanism for case prevention management. It pressed ahead with the special campaign for case risk prevention and control, intensified "three checks and four visits"48 across the Bank, and announced typical employee violation cases at important bank-wide meetings, to strengthen daily warning education.

3.29 Internal Audit

The Bank established an independent and vertical system for internal audit, with the internal audit departments carrying out work under leadership of the Board of Directors, responsible and reporting to the Board of Directors. The Board of Directors assumes ultimate responsibilities for the independence and effectiveness of internal audit and provides necessary support to ensure independent and objective internal audit. The Bank's internal audit departments consist of the Head Office's Audit Department and eight regional audit centers under its direct management, which perform the duty of audit and supervision and are independent from business operation, risk management, and internal control and compliance.

During the reporting period, the Bank, guided by the *Five-Year Plan for the Development of Audit Work (2021-2025)* and aligning its internal audit with a focus on development strategy and central tasks, steadily promoted audits focusing on quality, technology, talent and reform, accelerated the digital transformation of its audit function, and actively promoted continuous auditing. Through auditing, it coordinated the disclosure of problems and supervision of rectification work. Placing equal importance to supervision and services, the Bank continued to consolidate the foundation of audit management, strengthened the cultivation of a specialized audit talent, carried out research-based audits, guided audit practice with research findings, and continuously improved the audit value, quality and efficiency.

During the reporting period, upholding the risk orientation, the Bank, with the focus on the implementation of national policies and regulatory attention, corporate governance and strategy implementation, and internal control compliance of key links, conducted audits particularly in areas such as serving the real economy, inclusive finance, green finance, real estate financing, government-backed credit, consumer rights protection, anti-money laundering, and case prevention. It stepped up supervision over key institutions, key areas and key positions, urged systematic rectification of the problems found in audit from the source, advanced the application of audit results, and strengthened the three lines of defense for joint prevention and control, hence promoting the high-quality and sustainable development across the Bank.

48 "Three checks" refer to checking credit reports, checking industrial and commercial registration, and checking the four visits, and "four visits" refer to visiting customers, visiting employees, home visits, and handling complaint letters.

3.30 External Audit of Internal Control

During the reporting period, the Bank engaged KPMG Huazhen LLP to audit the effectiveness of its internal control over financial reporting as at 31 December 2024 in accordance with the relevant requirements of the *Guidelines on Audit of Enterprise Internal Control* and the practicing standards for PRC certified public accountants. Based on the audit findings, KPMG Huazhen LLP presented to the Bank its audit report on internal control. For details thereof, please refer to the relevant announcement published by the Bank on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of the report.

In its audit opinion on internal control over financial reporting of the Bank, KPMG Huazhen LLP was of the view that the Bank maintained effective internal control over financial reporting in all material aspects in accordance with the *Basic Standards for Enterprise Internal Control* and relevant regulations as at 31 December 2024.

3.31 Auditors and Their Remunerations

With regard to the auditors engaged by the Bank for the reporting period and their remunerations, please refer to Chapter 5 "Report of Board of Directors – Engagement of Auditors" of this report for details thereof.

KPMG was the overseas auditor engaged by the Bank. Its statement of reporting obligation in respect of the consolidated financial statements is set out in Chapter 9 "Independent Auditor's Report and Financial Statements" of this report.

3.32 Responsibility Statement of the Board of Directors on Risk Management, Internal Control and Compliance Management

The Board of Directors bears the ultimate responsibility for the Bank's risk management, internal control and compliance management and is responsible for reviewing the effectiveness of the regulations thereon. Considering that the above-mentioned risk management and internal control systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, the Board of Directors can only provide reasonable instead of absolute assurance that the above- mentioned systems and internal control can prevent any material misstatement or loss. For details on the Bank's risk management, please refer to Chapter 2 "Management Discussion and Analysis – Risk Management" of this report.

3.33 Management and Control over Subsidiaries

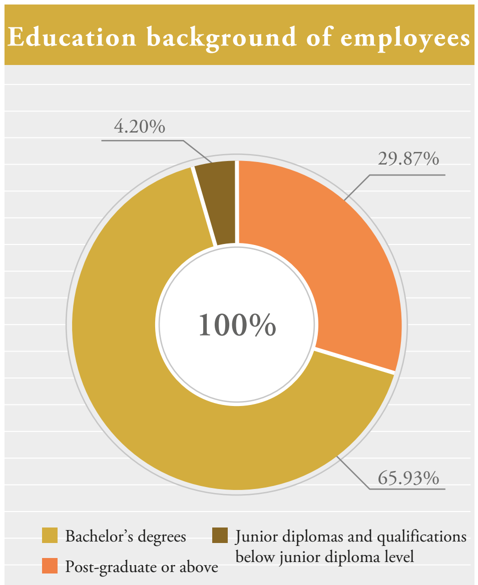
During the reporting period, in accordance with relevant regulatory requirements, the Bank continued to improve the system and mechanism development for subsidiary management, and issued the *Guiding Opinions of China CITIC Bank on Further Advancing the High-quality Development of Subsidiaries*. It deepened subsidiary management that integrated investment, management and services, and built the new system of "5+1" management that highlighted strengthening institution management, behavior management, function management, penetration management and continuous management, and particularly strengthening the unified management of overseas institutions. It established the work mechanism for the consolidated management of single subsidiaries, and intensified horizontal coordination and vertical penetration management capabilities, comprehensively boosting the quality and efficiency of subsidiary governance. The Bank resolved main problems arising from the development of subsidiaries in a targeted manner, empowering the high-quality development of subsidiaries. The Bank consolidated the policy system basis for consolidated management based on the *Measures for Consolidated Management of China CITIC Bank Corporation Limited* as well as supporting management rules. It set up a cross-functional working group headed by the senior management, established a mechanism for regular communication between the parent company and subsidiaries, carried out checklist-based management, and pushed ahead with key work. During the reporting period, the Bank over-fulfilled the special task of "delayering and downsizing", strengthened the long-acting equity management mechanism building, and developed a clearer and flat equity framework of subsidiaries. It focused more on primary duties and businesses, improved resource allocation, and enhanced penetration management. As at the end of the reporting period, the Bank has initially built an intelligent consolidated management platform system covering "all institutions, all elements, all processes and all aspects" to technically empower digital and information-based management of subsidiaries and enhance the efficiency of decision making. No new subsidiaries were purchased during the reporting period.

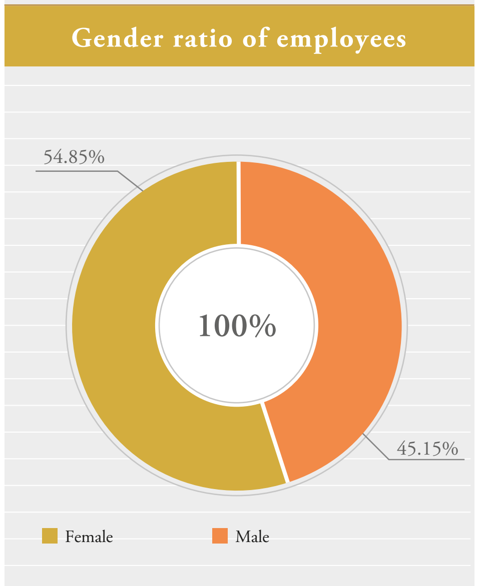
3.34 Information on Staff and Affiliates

3.34.1 Number and Mix of Employees, Number of Retirees and Affiliates

As at the end of the reporting period, the Group had 65,466 employees, including 64,453 under labor contracts with the Group and 1,013 dispatched to the Group or hired with letters of engagement by the Group, of which 13,921 served as business managerial function, 47,400 as business function and 4,145 as supporting function, accounting for 21.26%, 72.41% and 6.33% respectively. 19,552 employees, 29.87% of the total, held post-graduate degrees or above; 43,159 employees, 65.93% of the total, held bachelor's degrees; and 2,755 employees, 4.20% of the total, held junior diplomas and qualifications below junior diploma level. The Group bore fees for 3,254 retirees.

The Group attached great importance to the diversity of its employees, and as at the end of the reporting period, male and female employees (senior management included) accounted for 45.15% and 54.85% of the total respectively. The Bank is of the view that the diversity at the level of employees (senior management included) had been achieved. There is currently no other plan or measurable objective regarding gender diversity.





The Bank's Affiliates List (subsidiaries not included)

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of staffs	Total assets (RMB million)
Headquarters	Head Office	Address: 6-30/F and 32-42/F, Building No.1, 10 Guanghua Road, Chaoyang District, Beijing Postal Code: 100020	1	2,581	3,120,391
	Credit Card Center	Address: CITIC Bank Building, No. 121 Fuhua 1st Road, Futian Street, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	1	5,226	481,717
Bohai Rim	Beijing Branch	Address: Building C, 1/F Building D, 1/F Building E and Room A 1/F Building F of Fuhua Building, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing Postal Code: 100027	83	3,606	1,327,724
	Tianjin Branch	Address: A5 No. 162 Zhangzizhong Road, Heping District, Tianjin Postal Code: 300020	38	1,015	105,540
	Shijiazhuang Branch	Address: CITIC Tower, No. 10, Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei Province Postal Code: 050000	65	1,911	157,624
	Jinan Branch	Address: CITIC Plaza, No. 150, Luoyuan Street, Jinan, Shandong Province Postal Code: 250002	49	1,682	147,032
	Qingdao Branch	Address: No. 22, Hong Kong Middle Road, Qingdao, Shandong Province Postal Code: 266071	53	1,722	145,072
	Dalian Branch	Address: No. 29, Renmin Road, Zhongshan District, Dalian, Liaoning Province Postal Code: 116001	24	778	55,443
Yangtze River Delta	Shanghai Branch	Address: B1, Room 102-109 1/F, 201-2 2/F, 302-4 3/F, 9-15/F, No. 112 & 138 Expo Road, Pudong New Area, Shanghai Postal Code: 200126	61	2,317	550,159
	Nanjing Branch	Address: CITIC Tower, No. 348, Zhongshan Road, Nanjing, Jiangsu Province Postal Code: 210008	86	3,485	527,947
	Suzhou Branch	Address: West Building, Business Center, Financial Harbor, No. 266 East Suzhou Avenue, Suzhou Industrial Park, Suzhou, Jiangsu Province Postal Code: 215028	29	1,317	202,766
	Hangzhou Branch	Address: No. 9 Jiefang East Road, Shangcheng District, Hangzhou, Zhejiang Province Postal Code: 310016	98	4,361	663,289
	Ningbo Branch	Address: CITIC Tower, No. 36, Zhenming Road, Haishu District, Ningbo, Zhejiang Province Postal Code: 315010	30	908	134,313
Pearl River Delta and West Strait	Fuzhou Branch	Address: Hengli Financial Center, No. 6, Guanfengting Street, Gulou District, Fuzhou, Fujian Province Postal Code: 350000	54	1,572	124,196
	Xiamen Branch	Address: 334-101, 201, 301, 401, Hubin South Road, Siming District, Xiamen, Fujian Province Postal Code: 361000	18	467	36,041
	Guangzhou Branch	Address: CITIC Plaza, No. 233, Tianhe North Road, Guangzhou, Guangdong Province Postal Code: 510613	105	3,530	484,216
	Shenzhen Branch	Address: 5-10/F, North Tower, Phase II Time Square, No. 8 Third Central Road, Futian District, Shenzhen, Guangdong Province Postal Code: 518048	54	1,951	415,903
	Haikou Branch	Address: Banshan Garden, No. 1 Jinmao Middle Road, Longhua District, Haikou, Hainan Province Postal Code: 570125	11	360	29,211

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of staffs	Total assets (RMB million)
Central China	Hefei Branch	Address: No. 396, Huizhou Avenue, Baohe District, Hefei, Anhui Province Postal Code: 230001	41	1,288	139,891
	Zhengzhou Branch	Address: CITIC Bank Building, No. 1 Business Inner Ring Road, Zhengdong New District, Zhengzhou, Henan Province Postal Code: 450000	86	2,416	254,894
	Wuhan Branch	Address: CITIC Tower, No. 747 Jianshe Avenue, Hankou, Wuhan, Hubei Province Postal Code: 430000	52	1,666	211,610
	Changsha Branch	Address: No. 1500 Third Section of Xiangjiang North Road, Kaifu District, Changsha, Hunan Province Postal Code: 410011	41	1,252	125,009
	Nanchang Branch	Address: Building D3, Lvdi Central Plaza, No. 998, Hongguzhong Avenue, Honggutan District, Nanchang, Jiangxi Province Postal Code: 330038	22	782	99,577
	Taiyuan Branch	Address: 1-17/F, Building 31, No. 65 Pingyang Road, Xiaodian District, Taiyuan, Shanxi Province Postal Code: 030006	30	988	76,010
Western China	Chongqing Branch	Address: No. 5 Jiangbeicheng West Avenue, Jiangbei District, Chongqing Postal Code: 400020	32	1,201	144,836
	Nanning Branch	Address: No. 36-1, Shuangyong Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region Postal Code: 530021	19	570	57,196
	Guiyang Branch	Address: North Second Tower, BL Zone, Guizhou Financial City, Changling North Road, Guanshanhu District, Guiyang, Guizhou Province Postal Code: 550081	15	450	39,235
	Hohhot Branch	Address: CITIC Tower, Ruyihe Avenue, Ruyi Development Area, Hohhot, Inner Mongolia Autonomous Region Postal Code: 010010	30	839	46,773
	Yinchuan Branch	Address: No. 160 Beijing Middle Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region Postal Code: 750002	8	258	19,504
	Xining Branch	Address: Building 2, Shengshida Financial Center, Wenyuan Road No.1, Chengxi District, Xining, Qinghai Province Postal Code: 810008	9	235	17,094
	Xi'an Branch	Address: No. 1, Middle Section of Zhuque Road, Xi'an, Shaanxi Province Postal Code: 710061	40	1,185	97,292
	Chengdu Branch	Address: La Defense Tower, No. 1480 North Section of Tianfu Avenue, High-Tech Zone, Chengdu, Sichuan Province Postal Code: 610042	45	1,497	192,811
	Urumqi Branch	Address: CITIC Bank Tower, No. 165, Xinhua North Road, Urumqi, Xinjiang Uygur Autonomous Region Postal Code: 830002	12	413	29,850
	Kunming Branch	Address: Fulin Square, Baoshan Street, Wuhua District, Kunming, Yunnan Province Postal Code: 650021	30	867	76,805
	Lanzhou Branch	Address: No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province Postal Code: 730000	13	352	25,045
	Lhasa Branch	Address: No. 22 Jiangsu Road, Lhasa, Tibet Autonomous Region Postal Code: 850000	2	125	11,531
Northeastern China	Harbin Branch	Address: CITIC Tower, No. 236, Hongqi Avenue, Nangang District, Harbin, Heilongjiang Province Postal Code: 150000	19	520	31,911
	Changchun Branch	Address: No. 718, Jiangong South Road, Chaoyang District, Changchun, Jilin Province Postal Code: 130000	21	508	44,419
	Shenyang Branch	Address: No. 336, Daxi Road, Shenhe District, Shenyang, Liaoning Province Postal Code: 110014	45	1,371	57,388

Division of region	Name of the affiliate	Business address/Postal code	Number of outlets	Number of staffs	Total assets (RMB million)
Overseas	London Branch	5th Floor, 99 Gresham Street, London, EC2V 7NG, UK	1	42	21,978
	Hong Kong Branch	80 FL. International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong	1	1	2,386
	Sydney Representative Office	Level 27, Gateway, 1 Macquarie Place, Sydney, NSW 2000, Australia	1	4	–

Notes: (1) Except data listed in above table, the Bank had 3,617 employees in the Software Development Center, Big Data Center and Technology Operation Center directly under the Head Office, and seconded 5 employees to JSC Altyn Bank.

(2) The Credit Card Center mentioned in the above table had 77 sub-centers.

(3) The "total assets" in the above chart did not deduct the offset balance between affiliates.

3.34.2 Remuneration Policy

The Bank adopted a remuneration distribution mechanism for employees with position and title system as the foundation and with performance contribution and competence demonstration as the measurement criteria. It constantly optimized the structure for internal income distribution, followed national policies, and channeled more remuneration resources to front office and primary-level employees. Employee remuneration of the Bank consists of basic remuneration and performance-based remuneration, with the former determined by employees' job responsibilities and abilities in duty performance, and the latter linked to the Bank's overall operating results and employees' personal performance and duty performance abilities.

During the reporting period, to refine the performance-based remuneration management system and improve the incentive and constraint mechanism, the Bank revised the *Management Measures of China CITIC Bank for the Deferred Payment of Performance-based Bonuses* and the *Management Measures of China CITIC Bank for the Recourse and Deduction of Performance-based Remuneration.* It made it clear that deferred payment would be adopted for over 50% of the performance-based remuneration for middle and senior management members of the Bank and over 40% of the performance-based remuneration for personnel in key positions, with the period of deferred payment of three years; specified the criteria for identifying excessive risk exposures and the detailed processes for the recourse and deduction of performance-based remuneration, among others. For the personnel who trigger the conditions for recourse and deduction of performance-based bonuses, the deferred payment of performance-based bonuses would be subject to the Bank's applicable regulations, to ensure the level and structure of employees' remunerations consistent with risk exposure and duration.

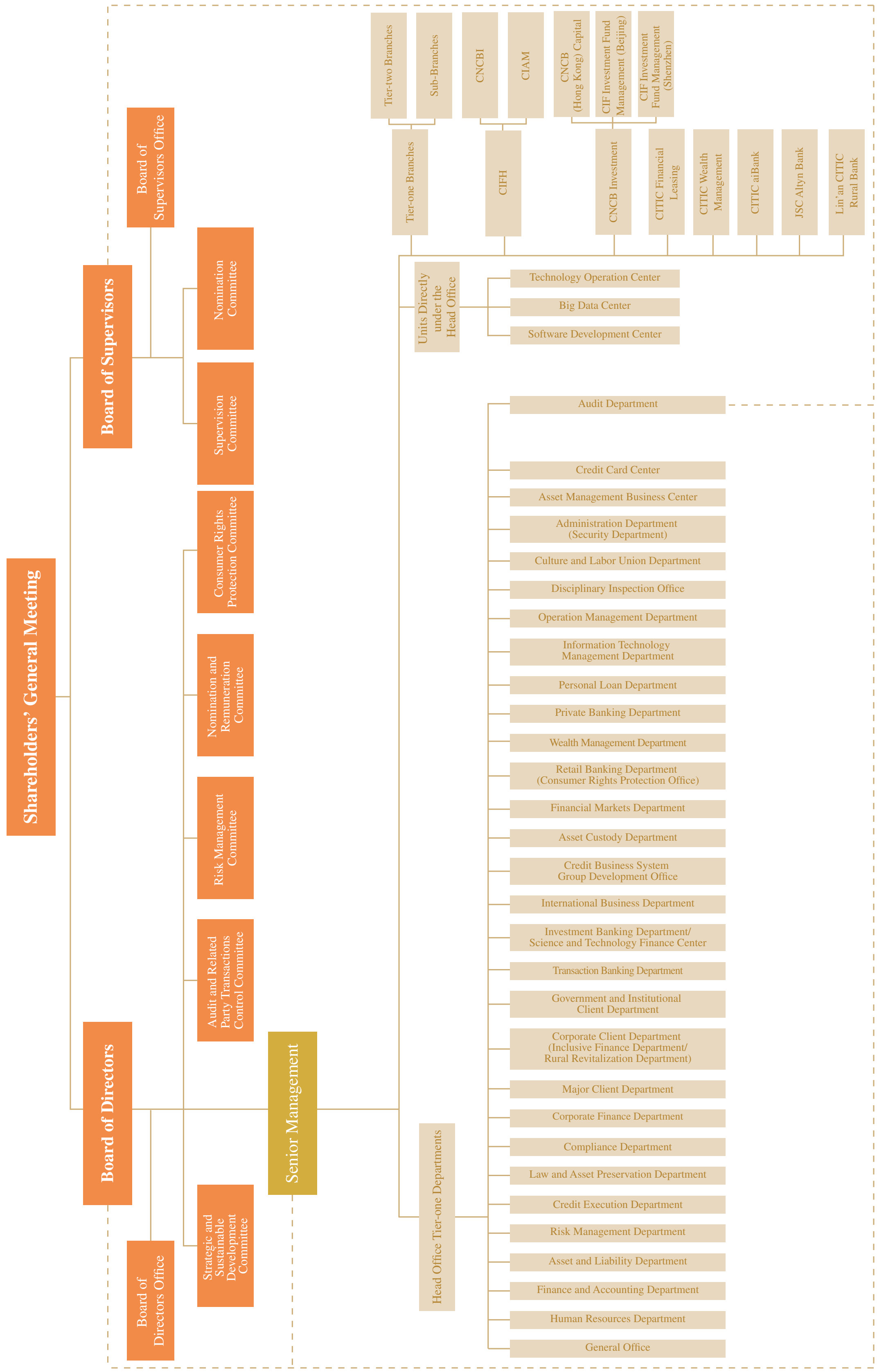
The Bank continuously optimized the salary and welfare for employees, and strictly implemented national policies regarding social insurance and housing provident fund. It paid contributions to social insurance and housing provident fund programs in full and on time for all employees, established corporate annuity and supplementary medical insurance programs for contract employees, and provided female employees with maternity leave and maternity allowances, to ensure all employees have access to holidays and welfare in accordance with relevant policies.

3.34.3 Team Building and Employee Training

Firmly upholding the strategy of talent-driven bank development, the Bank implemented a staffing mechanism with values at the core and the balance between number, quality, structure and efficiency of talents. It continuously improved the strategic arrangement of talents, systematically advanced the building of various talent teams, and carried out selection and training of internal talents and introduction of external talents in a science-based manner, further reinforcing the foundation of talents of the Bank. In accordance with its development plan and the 14th five-year plan for talent development, the Bank carried out a package of demonstration talent programs such as "Sailing a Hundred Ships", "Staying True to Original Aspirations" and "Inspiring the Mind". As at the end of the reporting period, nearly 7,000 management members, technical professionals, management trainees, Party building talents and tellers at various levels had been selected and trained.

The Bank continued to improve the comprehensive education and training system, and stepped up the development of human resources. It highlighted professional empowerment in upgrading the training system for employee qualification certification, and regularly organized bank-wide examination and certification, to meet the needs of employees of different levels and positions for career growth, and further enhance the professional competence of all employees. It pressed ahead with both onboarding and on-the-job training for management personnel, stepped up efforts to empower front-line operation institutions, and strengthened the onboarding training for newly appointed sub-branch presidents. It optimized the onboarding training system for new campus recruits, and enhanced pre-job training for new employees in positions such as corporate account managers, retail wealth managers, and tellers. It continued to organize bank-wide digital training and learning, and launched a series of digital skills training camps, to foster the digital thinking and capabilities of both officials and employees. It encouraged employees to participate in job-related professional title evaluations and external professional qualification certification exams. It further deepened the cooperation with universities, organized training and lectures in collaboration with more than 20 domestic universities such as Peking University and Tsinghua University, and provided high-quality educational resources for officials and employees.

3.34.4 Organizational Chart



Chapter 4 Environmental, Social and Governance (ESG)

One of the development principles of the Bank is to adhere to prudent operation and sustainable development. The Bank pursues long-termism development, balances development and risks in a coordinated manner, and properly handles the relations between short-term and long-term interests, and between overall and partial perspectives. The Bank adheres to the ESG concept and green development, actively fulfills its social responsibilities, and continuously improves its environmental, social and governance performance.

The Bank has established a "top-down and innovation-driven ESG management system that features mutual promotion and coordinated operation". During the reporting period, the Bank continued to improve the ESG management system and mechanism. It convened the 2024 working group meeting on market capitalization and ESG management, and advanced ESG work in a coordinated manner. It continuously strengthened data governance, gradually built the statistical and management capabilities of Scope 3 emissions, successfully completed the inventory of carbon emissions for 2021-2023, and sorted historical data, laying a solid foundation for the formulation of the Bank's "carbon peaking and carbon neutrality" objectives and implementation path. It continuously promoted the integration of the ESG philosophy into daily operation and management, and incorporated ESG-related contents into its employee qualification certification system. It carried out the Special Training Course on ESG Capability Improvement of China CITIC Bank for ESG management personnel teams of the Head Office, branches and sub-branches, and organized training sessions on the concept of ESG sustainable development, carbon peaking and carbon neutrality management, climate change and green finance etc. to further enhance the Bank's ESG management.

Under the strategic leadership of the Board of Directors, the Bank actively supported key areas of the real economy, vigorously developed green finance, inclusive finance and elderly-oriented finance, actively served the rural revitalization strategy, and continuously carried out precision assistance and public welfare donations. Positive progress was made in various areas. During the reporting period, the Bank's CSI ESG rating was raised to AAA, the highest level, and its MSCI ESG rating was upgraded from BBB to A.

For further information about the Bank's ESG, please refer to the *2024 Sustainable Development Report of China CITIC Bank Corporation Limited* published by the Bank on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the publication date of this report, as well as relevant contents in the ESG section of the official website of the Bank (www.citicbank.com).

4.1 Environment Information

Closely following the national strategic directions, the Bank practiced the philosophy of green development, actively tackled challenges from climate changes, constantly refined the systems and mechanisms related to green finance, vigorously developed green finance businesses like green credit and green bonds, proactively explored green finance product innovation, and continuously improved the integrated services of green finance. The Bank continued to promote green and low-carbon operation. It set green objectives and tracked the implementation progress, striving to build a green bank. During the reporting period, there was no administrative punishment imposed on the Bank due to environmental issues.

4.1.1 Green Finance

Green Finance	Special Column

The Bank resolutely implemented the requirements of the CPC Central Committee and regulators. It has proactively implemented the strategic development plan for green finance featuring raising awareness, ensuring organizational support, and providing comprehensive service capabilities for green finance to promote the development of green finance as one of the "Five Priorities" of the financial sector.

Top-level design continued to intensify, with more notable results delivered through policies. During the reporting period, in active response to the *Opinions on Comprehensively Advancing the Building of a Beautiful China* and the *Opinions on Accelerating the Comprehensive Green Transition in Economic and Social Development* released by the CPC Central Committee and State Council, the Bank formulated and issued the *Plan for Green Finance Development of China CITIC Bank (2024-2026),* and the *Special Action Plan of China CITIC Bank for Deepening Green Finance*. The Bank revised the rules of procedure for the Strategic and Sustainable Development Committee under the Board of Directors, and increased responsibilities such as taking charge of green finance-related work, reviewing the Bank's green finance development strategy, and assessing the implementation of the strategy. To further improve management of the special institutions for green finance business, the Bank developed the *Management Measures for Green Finance Demonstration Institutions of China CITIC Bank (Trial)*, to improve the systems and mechanisms for green finance management. At the same time, the Bank strengthened its collaboration with research institutes and higher education institutions, actively participating in green and low-carbon transport projects, among others, and effectively promoting business development.

The size of green credit continued to grow, demonstrating increasingly distinct green characteristics. As at the end of the reporting period, the Bank's balance of green credit surpassed the RMB600 billion mark and reached RMB600.565 billion, up by RMB141.543 billion, or 30.84%, from the prior year-end. Green credit accounted for 10.50% of all loans. Carbon emission loans granted amounted to RMB15.587 billion cumulatively. In terms of the industries the loans are granted to, as at the end of the reporting period, loans newly granted to green buildings, construction and operation of solar energy facilities and green and organic agriculture all exceeded RMB10 billion; the shares of loans to clean energy, ecological and environmental protection, and energy conservation and environmental protection industries increased by 4.01, 3.05 and 0.74 percentage points respectively from the end of 2021, indicating further optimization of the structure of the green industries.

The green finance business system kept improving, producing greater green benefits. The Bank continued to advance the building of a diversified green investment and financing system. In addition to green credit, the Bank also steadily advanced other green finance businesses. During the reporting period, the Bank successfully issued RMB20 billion of domestic green finance bonds; underwrote RMB14.481 billion of green debt financing instruments, and launched the first 30-year green medium-term notes, the first green medium-term notes for renewal of large-scale equipment and trade-in of consumer goods, and the first green hybrid sci-tech notes in the market; registered a balance of green bonds investment of RMB17.0 billion; newly issued RMB8.806 billion of ESG-themed, green-themed and other green finance-related wealth management products; recorded RMB25.595 billion in green leasing; and issued RMB9.923 billion of green bond-linked structured deposits products. Meanwhile, the Bank seized policy opportunities in the carbon market to accelerate R&D of products for the green and low-carbon service platform and provide comprehensive carbon emissions calculation services for corporate customers. As at the end of the reporting period, the Bank had completed launch of the carbon accounts for enterprise employees, which can deliver convenient and efficient online carbon emissions calculation services for corporate customers and empower the low-carbon transition of all industries.

Green branding was further strengthened, and the green ecosystem was steadily expanded. The Bank kept enhancing its green influence via diverse channels such as media. It released green finance publicity posters on occasions like the World Earth Day, World Environment Day and the 4th anniversary of the announcement of the "carbon peaking and carbon neutrality" strategy, and published articles in the Caijing magazine, xinhuanet.com and New Economics, etc. to voice its opinions. During the reporting period, the Bank paid active visits to the organizations in the green ecosystem, participated in 19 exchange activities, and helped to achieve the zero-carbon targets of the 2024 ESG Global Leaders Conference.

4.1.2 Green Operation

The Bank upheld the philosophy of green and low-carbon development, actively practiced national policies and requirements on energy conservation and environmental protection, and sped up the initiatives related to green operation. During the reporting period, the Bank proactively implemented the country's carbon peaking and carbon neutrality strategy in such aspects as system building, official vehicle management, energy management, energy conservation in buildings and guidance of employee conduct to promote green operation management.

In terms of system building, the Bank continued to enhance green operation capabilities. It established and refined the system for green office operation and management, and formulated policies and rules to reduce energy consumption in its own operation. In addition, it conducted an inventory of carbon emissions for 2021-2023, and figured out historical data, laying a solid foundation for the Bank to achieve the carbon peaking and neutralization goals.

In terms of the use of official vehicles, the Bank strictly followed the regulations on the specification and quantity of official vehicles, and selected Chinese-made vehicles and gave priority to new energy vehicles. It continued to strengthen management for the use of official vehicles, and reduced the use of official vehicles through dual management and control including policy regulations and online tools. The ban on the use of official vehicles during holidays was strictly observed.

In terms of energy management, the Bank took technical means to save energy and reduce carbon emissions. To be specific, the Bank adopted energy-saving lights, projectors and equipment, among other electric appliances. The air-conditioners in the office areas of the Head Office were automatically controlled by the central control system, stopping operation automatically after 18:00 on weekdays, and were turned off on weekends and statutory holidays. The minimum temperature for air conditioning in summer was raised. At the Head Office, the lighting facilities were automatically switched off, and the power-saving mode of office equipment such as fax machines and copy machines were turned on at regular intervals and the power was off after work.

In terms of energy conservation in buildings, the Bank's information technology research and development base and the (Hefei) financial back office service center project both obtained the certificate of three star green building design label. At the information technology research and development base, solar water heaters were adopted for office buildings, and the heating and ventilation system in machine room buildings operated on a mode dominated by water chilling units and supplemented by air-cooled units, both effectively reducing energy consumption. Energy-saving and environment-friendly measures were comprehensively incorporated into (Hefei) financial back office service center project under construction, and natural lighting was adopted to fully use renewable energy, with the energy efficiency rate for buildings reaching 65%.

In terms of green procurement, and the use of equipment, consumables and furniture, the Bank focused on the source and promoted green procurement, prioritizing energy-efficient products, products made of renewable materials and FSC/PEFC certified copy paper in the procurement process. The Bank gave priority to used furniture. The three major workplaces of the Head Office used approximately 5,000 pieces of used furniture, saving nearly RMB30 million and significantly reducing new purchases. Meanwhile, the Bank continued to strengthen scientific allocation of equipment and assets and controlled demands in a reasonable way, reducing purchases of new furniture.

In terms of guidance of employee conducts, the Bank guided its employees to reduce energy consumption, minimize waste, and adopt green office habits. These measures included encouraging employees to turn off their computers after business hours and configure printers for double-sided, black and white printing as the default setting. The Bank established a unified recovery mechanism for batteries and printer toner cartridges. The cleaning workers increased the frequency of restroom patrols to ensure that faucets are turned off promptly. Furthermore, the Bank has implemented a program to motivate employees to "empty their plates" at mealtimes and introduced half-portioned dishes to further reduce food waste.

4.1.3 ESG Risk Management

During the reporting period, the Bank formulated and issued the *Measures of China CITIC Bank for ESG Risk Management in Credit Business (Version 1.0, 2024)*, clarifying the assessment tools and classification standards for ESG risks in credit business, and incorporating ESG risks into due diligence, review and approval, credit use review, and post-lending management, etc., to further reinforce ESG risk management in credit business.

The Bank adopted the strategy of controlling the total credit for certain energy-intensive and high-emission industries. It prioritized credit support for the projects that promote clean energy replacement, support advanced production capacity or energy efficiency retrofit. Strict project access standards are enforced, with the prohibition of credit support to the expansion of production capacity in violation of regulations. For existing "high energy-consuming and high-emission" projects under construction, if they had to be halted for rectification in accordance with relevant requirements because of the failure in energy efficiency review or environmental impact assessment procedures, the Bank would actively support the rectification, and phase them out as appropriate in an orderly manner. For existing projects with high energy consumption and pollution but at the same time with potential for energy conservation and emission reduction, after careful assessment of their development prospects, the Bank may support its renovation and upgrading. The projects classified as obsolete capacity shall be phased out in a swift and orderly manner.

ESG Due Diligence

The Bank conducted risk review for all credit and non-credit businesses, assessing the environmental and climate, social and governance risks involved in each business. The environmental and climate risk assessment focused on environmental penalties and rectifications, while the social and governance risk assessment was based on material positive and negative events of the enterprises. During the reporting period, the Bank continued to optimize the ESG credit assessment indicator system for corporate customers, further strengthening the promotion and application of the indicator system. It required all eligible credit customers to report on their performance in key areas, such as energy management, pollution discharge, green industries, security and quality, and equity governance, to provide risk judgment basis for credit extension decision.

Trigger Factors and Risk Escalation Process

During the Bank's ESG due diligence process, the factors triggering risk escalation included negative public opinions, environmental impact, governance structure defects, changes in third-party ESG evaluations/ratings, etc., such as legal punishments related to pollution discharge, complaints related to product and service quality, health and safety, administrative punishments, and violations of laws or regulations by senior management members in the last three years.

Before loans were granted, if customers were identified to be involved in material ESG risks, the Bank would conduct analysis and make judgment at the earliest time possible, formulate risk response strategies and measures, supervise the implementation and track the results. The Bank implemented a policy of "environmental veto" in its credit extension to customers and projects that did not align with national policies or regulatory requirements, violated environmental laws or regulations without rectification, received the environmental credit rating of "warning" or "fail", were involved in legal proceedings caused by environmental and climate factors that may have a material adverse impact, required by competent government departments to cease operations, or were involved in other material environmental and climate risks.

After lending, the Bank intensified post-lending ESG risk management and early warning management, continued to enrich the post-lending inspection indicator library and early warning signal library, and collected and updated relevant information in time, to provide data support for post-lending management. The Bank introduced ESG-related indicators into the post-lending and post-investment inspection indicators, and had post-lending and post-investment management staff check and file regularly. It incorporated early warning signals for environmental punishments into the early warning management system, which were automatically monitored by the system and pushed to the post-lending and post-investment management staff for verification and handling. In case of material ESG risks, the Bank would implement a series of measures to mitigate ESG risks, such as claiming maturity of loans in advance, reducing loans, and adjusting risk classification of assets.

4.2 Social Information

The Group took solid steps to fulfill its social responsibilities. In response to the national strategic plans for rural revitalization, it boosted rural revitalization through financial services. It constantly promoted the targeted financial assistance, consolidated the achievements of poverty alleviation, made every efforts to protect customers' rights and interests, enhanced the popularization and education of financial knowledge, focused on privacy protection and data security, and reinforced the management and control of the operation security.

4.2.1 Rural Revitalization

During the reporting period, the Bank conscientiously implemented the plans of the CPC Central Committee, and strictly observed regulatory requirements. It earnestly studied and put into practice the experience of the "Green Rural Revival Program", adhered to the operating philosophy of "focusing on key aspects and highlighting characteristics", refined the "1+12+20"[49] organizational structure, improved the "1+5+N"[50] comprehensive service plan, and constantly improved the quality and efficiency of financial services for rural revitalization, becoming the only joint-stock bank rated "excellent" for three straight years by PBOC and NFRA in the assessment of financial institutions in terms of their support for rural revitalization. It's also the first joint-stock bank connecting to the "Credit Express" platform of the Ministry of Agriculture and Rural Affairs, and its exclusive service model tailored for farming was listed by the Ministry of Agriculture and Rural Affairs among the "ten major innovative models for supporting agriculture with financial services".

During the reporting period, **the Bank stayed focused on key aspects**. The Bank focused on the key industries of rural revitalization, such as agriculture, forestry, animal husbandry and fishery, the key customer groups in rural revitalization, such as rural revitalization groups, leading industrialization enterprises and new farmers, and the key regions of rural revitalization, such as the key county areas covered by the Bank's outlets. Guided by the combination of "Five Policies", the Bank developed marketing guidelines and review & approval criteria with regional characteristics, deepened connection to channels, carried out "Teaming with CITIC for a Shared Future of Prosperity" and other marketing campaigns, and continuously increased credit support. **The Bank remained committed to the synergistic advantages**. Further leveraging the synergy across CITIC Group, it collaborated with the financial and industrial subsidiaries within the Group on the establishment of a service system that integrates "financing, intelligence, industry, construction and sales", providing farming and breeding enterprises with "financing" services related to equity, debts, loans and investment, providing agricultural industrial planning with think tank consulting and other "intelligence" services, providing leading agricultural enterprises with industrial transformation and other "industry" services, providing agricultural industrial parks with engineering construction and other "construction" services, and providing agricultural products with online and offline promotion and other "sales" services. With such efforts, the Bank further sharpened its distinct competitive edges.

As at the end of the reporting period, the Bank had 63,800 accounts of agriculture-related[51] customers, up by 15,500 accounts compared to the beginning of the year. The balance of the Bank's agriculture-related loans stood at RMB445.918 billion, up by RMB56.057 billion or 14.38% compared to the beginning of the year. Among them, the balance of agriculture-related inclusive loans was RMB41.405 billion, an increase of RMB7.44 billion from the beginning of the year, registering a growth rate of 21.90%; loans granted to key areas such as agriculture, forestry, animal husbandry and fishery, rural infrastructure, food security and new-type agricultural business entities all recorded good growth.

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49 Rural Revitalization Department, 12 key branches, and 20 demonstration county-level sub-branches.

50 Formulating 1 distinct development strategy that combines industry-finance collaboration and finance-finance collaboration; carrying out 5 special campaigns respectively focused on strengthening agriculture, revitalizing agriculture, increasing farmers' income, protecting farmers, and developing smart agriculture; and launching N innovative products, such as High-standard Farmland Construction Loan, Forest Rights Mortgage Loan, Grain Farmer Loan, and Green Forest Loan, as well as rural revitalization themed cards.

51 The Bank has adjusted the statistics of agriculture-related loans in accordance with changes in regulatory statistical standards, with the base figure at the beginning of the year revised correspondingly.

The Building of Outlets in County Areas

During the reporting period, the Bank had 161 outlets (including 1 sub-branch focused on micro and small-sized enterprises) in county areas, 80% of which were distributed in six eastern and central provinces, i.e. Zhejiang, Jiangsu, Fujian, Shandong, Hebei and Henan. These outlets were equipped with 467 self-service cash terminals and 335 vertical smart teller machines, while mobile smart teller machines and digital cloud stores were promoted to further expand the coverage of services, effectively meeting the financial demands of residents in county areas, enterprises and public institutions, and offering strong support for the economic development of county areas.

Precision Assistance with Financial Services

The Bank resolutely fulfilled its political and social responsibilities as a state-owned financial enterprise, maintained supporting policies stable overall and supporting efforts undiminished, consistently consolidated and expanded achievements made in poverty alleviation, helping to ensure that people would not slip back into poverty.

During the reporting period, the Bank increased its support in credit granting, focused on industrial assistance and employment assistance, channeled credit resources into areas lifted out of poverty and key counties receiving assistance, strengthened credit support for areas with industry drive, and solidly advanced micro credit for the people shaking off poverty. It scaled up product service support, and continued to optimize online service channels such as mobile banking and supply chain finance. It created new credit products with regional characteristics, provided a variety of wealth management services with a low threshold for access, and continuously improved its comprehensive financial service capability. The Bank enhanced policy and resource support, allocated resources for performance assessment and special subsidies, maintained risk tolerance, and implemented the policy of liability exemption in case of due diligence.

As at the end of the reporting period, the Bank's balance of loans for precision assistance with financial services stood at RMB38.419 billion, an increase of RMB1.438 billion over the end of last year, and the number of customers with outstanding loans was 987,500. During the reporting period, the risk interest rate of loans newly granted was basically balanced.

Diverse Assistance

During the reporting period, the Bank provided assistance in five major forms, i.e. paired assistance, assistance through education, medical service, consumption, and charity. Meanwhile, it pressed ahead with public welfare activities and volunteer activities with extensive participation by employees, and offered aid to socially disadvantaged groups, demonstrating its image as a responsible and caring enterprise.

In terms of paired assistance, the Bank continued to carry out paired poverty alleviation in 56 villages nationwide, including Aksu City of Xinjiang, Tanchang County of Gansu Province, Lingqiu County of Shanxi Province, Huai'an County of Hebei Province, and Liangshan Prefecture of Sichuan Province. Leveraging on assistance through industrial development, infrastructure construction, culture, ecological revitalization and consumption, etc., it provided financial, personnel and in kind support for rural revitalization. The Bank took an active part in CITIC Group's paired assistance initiative, offering support for Yuanyang County and Pingbian County of Yunnan Province, Qianjiang District of Chongqing, and Shenza County of Tibet through donations, financial services, paired and joint construction, and education and training. **In terms of assistance through education,** the Bank provided assistance through education (talent cultivation) in the rural areas across the country, continuously carrying out the educational assistance program themed "China CITIC Bank·New Great Wall Senior High School Student Assistance" in the rural schools of 19 provinces, autonomous regions and municipalities directly under the central government. **In terms of assistance through medical services,** the Bank pressed ahead with the medical aid program themed "China CITIC Bank• Caring for Children" targeting the sick children in central and western areas and the "three regions and three prefectures" in extreme poverty, offering free surgical operation and rehabilitation treatment for the children with congenital heart disease in previously registered poor families and other rural families in difficulty. **In terms of assistance through consumption,** the Bank stepped up its efforts, purchasing the agricultural products from key areas receiving assistance and counties lifted out of poverty through welfare procurement by its trade union, administrative procurement and marketing procurement. Meanwhile, the Bank encouraged its employees, customers and partners as well as all sectors of the society to participate in the campaign of helping farmers through consumption by making purchases instead of donations or providing aid, and by introducing external resource and strengthening internal linkages. **In terms of assistance through charity,** the Bank engaged its employees, customers, partners and other stakeholders in charity activities and relevant volunteer services, such as charitable sale and donation, disaster relief, blood donation, environmental protection and visits, actively assisting the socially disadvantaged groups.

During the reporting period, the Bank dispatched a total of 82 cadres (including 30 cadres serving as the first secretary residing at villages) to villages, implemented 253 assistance programs of various types, donated RMB9,545,100, directly purchased agricultural products worth RMB59,481,000 as assistance through consumption, and helped sell agricultural products worth RMB7,202,400, benefiting over 640,000 people in total through assistance and public welfare activities.

Item	Progress
Overview	
Charitable funds Invested (1)=(2)+(3)+(4)+(5)	RMB9,545,100
Inputs by major category	
1. Paired Assistance	
Including: Types of Assistance	Rural industries, infrastructure, culture, ecological revitalization, consolidation of poverty alleviation results and others
Number of Assistance Projects	113
Invested Amount (2)	RMB5,441,800
2. Assistance through Education	
Including: Amount of Financial Assistance for Students in Difficulty (3)	RMB2,636,000
Number of Students Assisted (person times)	18,550
3. Assistance through Medical Service	
Including: Amount Input to Save Children with Congenital Heart Disease (4)	RMB1,000,000
Number of Children with Congenital Heart Disease Saved (person times)	109
4. Assistance through Consumption	
Including: Amount of Agricultural and Sideline Products Procured from Less Developed Areas	RMB59,481,000
Amount of Agricultural and Sideline Products Sold by Less Developed Areas with the Help of the Bank	RMB7,202,400
5. Charity	
Including: Types of Implemented Projects	Urban and rural social welfare activities, charitable activities, emergency response and disaster relief, environmental protection, etc.
Direct donation (5)	RMB467,300
Number of Projects Implemented	139
Donation from employees with the Bank's advocacy	RMB2,729,400
Number of Employees Participating in Charitable Activities (person times)	45,500

4.2.2 Consumer Rights Protection

Upholding the "people-centered" development philosophy, the Bank put customers in the first place when providing financial services, strictly carried out relevant regulatory requirements, constantly improved the quality and efficiency of consumer rights protection, and committed itself to providing caring financial services for consumers.

During the reporting period, the Bank made relentless efforts in mechanism and system development for consumer rights protection, included the consumer rights protection into the list of "three priorities and one major" items of the China CITIC Bank, and relevant work reports were submitted to the Party Committee and the Board of Directors for decision-making. During the reporting period, 15 meetings on consumer rights protection were held by the Party Committee, the Board of Directors, the Board of Supervisors, and the Consumer Rights Protection Committee of the Head Office, to strengthen the top-level guidance on consumer rights protection on all fronts. Directors, supervisors and senior management members listened to work reports on consumer rights protection, and made special arrangement for sales appropriateness management, complaint management, institutional building for consumer protection of the corporate finance sector, rectification and improvement based on consumer protection regulatory assessment, and other key areas. The Bank continued to improve the consumer rights and interests protection rule system. During the reporting period, it revised and issued the *Management Measures for Consumer Protection Team of China CITIC Bank,* the *Management Measures for Consumer Protection Assessment of China CITIC Bank,* the *Management Measures for Financial Consumer Education and Publicity of China CITIC Bank, Management Measures for Product and Service Consumer Protection Review of China CITIC Bank, Guidelines for Key Points of Consumer Protection Review of New Products and New Services of China CITIC Bank,* among other policies, effectively reinforcing the Bank's "1+15+2"[52] management system for consumer rights protection.

During the reporting period, the Bank took an active part in the centralized education and publicity campaigns organized by regulators, including the "3.15 Consumer Rights Protection Education and Publicity Campaign", "Financial Knowledge Popularization Month", "Financial Education and Publicity Month" and "Illegal Fundraising Prevention Publicity Month". Through unified arrangement by the Bank and joint efforts by branches and sub-branches, the Bank carried out 12,432 activities, reaching 471 million consumers on a cumulative basis. Focusing on key population groups of the elderly, the young and new urban residents, the Bank organized such themed education and publicity campaigns as "The Elderly Happy Learning Program", "Protection for the Future Program", and "Safeguarding Happiness Program". Dedicated zones for education and publicity were set up at all outlets, and "10,000 Consumer Protection Activities in 100 Cities" were organized to help consumers acquire more financial knowledge.

The Bank continued to implement regulatory requirements, constantly improved the compliant management system and the "referral, accepting, handling" mechanism. It ensured that the complaint acceptance channel was fully accessible, designated dedicated employees to handle complaints at all levels and all business lines, and put into practice the system featuring that those who was the first to take an enquiry should be held accountable. The Bank continued to improve the early warning and prevention mechanism for major complaints, the mechanism for real-time monitoring and supervision of complaint handling, and the mechanism for tiered and categorized complaint management. It focused on key areas, and constantly conducted rectifications of problems from the sources. It widened the coverage and improved the quality of offline mediation, and resolved conflicts at the primary level in a timely manner. Furthermore, it kept improving the digital capability of complaint management for consumer protection, and realized such functions as hot topic analysis and abnormality monitoring to ensure rapid responses to and proper handling of consumers' reasonable demands.

During the reporting period, the Bank handled a total of 19,315 customers complaints referred from regulators[53], down by 17.12% year on year. The top three businesses with most complaints are credit cards, debit card account management, and outlet services and the top three regions with most complaints were Guangdong[54], Jiangsu and Shandong.

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52 Including 1 programmatic document, 15 special policies, and 2 rules of procedure

53 Including NFRA, PBOC, and other external agencies (excluding duplicate complaints).

54 As the Credit Card Center of the Bank is located in Shenzhen, the complaints on credit card business is included in Guangdong.

4.2.3 Privacy and Data Security

The Bank attached great importance to privacy protection and data security. During the reporting period, the Bank comprehensively protected customer information and data security through information system security, data security protection, customer information and privacy protection, and security education and training.

In terms of information system security, the Bank strictly followed the requirements for synchronous planning, construction and application of data security and information system, and implemented data security protection measures for the information system at request raising, design, development, testing and release stage. During the reporting period, the Bank continued to carry out security tests and assessment, to ensure data security protection throughout the full process of information system development. It strictly controlled access to the information system, restricting users' access to data or data storage medium in strict accordance with the principle of "the minimum scope", and authorizing data access according to the principle of "necessary due to work reason", to prevent the risk of data usage beyond specified scope.

In terms of data security protection, the Bank established a layered data security policy system and technical protection system in accordance with laws and regulations, regulatory requirements and industrial standards and in consideration of internal needs for security management. During the reporting period, aligned with new regulatory rules, the Bank optimized the data security system based on internal demand for security; it improved the data classification and grading standards and differentiated management requirements, to improve refined management of data security; it actively deployed security monitoring and protection measures, intensified network security and data security risk monitoring, and comprehensively enhanced risk response capabilities through emergency drills, etc.

In terms of customer information and privacy protection, the Bank explicitly informed customers of the purpose, method and scope of information processing, promised to use such information in strict accordance with customer authorization and within the minimum scope, and regularly re-examined and optimized the contents of privacy policies to protect customers' legitimate rights and interests. During the reporting period, the Bank continued to refine the mechanism for the management of customer information security, and ensured the effective implementation of the customer information protection strategy through security assessments, tests, and inspections. There were no major data security incidents or customer information leaks in 2024.

In terms of security education and training, to raise staff awareness of information security protection, during the reporting period, the Bank continued to carry out information security training and publicity activities targeted different groups and in diverse forms. For technical professionals, it launched compliance warning education and special technical training, to improve their skills in security work; for all employees, it organized awareness education sessions through simulation training and online courses, among others, to boost their security protection abilities; for general public, it disseminated knowledge about cybersecurity, and held online and offline cybersecurity publicity activities, to help raise security awareness on guarding against cyber frauds and protecting personal financial information.

4.3 Governance Information

4.3.1 Duty Performance of the Board of Directors

The Bank's sustainable development was comprehensively supervised and guided by the Board of Directors. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for coordinating and promoting the building of the Bank's ESG system, reviewing ESG-related reports, and advancing work related to pursuing the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance and other ESG-related work required by regulators. Other special committees of the Board of Directors shall jointly advance the ESG-related management according to their respective responsibilities.

Special committee of the Board of Directors	**Duties/duty performance**
Strategic and Sustainable Development Committee	During the reporting period, duties including "taking charge of green finance work" and "advancing work related to pursuing the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance" were added. The committee deliberated and approved the *Development Plan for 2024-2026* of the Bank, the *2023 Sustainable Development Report*, and the *2023 Profit Distribution Plan* and *Interim Profit Distribution Plan for 2024*, among other proposals; listened to reports on work related to inclusive finance and rural revitalization; held in-depth discussions about sustainability-related issues, and promoted deeper integration of the philosophy of sustainable development into the Bank's strategic decisions.
Audit and Related Party Transactions Control Committee	During the reporting period, the committee deliberated the proposals on internal control assessment, related party transactions and appointment of the accounting firm, among others; listened to reports on internal control & compliance and anti-money laundering in 2023 and the first half of 2024, the business plan for 2024, and the rectification of problems found in audit in 2023, etc.; fully performed its oversight responsibility, pushed forward compliant operations, protected shareholders' rights, and continued to make corporate governance more standardized.
Risk Management Committee	During the reporting period, deliberated and approved the Bank's 2024 Risk Preference Statement, risk management strategy for 2024-2026 and other proposals; listened to the quarterly comprehensive risk management reports in 2023 and 2024, report on information technology risk management in 2023, and report on reputation risk management in 2023, etc.; included climate-related financial risks into the Bank's risk preference to gradually push forward identification, assessment and management of climate-related financial risks, and put forward suggestions for improving the governance of information technology and enhancing cyber and data security management, continuously reinforced the Bank's information security shield.
Nomination and Remuneration Committee	During the reporting period, the committee deliberated and approved the proposals on nomination of candidates for directors of the Seventh Session of the Board of Directors, appointment of senior management members, and the employee renumeration final accounts for 2023, etc.; put forward suggestions on the selection and appointment of directors and senior management members, and continuously improved the professionalism and diversification of the Board of Directors and senior management.
Consumer Rights Protection Committee	During the reporting period, deliberated and approved the Bank's Consumer Rights Protection Work Summary for the first half of 2024 and theWork Plan for the second half of 2024, among other proposals; supervised and guided the review and operating mechanisms for consumer rights protection and the efforts to reduce complaints of the Bank, among other work, consistently improving the quality and efficiency of consumer rights protection.

4.3.2 Duty Performance of the Board of Supervisors

During the reporting period, in combination with laws, regulations and regulatory requirements as well as the Bank's reality, the Board of Supervisors further sorted out and refined the statutory supervision matters, formed the *Supervisory List of the Board of Supervisors of China CITIC Bank (Version 6.0, 2024)*, and carried out supervision in six key areas including strategy, finance and equity, internal control and compliance, risk management, performance evaluation and information disclosure, including internal control and compliance, related party transactions, anti-money laundering, consumer rights protection, performance evaluation of directors, supervisors and senior management members, social responsibility and other key ESG issues. During the reporting period, the Board of Supervisors reviewed the 2023 Annual Report, 2023 Sustainable Development Report and 2024 Interim Report of the Bank, etc., focusing on the performance of duties of the Board of Directors and senior management in services for the real economy, consumer rights protection, information technology governance and other aspects, and put forward targeted opinions and suggestions. The Bank's supervisors were present at all meetings of the Board of Directors throughout the year as non-voting attendees.

During the reporting period, the Bank's supervisors attended the special training sessions on ESG related issues such as revisions to the *Company Law of the People's Republic of China*, investor protection and investor relations, further enhancing the ability of performing duties in supervising corporate governance.

In terms of duty performance evaluation, during the reporting period, the Board of Supervisors conducted the 2023 duty performance evaluation on the Board of Directors, senior management and its members, which focused on whether the directors and senior management members could follow high-standard code of professional ethics, having good ethics, behaviors, reputation, and compliance records; whether they could perform their duties independently, promote fair treatment of all shareholders within the Bank, protect the legal rights and interests of stakeholders; whether they could work actively to promote the development of the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, and actively perform social responsibilities, etc.; and whether they could fulfill their duties in consumer rights protection, risk management and compliance operations, etc. Results of the performance evaluation were directly linked to the remuneration for independent directors, external supervisors and senior management members.

4.3.3 Senior Management and Subordinate Institutions

The senior management of the Bank is responsible for formulating ESG-related work goals and key tasks and promoting their implementation by relevant departments, domestic and overseas branches and subsidiaries. Committees and working groups are set up to oversee various ESG-related tasks and jointly improve the Bank's sustainable development management capability. The main ESG-related committees and working groups established under the senior management of the Bank are as follows:

Organizations under the senior management	Responsibilities/Duty performance
Working Group on Market Value and ESG Management	With the Bank's senior management member as the leader, the working group takes a holistic approach to continuously improve the Bank's ESG management system and mechanism, and coordinates related departments to effectively push forward the implementation of ESG proposals, and to help improve the Bank's ESG ratings. During the reporting period, it held one meeting to listen to reports on improvement of ESG ratings and progress of key issues, and discuss and arrange work on how to enhance ESG and market value coordination and strengthen guidance for the next stage through performance assessment.
Internal Control and Compliance Management Committee	With the President as the director, the committee is responsible for the Bank's internal control and compliance management in a holistic way, studying and making decisions on major matters in the process of internal control and compliance management, coordinating and pushing forward relevant matters. During the reporting period, it held one meeting to listen to reports on rectification of the problems found in the regulatory inspections of risk management and internal control effectiveness, and reviewed rectification plans for improving policy implementation and risk classification, etc.

Organizations under the senior management	Responsibilities/Duty performance
Risk and Internal Control Committee	With the President as the director, the committee studies, reviews and decides on matters related to risk management, internal control and compliance management. During the reporting period, it held six meetings to review major matters related to the comprehensive risk management system and basic policies and rules on special risk management, and listen to special reports on the Bank's risk management.
Anti-money Laundering (AML) Work Leading Group	With the President as the leader, the leading group is the daily decision-making and management body for the Bank's AML work, responsible for reviewing and making decisions on matters of AML internal control management and money laundering risk management, planning, coordinating and guiding the Bank's AML work. During the reporting period, it held one meeting to review five AML work reports, and study and discuss major matters such as building of the abnormality monitoring system and self-assessment of institutions.
Inclusive Finance & Rural Revitalization Leading Group	Led by the Chairman of the Bank, the leading group is responsible for establishing and improving systems and mechanisms of inclusive finance and rural revitalization, making development plans, and promoting the development of related business in a holistic manner. During the reporting period, it held one meeting to listen to the 2024 Report on Inclusive Finance and Rural Revitalization, and arrange works for the next step in digitalization, further building of the full-time team and improving the sustainability of inclusive finance, etc.
Consumer Rights Protection Committee	With the President as the director, the committee is mainly responsible for ensuring the effective implementation of strategic goals and policies for consumer rights protection. During the reporting period, it held two meetings to discuss and arrange works of building the consumer protection system and mechanism, resolving complaints and conflicts, suitability management, and improving regulatory assessment performance.
Information Technology Committee	With the Bank's senior management member as the director, the committee consists of the General Office, New Technology Application Working Group, Working Group for Coordinating Demands, and Working Group for Internet and Information Security. It is responsible for making plans for the Bank's information technology development, reviewing the Bank's information technology development, coordinating major matters, monitoring information technology investment, etc. During the reporting period, it held ten meetings to review a number of proposals regarding annual information technology work plans, technology resource allocation, approval for major projects, major information technology work regulations, and information security management, etc.
Credit Approval Committee of the Head Office	With the Bank's senior management member as the director, the committee is responsible for reviewing risks including environmental and climate risks in all credit and non-credit businesses, takes into full consideration the production techniques, energy consumption, and discharge of pollutants in customers' production and operating process, as well as the impacts on eco-environment and biodiversity, and adheres to the "veto" system for environmental risks.

For more details about corporate governance, please refer to Chapter 3 Corporate Governance of this report.

Chapter 5 Report of the Board of Directors

5.1 Principal Business

The Bank is engaged in commercial banking and related financial services.

5.2 Material Litigations and Arbitrations

During the reporting period, the Group had no material litigation or arbitration.

The Group was involved in several litigation and arbitration cases in its ordinary and usual course of business. Most of these litigation and arbitration cases were initiated by the Group for loan recovery, and there were also litigation and arbitration resulting from disputes with customers. As at the end of the reporting period, there were 116 outstanding litigation and arbitration cases (regardless of the disputed amounts) in the Group's ordinary and usual course of business where the Group acted as defendant/respondent, with an aggregate disputed amount of RMB1.326 billion. The Group is of the view that the above-mentioned litigation or arbitration have no significant adverse impacts on either its financial position or its operating results.

5.3 Appropriation of Funds by the Controlling Shareholder and Other Related Parties

There was no appropriation of the Group's funds by either the controlling shareholder or other related parties. KPMG Huazhen LLP has issued the *2024 Special Report on Non-Operating Fund Appropriation and Other Fund Exchange with Related Parties of China CITIC Bank Corporation Limited* with regard to appropriation of the Bank's funds by its controlling shareholder and other related parties in 2024. Please refer to the relevant announcements the Bank disclosed on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on the disclosure date of this report for relevant information.

5.4 Material Related Party Transactions

The Bank identified related parties and conducted related party transactions in accordance with the regulatory rules and guidelines of regulators such as the NFRA, SSE and SEHK as well as accounting standards. When engaging in transactions with related parties during its ordinary and usual course of business, the Bank executed the transactions according to general business principles with terms no more favorable than those available to independent third parties, in line with the overall interests of the Bank and its shareholders. For statistical details of the related party transactions, please refer to Note 58 to the financial statements contained in this report, of which the transactions constituting connected transactions as per Chapter 14A of the Hong Kong Listing Rules all complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules. Except what has been disclosed under this sector, other related party transactions constitute no connected transactions as per Chapter 14A of Hong Kong Listing Rules.

According to regulatory rules of the NFRA, the Bank submitted all material related party transactions with related parties to the Audit and Related Party Transactions Control Committee of the Board of Directors for preliminary review, and then presented them to the Board of Directors for deliberation and disclosure, and filed them with the NFRA for record in a timely manner. According to regulatory rules of the SSE and the SEHK, the Bank strictly controlled related party transactions where businesses with applied annual caps of related party transactions were conducted within the caps; for the businesses without applied annual caps of related party transactions, the Bank properly managed and monitored to timely perform review or disclosure procedures according to the regulatory requirements once the review or disclosure requirements were triggered. According to rules of the Ministry of Finance, the Bank accurately disclosed related party transactions information in the notes to the financial statements. On the basis of quarterly reporting credit extension and non-credit extension related party transactions to the Audit and Related Party Transactions Control Committee of the Board of Directors, the Bank submitted data to the related party transactions regulation system in accordance with the requirements of the NFRA. During the reporting period, the Audit and Related Party Transactions Control Committee of the Board of Directors and the Board of Directors respectively held six meetings concerning related party transactions, and conducted preliminary review on or approved nine proposals regarding material related party transactions[55] and annual report on related party transactions, etc.; the shareholders general meetings reviewed matters including the annual report on related party transactions. The Bank published 24 interim announcements on related party transactions in SSE and SEHK, and disclosed 26 announcements related to material related party transactions and 4 announcements on general related party transactions on its official website, which met regulatory requirements.

5.4.1 Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the reporting period, the Group was not engaged in any material related party transactions involving the disposal or acquisition of assets or equity under the rules of the SSE.

5.4.2 Credit Extension Continuing Related Party Transactions

Based on business development needs, upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 review and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE for its respective annual caps on credit extension for the years of 2024 to 2026 for related party transactions with CITIC Group and its associates, and with Cinda Securities Co., Ltd. in which the Bank's related natural persons worked held positions. Based on business development needs, upon review and approval at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023, the Bank applied to the SSE for the annual caps on credit extension for the years of 2024 to 2026 for its related party transactions with Quzhou Development and its associates[56]. Subject to the regulatory requirements applicable to the Bank, the 2024 annual caps on credit extension for related party transactions with the aforementioned parties under the SSE regulatory criteria are listed as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024
CITIC Group and its associates	Credit extension	Credit line	4,000
Quzhou Development and its associates			150
Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions			30

[55] During the reporting period, the Board of Directors reviewed and approved 17 material related party transactions on 29 April, 23 May, 20 June, 28 August, and 27 December 2024, respectively, with a total amount of RMB1,704.02 billion. Specifically, 13 transactions were conducted with CITIC Group and its associates, involving RMB784.02 billion, and four transactions were with China Tobacco and its associates, involving RMB920 billion.

[56] On 18 July 2024, Xinhu Zhongbao Co., Ltd. announced that its de facto controller changed into Quzhou Industrial Holding Group Co., Ltd. (short as "Quzhou Industrial Group"). Quzhou Industrial Group and its controlled enterprises became the Bank's associates under the NFRA accounting standards. On 23 August 2024, Xinhu Zhongbao Co., Ltd. was renamed as Quzhou Xin'an Development Co., Ltd. Accordingly, "Xinhu Zhongbao and its associates" changed into "Quzhou Development and its associates", which, under the SSE regulatory framework, specifically refers to the enterprises where directors appointed by Quzhou Development to the Bank also serve as directors, supervisors or senior management members.

In addition, as per relevant NFRA requirements, the balance of the Bank's credit extension to a single related party shall not exceed 10% of the Bank's net capital of the preceding quarter end, the total balance of the Bank's credit extension to its group customer which the single related legal person or non-legal person organization belongs to shall not exceed 15% of the Bank's net capital of the preceding quarter end, and the balances of credit extension to all related parties shall not exceed 50% of the Bank's net capital of the preceding quarter end. The balance of the Bank's credit extension to any single related party, to its group customer which the single related legal person or non-legal person organization belongs to, or to all related parties all met the said regulatory requirements.

The Bank attached great importance to the day-to-day monitoring and management of related party credit extension transactions, and ensured lawfulness and compliance of such transactions by enhancing relevant measures such as more intensive process-based management, strict risk review and enhanced post-lending management of related credit extension. As at the end of the reporting period, the balance of credit that the Group extended to all related enterprises[57] under the SSE regulatory criteria amounted to RMB129.333 billion, including RMB127.063 billion to CITIC Group and its associates, RMB1.670 billion to Quzhou Development and its associates; and RMB0.6 billion to Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions. Under the regulatory criteria of the NFRA, the total balance of credit that the Group extended to all related enterprises amounted to RMB154.798 billion, including RMB89.171 billion, RMB23.404 billion and RMB75 million to enterprises within CITIC Group, Quzhou Development and China Tobacco, respectively, and RMB42.148 billion to other related enterprises. Such credit extensions to related enterprises were of good quality in general, with 2 being special mention loans (RMB1.028 billion), 5 being suspicious loans (RMB821 million) and 2 being loss loans (RMB241 million), and all others being performing loans. As such, these credit extension transactions exerted no material impact on the normal operation of the Group in terms of transaction volume, structure and quality. The credit extension businesses conducted between the Group and the aforementioned related parties were conducted on normal commercial terms within the caps and were executed with terms no more favorable than those available to independent third parties.

The Bank stringently followed the requirements of the SSE and the NFRA on review and disclosure procedures. As at the end of the reporting period, the Group saw no fund exchange, appropriation or other situations as set forth in the *Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements for Fund Transactions and External Guarantees of Listed Companies* (CSRC Announcement [2022] No. 26). The related loans between the Group and aforementioned related parties have no material adverse impact on the operating results or financial position of the Group.

5.4.3 Non-Credit Extension Continuing Related Party Transactions

Based on business development needs, upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 and review and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE and the SEHK for the annual caps on the eight main categories of non-credit extension continuing related party transactions with CITIC Group and its associates for the years of 2024 to 2026, and has entered into relevant continuing related party transactions framework agreements on the same day of the Board of Directors' meeting. Based on business development needs, upon review and approval at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023, the Bank applied to the SSE for the annual caps on the six main categories of non-credit extension continuing related party transactions with Quzhou Development and its associates for the years of 2024 to 2026. Upon review at the 35th meeting of the 6th Session of the Board of Directors convened on 8 November 2023 and review and approval at the 2nd Extraordinary General Meeting of 2023 convened on 28 December 2023, the Bank applied to the SSE for the annual caps on the four main categories of non-credit extension continuing related party transactions with Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions for the years of 2024 to 2026. The non-credit extension transactions between the Group and the aforementioned related parties followed general commercial principles and were executed with terms no more favorable than those available to independent third parties.

The Group carried out continuing related party transactions with its associates according to the applicable provisions of Chapter 14A of the *Hong Kong Listing Rules* and Chapter 6 of the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*. Particulars of non-credit extension continuing related party transactions between the Group and above mentioned related parties during the reporting period are described as follows:

57 China Tobacco is not a related party of the Bank under the regulatory criteria of the SSE.

5.4.3.1 Asset Transfer

Asset transfer transactions between the Group and its related parties shall be made on terms no more favorable than those available to independent third parties. The transactions are priced based on the following principles: (1) at the price prescribed or set by the state or government (i.e., the price prescribed by the state or government authority in accordance with relevant laws and other normative documents); (2) at market price if there is no such price prescribed or set by the state or government; and (3) at carrying amount of relevant assets with an appropriate discount to reflect appropriate risks for the assets where there is no price prescribed or set by the state or government or market price.

The principal terms of the Asset Transfer Framework Agreement are set out as follows: (1) the Bank buys or sells movable and immovable properties for its own use, credit assets or other related assets during day-to-day operations, including but not limited to, buying or selling movable and immovable properties for its own use, transferring in/out corporate, retail credit and non-credit assets and their (usufruct) beneficial rights, accounts receivable and other assets directly or through asset management plan, asset securitization, or through factoring, forfaiting and other forms; buying or selling creditor's rights of interbank assets, or receiving and disposing of repossessed assets; conducting guarantee and discounting of commercial acceptance drafts and bill discounting not involving credit risk of discount applicants; other asset transfer businesses; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) asset transfer pursuant to the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on asset transfer were applied as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Asset Transfer	Transaction price	1,600	211.04
Quzhou Development and its associates			15	0

As at the end of the reporting period, none of related party transactions on asset transfer between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.2 Comprehensive Services

The Group and related parties shall determine the fees of comprehensive services through fair consultation with reference to the market prices of similar transactions or the fees and rates applicable to transactions conducted by independent third parties.

The principal terms of the Comprehensive Service Framework Agreement are set out as follows: (1) comprehensive services conducted include but are not limited to insurance services and medical fund management, merchandise service procurement (including conference hosting services), outsourcing services, value-added services (including points redemption services for bank card customers), advertising services, technology services, call center services, property leasing and property management, project contracting and other comprehensive services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates are entitled to obtain service fees in accordance with law; and (4) the comprehensive services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Group and its related party for which cap of related party transactions on comprehensive services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Comprehensive Services	Service fee expense/income	62	48.19

As at the end of the reporting period, related party transactions on comprehensive services between the Group and the above-mentioned related party did not exceed the corresponding approved annual cap.

5.4.3.3 Financial Consulting and Asset Management Services

The Group and related parties shall determine the fees of financial consulting and asset management services between them through fair consultation, with transaction prices or rates no more favorable than those available to any independent third party, or determine the prices and rates for specific services based on the market prices and rates applicable to the same transaction for the independent counterparty.

The principal terms of the Financial Consulting Service and Asset Management Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to bond underwriting, financing and financial consulting services, financial products agency sales, asset securitization, entrusted loans, underwriting of investment and financing projects, consulting services, and management of factoring receivables, collection of receivables, guarantee for bad loans, asset management, and other financial consulting and asset management services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) the financial consulting and asset management services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on financial consulting and asset management services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Financial Consulting and Asset Management Service	Service fee income/expense	150	29.75
Quzhou Development and its associates			0.5	0.02

As at the end of the reporting period, none of related party transactions on financial consulting and asset management services between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.4 Asset Custody and Account Management Services

Asset custody and account management services between the Group and related parties shall be delivered on terms no more favorable than those available to independent third parties. Such transactions are priced according to the following principles: (1) the service fees paid by both parties to this agreement are subject to relevant market prices and periodic review; (2) for asset custody services and account management service provided by the service provider related to its financial assets or funds, fees shall be charged based on the type of assets/account under custody at 0%-2% of the assets or funds under management on the premise of following national and regulatory rules. As for account management services and special types of asset custody products such as custody of corporate pension funds, fees no favorable than those available to independent third parties shall be charged based on market competition; (3) as for third-party supervision services for financing goods of credit-receiving enterprise provided by the service provider, the fees shall vary according to the types of goods. Specifically, the supervision service fees for automobiles are charged at the rate of RMB50,000 to RMB100,000 per year per person for a single store. Supervision service fees for bulk cargo are charged at the rate of 0.5%-0.8% of the Bank's credit exposure limit; (4) as for the third-party escrow services provided by the service provider to the recipient, the service fees shall be charged based on the aggregate balance of the customer's funds under management at the end of each quarter multiplied by an annual fee rate of 0‰ to 1‰ (converted to daily fee rate).

The principal terms of the Asset Custody and Account Management Service Framework Agreement are set out as follows: (1) the services to be provided under the agreement include but are not limited to asset custody services and account management services provided by the service provider in relation to its financial assets or funds, third-party supervision services provided by the service provider for the financing goods of the credit-receiving enterprise, and the third-party escrow services provided by the service provider to the recipient; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) the asset custody and account management services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on asset custody and account management services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Asset Custody and Account Management Services	Service fee income/ expense	20	12.50
Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions			0.01	0.002

As at the end of the reporting period, none of related party transactions on asset custody and account management services between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.5 Other Financial Services

The Group and related parties shall determine the fees of other financial services between them through fair consultation, with transaction prices and rates no more favorable than those available to any independent third party, or determine the prices and rates for specific services based on the market prices and rates applicable to the same transaction for the independent counterparty.

The principal terms of the Other Financial Service Framework Agreement are set out as follows: (1) services conducted include but are not limited to agency spot foreign exchange settlement and sales and foreign exchange trading, guarantee and commitment business, e-banking business, bank card business, domestic and international settlement business, entrusted agency business, safe deposit box business, acquiring business and other financial services; (2) both parties of the agreement shall provide the services prescribed in the agreement; (3) the service provider and its associates shall be entitled to obtain service fees in accordance with law; and (4) other financial services to be provided under the agreement shall be conducted in accordance with general commercial principles on terms no more favorable than similar transactions with independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on other financial services were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Other Financial Services	Service fee income/ expense	12	3.40
Quzhou Development and its associates			1	0.13

As at the end of the reporting period, none of related party transactions on other financial services between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.6 Deposit Business

The Group absorbed deposits from related parties according to market-based pricing and general commercial principles and based on terms no more favorable than those available for similar transactions with independent third parties.

The principal terms of the Deposit Business Framework Agreement are set out as follows: (1) the Bank shall provide deposit services, including but not limited to corporate deposits, i.e. agreement deposit, agreement savings, call deposit, time deposit (including certificate of deposits) and structured deposit; interbank deposits, i.e. interbank time deposits, etc.; (2) both parties to the agreement shall carry out business under the agreement; (3) deposits takers shall pay interest specified on deposit business to depositors; and (4) the deposit business to be conducted under the agreement shall follow general commercial principles and be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on deposit business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Deposit Business	Amount of interest paid	16	9.53
Quzhou Development and its associates			3	0.24
Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions			0.18	0.03

As at the end of the reporting period, none of related party transactions on deposit business between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.7 Financial Market Business

The financial market business conducted between the Group and related parties shall be determined by both parties through fair consultation with reference to the market prices of similar transactions, and follow the following pricing principles: (1) the pricing of related party transactions shall be similar to market prices and interbank prices, with no obvious deviation from the prices of similar transactions of independent third parties in the market; (2) the pricing standard for agency foreign exchange derivatives in derivatives business shall be determined through fair and equal negotiation between both parties, and shall be with prices or rates no more favorable than those available to independent third parties. Meanwhile, both parties shall comply with relevant provisions of the PBOC and the State Administration of Foreign Exchange, and conduct the business according to the commercial principle of market-oriented pricing.

The principal terms of the Financial Market Business Framework Agreement are as follows: (1) businesses include but are not limited to interbank lending, bond repurchase, bond lending, precious metal lending, draft repurchase, proprietary foreign exchange (including foreign exchange settlement and sales) spot business, precious metal spot business, derivatives business, bond business, draft buying and selling via re-discounting, interbank borrowing business, bill discounting business (the acceptor is a related party) and other treasury transactions; (2) both parties to the agreement shall carry out business under the agreement; (3) the transactions shall be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on financial market business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Financial Market Business	Credit line/transaction principal/transaction profit and loss	35,000	19,252.04
Quzhou Development and its associates			3	0
Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions			260	173.86

As at the end of the reporting period, none of related party transactions on financial market business between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.3.8 Investment Business

The investment business conducted between the Group and related parties shall be determined by both parties through fair consultation with reference to the market prices of similar transactions.

The principal terms of the Investment Business Framework Agreement are set out as follows: (1) businesses include but are not limited to investment in securities, funds (including fund subsidiaries), insurance, trust and other (financial) products issued/established by financial institutions or authorized entities (including but not limited to asset management plans of securities companies, special fund plans, trust plans, trust beneficiary rights, asset-backed securities and asset-backed drafts), entrusted investment, investment of wealth management funds in bonds with related parties as financing entity, non-standard creditor's rights, equity, interbank deposits and other investment transactions; (2) both parties to the agreement shall carry out business under the agreement; (3) the transactions shall be executed with terms no more favorable than those available to independent third parties.

During the reporting period, related party transactions between the Group and its related parties for which caps of related party transactions on investment business were applied are as follows:

Unit: RMB100 million

Counterparty	Business type	Basis of calculation	Annual cap in 2024	Transaction amount in 2024
CITIC Group and its associates	Investment Business	Investment amount (balance at any time point)	3,800	1,139.28
Quzhou Development and its associates			50	0
Cinda Securities Co., Ltd. in which the Bank's related natural persons held positions			30.75	16.10

As at the end of the reporting period, none of related party transactions on investment business between the Group and the above-mentioned related parties exceeded the corresponding approved annual cap.

5.4.4 One-off Connected Transactions

During the reporting period, the Group did not have any one-off connected transaction under the Hong Kong Listing Rules.

5.4.5 Related Party Transactions in Joint External Investment

During the reporting period, the Group did not have any material related party transaction arising from joint external investment with its related parties under the rules of the SSE.

5.4.6 Debt and Guarantee Related Party Transactions

For details of debt and guarantee related party transactions between the Group and its related parties, please refer to Note 58(b) to the financial statements of this report.

5.4.7 Related Party Transactions with Related Finance Companies

5.4.7.1 Deposit Business

During the reporting period, the Group had no deposit with its related finance company CITIC Finance Company Limited (short as "CITIC Finance" hereinafter), and the changes in deposits of CITIC Finance with the Group are as follows:

Unit: RMB100 million

Company	Daily Upper Limit for Deposit	Range of Deposit Rate	Opening Balance	Deposited Amount in 2024	Withdrawn Amount in 2024	Closing Balance
CITIC Finance	None	0-4.4%	47.30	868.51	840.85	74.96

5.4.7.2 Loan Business

During the reporting period, both the loans granted by the Group to CITIC Finance and the loans granted by CITIC Finance to the Group were zero.

5.4.7.3 Credit Business

During the reporting period, the Group granted a total credit line of RMB12.0 billion to CITIC Finance, with a credit balance of RMB0.366 billion as at the end of the reporting period. During the reporting period, CITIC Finance granted a total credit line of RMB25.5 billion to the Group, with a credit balance of RMB7.496 billion as at the end of the reporting period.

5.4.7.4 Other Financial Business

During the reporting period, the Group handled RMB49 million of commercial drafts re-discounting for CITIC Finance, and charged total fees of RMB2 million on various settlement services provided.

5.4.8 Transaction Balances and Risk Exposures of Related Natural Persons

For details of the transaction balances and risk exposures relating to the transactions between the Bank and its related natural persons, please refer to Note 58(c) to the financial statements of this report.

5.4.9 Confirmation by Independent Non-Executive Directors and the Auditor

Upon review of the various continuing connected transactions under the Hong Kong Listing Rules made in the reporting period, the independent non-executive directors of the Bank confirmed that these transactions:

(1) were entered into during the Group's ordinary and usual course of business;

(2) followed normal commercial terms; and

(3) were abided by the terms and conditions of the concerned transaction contracts that were fair, reasonable and consistent with the overall interests of the Bank's shareholders.

The auditor obtained the list of continuing connected transactions from the Bank's management. After completing relevant work in accordance with Hong Kong Standard on Assurance Engagements 3000 (amended) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by Hong Kong Institute of Certified Public Accountants and the Practice Note 740 (amended) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", the auditor did not find any of the following issues regarding the disclosed continuing connected transactions of the Bank:

(1) not approved by the Board of Directors of the Bank;

(2) pricing of connected transactions involving the provision of goods or services not compliant with the Group's pricing policy in all material aspects;

(3) execution of connected transactions not compliant with the terms and conditions of the concerned connected transaction agreements in all material aspects; and

(4) aggregate value of various continuing connected transactions exceeding their respective annual caps disclosed in the announcements dated 8 November 2023, 28 December 2023.

The Board of Directors has confirmed the receipt of confirmation from the auditor on matters required by Rule 14A.56 under the *Hong Kong Listing Rules*.

5.5 Material Contracts and Their Performance

5.5.1 Material Custody, Contracting or Lease

During the reporting period, the Bank did not have any material custody, contracting or leasing of assets of other companies that took place during the reporting period or ongoing ones that took place in previous periods and need to be disclosed; neither did other companies hold material custody of, contract or lease material assets of the Bank.

5.5.2 Material Guarantees

Guarantee business is one of the regular off-balance sheet items of the Bank. Except for the financial guarantee business that is within its approved business scope, during the reporting period, the Bank did not have any other material guarantee that needs to be disclosed.

The external guarantee business carried out by the Bank is dominated by L/G, which is a regular banking business within the approved scope of daily operation. As at the end of the reporting period, the balance of guarantee through L/G issued by the Bank was equivalent to RMB273.578 billion.

5.5.3 Entrusted Wealth Management

During the reporting period, the Bank did not have any entrusted wealth management transactions beyond its normal scope of business.

5.5.4 Other Material Contracts

During the reporting period, the Bank did not sign any other material contracts beyond its normal scope of business.

5.6 Undertakings by the Company and Its Relevant Stakeholders

Undertaking party	Type of undertaking	Matters undertaken	Undertaking time	Period of effectiveness	Fulfillment as at the end of the reporting period
CITIC Group and the Bank	Undertakings about avoiding horizontal competition	CITIC Group and the Bank gave the following undertakings in the *Prospectus for the Initial Public Offering (A Shares) of China CITIC Bank Corporation Limited* regarding arrangements to avoid horizontal competition: As the controlling shareholder of the Bank, CITIC Group will not directly engage in competitive commercial banking business; the Bank's key region of operation is Chinese mainland; CITIC Group and the Bank will strive to establish an effective mechanism to avoid future horizontal competition.	26 April 2007	Permanently effective	Continuous undertaking and normal fulfillment
The Bank's directors and senior management members	Others	Undertakings about faithful implementation of the remedial measures regarding the dilution of immediate returns that may arise from the Bank's non-public offering of preference shares in China.	24 March 2016	Permanently effective	Continuous undertaking and normal fulfillment
	Others	Undertakings about faithful implementation of the remedial measures regarding the dilution of immediate returns that may arise from the Bank's public offering and listing of A-share convertible corporate bonds.	4 April 2018	Permanently effective	Continuous undertaking and normal fulfillment
	Others	Undertakings about faithful implementation of the remedial measures regarding the dilution of immediate returns that may arise from the Bank's rights issue to existing shareholders.	30 April 2022	Permanently effective	Continuous undertaking and normal fulfillment
CITIC Financial Holdings	Undertakings about share subscription	Undertakings that CITIC Financial Holdings will subscribe for all the A shares offered to itself under the rights issue plan.	22 June 2022	Permanently effective	Continuous undertaking and normal fulfillment
	Undertakings about avoiding horizontal competition, etc.	Undertakings that CITIC Financial Holdings gave in the *Report on Acquisition of China CITIC Bank Corporation Limited* about continuously maintaining the independent operation of the Bank, avoiding horizontal competition and regulating related party transactions.	8 November 2022	Permanently effective	Continuous undertaking and normal fulfillment

Undertaking party	Type of undertaking	Matters undertaken	Undertaking time	Period of effectiveness	Fulfillment as at the end of the reporting period
CITIC Group	Undertakings about avoiding horizontal competition	To protect the legitimate rights and interests of the Bank and its minority shareholders, and to eliminate and avoid horizontal competition between the Bank and CITIC Group's subsidiaries, CITIC Group gave the following undertakings: (1) Regarding the horizontal competition between Huarong Financial Leasing and CITIC Financial Leasing arising from CITIC Group's acquisition of Huarong Financial Leasing, CITIC Group will, within five years from the date of obtaining control of Huarong Financial Leasing, strive to steadily advance the integration of related businesses and eliminate horizontal competition by multiple means such as asset restructuring, asset disposal, equity transfer, business adjustment and entrusted management, while complying with the requirements of relevant securities regulators as well as applicable laws, regulations, and regulatory rules and acting in the interest of the development of CITIC Bank and the protection of its shareholders, especially minority shareholders. (2) CITIC Group undertakes to strictly comply with laws, regulations as well as the Bank's Articles of Association and relevant management systems, not using its position as the de facto controller of China CITIC Bank to seek improper benefits and harm the interests of China CITIC Bank and other shareholders. (3) The above undertakings will remain effective during the period in which CITIC Group acts as the de facto controller of China CITIC Bank. CITIC Group undertakes to strictly fulfill all items in the letter of undertakings, and shall assume responsibility for any loss incurred by China CITIC Bank due to its violation of these obligations.	29 May 2024	Permanently effective	Continuous undertaking and normal fulfillment

5.7 Engagement of Auditors

According to relevant requirements of the Ministry of Finance, the service term of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers expired after they completed the 2022 annual audit services for the Bank. On 21 June 2023, the annual general meeting of the Bank reviewed and approved the proposal regarding the engagement of KPMG Huazhen LLP as the Bank's domestic auditor for 2023 and KPMG as its international auditor for 2023.

The annual general meeting of the Bank on 20 June 2024 reviewed and approved the *Proposal regarding the Engagement of Accounting Firms and Their Fees for the Year 2024*, agreeing to re-engage KPMG Huazhen LLP as its domestic auditor for 2024 and KPMG as its international auditor for 2024. For details, please refer to the *Announcement on the Reengagement of Auditors of China CITIC Bank Corporation Limited* and the *Announcement on Resolutions of the Annual General Meeting of 2023, the Second A Shareholders Class Meeting of 2024 and the Second H Shareholders Class Meeting of 2024 of China CITIC Bank Corporation Limited* published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 22 March 2024 and 21 June 2024, respectively.

Currently, KPMG Huazhen LLP and KPMG have provided auditing services to the Group and the Bank for 2 consecutive years. In 2024, the partner responsible for the audit project is Shi Jian. Shi Jian and Ye Hongming are the signing CPAs for the auditor's report for the 2024 financial statements of the Group and the Bank prepared in accordance with the PRC Accounting Standards. And each of them has consecutively provided 2 years' audit service for the Group and the Bank, respectively. Elise Wong (Wong Yuen Shan) is the signing CPA for the auditor's report regarding the 2024 financial statements of the Group and the Bank prepared in accordance with the IFRS Accounting Standards, and she has consecutively provided 2 years' audit service for the Group and the Bank.

The audit fees for 2024 were determined through public bidding based on the scope of the Bank's auditing and the estimated workload of the accounting firm. The Group's fees for audit services was equivalent to about RMB15.85 million, including RMB7.19 million for the auditing of the Bank (of which, RMB0.6 million was for auditing the internal control) in total to KPMG Huazhen LLP who audited its 2024 financial report prepared in accordance with the PRC Accounting Standards and the effectiveness of internal control on financial report as at 31 December 2024 and to KPMG who audited its 2024 financial report prepared in accordance with the IFRS Accounting Standards. The statements of KPMG Huazhen LLP and KPMG regarding their responsibilities pertaining to the financial statements are set out in the auditor's reports contained in the A-share and H-share annual reports, respectively.

Except for the above-mentioned audit fees, in this year, the fees for non-audit services provided by KPMG Huazhen LLP and KPMG to the Group is approximately RMB7.97 million (including professional services rendered for asset securitization, assurance of sustainable development report etc.), of which the non-audit fee for the Bank was RMB6.65 million. KPMG Huazhen LLP and KPMG confirmed that these services will not compromise their audit independence.

5.8 Use of Funds Raised

All proceeds raised by the Bank were used in accordance with the purposes disclosed in relevant documents including the prospectuses for the IPO and the rights issue.

5.9 Penalties Imposed on the Company and its Directors, Supervisors, Senior Management Members, Controlling Shareholder and De Facto Controller

To the best of the Bank's knowledge, during the reporting period, the Bank was not investigated for any suspected crimes according to laws, and none of its controlling shareholder, de facto controller, directors, supervisors and senior management members was suspected of committing crimes or was subject to compulsory measures according to laws; the Bank or its controlling shareholder, de facto controller, directors, supervisors or senior management members were not subject to criminal punishment, investigation by CSRC for suspected violation of laws and regulations or administrative punishment by CSRC, administrative and regulatory measures by CSRC, disciplinary punishment by stock exchanges, or material administrative punishment by other competent authorities; none of the Bank's directors, supervisors or senior management members was detained by the discipline inspection and supervision organs for suspected serious disciplinary violations or duty-related crimes, or subject to compulsory measures by other competent authorities for suspected violation of laws and regulations, which affected their duty performance.

5.10 Integrity of the Company and Its Relevant Stakeholders

During the reporting period, none of the Bank, its controlling shareholder or its de facto controller was involved in failure to execute valid court documents or failure to repay matured debts of considerable amounts.

5.11 Reserves

For details on changes in the reserves of the Bank as at the end of the reporting period, please refer to Notes 44-47 to the financial statements contained in this report.

5.12 Properties

For details of the changes in the Bank's properties as at the end of the reporting period, please refer to Note 26 to the financial statements contained in this report.

5.13 Post Balance Sheet Events

The RMB40 billion worth of A-share convertible bonds issued by the Bank in March 2019 was delisted on 4 March 2025 upon maturity, recording a total of RMB39,943,149,000 of convertible bonds converted into 6,710,365,691 shares and in total of RMB63,104,610 redeemed upon maturity. Please refer to Chapter 8 Convertible Corporate Bonds of this report for relevant information.

Except for what has been disclosed above, as at the the disclosure date of this report, there were no material post balance sheet events the Bank shall disclose.

5.14 Management Contracts

During the reporting period, the Bank did not enter into any contracts for the administration or management of its overall business or major businesses.

5.15 Distributable Reserves

For details on distributable reserves of the Bank, please refer to "Financial Statements – Consolidated Annual Statement of Changes in Equity" contained in this report.

5.16 Donations

The Group pays back to society with enthusiasm in strict accordance with the *Charity Law of the People's Republic of China* and other applicable laws and regulations, tilting its donations to areas in the greatest need of help. During the reporting period, the Group made donations of RMB9.5451 million, which were mainly used for the implementation of central and local pointed poverty alleviation, consolidation of poverty alleviation achievement and rural revitalization as well as the charity aid to the vulnerable groups in urban and rural regions. During the reporting period, the Group recorded employee donation of RMB2.7294 million.

5.17 Fixed Assets

For details on changes in the Bank's fixed assets as at the end of the reporting period, please refer to Note 26 to the financial statements contained in this report.

5.18 Retirement and Benefits

The Bank paid contributions to the basic old-age pension schemes for its employees pursuant to relevant national laws, regulations and policies. The amounts of basic pension contributions were determined by national standard and ratio. In addition, the Bank established enterprise annuity plans, of which the contribution is calculated according to a certain percentage of employee salary.

For details on retirement benefits that the Bank provided for its employees, please refer to Note 37(b) to the financial statements contained in this report.

5.19 Share Capital and Public Float

For details on changes in the Bank's share capital during the reporting period, please refer to Note 42 to the financial statements contained in this report. Pursuant to publicly available information, the Board of Directors of the Bank was of the view that the Bank had sufficient public float as at the disclosure date of this report.

5.20 Purchase, Sale or Redemption of Shares

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Bank (including selling treasury shares). As at the end of the reporting period, the Bank held no treasury shares.

5.21 Pre-emptive Rights

None of PRC laws, administrative regulations, ministerial rules, or the Articles of Association of the Bank contain any mandatory provisions on pre-emptive rights for purchase of shares of listed companies. According to its Articles of Association, the Bank may increase its registered capital by way of public offering or private offering of ordinary shares, rights issue to the existing ordinary shareholders, bonus shares issuance to the existing shareholders, transfer of capital reserve to share capital, conversion of preference shares to ordinary shares or other means permitted by laws and administrative regulations or as approved by relevant authorities authorized by the State Council.

5.22 Issuance of Shares

For relevant information about the Bank's issuance of shares during the reporting period, please refer to Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders" and Chapter 7 "Preference Shares" of this report.

5.23 Issuance of Debentures

For information about the Bank's issuance of debentures during the reporting period, please refer to Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders" of this report.

5.24 Equity Linked Agreements

Save as disclosed in Chapter 7 "Preference Shares" and Chapter 8 "Convertible Corporate Bonds" of this report, there is no newly entered or existing equity linked agreement of the Bank during the reporting period.

5.25 Right of Directors and Supervisors to Acquire Shares or Debentures

During the reporting period, none of the directors, supervisors or their respective associates were granted by the Bank or its subsidiaries the right to acquire shares or debentures of the Bank or any other corporate groups; neither did any of the directors or supervisors exercise any of such rights.

5.26 Equity Interest of Substantial Shareholders

Please refer to 6.4 Interests and Short Positions Held by Substantial Ordinary Shareholders and Other Persons under Chapter 6 "Changes in Ordinary Shares and Information on Ordinary Shareholders of this report for detailed information.

5.27 Tax Matters

A Shareholders

For individual investor shareholders, the *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85), and the *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101), both issued jointly by the Ministry of Finance, the State Administration of Taxation and CSRC provide that, for shares of listed companies that an individual investor obtains from public offering and/or the secondary market, if the duration of shareholding is less than 1 month (inclusive), the full amount of his or her dividend income shall be calculated as taxable income; if the duration of shareholding is between 1 month and 1 year (inclusive), 50% of the dividend income shall be calculated as taxable income for the time being; and if the duration of shareholding lasts more than 1 year, the dividend income shall be exempted from individual income tax for the time being. All the above-mentioned dividend income shall be taxed at a uniformly applicable tax rate of 20%.

For securities investment funds that are shareholders of listed companies, the computation and payment of dividend income tax shall be made in accordance with the aforementioned *Notice on Issues Relating to the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2015] No. 101) and *Notice on Issues Relating to the Implementation of the Differentiated Individual Income Tax Policy on Dividends Obtained from Listed Companies* (Finance and Taxation [2012] No. 85).

Resident enterprise shareholders (including institutional investors) shall pay income tax on their cash dividends on their own accord pursuant to relevant taxation requirements of the nation.

For Qualified Foreign Institutional Investors (QFII), listed companies are required to withhold and pay enterprise income tax at the rate of 10% pursuant to the *Notice of the State Administration of Taxation Concerning the Relevant Issues on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonuses and Interests by PRC Resident Enterprises to QFIIs* (SAT Letter [2009] No. 47). Where the dividend paid to a QFII is entitled to relevant treatments under a tax agreement (arrangement), the QFII may apply to the competent tax authority for such treatment. The latter shall implement the treatment as stipulated in the tax agreement after verifying the validity of the application. Where a tax refund is involved, the QFII shall promptly submit a tax refund application to the competent tax authority on its own accord after receiving dividends.

H Shareholders

For overseas residents that are individual shareholders of listed companies, the *Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of SAT Document* [1993] No. 045 (SAT Letter [2011] No. 348) provides that, dividends received by such overseas residents for their holding of shares issued by domestic non-foreign-invested enterprises in Hong Kong shall be subject to the payment of individual income tax under the "interest, dividend and bonus income" item, and that such individual income tax shall be withheld and paid by the withholding agents according to relevant laws at a tax rate of 10%. Where overseas residents that are individual holders of shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties signed between their countries of residence and China or the tax arrangements made between the Chinese mainland and Hong Kong (Macau) SAR, and the tax rate for dividends under the relevant tax treaties and tax arrangements is 10% in general. For the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, upon payment of dividends, generally withhold individual income tax at the rate of 10%, without the need to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for residents of countries that have signed lower than 10% tax rate treaties, the withholding agents may file on their behalf applications for the relevant agreed preferential tax treatments, under which circumstances the over-withheld tax amounts will be refunded upon approval by the competent tax authorities; (2) for residents of countries that have signed higher than 10% but lower than 20% tax rate treaties, the withholding agents shall withhold individual income tax at the agreed tax rate effective at the time of dividend payment, without the need to file an application; and (3) for residents of countries without tax treaties or under other situations, the withholding agents shall withhold individual income tax at 20% upon payment of dividends.

For non-resident enterprises that are shareholders of listed companies, the *Notice of the State Administration of Taxation on the Issues Concerning Withholding Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shareholders that Are Nonresident Overseas Enterprises* (SAT Letter [2008] No. 897) provides that, a PRC resident enterprise, when paying dividends for 2008 and subsequent years to H shareholders that are non-resident overseas enterprises, shall withhold and pay the enterprise income tax at a uniform rate of 10%.

Tax matters in relation to the Shanghai-Hong Kong Stock Connect shall be handled according to the provisions of the *Notice on Relevant Taxation Policies in Connection with the Pilot Shanghai-Hong Kong Stock Connect Mechanism* (Finance and Taxation [2014] No. 81) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC.

Preference shareholders

Individual income tax payment in relation to dividends obtained by individual preference shareholders shall be performed according to related national taxation regulations.

Resident enterprises (including institutional investors) shall perform their tax payment obligations on their own according to related national taxation regulations.

Shareholders of the Bank shall be taxed and/or access tax credits, reliefs and exemptions in accordance with the aforementioned regulations.

5.28 Events Relating to Bankruptcy or Restructuring

During the reporting period, the Bank did not incur any event relating to bankruptcy or restructuring.

5.29 Changes to Accounting Policies and Accounting Estimates or Correction of Significant Accounting Errors

During the reporting period, the Bank had no changes in accounting policies, accounting estimates or correction of material accounting errors.

5.30 Business Review

For details of the Group's business profile, major risks and uncertainties in 2024 and outlook for 2025, please refer to Chapter 2 "Management Discussion and Analysis" of this report.

5.31 Audit Committee

The Audit and Related Party Transactions Control Committee under the Board of Directors of the Bank has reviewed and approved the 2024 annual results of the Bank and the Group and their audited 2024 annual financial statements prepared in accordance with the IFRS Accounting Standards.

5.32 Relations with Employees, Suppliers and Customers

For the relations between the Group and its employees, suppliers and customers, please refer to Chapter 3 "Corporate Governance – Team Building and Employee Training", Chapter 3 "Corporate Governance – Investor Relations" and Chapter 4 "Environmental, Social and Governance (ESG) – Consumer Rights Protection" of this report.

5.33 Major Customers

In 2024, the total interest income and other operating income of the top five customers of the Group did not exceed 30% of the Group's interest income and other operating income.

5.34 Other Significant Events

5.34.1 Rights Issue to Existing Shareholders

The Bank plans to issue rights shares to its existing shareholders. Please refer to "6.2.1 Equity Financing" of this report for details thereof.

5.34.2 Conversion of Convertible Bonds Held by CITIC Financial Holdings and Equity Changes of Controlling Shareholder

On 29 March 2024, CITIC Financial Holdings converted all the RMB26.388 billion worth of CITIC Convertible Bonds (accounting for 65.97% of the total number of convertible bonds issued) it held into 4,325,901,639 ordinary A shares of the Bank through the system of SSE. After the conversion, CITIC Financial Holdings no longer held any CITIC Convertible Bonds.

Before the equity change due to the conversion, CITIC Financial Holdings and its persons acting in concert held a total of 32,284,227,773 shares of the Bank, representing 65.93% of the Bank's total share capital. After the equity change, CITIC Financial Holdings and its persons acting in concert held a total of 36,610,129,412 shares of the Bank, representing 68.70%[58] of the Bank's total share capital. This change in equity is an increase in shareholding. As shares of the Bank held by CITIC Financial Holdings and its persons acting in concert before this change in equity exceeded 50% of the issued share capital of the Bank, this change of equity is exempt from making a takeover offer according to Article 63.1.v of the *Administrative Measures for the Takeover of Listed Companies*. The change in equity did not result in change of the controlling shareholder or de facto controller of the Bank.

For details of the conversion of convertible bonds and equity changes of controlling shareholder, please refer to relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 2 April 2024.

[58] The shareholding percentage before conversion of the convertible bonds was calculated based on the total share capital of the Bank (48,966,869,717 shares) as at 28 March 2024; the shareholding percentage after conversion of the convertible bonds was calculated based on the total share capital of the Bank (53,292,771,356 shares) as at 29 March 2024.

5.34.3 Share Transfers between Controlling Shareholder and Its Persons Acting in Concert

On 12 December 2024, CITIC Financial Holdings signed a share transfer agreement with Metal Link Limited and Fortune Class Investments Limited, respectively, both its persons acting in concert, according to which CITIC Financial Holdings shall receive 285,186,000 H shares and 10,313,000 H shares of the Bank from Metal Link Limited and Fortune Class Investments Limited via agreement, respectively.

On 27 February 2025, the registration for the above-mentioned share transfers was completed. After completion of the share transfers, CITIC Financial Holdings held 36,028,393,412 shares (including 33,264,829,933 A shares and 2,763,563,479 H shares) of the Bank, accounting for 64.79%[59] of the Bank's total share capital; the number and percentage of shares CITIC Financial Holdings and its persons acting in concert collectively held in the Bank remained unchanged; Metal Link Limited and Fortune Class Investments Limited no longer held the Bank's shares or acted in concert with CITIC Financial Holdings. For details about the share transfers, please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 13 December 2024, 11 January 2025, 13 February 2025 and 1 March 2025.

59 The shareholding percentage after completion of the share transfer was calculated based on the total share capital of the Bank (55,607,461,451 shares) as at 27 February 2025.

Chapter 6 Changes in Ordinary Shares and Information on Ordinary Shareholders

6.1 Changes in Ordinary Shares

6.1.1 Table on Changes in Shareholdings

Unit: Shares

	31 December 2023		Changes during the reporting period (+, –)					31 December 2024	
	Number of shares held	Percentage (%)	New issue	Bonus issue	Capital reserve converted to shares	Convertible bonds converted to shares	Subtotal	Number of shares held	Percentage (%)
Shares subject to restrictions on sale:	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
1. Shares held by the state	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	–	–	–	–	–	–	–
3. Shares held by other domestic investors	–	–	–	–	–	–	–	–	–
Including: Shares held by domestic non-state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	–	–	–	–	–	–	–	–	–
4. Foreign-held shares	–	–	–	–	–	–	–	–	–
Including: Shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
Shares not subject to restrictions on sale:	**48,966,865,954**	**100.00**	**–**	**–**	**–**	**+5,430,147,827**	**+5,430,147,827**	**54,397,013,781**	**100.00**
1. Renminbi denominated ordinary shares	34,084,702,977	69.61	–	–	–	+ 5,430,147,827	+ 5,430,147,827	39,514,850,804	72.64
2. Domestically-listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas-listed foreign shares	14,882,162,977	30.39	–	–	–	–	–	14,882,162,977	27.36
4. Others	–	–	–	–	–	–	–	–	–
Total shares	**48,966,865,954**	**100.00**	**–**	**–**	**–**	**+5,430,147,827**	**+5,430,147,827**	**54,397,013,781**	**100.00**

6.1.2 Shares Subject to Restrictions on Sale

During the reporting period, none of the Bank's shareholders held shares subject to restrictions on sale.

6.2 Issuance and Listing of Securities

6.2.1 Equity Financing

The Bank planned to issue rights shares to existing shareholders (hereinafter referred to as the "Rights Issue"), and the proceeds raised from the Rights Issue are expected to be not more than RMB40.0 billion (inclusive). All the proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the replenishment of the Bank's core tier-one capital, so as to increase its capital adequacy ratio, support its sustainable and healthy business development in the future, and enhance its capital strength and competitiveness. The Bank obtained the approval from the former CBIRC on the Rights Issue Plan in October 2022, and the Rights Issue application was accepted by the SSE on 3 March 2023. The Rights Issue Plan may only be implemented after obtaining the approval of the SSE and the decision of consent to registration by CSRC. The Bank held the Annual General Meeting of 2023, the Second A Shareholders Class Meeting of 2024 and the Second H Shareholders Class Meeting of 2024 on 20 June 2024, which reviewed and approved the proposal regarding the extension of the effective period for the resolutions passed in relation to the Rights Issue.

On 1 November 2024, the Bank disclosed the *Announcement on Receiving the Review Suspension Notice from the Shanghai Stock Exchange*. Given the circumstance described in Article 60 (ii) of the *Rules Governing the Review of Offering and Listing of Stocks on Shanghai Stock Exchange*, the Bank needed to replace the accounting firm it engaged, PricewaterhouseCoopers Zhong Tian LLPfor the issuance of rights shares to existing A shareholders, and SSE suspended the review procedures of offering and listing for the Bank's issuance of rights shares to existing A shareholders. To ensure the normal progress of the issuance, the Bank newly appointed KPMG Huazhen LLP as the special audit agency for the Bank's issuance of rights shares to existing A shareholders. On 22 January 2025, as the circumstance for review suspension was eliminated, SEE agreed to resume review of the Bank's refinancing proposal.

Please refer to the relevant announcements published on 28 October 2022, 6 March 2023, 21 June 2024, 1 November 2024 and 24 January 2025 published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details thereof.

During the reporting period, the Bank did not issue new shares.

6.2.2 Issuance and Redemption of Bonds

Issuance of Bonds

Pursuant to the *Affirmative Decision of Administrative License* (PBOC Decision [2024] No. 6) from the People's Bank of China, the Bank was approved for the issuance of financial bonds. The newly increased balance of financial bonds in 2024 shall not exceed RMB80.0 billion, and the balance of financial bonds at the end of 2024 shall not exceed RMB360.0 billion. Pursuant to the *Reply of the National Financial Regulatory Administration on Issuance of Capital Instruments by China CITIC Bank* (NFRA Reply [2023] No. 467), the Bank was approved to issue capital instruments up to RMB120.0 billion.

The 2024 Undated Capital Bonds of China CITIC Bank Corporation Limited (Tranche 1) were book-built on 24 April 2024 and its issuance was completed in the national interbank bond market on 26 April 2024. The size of the issuance was RMB30.0 billion. The coupon rate is 2.42% for the first five years and will be adjusted every five years. And the issuer has the conditional redemption right on each interest payment date in the fifth year and thereafter. The proceeds from the issuance were used to replenish additional tier-1 capital pursuant to applicable laws and upon approval by regulators.

The 2024 Financial Bonds of China CITIC Bank Corporation Limited (Tranche 1) were book-built on 10 July 2024 and its issuance was completed in the national interbank bond market on 12 July 2024. The size of the issuance of the three-year fixed-rate financial bonds was RMB40.0 billion and the coupon rate was 2.10%. The proceeds from the issuance were used to optimize the structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities and support the development of medium and long-term asset business.

The 2024 Green Financial Bonds of China CITIC Bank Corporation Limited (Tranche 1) were book-built on 7 August 2024 and its issuance was completed in the national interbank bond market on 9 August 2024. The size of the issuance of the three-year fixed-rate green bonds was RMB20.0 billion and the coupon rate was 1.81%. The proceeds from the issuance were used for green industrial projects specified in the *Green Bond Endorsed Projects Catalogue (2021 Edition)* pursuant to applicable laws and upon approval by regulators.

The 2024 Financial Bonds of China CITIC Bank Corporation Limited (Tranche 2) (Bond Connect) and the 2024 Financial Bonds for "Agriculture, Rural areas and Farmers" of China CITIC Bank Corporation Limited (Tranche 1) (Bond Connect) were book-built on 5 November 2024, and the issuance was completed in the national interbank bond market on 7 November 2024. The size of the issuance of the three-year fixed-rate 2024 Financial Bonds of China CITIC Bank Corporation Limited (Tranche 2) (Bond Connect) was RMB25.0 billion and the coupon rate was 2.06%. The proceeds from the issuance were used to optimize the structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities and support the development of medium and long-term asset business. The size of the issuance of the three-year fixed-rate 2024 Financial Bonds for "Agriculture, Rural areas and Farmers" of China CITIC Bank Corporation Limited (Tranche 1) (Bond Connect) was RMB5.0 billion and the coupon rate was 2.06%. The proceeds from the issuance were used for granting agriculture-related loans pursuant to applicable laws and upon approval by regulators.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) for details of the issuance of the above financial bonds during the reporting period on 27 April, 13 July, 10 August and 8 November 2024.

Redemption of Bonds

On 11 December 2024, the Bank redeemed in full amount of the RMB40.0 billion undated capital bonds issued on 11 December 2019 in the national interbank bond market.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 12 December 2024 for details of the redemption of the above bonds.

Please refer to Notes 39 and 43 (ii) to the Financial Statements for details of other outstanding bonds issued by the Bank and its subsidiaries.

6.2.3 Issuance of Convertible Bonds

Please refer to Chapter 8 "Convertible Corporate Bonds" of this report for the issuance and the conversion of convertible bonds and other relevant information of the Bank during the reporting period.

6.2.4 Internal Employee Shares

There were no internal employee shares issued by the Bank.

6.3 Information on Ordinary Shareholders

6.3.1 Total Number of Shareholders

As at the end of the reporting period, the Bank had 129,618 accounts of ordinary shareholders in total, including 103,885 accounts of A shareholders and 25,733 accounts of registered H shareholders, and no preference shareholders with restored voting right.

As at the close of the month preceding the disclosure date of this report (i.e., 28 February 2025), the Bank recorded 131,659 accounts of ordinary shareholders in total, including 106,098 accounts of A shareholders and 25,561 accounts of registered H shareholders, and no preference shareholders with restored voting right.

6.3.2 Information on the Top 10 Shareholders (as at the end of the reporting period)

Unit: Shares

No.	Name of shareholder	Nature of shareholder	Class of shares	Total number of shares held	Shareholding percentage (%)	Number of shares subject to restrictions on sale	Increase or decrease in shareholding during the reporting period	Shares pledged, marked or frozen
1	CITIC Financial Holdings	State-owned legal person	A share, H share	35,732,894,412	65.69	0	+ 4,325,901,639	0
2	Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	H share	12,140,403,136	22.32	0	+ 4,515,580	Unknown
3	China National Tobacco Corporation	State-owned legal person	A share	2,584,406,960	4.75	0	+436,937,421	0
4	China Securities Finance Corporation Limited	State-owned legal person	A share	1,018,941,677	1.87	0	0	0
5	Hong Kong Securities Clearing Company Limited	Overseas legal person	A share	276,202,231	0.51	0	+ 96,853,463	0
6	Central Huijin Asset Management Ltd.	State-owned legal person	A share	267,137,050	0.49	0	0	0
7	China Construction Bank Corporation	State-owned legal person	H share	168,599,268	0.31	0	0	0
8	Industrial and Commercial Bank of China – Huatai-PineBridge Investments CSI 300 Traded Open-ended Index Securities Investment Fund	Other	A share	66,929,343	0.12	0	+44,191,677	0
9	China Merchants Bank Co., Ltd. – SSE Dividend Traded Open-ended Index Securities Investment Fund	Other	A share	56,180,064	0.10	0	-4,192,460	0
10	China Construction Bank Corporation – E Fund Seeded CSI 300 ETF	Other	A share	46,698,239	0.09	0	+38,289,917	0

Notes: (1) All shares held by the above-mentioned shareholders were shares not subject to restrictions on sale of the Bank.

(2) The shareholdings of A shareholders and H shareholders in the table above were calculated based on the Bank's share registers respectively maintained with China Securities Depository and Clearing Corporation Limited Shanghai Branch and Computershare Hong Kong Investor Services Limited.

(3) Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. The total number of shares held by Hong Kong Securities Clearing Company Nominees Limited is the aggregate number of H shares it held in its capacity as nominee on behalf of all institutional and individual investors registered with the company as at the end of the reporting period. Hong Kong Securities Clearing Company Limited is an institution that is designated by others to hold shares, including the Shanghai Stock Connect shares held by Hong Kong and overseas investors, on behalf of others in its capacity as nominee shareholder.

(4) CITIC Financial Holdings is a wholly-owned subsidiary of CITIC Corporation Limited. CITIC Corporation Limited is a wholly-owned subsidiary of CITIC Limited. As at the end of the reporting period, CITIC Limited and its subsidiaries (including CITIC Corporation Limited and CITIC Financial Holdings) together owned 36,610,129,412 shares of the Bank, accounting for 67.30% of the Bank's total shares, including 33,264,829,933 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 35,732,894,412 shares of the Bank, accounting for 65.69% of the Bank's total shares, including 33,264,829,933 A shares and 2,468,064,479 H shares.

(5) Summit Idea Limited confirmed that, as at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.21% of the Bank's total shares. Summit Idea Limited is a wholly-owned affiliate of Quzhou Development. In addition to the aforementioned stake, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Quzhou Development, also owned 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.28% of the Bank's total shares.

(6) Note on related party relations or concerted actions between ordinary shareholders listed in the above table: Hong Kong Securities Clearing Company Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. According to the *Report for the Third Quarter of 2024 of China Construction Bank Corporation*, as at 30 September 2024, Central Huijin Investment Ltd. and its wholly-owned subsidiary Central Huijin Asset Management Ltd. together owned 57.34% equity of China Construction Bank Corporation. According to public information, China Construction Bank Corporation is the custodian of China Construction Bank Corporation – E Fund Seeded CSI 300 ETF. Except for these, the Bank was not aware of any related party relations or concerted actions between the shareholders listed in the above table.

(7) None of the top 10 shareholders of the Bank was a special account for repurchase.

(8) As far as the Bank was aware, as at the end of the reporting period, the shareholders listed in the above table neither delegated or abstained from their voting right, nor were delegated with the voting right of any other party.

(9) As far as the Bank was aware, save as Hong Kong Securities Clearing Company Nominees Limited (unknown) and the attached information disclosed, the shareholders listed in the above table did not participate in margin trading and short selling or refinancing.

6.3.3 The Changes on the Top 10 Shareholders (as at the end of the reporting period)

Unit: shares

Name of shareholder	Added/exited during the reporting period	The number of lent and unreturned shares in refinancing account as at the end of the reporting period		The number of lent and unreturned shares in common share account, credit account and refinancing account as at the end of the reporting period	
		Number of shares	Percentage (%)	Number of shares	Percentage (%)
Industrial and Commercial Bank of China – Huatai-PineBridge Investments CSI 300 Traded Open-ended Index Securities Investment Fund	Added	0	0	66,929,343	0.12
China Construction Bank Corporation – E Fund Seeded CSI 300 ETF	Added	0	0	46,698,239	0.09
Hebei Construction & Investment Group Co., Ltd.	Exited	0	0	31,034,400	0.06
China Poly Group Corporation Limited	Exited	0	0	27,216,400	0.05

6.3.4 Participation of Top 10 Shareholders in Share Lending via Refinancing

Unit: Shares

Name of shareholder	The number of shares held in common share account and credit account as at the beginning of the reporting period		The number of lent and unreturned shares in refinancing account as at the beginning of the reporting period		The number of shares held in common share account and credit account as at the end of the reporting period		The number of lent and unreturned shares in refinancing account as at the end of the reporting period	
	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)
Industrial and Commercial Bank of China – Huatai-PineBridge Investments CSI 300 Traded Open-ended Index Securities Investment Fund	22,737,666	0.05	337,200	0.00	66,929,343	0.12	0	0
China Construction Bank Corporation – E Fund Seeded CSI 300 ETF	8,408,322	0.02	183,000	0.00	46,698,239	0.09	0	0

6.4 Interests and Short Positions Held by Substantial Ordinary Shareholders and Other Persons

The table below sets out the interests and short positions in the shares of the Bank held by substantial shareholders and other persons (except the directors, supervisors and chief executives of the Bank as defined according to the *Hong Kong Listing Rules*) as recorded in the register that the Bank maintained pursuant to Section 336 of the *Securities and Futures Ordinance* and as far as the Bank was aware as at the end of the reporting period.

Name	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued share capital of the same class (%)	Shareholding percentage of the total issued share capital (%)
CITIC Financial Holdings	H share	Beneficiary owner	2,468,064,479(L)	16.58	4.54
	A share		33,264,829,933(L)	84.18	61.15
CITIC Corporation Limited	H share	Beneficiary owner	581,736,000(L)	3.91	1.07
	H share	Interest of controlled corporations	2,478,377,479(L)	16.65	4.56
	A share		33,264,829,933(L)	84.18	61.15
CITIC Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.15
	A share		33,264,829,933(L)	84.18	61.15
CITIC Polaris Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.15
	A share		33,264,829,933(L)	84.18	61.15
CITIC Glory Limited	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.15
	A share		33,264,829,933(L)	84.18	61.15
CITIC Group	H share	Interest of controlled corporations	3,345,299,479(L)	22.48	6.15
	A share		33,264,829,933(L)	84.18	61.15
Summit Idea Limited	H share	Beneficiary owner	2,292,579,000(L)	15.41	4.21
Total Partner Global Limited	H share	Interest of controlled corporations	2,292,579,000(L)	15.41	4.21
Hong Kong Xinhu Investment Co., Ltd.	H share	Beneficiary owner	153,686,000(L)	1.03	0.28
		Interest of controlled corporations	2,292,579,000(L)	15.41	4.21
Quzhou Development	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.50
Quzhou Zhibao Enterprise Management Partnership (Limited Partnership)	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.50
Quzhou Zhina Enterprise Management Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.50
Quzhou Industrial Investment Group Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.50
Quzhou Industrial Holdings Group Co., Ltd.	H share	Interest of controlled corporations	2,446,265,000(L)	16.44	4.50
UBS SDIC Fund Management Co., Ltd.	H share	Investment Manager	1,379,630,577 (L)	9.27	2.54

Notes: (1) (L) – long position.

(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk). The difference between the sum of individual percentages and the sum of individual items in the table is due to rounding.

(3) According to Section 336 of the Securities and Futures Ordinance, if certain conditions are met, shareholders of the Bank shall submit the interest disclosure form. When there is a change to the number of shares of the Bank held by shareholders, unless certain conditions are met, related shareholders need not to notify the Bank and SEHK. Therefore, the latest number of shares held by shareholders at the Bank may differ from those already submitted to SEHK.

Except for the aforementioned disclosure, as at the end of the reporting period, the Bank was not aware of any person (except the directors, supervisors and chief executives of the Bank as defined according to the *Hong Kong Listing Rules*) held any interests and short positions in the shares of the Bank or underlying shares that shall be recorded in the register that the Bank maintained pursuant to Section 336 of the *Securities and Futures Ordinance*.

6.5 Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Bank or Associated Corporations Held by Its Directors, Supervisors and Senior Management Members

Please refer to "Members of the Board of Directors", "Members of the Board of Supervisors" and "Members of the Senior Management" under Chapter 3 of this report for the holding of shares of the Bank by its directors, supervisors or senior management members as at the end of the reporting period. None of the Bank's incumbent or former directors, supervisors or senior management members resigned during the reporting period held any share options or restrictive shares of the Bank.

The table below sets out the interests in the shares of the Bank held by directors, supervisors and chief executives of the Bank as at the end of the reporting period as recorded in the register that the Bank should maintain pursuant to Section 352 of the *Securities and Futures Ordinance* and as far as the Bank is aware:

Name	Position	Class of shares	Identity	Number of shares held	Shareholding percentage of the issued shares of the same class (%)	Shareholding percentage of the total issued ordinary shares (%)
Fang Heying	Chairman, Executive Director	H share	Beneficiary owner	1,000,000(L)	0.0067	0.0018
Liu Cheng	Former Executive Director and President	H share	Beneficiary owner	624,000(L)	0.0042	0.0011
Hu Gang	Executive Director, Vice President, Risk Director	H share	Beneficiary owner	1,627,000(L)	0.0109	0.0030
Li Rong	Shareholder Representative Supervisor	H share	Beneficiary owner	364,000(L)	0.0024	0.0007
Cheng Pusheng	Employee Representative Supervisor	H share	Beneficiary owner	354,000(L)	0.0024	0.0007
Zhang Chun	Employee Representative Supervisor	H share	Beneficiary owner	210,000(L)	0.0014	0.0004
Zeng Yufang	Employee Representative Supervisor	H share	Beneficiary owner	188,000(L)	0.0013	0.0003

Notes: (1) (L) – long position.
(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).
(3) Mr. Liu Cheng has resigned from his positions as the Bank's Executive Director and President on 20 February 2025.

The table below sets out the interests in the shares of the Bank's associated corporations held by directors, supervisors and chief executives of the Bank as at the end of the reporting period as recorded in the register that the Bank should maintain pursuant to Section 352 of the *Securities and Futures Ordinance* and as far as the Bank is aware:

Name	Associated Corporations	Identity	Number of shares held	Shareholding percentage of the total issued ordinary shares (%)
Fang Heying	CITIC Limited	Beneficiary owner	38,000(L)	0.00013
Cao Guoqiang	CITIC Limited	Beneficiary owner	53,000(L)	0.00018
Liu Cheng	CITIC Limited	Beneficiary owner	127,000(L)	0.00044
Hu Gang	CITIC Limited	Beneficiary owner	143,000(L)	0.00049

Notes: (1) (L) – long position.
(2) The above disclosure is made mainly on the basis of the information released on the HKEXnews (www.hkexnews.hk).

6.6 Controlling Shareholder and De Facto Controller of the Bank

6.6.1 Information on Controlling Shareholder and De Facto Controller of the Bank

There was no change in the controlling shareholder or de facto controller of the Bank during the reporting period. As at the end of the reporting period, CITIC Financial Holdings was the controlling shareholder of the Bank; CITIC Corporation Limited was the single direct controlling shareholder of CITIC Financial Holdings; CITIC Limited was the single direct controlling shareholder of CITIC Corporation Limited; CITIC Group was the controlling shareholder of CITIC Limited and the de facto controller of the Bank.

CITIC Group was founded in 1979 by Mr. Rong Yiren with the advocacy and support of Mr. Deng Xiaoping. Since its incorporation, CITIC Group has been a pilot unit for national economic reform and an important window for China's opening up to the world. With fruitful explorations and innovation in many areas, CITIC Group has built itself a robust image and reputation both domestically and abroad. At present, CITIC Group has developed into a large state-owned multinational conglomerate with both financial and non-financial businesses. Its financial business covers a full range of services including banking, securities, trust, insurance, fund and asset management; and its non-financial business includes real estate, engineering contracting, energy and resources, infrastructure construction, machinery manufacturing and information industry, demonstrating strong competitive advantages and great momentum of growth.

In December 2011, with approval from the State Council, and in alignment with its wholly-owned subsidiary Beijing CITIC Enterprise Management Co., Ltd., CITIC Group contributed the majority of its existing net operating assets to establish CITIC Corporation Limited (named "CITIC Limited" when first established). In particular, CITIC Group held 99.9% equity interest in CITIC Limited, and Beijing CITIC Enterprise Management Co., Ltd. held 0.1%. CITIC Group as a whole was restructured into a wholly state-owned company. To complete the aforementioned capital contribution, CITIC Group transferred its entire equity in the Bank to CITIC Corporation Limited as capital contribution. As a result, CITIC Corporation Limited held 28,938,929,004 shares in the Bank both directly and indirectly, accounting for 61.85% of the Bank's total share capital. The above-mentioned share transfer was approved by the State Council, the Ministry of Finance (MOF), former CBRC, the CSRC and the Hong Kong Monetary Authority. In February 2013, the relevant formalities for the share transfer were officially completed with approvals from the SSE and China Securities Depositary and Clearing Corporation Limited Shanghai Branch. On 26 December 2018, the MOF and the Ministry of Human Resources and Social Security (MOHRSS) decided to transfer MOF's 10% equity in CITIC Group to the National Council for Social Security Fund in a lump sum. According to relevant regulations, the National Council for Social Security Fund, as a financial investor, is entitled to the equity income and other relevant rights and interests corresponding to the state-owned equity transferred, and does not intervene the daily production, operation and management of the enterprise. The transfer will not change the original state-owned asset management mechanism of CITIC Group, and relevant procedures are in progress.

In October 2013, BBVA transferred to CITIC Limited the 2,386,153,679 H shares it held in the Bank, accounting for approximately 5.10% of the total share capital of the Bank, after which CITIC Limited increased its shareholding in the Bank to 66.95%.

In August 2014, CITIC Group injected its main business assets entirely into its Hong Kong listed subsidiary, CITIC Pacific, and renamed it CITIC Limited. The former CITIC Limited was renamed CITIC Corporation Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited.

In September 2014, CITIC Corporation Limited purchased an additional 81,910,800 H shares of the Bank via agreement transfer, after which, CITIC Corporation Limited held a total of 31,406,992,773 A shares and H shares of the Bank, accounting for approximately 67.13% of the Bank's total share capital.

In January 2016, the Bank completed its private offering of 2,147,469,539 A shares to China Tobacco, upon which time the Bank's total share capital increased to 48,934,796,573 shares and the proportion of shares owned by CITIC Corporation Limited went down to 64.18%.

In January 2016, CITIC Limited notified the Bank that it planned to increase its shareholding in the Bank by 21 January 2017 when appropriate, provided that the accumulative percentage of such incremental equity holding did not exceed 5% of the Bank's total issued share capital. As at 21 January 2017, the implementation of the plan to increase shareholding in the Bank was completed. CITIC Limited and its subsidiaries (including CITIC Corporation Limited) held 32,284,227,773 shares of the Bank in aggregate, of which 28,938,928,294 were A shares and 3,345,299,479 were H shares, representing 65.97% of the total issued shares of the Bank.

On 24 March 2022, CITIC Financial Holdings was established by CITIC Corporation Limited with its capital. In April 2023, the share transfer registration was completed for the transfer for nil consideration of 28,938,928,294 A shares and 2,468,064,479 H shares from CITIC Corporation Limited to CITIC Financial Holdings. Upon the completion of the above-mentioned share transfer, CITIC Financial Holdings directly holds a total of 31,406,992,773 shares of the Bank, representing 64.18% of the total issued shares of the Bank. CITIC Financial Holdings replaced CITIC Corporation Limited to become the controlling shareholder of the Bank. CITIC Group remains as the de facto controller of the Bank.

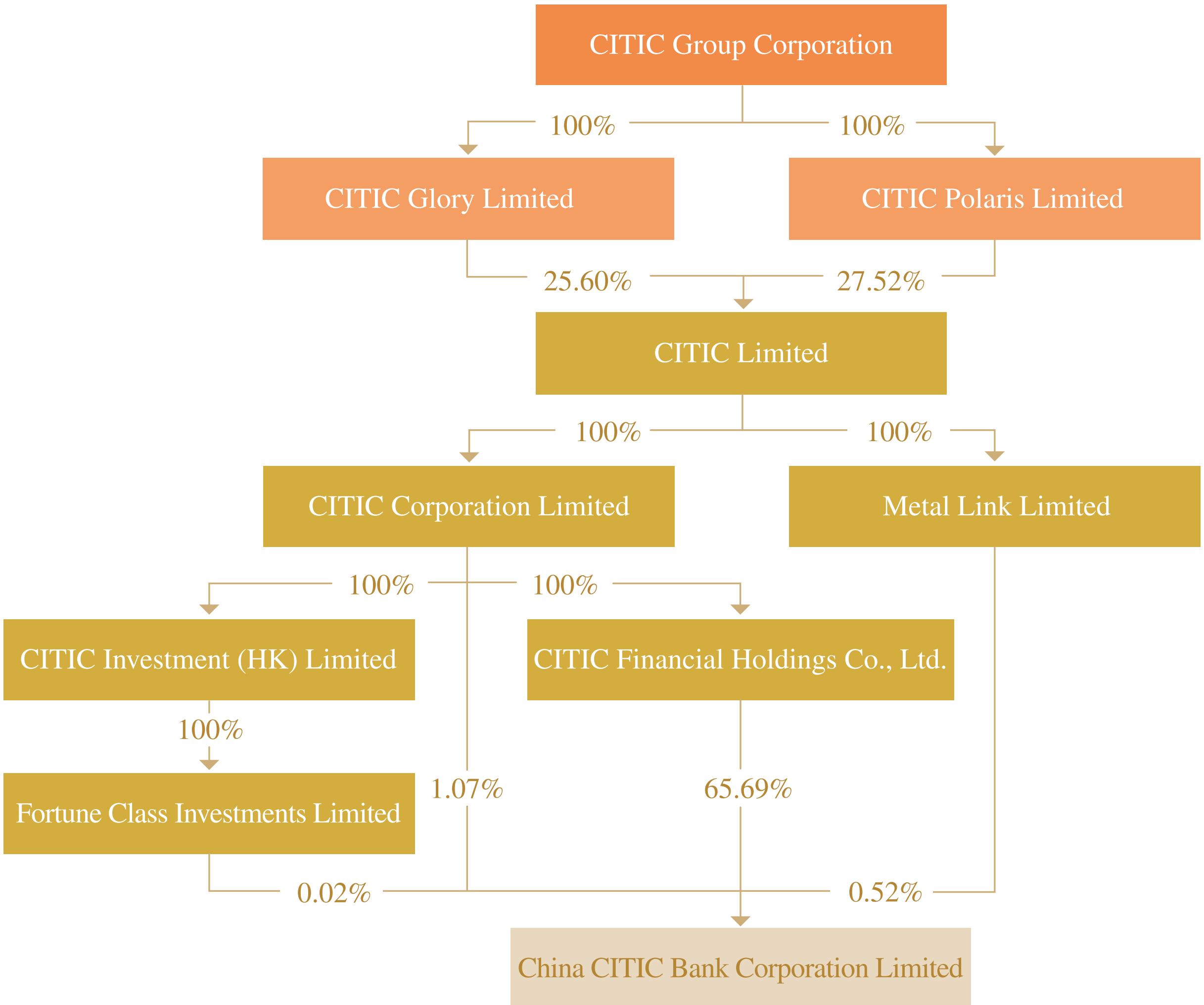
As at the end of the reporting period, CITIC Group had a registered capital of RMB205,311,476,359.03, and its legal representative was Mr. Xi Guohua. Its business scope covered: investment in and management of domestic and overseas financial enterprises and related industries including banking, securities, insurance, trust, asset management, futures, leases, funds and credit cards; investment businesses in energy, transportation infrastructure, mining, forestry resources development and raw materials industry, machinery manufacturing, real estate development, information infrastructure, basic telecommunications and value-added telecom services, environmental protection, pharmaceuticals, biological engineering and new materials, aviation, transportation, warehousing, hotels, tourism, domestic and international trade, commerce, education, publication, media, culture and sports, domestic and overseas engineering design, construction, contracting and sub-contracting, and industrial investment; asset management; capital operation; project tendering, exploration, design, construction, supervision, contracting and subcontracting and consulting services; external allocation of required workers to overseas projects compatible with its strength, scale and business performance; import and export; and information services business (only restricted to internet information services which excludes information search and inquiry service, information community service, instant information interaction service and information protection and processing service). (The market entity shall discretionally choose its business projects and conduct its business activities according to the law; conduct business items that may only be conducted with approval according to the law as per approval of competent authorities; and may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies).

As at the end of the reporting period, CITIC Financial Holdings had a registered capital of RMB33,800,000,000; and Mr. Xi Guohua was its legal representative. Its business scope covered: General items: management of enterprise headquarters (The market entity shall independently carry out operating activities according to law based on its business license in addition to projects subject to approval according to law); Licensed items: financial holding company business. (The market entity shall conduct business items that may only be conducted with approval according to law as per approval of competent authorities; it may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies.)

As at the end of the reporting period, CITIC Financial Holdings and its persons acting in concert held 36,610,129,412 shares of the Bank in aggregate, representing 67.30% of the total issued shares of the Bank, including 33,264,829,933 A shares and 3,345,299,479 H shares. CITIC Financial Holdings directly owned 35,732,894,412 shares in the Bank, accounting for 65.69% of the total share capital of the Bank, including 33,264,829,933 A shares and 2,468,064,479 H shares.

6.6.2 Ownership Structure among the Bank, Its Controlling Shareholder and De Facto Controller

As at the end of the reporting period, the ownership structure among the Bank, its controlling shareholder and its de facto controller was as follows[60]:



In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the controlling shareholder, de facto controller, persons acting in concert and ultimate beneficiary of CITIC Financial Holdings are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Persons acting in concert[61]	Ultimate beneficiary
CITIC Financial Holdings	CITIC Corporation Limited	CITIC Group	CITIC Corporation Limited, Fortune Class Investments Limited, Metal Link Limited	CITIC Group

60 CITIC Glory Limited and CITIC Polaris Limited are both wholly-owned subsidiaries of CITIC Group. As at the end of the reporting period, CITIC Financial Holdings directly owned 65.69% of the total share capital of the Bank, in addition to which, CITIC Limited as well as CITIC Corporation Limited also held part of the Bank's equity via their wholly-owned subsidiaries.

61 On 27 February 2025, Fortune Class Investments Limited and Metal Link Limited ceased to be the persons acting in concert of CITIC Financial Holdings. For relevant information, please refer to 5.34.3 Share Transfers between Controlling Shareholder and Its Persons Acting in Concert of this report.

6.6.3 Equity Interests in Other Major Domestic and Overseas Listed Companies Controlled or Held by the Company's Controlling Shareholder and De Facto Controller

CITIC Financial Holdings is the Bank's controlling shareholder. As at the end of the reporting period, CITIC Financial Holdings held in total 2,939,832,712 shares (2,299,650,108 A shares and 640,182,604 H shares) in CITIC Securities Co., Ltd. (600030.SH, 06030.HK, referred to as "CITIC Securities" hereinafter), accounting for 19.84% of the total equity issued by CITIC Securities. Except what has been disclosed above, CITIC Financial Holdings did not control or hold equity interests in any other domestic or overseas listed company.

Equity interests in other major domestic and overseas listed companies controlled or held by CITIC Group and CITIC Limited (as at the end of the reporting period)

Name of shareholder	Name of listed company	Place of listing	Stock code	Shareholding percentage
CITIC Polaris Limited 27.52% CITIC Glory Limited 25.60%	CITIC Limited	Hong Kong	00267.HK	53.12%
CITIC Corporation Limited 57.32% CITIC Investment Holdings Limited 4.92% CITIC Automobile Limited 2.14%	CITIC Heavy Industries Co., Ltd.	Shanghai	601608.SH	64.38%
CITIC Offshore Helicopter Limited 30.18% CITIC Investment Holdings Limited 8.45% CITIC Guoan Co., Ltd 0.08%	CITIC Offshore Helicopter Corporation Limited	Shenzhen	000099.SZ	38.71%
CITIC Pacific Special Steel Investment Limited 75.05% Hubei Xinye Steel Co., Ltd. 4.53% CITIC Pacific (China) Investment Co., Ltd. 4.26%	CITIC Pacific Special Steel Group Co., Ltd.	Shenzhen	000708.SZ	83.84%
CITIC Metal Group Co., Ltd. 89.71% CITIC Yulian (Beijing) Enterprise Management Consulting Co., Ltd. 0.06%	CITIC Metal Co., Ltd.	Shanghai	601061.SH	89.77%
CITIC Corporation Limited 62.70% CITIC Investment Holdings Limited 10.80%	CITIC Press Corporation	Shenzhen	300788.SZ	73.50%
CITIC Guoan Co., Ltd. 36.44%	CITIC Guoan Information Industry Co., Ltd.	Shenzhen	000839.SZ	36.44%
CITIC Guoan Industry Group Co., Ltd. 44.93%	CITIC Niya Wine Co., Ltd.	Shanghai	600084.SH	44.93%
Nanjing Nangang Iron & Steel United Co., Ltd. 57.13% Hubei Xinye Steel Co., Ltd. 3.66% Nanjing Iron & Steel United Co., Ltd. 1.97%	Nanjing Iron & Steel Co., Ltd.	Shanghai	600282.SH	62.76%
Keentech Group Ltd 49.57% CITIC Australia Pty Limited 9.55% Fortune Class Investments Limited 0.38%	CITIC Resources Holdings Limited	Hong Kong	01205.HK	59.50%
Ease Action Investments Corp. 33.55% Silver Log Holdings Ltd 16.52% Cuixin Holdings Corporation Limited 3.83% Richtone Enterprises Inc. 3.64%	CITIC Telecom International Holdings Limited	Hong Kong	01883.HK	57.54%
CITIC Agriculture Limited 16.54% CITIC Industrial Investment Group Co., Ltd. 0.82%	Yuan Longping High-tech Agriculture Co., Ltd.	Shenzhen	000998.SZ	17.36%
Complete Noble Investments Limited 10.01%	China Overseas Land & Investment Limited	Hong Kong	00688.HK	10.01%
Easy Flow Investments Limited 25.28%	Frontier Services Group Limited	Hong Kong	00500.HK	25.28%
CITIC Metal Africa Investments Limited 22.34%	Ivanhoe Mines Ltd.	Toronto	IVN.TSX IVPAF.OTCQX	22.34%
CITIC Group Corporation Limited 26.46%	China CITIC Financial Asset Management Co., Ltd.	Hong Kong	2799.HK	26.46%

Notes: (1) Due to rounding, the total shareholding percentages may be slightly different from the sum of the shareholding percentages of all direct-holding companies.

(2) The shareholding percentages listed in the table were those of the direct shareholders.

6.7 Information on Other Substantial Shareholders

Pursuant to the relevant provisions of the *Provisional Measures for the Management of Equity in Commercial Banks*, in addition to CITIC Financial Holdings, the substantial shareholders of the Bank also include China Tobacco and Summit Idea Limited. As at the end of the reporting period, among members of the Board of Directors of the Bank, one non-executive director was recommended by China Tobacco and one non-executive director was recommended by Summit Idea Limited.

China Tobacco is a mega state-owned enterprise established with approval from the State Council. As at the end of the reporting period, China Tobacco held 2,584,406,960 A shares of the Bank, accounting for 4.75% of the Bank's total shares, without pledge of the Bank's equity as collateral. China Tobacco is an enterprise owned by the whole people with a registered capital of RMB57.0 billion. Its legal representative is Zhang Jianmin. The main business scope of China Tobacco includes the production, operation and import and export of tobacco monopoly products, as well as management and operation of state-owned assets.

Summit Idea Limited is a company incorporated in British Virgin Islands. As at the end of the reporting period, it held via Hong Kong Securities Clearing Company Nominees Limited 2,292,579,000 H shares of the Bank, accounting for 4.21% of the Bank's total shares, with 1,123,363,710 H shares of the Bank pledged as collateral. Summit Idea Limited is a wholly-owned subsidiary of Quzhou Development. In addition to the aforementioned shares, Hong Kong Xinhu Investment Co., Ltd., a wholly-owned subsidiary of Quzhou Development, held 153,686,000 H shares of the Bank via Hong Kong Securities Clearing Company Nominees Limited, taking up 0.28% of the Bank's total shares. Quzhou Development (SH.600208) was listed on the SSE in 1999 with its principal business being real estate and investment. As at 30 September 2024, Quzhou Development recorded a registered capital of RMB8.5 billion, total assets of RMB100.9 billion and net assets of RMB44.7 billion.

In accordance with relevant requirements of the *Provisional Measures for Equity Management of Commercial Banks*, as at the end of the reporting period, the above substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert and ultimate beneficiaries are as follows:

Name of shareholder	Controlling shareholder	De facto controller	Person acting in concert	Ultimate beneficiary
China Tobacco	State Council	State Council	None	State Council
Summit Idea Limited	Total Partner Global Limited	Quzhou Industrial Holdings Group Co., Ltd.	Hong Kong Xinhu Investment Co., Ltd.	Quzhou Industrial Holdings Group Co., Ltd.

6.8 Other Legal-Person Shareholders Holding 10% or More of the Bank's Shares

As at the end of the reporting period, there were no other legal-person shareholders that held 10% or more of the Bank's shares except CITIC Financial Holdings.

6.9 Share Repurchase

There was no share repurchase during the reporting period.

Chapter 7 Preference Shares

7.1 Issuance and Listing of Preference Shares

After obtaining the *Reply of China Banking Regulatory Commission on Approving China CITIC Bank's Private Offering of Preference Shares and Amendment to the Articles of Association* (CBRC Reply [2015] No. 540) from former CBRC and the *Reply on Approving China CITIC Bank's Private Offering of Preference Shares* (CSRC License [2016] No. 1971) from CSRC, the Bank made the non-public offering of 350 million onshore preference shares at RMB100 par value per share on 21 October 2016. These shares were issued at par at 3.80% initial coupon rate and with no maturity date. These 350 million preference shares, referred to as "CITIC Excellent 1" with the preference share stock code of 360025, had been listed and traded on the SSE's Comprehensive Business Platform on 21 November 2016. Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 10 November 2016 and 16 November 2016 for detailed information thereof.

For three years until the end of the reporting period, the Bank did not issue any preference shares.

7.2 Number of Preference Shareholders and Their Shareholdings

As at both the end of the reporting period and the close of the month preceding the disclosure date of this report (i.e., 28 February 2025), the Bank recorded 43 accounts of preference shareholders ("CITIC Excellent 1", code: 360025). Information on the top 10 preference shareholders at the end of the reporting period is set out in the table below:

Unit: Shares

No.	Name of shareholder (full name)	Nature of shareholder	Changes in shareholding in the reporting period (+/-)	Number of shares held at the end of the period	Shareholding percentage (%)	Class of shares held	Number of shares subject to restrictions on sale	Shares pledged or frozen: Status	Shares pledged or frozen: Quantity
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	–	43,860,000	12.53	Onshore preference shares	–	–	–
2	China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai	Other	–	38,430,000	10.98	Onshore preference shares	–	–	–
3	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Other	–	38,400,000	10.97	Onshore preference shares	–	–	–
4	Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–
5	Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	Other	–	30,700,000	8.77	Onshore preference shares	–	–	–
6	AVIC Trust Co., Ltd. – AVIC Trust · Tianji Win-Win No. 2 Securities Investment Collective Capital Trust Plan	Other	–	21,930,000	6.27	Onshore preference shares	–	–	–
7	Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products	Other	–	19,290,000	5.51	Onshore preference shares	–	–	–
8	China Resources SZITIC Trust Co., Ltd. – CR Trust · Yuanqi No. 80 Collective Capital Trust Plan	Other	–	14,875,000	4.25	Onshore preference shares	–	–	–
9	Hwabao Trust Co., Ltd. – Hwabao Trust – Multi-strategy Youying No.4 Securities Investment Collective Capital Trust Plan	Other	+10,520,000	10,520,000	3.01	Onshore preference shares	–	–	–
10	Hwabao Trust Co., Ltd. – Hwabao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	Other	-2,560,000	9,090,000	2.60	Onshore preference shares	–	–	–

Notes: (1) The shareholdings of the preference shareholders were calculated based on the information contained in the preference-share register of the Bank.

(2) Note on related party relations or concerted actions of the above preference shareholders: Based on publicly available information, the Bank came to the preliminary conclusion that there was related party relation between China Life Insurance Company Limited – Dividend – Individual Dividend – 005L – FH002 Shanghai and China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai, among Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance, Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance and Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary Insurance Products, and between Hwabao Trust Co., Ltd. – Hwabao Trust – Multi-strategy Youying No.4 Secuirities Investment Collective Capital Trust Plan and Hwabao Trust Co., Ltd. – Hwabao Trust – Baofu Investment No. 1 Collective Capital Trust Plan. Except for these, the Bank was not aware of any other related party relation or concerted action between the above-mentioned preference shareholders or between the above-mentioned preference shareholders and the top 10 ordinary shareholders.

(3) "Shareholding percentage" means the percentage of preference shares held by preference shareholders in the total number of issued preference shares.

7.3 Dividend Distribution for Preference Shares

7.3.1 Policy on Dividend Distribution of Preference Shares

A nominal dividend rate subject to phase-specific adjustment shall be applied to the Bank's preference shares. Every five years since the payment date of the subscribed shares constitutes an interest-bearing period and the same nominal dividend rate shall be applied to the whole period. The nominal dividend rate for the first interest-bearing period was set at 3.80% by book finding. Cash dividends shall be paid for the above-mentioned preference shares on an annual basis, with the interest-bearing principal calculated as the total par value of the issued ongoing preference shares and the interest bearing date being the payment date of the subscribed shares (i.e., 26 October 2016). Dividends on the above preference shares shall not be cumulative, i.e., the shortage from a full-amount dividend payout in the current year will not be accumulated to the next interest-bearing year. Except for access to the dividends agreed upon in accordance with the issuance plan, the above-mentioned preference shareholders shall not participate in the distribution of residual profits together with the ordinary shareholders.

With the benchmark interest rate of "CITIC Excellent 1" being 2.78% and a fixed premium of 1.30% for the second interest-bearing period, the nominal dividend rate recorded 4.08% since 26 October 2021. Please refer to the relevant announcements published on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 27 October 2021 for detailed information thereof.

7.3.2 Payment of Dividends on Preference Shares During the Reporting Period

Pursuant to the resolutions and authorization of the general meeting, the Bank adopted the 2024 Plan on Payment of Dividends on Preference Shares at the Board meeting convened on 28 August 2024, approving the payment of preference share dividends accrued between 26 October 2023 and 25 October 2024 on 28 October 2024. On 28 October 2024, the Bank paid dividends on the preference shares to all the shareholders of "CITIC Excellent 1" registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch at the close of SSE trading on 25 October 2024, according to relevant distribution conditions and procedures. The Bank paid out a preference share dividends of RMB4.08 per share (tax inclusive), which was calculated at the nominal dividend rate 4.08% of "CITIC Excellent 1", with total dividend payment for preference shares amounting to RMB1.428 billion (tax inclusive).

For details on the payment of dividends on preference shares, please refer to the Bank's announcements on the websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 18 October 2024.

7.4 Redemption or Conversion of Preference Shares

No preference share of the Bank was redeemed or converted during the reporting period.

7.5 Restoration of Voting Right of Preference Shares

During the reporting period, there was no restoration for the voting right of preference shares.

7.6 Accounting Policies for Preference Shares and the Underlying Reasons

According to the relevant accounting standards promulgated by the Ministry of Finance (MOF), namely, *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments*, and pursuant to the principal terms of the preference shares issuance, the above-mentioned preference shares are eligible to be classified as equity instrument. Hence, the preference shares are accounted as equity instrument.

Chapter 8 Convertible Corporate Bonds

8.1 Overview

On 4 March 2019, the Bank completed the issuance of 40 million board lots of A-share convertible corporate bonds (hereinafter referred to as "A-share convertible bonds"), with each issued at the face value of RMB100 at par, raising total proceeds of RMB40.0 billion, which came to net proceeds of RMB39.9156402 billion after the deduction of the issuance costs. These A-share convertible bonds, referred to as "CITIC Convertible Bonds" with the code of 113021, were listed and traded on the SSE on 19 March 2019. All proceeds from the issuance of A-share convertible bonds have been used for operation to support business development, and shall be used to replenish the Bank's core tier-one capital after the conversion to shares according to relevant regulations. The maturity of A-share convertible bonds is six years from the date of issuance, i.e., from 4 March 2019 to 3 March 2025, and the interest bearing date is the first day of issuance, i.e., 4 March 2019. The coupon rate is 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year.

Please refer to the relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 8 March 2019 and 15 March 2019 respectively for details thereof.

8.2 A-share Convertible Bond Holders and Guarantors during the Reporting Period

Information of the top 10 A-share convertible bond holders as at the end of the reporting period is set out in the table below:

Unit: RMB Yuan

A-share convertible bond holders at the period end (accounts)		6,515
Guarantors of A-share convertible bonds of the Bank		None
Name of top ten A-share convertible bondholders	**Nominal value of bonds held at the end of the period**	**Percentage of bonds held (%)**
Special account for collateralized bond repurchase in the securities depository and clearing system (Industrial and Commercial Bank of China Limited)	694,447,000	9.87
Special account for collateralized bond repurchase in the securities depository and clearing system (China Construction Bank Corporation)	487,367,000	6.93
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bonds and Exchangeable Bonds Trading Open-ended Index Securities Investment Fund	420,954,000	5.98
UBS AG	344,689,000	4.90
Special account for collateralized bond repurchase in the securities depository and clearing system (China Galaxy Securities Co., Ltd.)	172,425,000	2.45
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of China)	171,157,000	2.43
China Construction Bank Corporation – Efund Enhanced Return Bond Securities Investment Fund	163,759,000	2.33
Deji Capital Management Co., Ltd. – DK MS FPI (Cayman) Ltd. – QFII	140,215,000	1.99
Agricultural Bank of China Limited – CGB Balanced Select Hybrid Securities Investment Fund	131,920,000	1.88
Special account for collateralized bond repurchase in the securities depository and clearing system (Bank of Communications Co., Ltd.)	130,643,000	1.86

8.3 Changes in A-share Convertible Bonds

The conversion period of the A-share convertible bonds issued by the Bank commenced from the first trading day after six months since the completion of the issuance of the convertible bonds to the convertible bond maturity date, i.e., from 11 September 2019 and expired on 3 March 2025. As at the end of the reporting period, CITIC Convertible Bonds amounting to a total of RMB32,965,980,000 were converted into A-share ordinary shares of the Bank, with the total number of converted shares reaching 5,462,217,208, which accounted for 11.162235% of the total ordinary shares issued by the Bank before the conversion of CITIC Convertible Bonds. During the reporting period, CITIC Convertible Bonds amounting to a total of RMB32,759,741,000 were converted into A-share ordinary shares of the Bank, with the number of converted shares reaching 5,430,147,827.

The convertible bonds of the Bank was delisted upon maturity on 4 March 2025, recording RMB39,943,149,000 of convertible bonds converted into 6,710,365,691 shares and RMB63,104,610 redeemed at maturity in total. Please refer to relevant announcements published on the official websites of SSE (www.sse.com.cn), HKEXnews (www.hkexnews.hk) and the Bank (www.citicbank.com) on 22 February 2025 and 5 March 2025 for details thereof.

8.4 Previous Adjustments of Conversion Prices

According to the related articles of the *Prospectus on the Public Issuance of the A Share Convertible Corporate Bonds of China CITIC Bank Corporation Limited* as well as other applicable laws and regulations, after the issuance of A-share convertible bonds of the Bank, the Bank shall accordingly adjust the conversion price of the A-share convertible bonds in case of changes to the Bank's shares due to the distribution of stock dividends, transfer of share capital, issuance of new shares, or rights issue (excluding the share capital increase due to the conversion of convertible bonds issued this time) or the distribution of cash dividends of the Bank.

The Bank distributed the cash dividends on A-share ordinary shares for 2023 on 10 July 2024. After this profit distribution, the conversion price of CITIC Convertible Bonds was adjusted from RMB6.10 per share to RMB5.77 per share since 10 July 2024 (the ex-dividend date). The Bank distributed the interim cash dividends on A-share ordinary shares for 2024 on 11 December 2024. After this profit distribution, the conversion price of CITIC Convertible Bonds was adjusted from RMB5.77 per share to RMB5.59 per share since 11 December 2024 (the ex-dividend date).

Previous adjustments to conversion prices are set out in the table below:

Unit: RMB Yuan/share

Date of adjustment to conversion prices	Conversion price after adjustment	Disclosure date	Media of disclosure	Reasons for adjustment to conversion prices
22 July 2019	7.22	15 July 2019	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2018
15 July 2020	6.98	8 July 2020	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2019
29 July 2021	6.73	22 July 2021	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2020
28 July 2022	6.43	21 July 2022	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2021
20 July 2023	6.10	13 July 2023	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2022
10 July 2024	5.77	3 July 2024	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of profit distribution for ordinary shares (A share) for 2023
11 December 2024	5.59	4 December 2024	*China Securities Journal*, *Shanghai Securities News*, *Securities Times*, website of SSE, website of the Bank	The implementation of interim profit distribution for ordinary shares (A share) for 2024

8.5 The Bank's Outstanding Debts, Creditworthiness and Availability of Cash for Repayment of Debts in Future Years

In accordance with the applicable provisions in the *Administrative Measures for the Issuance and Trading of Corporate Bonds of CSRC* and relevant regulations, the Bank entrusted the credit rating agency Dagong Global Credit Rating Co., Ltd. (hereinafter referred to as "Dagong Global") to track the credit standing of the CITIC Convertible Bonds issued by the Bank in March 2019. Dagong Global issued the *Tracking Rating Report on China CITIC Bank Corporation Limited as the Issuer and its Publicly Offered A-share Convertible Corporate Bonds (2024)*, which maintained the Bank's long-term credit rating at AAA with a stable outlook and the credit rating of CITIC Convertible Bonds at AAA. The Bank maintained stability in all aspects of operations, as exemplified by its reasonable asset structure, liabilities without obvious changes, and robust credit position. In future years, income from ordinary operations, cash inflows, and realization of current assets will constitute the principal cash sources for the Bank's repayment of debts.

For year ended 31 December 2024

To the Shareholders of China CITIC Bank Corporation Limited

(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China CITIC Bank Corporation Limited (the "Bank") and its subsidiaries (the "Group") set out on pages 196 to 324, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of expected credit losses for loans and advances to customers and financial assets at amortised costs

See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.

The key audit matter

As at 31 December 2024, the gross balance of loans and advances to customers and accrued interest included for the purpose of expected credit loss assessment in the Group's consolidated statement of financial position, amounted to RMB5,730,231 million, for which management recognized an impairment allowance of RMB140,942 million; the gross balance of financial assets at amortised costs and accrued interest included for the purpose of expected credit loss assessment amounted to RMB1,145,154 million, for which management recognized an impairment allowance of RMB26,165 million.

The Group uses an expected credit loss ("ECL") model to measure the loss allowance for loans and advances to customers and financial assets at amortised costs in accordance with IFRS 9, Financial instruments.

The determination of ECL allowance of loans and advances to customers and financial assets at amortised costs is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions.

How the matter was addressed in our audit

Our audit procedures to assess ECL for loans and advances to customers and financial assets at amortised costs included the following:

- With the assistance of KPMG's IT audit specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of loans and advances to customers and financial assets at amortised costs, the credit risk staging process and the measurement of ECL for loans and advances to customers and financial assets at amortised costs.

- With the assistance of KPMG's financial risk specialists, assessing the appropriateness of the ECL model in determining the loss allowance of loans and advances to customers and financial assets at amortised costs and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgement.

- Assessing the completeness and accuracy of key data used in the ECL model. We compared the total balance of the loans and advances to customers and financial assets at amortised costs used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers and financial assets at amortised costs with the underlying agreements and other related documentation. In addition, we checked the accuracy of key external data used by management by comparing them with public sources.

- For key parameters used in the ECL model which were derived from system generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT audit specialists to assess the accuracy of the loans and advances' overdue information on a sample basis.

Measurement of expected credit losses for loans and advances to customers and financial investments (continued)

See Note 4(c), Note 5(i), Note 21 and Note 22 to the consolidated financial statements.

The key audit matter

The amount of impairment of the loans and advances to customers and financial assets at amortised costs is significant, and the measurement has a high degree of estimation uncertainty. The measurement of ECL applied significant management judgments and assumptions, and involved significant inherent risk. In view of these reasons, we identified this as a key audit matter.

How the matter was addressed in our audit

- Evaluating the reasonableness of management's assessment on whether the credit risk of the loans and advances customers and financial assets at amortised costs have, or have not, increased significantly since initial recognition and whether the loans and advances to customers and financial assets at amortised costs are credit-impaired by selecting risk-based samples. We analyzed the portfolio by industry sector to select samples in industries more vulnerable to the current economic situation and selected samples from borrowers with potential credit risk. For selected samples, we checked loans and advances to customers and financial assets at amortised costs overdue information, making enquiries of the credit managers about the borrowers' business operations, checking borrowers' financial information and researching market information about borrowers' businesses, to check the credit risk status of the borrower, and the reasonableness of credit risk stage.

- For corporate loans and advances and financial assets at amortised costs that are credit-impaired, we selected samples to evaluate the forecasted future cash flows prepared by the Group based on financial information of borrowers and guarantors, collateral valuations, other available information and possible future factors together with discount rates in supporting the computation of loss allowance.

- Based on our procedures performed, we selected samples and assessed the accuracy of calculation for loans and advances to customers and financial assets at amortised costs' credit losses by using the ECL model.

- Performing retrospective review of ECL model components and significant assumptions to assess whether the results indicate possible management bias on loss estimation.

- Assessing the reasonableness of the disclosures in the financial statements in relation to ECL for loans and advances to customers and financial assets at amortised costs against prevailing accounting standards.

Consolidation of Structured Entities – Non-principal Guaranteed Wealth Management Products

See Note 4(a), Note 5(v) and Note 59 to the consolidated financial statements.

The key audit matter

As at 31 December 2024, all of non-principal guaranteed wealth management products ("WMPs") issued and managed by the Group are structured entities that are not included in the scope of consolidation.

In determining whether the Group retains any partial interests in a structured entity for non-principal guaranteed WMPs or should consolidate it, management is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

We have identified this as a key audit matter due to the material balance and significant management judgements were involved in assessing the consolidation of the structured entities for non-principal guaranteed WMPs.

How the matter was addressed in our audit

Our audit procedures related to consolidation of structured entities for non-principal guaranteed WMPs included the following:

- understanding and assessing the design, implementation, and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs.

- selecting samples of structured entities for non-principal guaranteed WMPs and performing the following procedures:

  – inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity for non-principal guaranteed WMPs and the involvement the Group has with the structured entity for non-principal guaranteed WMPs and to assess management's judgement over whether the Group can exercise power over the structured entity for non-principal guaranteed WMPs;

Consolidation of Structured Entities – Non-principal Guaranteed Wealth Management Products (continued)

See Note 4(a), Note 5(v) and Note 59 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
	– performed independent analysis and tests on the variable returns from the structured entities for non-principal guaranteed WMPs, including but not limited to commission income and asset management fees earned, gain from investments, retention of residual income, and, if any, liquidity, and other support provided to the structured entities for non-principal guaranteed WMPs, to assess management's judgement as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; – inspecting management's analysis of the structured entity for non-principal guaranteed WMPs, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity for non-principal guaranteed WMPs, to assess management's judgement over the Group's ability to affect its variable returns from the structured entity for non-principal guaranteed WMPs; – assessing management's judgement over whether the structured entity for non-principal guaranteed WMPs should be consolidated or not. • assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities for non-principal guaranteed WMPs against prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Yuen Shan.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2025

Chapter 9 Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

	Note	**Years ended 31 December**	
		2024	2023
Interest income		**309,791**	317,692
Interest expense		**(163,112)**	(174,153)
Net interest income	6	**146,679**	143,539
Fee and commission income		**37,414**	36,999
Fee and commission expense		**(6,312)**	(4,616)
Net fee and commission income	7	**31,102**	32,383
Net trading gain	8	**6,769**	7,138
Net gain from investment securities	9	**27,111**	21,103
Net hedging gain		**2**	–
Other operating income		**1,560**	1,407
Operating income		**213,223**	205,570
Operating expenses	10	**(71,938)**	(69,214)
Operating profit before impairment		**141,285**	136,356
Credit impairment losses	11	**(61,045)**	(61,926)
Impairment losses on other assets	12	**(68)**	(278)
Revaluation losses on investment properties		**(24)**	(1)
Share of profit of associates and joint ventures		**715**	736
Profit before tax		**80,863**	74,887
Income tax expense	13	**(11,395)**	(6,825)
Profit for the year		**69,468**	68,062
Net profit attributable to:			
Equity holders of the Bank		**68,576**	67,016
Non-controlling interests		**892**	1,046
Earnings per share attributable to the ordinary shareholders of the Bank			
Basic earnings per share (RMB)	15	**1.22**	1.27
Diluted earnings per share (RMB)	15	**1.20**	1.14

The accompanying notes form an integral part of these consolidated annual financial statements.

Chapter 9 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

	Note	Years ended 31 December	
		2024	2023
Profit for the year		**69,468**	68,062
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss (net of tax):			
— Fair value changes on financial investments designated at fair value through other comprehensive income		**(82)**	(144)
— Changes in defined benefit plan liabilities		**(1)**	–
Items that may be reclassified subsequently to profit or loss (net of tax):			
— Other comprehensive income transferable to profit or loss under equity method		**15**	39
— Fair value changes on financial assets at fair value through other comprehensive income		**10,737**	4,989
— Impairment allowance on financial assets at fair value through other comprehensive income		**384**	(512)
— Exchange difference on translation of financial statements		**1,767**	1,198
— Others		**94**	5
Other comprehensive income, net of tax	14	**12,914**	5,575
Total comprehensive income for the year		**82,382**	73,637
Total comprehensive income attribute to:			
Equity holders of the Bank		**81,381**	72,508
Non-controlling interests		**1,001**	1,129

The accompanying notes form an integral part of these consolidated annual financial statements.

Chapter 9 Consolidated Statement of Financial Position

As at 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

	Note	**31 December 2024**	31 December 2023
Assets			
Cash and balances with central banks	16	**340,915**	416,442
Deposits with banks and non-bank financial institutions	17	**128,193**	81,075
Precious metals		**13,580**	11,674
Placements with and loans to banks and non-bank financial institutions	18	**404,801**	237,742
Derivative financial assets	19	**85,929**	44,675
Financial assets held under resale agreements	20	**136,265**	104,773
Loans and advances to customers	21	**5,601,450**	5,383,750
Financial investments	22		
— at fair value through profit or loss		**647,398**	613,824
— at amortised cost		**1,118,989**	1,085,598
— at fair value through other comprehensive income		**849,781**	888,677
— designated at fair value through other comprehensive income		**4,702**	4,807
Investments in associates and joint ventures	23	**7,349**	6,945
Investment properties	25	**578**	528
Property, plant and equipment	26	**46,516**	38,309
Right-of-use assets	27	**11,035**	10,643
Intangible assets	28	**3,419**	4,595
Goodwill	29	**959**	926
Deferred tax assets	30	**54,130**	52,480
Other assets	31	**76,733**	65,021
Total assets		**9,532,722**	9,052,484
Liabilities			
Borrowings from central banks		**124,151**	273,226
Deposits from banks and non-bank financial institutions	33	**968,492**	927,887
Placements from banks and non-bank financial institutions	34	**88,550**	86,327
Financial liabilities at fair value through profit or loss		**1,719**	1,588
Derivative financial liabilities	19	**81,162**	41,850
Financial assets sold under repurchase agreements	35	**278,003**	463,018
Deposits from customers	36	**5,864,311**	5,467,657
Accrued staff costs	37	**20,318**	22,420
Taxes payable	38	**7,645**	4,536
Debt securities issued	39	**1,224,038**	965,981
Lease liabilities	27	**10,861**	10,245
Provisions	40	**9,990**	10,846
Deferred tax liabilities	30	**39**	1
Other liabilities	41	**46,078**	42,227
Total liabilities		**8,725,357**	8,317,809

(Continued)

As at 31 December 2024

(Amounts in millions of Renminbi unless otherwise stated)

	Note	**31 December 2024**	31 December 2023
Equity			
Share capital	42	**54,397**	48,967
Other equity instruments	43	**105,499**	118,060
Capital reserve	44	**89,286**	59,400
Other comprehensive income	45	**16,862**	4,057
Surplus reserve	46	**67,629**	60,992
General reserve	47	**111,723**	105,127
Retained earnings	48	**343,868**	320,619
Total equity attributable to equity holders of the Bank		**789,264**	717,222
Non-controlling interests	49	**18,101**	17,453
Total equity		**807,365**	734,675
Total liabilities and equity		**9,532,722**	9,052,484

The accompanying notes form an integral part of these consolidated annual financial statements.

Approved and recognized for issue by the board of directors on 26 March 2025.

Fang Heying
Chairman
Executive Director

Lu Wei
In charge of finance and accounting of the Bank
(performing the duties of the President)

Kang Chao
The head of the Finance and
Accounting Department

Company stamp

Chapter 9 Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Ordinary shareholders in subsidiaries	Other equity instruments holders	Total equity
As at 1 January 2024		48,967	118,060	59,400	4,057	60,992	105,127	320,619	9,763	7,690	734,675
(i) Net profit		–	–	–	–	–	–	68,576	544	348	69,468
(ii) Other comprehensive income	14	–	–	–	12,805	–	–	–	109	–	12,914
Total comprehensive income		–	–	–	12,805	–	–	68,576	653	348	82,382
(iii) Investor capital											
— Conversion of convertible corporate bonds to equity		5,430	(2,568)	29,897	–	–	–	–	–	–	32,759
— Issuance of perpetual bonds	43	–	30,000	(4)	–	–	–	–	–	–	29,996
— Redemption of perpetual bonds	43	–	(39,993)	(7)	–	–	–	–	–	–	(40,000)
(iv) Profit appropriations											
— Appropriations to surplus reserve	46	–	–	–	–	6,637	–	(6,637)	–	–	–
— Appropriations to general reserve	47	–	–	–	–	–	6,596	(6,596)	–	–	–
— Dividend distribution to ordinary shareholders of the Bank	48	–	–	–	–	–	–	(27,306)	–	–	(27,306)
— Dividend distribution to preference shareholders	48	–	–	–	–	–	–	(1,428)	–	–	(1,428)
— Dividend distribution to non-controlling interests		–	–	–	–	–	–	–	(5)	–	(5)
— Interest paid to holders of perpetual bonds	48	–	–	–	–	–	–	(3,360)	–	(348)	(3,708)
As at 31 December 2024		54,397	105,499	89,286	16,862	67,629	111,723	343,868	10,411	7,690	807,365

		Equity attributable to equity holders of the Bank							Non-controlling interests		
	Note	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Ordinary shareholders in subsidiaries	Other equity instruments holders	Total equity
As at 1 January 2023		48,935	118,076	59,216	(1,621)	54,727	100,580	285,505	9,220	11,192	685,830
(i) Net profit		–	–	–	–	–	–	67,016	458	588	68,062
(ii) Other comprehensive income	14	–	–	–	5,492	–	–	–	83	–	5,575
Total comprehensive income		–	–	–	5,492	–	–	67,016	541	588	73,637
(iii) Investor capital											
— Conversion of convertible corporate bonds to equity		32	(16)	192	–	–	–	–	–	–	208
— Reduction of capital by other equity instruments holders	43	–	–	(4)	–	–	–	–	–	(3,502)	(3,506)
— Reduction of capital by Non-controlling interests	43	–	-	–	-	-	-	-	(2)	–	(2)
(iv) Profit appropriations											
— Appropriations to surplus reserve	46	–	–	–	–	6,265	–	(6,265)	–	–	–
— Appropriations to general reserve	47	–	–	–	–	–	4,547	(4,547)	–	–	–
— Dividend distribution to ordinary shareholders of the Bank	48	–	–	–	–	–	–	(16,110)	–	–	(16,110)
— Dividend distribution to preference shareholders	48	–	–	–	–	–	–	(1,428)	–	–	(1,428)
— Dividend distribution to non-controlling interests		–	–	–	–	–	–	–	(6)	–	(6)
— Interest paid to holders of perpetual bonds	48	–	–	–	–	–	–	(3,360)	–	(588)	(3,948)
(v) Transfers within the owners' equity											
— Other comprehensive income transferred to retained earnings		–	–	–	186	–	–	(186)	–	–	–
— Reduction of capital by Non-controlling interests		–	–	(4)	–	–	–	(6)	10	–	–
As at 31 December 2023		48,967	118,060	59,400	4,057	60,992	105,127	320,619	9,763	7,690	734,675

The accompanying notes form an integral part of these consolidated annual financial statements.

Chapter 9 Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

	Years ended 31 December	
	2024	2023
Operating activities		
Profit before tax	**80,863**	74,887
Adjustments for:		
— revaluation gains on investments, derivatives and investment properties	**(3,803)**	(521)
— investment gains	**(19,973)**	(19,843)
— net gains of property, plant and equipment, intangible assets and other assets	**(154)**	(9)
— unrealised foreign exchange gains	**(2,896)**	(3,013)
— credit impairment losses	**61,045**	61,926
— impairment losses on other assets	**68**	278
— depreciation and amortisation	**5,072**	4,868
— interest expense on debt securities issued	**27,608**	24,996
— dividend income from equity investment	**(196)**	(169)
— depreciation of right-of-use assets and interest expense on lease liabilities	**3,692**	3,710
— income tax paid	**(9,841)**	(13,523)
Subtotal	**141,485**	133,587
Changes in operating assets and liabilities:		
Decrease in balances with central banks	**30,381**	8,361
Decrease in deposits with banks and non-bank financial institutions	**7,715**	1,760
(Increase)/Decrease in placements with and loans to banks and non-bank financial institutions	**(124,278)**	6,115
Increase in financial assets held under resale agreements	**(30,168)**	(90,988)
Increase in loans and advances to customers	**(258,336)**	(380,326)
Decrease/(Increase) in financial assets at fair value through profit or loss	**9,738**	(79,755)
(Decrease)/Increase in borrowings from central banks	**(148,593)**	152,670
Increase/(Decrease) in deposits from banks and non-bank financial institutions	**40,871**	(215,881)
(Decrease)/Increase in placements from banks and non-bank financial institutions	**(2,211)**	17,387
Increase in financial liabilities at fair value through profit or loss	**93**	5
(Decrease)/Increase in financial assets sold under repurchase agreements	**(186,823)**	206,389
Increase in deposits from customers	**365,813**	286,207
Increase in other operating assets	**(43,595)**	(46,723)
Increase in other operating liabilities	**16,876**	274
Subtotal	**(322,517)**	(134,505)
Net cash flows used in operating activities	**(181,032)**	(918)

Chapter 9 Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

	Note	Years ended 31 December 2024	2023
Investing activities			
Proceeds from disposal and redemption of investments		**3,848,154**	2,768,331
Proceeds from disposal of property, plant and equipment, land use rights, and other assets		**260**	83
Cash received from equity investment income		**1,070**	653
Cash received from disposal of associates		**–**	70
Payments on acquisition of investments		**(3,860,233)**	(2,753,726)
Payments on acquisition of property, plant and equipment, land use rights and other assets		**(18,783)**	(13,524)
Net cash flows (used in)/from investing activities		**(29,532)**	1,887
Financing activities			
Cash received from issuing other equity instruments		**30,000**	–
Cash received from debt securities issued		**1,553,890**	1,096,139
Cash paid for redemption of other equity instruments		**(39,993)**	(3,516)
Cash paid for redemption of debt securities issued		**(1,261,613)**	(1,106,000)
Interest paid on debt securities issued		**(28,178)**	(24,724)
Cash paid for dividends		**(29,925)**	(21,492)
Cash paid in connection with other financing activities		**(3,378)**	(3,509)
Net cash flows from/(used in) financing activities		**220,803**	(63,102)
Increase/(Decrease) in cash and cash equivalents		**10,239**	(62,133)
Cash and cash equivalents as at 1 January		**249,002**	307,871
Effect of exchange rate changes on cash and cash equivalents		**3,538**	3,264
Cash and cash equivalents as at 31 December	50	**262,779**	249,002
Cash flows from operating activities include:			
Interest received		**317,099**	318,778
Interest paid		**(118,514)**	(136,150)

The accompanying notes form an integral part of these consolidated annual financial statements.

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

1 Corporate information

China CITIC Bank Corporation Limited (the "Bank" or "CNCB") is a joint stock company incorporated in the People's Republic of China (the "PRC" or "Mainland China") on 31 December 2006. Headquartered in Beijing, the Bank's registered office is located at 6-30F and 32-42F No.10 Guanghua Road, Chaoyang District, Beijing, China. The Bank listed its A shares and H shares on the Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited, respectively on 27 April 2007.

The Bank operates under financial services certificate No. B0006H111000001 issued by the National Financial Regulatory Administration (the former "China Banking and Insurance Regulatory Commission", the "NFRA"), and unified social credit code No. 91110000101690725E issued by the State Administration of Industry and Commerce of the PRC.

The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal banking services, conducting treasury business, the provision of asset management, financial leasing, wealth management and other non-banking financial services.

As at 31 December 2024, the Group mainly operates in Mainland China with branches covering 31 provinces, autonomous regions and municipalities, and overseas. In addition, the Bank's subsidiaries have operations in Mainland China, the Hong Kong Special Administrative Region of PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and other overseas countries and regions.

For the purpose of these consolidated annual financial statements, Mainland China refers to the PRC excluding Hong Kong, Macau and Taiwan. Overseas refers to countries and regions other than Mainland China.

The consolidated annual financial statements were approved by the Board of Directors of the Bank on 26 March 2025.

2 Basis of preparation

These consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements for the year ended 31 December 2024 comprise the Bank and its subsidiaries, associates and joint ventures.

(a) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(b) Functional currency and presentation currency

The functional currency of the Group's domestic branches and subsidiaries is Renminbi ("RMB"). The functional currencies of overseas subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into Renminbi for the preparation of the consolidated financial statements according to Note 4 (b)(ii). The consolidated financial statements of the Group are presented in Renminbi and, unless otherwise stated, expressed in millions of Renminbi.

(Amounts in millions of Renminbi unless otherwise stated)

3 Principal accounting policies

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and at fair value through other comprehensive income, and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(a) Standards and amendments effective in 2024 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following IFRS Accounting Standards and amendments issued by the International Accounting Standards Board ("IASB"), that are mandatorily effective for the current reporting period.

- Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-Current – Amendments to IAS 1
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The adoption of these standards and amendments do not have significant impacts on the consolidated financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates in 2024

Effective date	New accounting standards or amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21
1 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7
1 January 2026	Annual Improvements to IFRS Accounting Standards – Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

4 Summary of significant accounting policies

(a) Consolidated financial statements

(i) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities assumed are measured based on their carrying amounts in the financial statements of the acquiree at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total face value of shares issued) is adjusted against share premium in the capital reserve with any excess adjusted against retained earnings. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(ii) Business combinations not involving entities under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties before the business combination. Where (i) the aggregate of the acquisition date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (ii) the acquirer's interest in the acquisition date fair value of the acquiree's identifiable net assets, after considering the impact of relevant deferred income tax, the difference is recognized as goodwill (Note 4 (k)). If (i) is less than (ii), the difference is recognized in the consolidated statement of profit or loss for the current period. The issuance costs of equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed as incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in the consolidated statement of profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized as investment income for the current period. The amount recognized in other comprehensive income relating to the previously-held equity interest in the acquire that can be reclassified into profits and losses in the future and other changes in owner's equity accounted by the equity method will be reclassified to profit or loss.

(iii) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries, as well as structured entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Bank has power, only substantive rights (held by the Bank and other parties) are considered. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4 Summary of significant accounting policies (continued)

(a) Consolidated financial statements (continued)

(iii) Consolidated financial statements (continued)

Non-controlling interest is presented separately in the consolidated statement of financial position within owners' equity. Profit or loss and total comprehensive income attributable to non-controlling equity holders are presented separately in the consolidated statement of profit or loss and other comprehensive income.

When the amount of loss for the current period attributable to the non-controlling interest of a subsidiary exceeds the non-controlling interest's portion of the opening balance of equity holders' equity of the subsidiary, the excess is allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances, transactions and cash flows, and any recognized profits arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated only limited to the extent that this is no evidence of impairment.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date the ultimate controlling party first obtained control. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

The difference between the costs of long-term investments newly acquired by the Bank by acquiring minority interests and the fair value of the Bank's share of the net identifiable assets of its subsidiaries calculated based on the increased shareholding, and the difference between the proceeds the Bank obtained from partial disposal of its equity investments in its subsidiaries without ceasing control over the subsidiaries and its share of the net assets of the subsidiaries that corresponds to the disposed longterm equity investments, shall both be recognized as adjustments to reduce the capital reserve (share premium) of the consolidated statement of financial position, and if the capital reserve (share premium) is not sufficient to cover the reductions, the excess is charged to the retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognized assets, liabilities, non-controlling interests and other related items in equity holders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognized as investment income for the current period when the control is lost.

If there is a difference between the accounting entity of the Group and the accounting entity of the Bank or a subsidiary on measuring the same transaction, the transaction will be adjusted from the perspective of the Group.

4 Summary of significant accounting policies (continued)

(b) Foreign currency translations

(i) Translation of foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated into Renminbi by applying the spot exchange rates at the dates of the transaction. Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the reporting date. The resulting exchange differences are recognized in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to Renminbi using the exchange rate at the transaction date.

Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rate at the date the fair value is determined. The differences arising from the translation of financial assets at fair value through other comprehensive income is recognized in other comprehensive income. Changes in the fair value of monetary assets denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the monetary assets and other changes in the carrying amount. Translation differences related to changes in the amortised cost are recognized in the consolidated statement of profit or loss, and other changes in the carrying amount are recognized in other comprehensive income. The translation differences resulting from other monetary assets and liabilities are recognized in the consolidated statement of profit or loss.

(ii) Translation of financial statements denominated in foreign currency

Financial statements denominated in foreign currency are translated into Renminbi for the preparation of consolidated financial statements. The assets and liabilities in the financial statements denominated in foreign currency are translated into Renminbi at the spot exchange rates prevailing at the reporting date. The equity items, except for "retained earnings", are translated to Renminbi at the spot exchange rates at the dates on which such items arose. Income and expenses are translated at exchange rates at the date of the transactions, or a rate that approximates the exchange rates of the date of the transaction. The resulting exchange differences are recognized in other comprehensive income.

Upon disposal of a foreign operation, the cumulative amount of the translation differences recognized in equity holders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs. The effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency are reported in the statement of cash flows.

4 Summary of significant accounting policies (continued)

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

(i) Initial recognition and classification of financial instruments

Financial assets

Financial assets are classified on the basis of the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets:

- Fair value through profit or loss ("FVPL");
- Fair value through other comprehensive income ("FVOCI"); or
- Amortised cost

The business model adopted by the Group for managing its financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether the cash flows from the financial assets managed by the Group come from the collection of contractual cash flows, sale of financial assets or a combination of the two methods. In determining the business model for a group of financial assets, the Group considers various factors, including: past experience in collecting cash flows from this group of assets; how to assess the performance of this group of asset and report it to key management personnel; how to assess and manage risks are; and how to compensate people responsible for managing these assets, among others.

The contractual cash flow characteristics of financial assets refer to contractual terms as agreed in the financial instrument contracts that reflect the economic characteristics of the financial assets, i. e., the contractual cash flows arising at a specified date from the financial assets at amortised cost or FVOCI are solely payments of principal and interest on the principal amount outstanding. Of which, the principal is the fair value of the financial asset at initial recognition, and the amount of the principal may change over the life of the financial asset, if, e. g., there are repayments of principal; and the interest includes consideration for the time value of money, and credit risk, other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The classification requirements for debt instruments and equity instruments are described below:

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and classification of financial instruments (continued)

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on: i) the Group's business model for managing the asset; and ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cashflows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at FVPL, are measured at amortised cost.

- Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting the liabilities. A financial instrument is an equity instrument if, and only if, both conditions i) and ii) below are met:

i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity investments of the Group are measured at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than trading. After designation, the fair value change is recognized in the other comprehensive income and it is not allowed to subsequently reclassify to profit or loss (including upon disposal). Impairment loss and reversal of impairment is not presented separately in the financial statements and is included in the fair value change. Dividend income as the return from investments is recognized by the Group when the right to receive is formed.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and classification of financial instruments (continued)

Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVPL and other financial liabilities carried at amortised cost on initial recognition. Financial liabilities at FVPL is applied to derivatives, financial liabilities held for trading and financial liabilities designated as such at initial recognition.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when doing so results in more relevant information, because either:

i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel.

(ii) Measurement of financial assets

Initial measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value. For a financial asset or financial liability at fair value through profit or loss, transaction costs are directly recognized in profit or loss. For other financial asset or liability, transaction costs are recognized in the initial measurement.

Subsequent measurement

Subsequent measurement of financial instruments depends on the categories:

Financial assets and financial liabilities measured at amortised cost

The amortised cost is the amount at which the financial asset is measured at initial recognition: i) minus the principal; ii) plus or minus the cumulative recognized using the effective interest method of any difference between that initial amount and maturity amount; iii) for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses ('ECL') and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of this gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Measurement of financial assets (continued)

Financial assets and financial liabilities measured at amortised cost (continued)

Interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, except for:

i) a POCI financial asset, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to its amortised cost; and

ii) a financial asset that is not a POCI financial asset but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortised cost. If, in a subsequent period, the financial asset improves its quality so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can again be calculated by applying the effective interest rate to its gross carrying amount. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

For floating-rate financial assets and floating-rate financial liabilities, periodic re-estimation of cash flows to reflect the movements in the market rates of interest alters the effective interest rate. If a floatingrate financial asset or a floating rate financial liability is recognized initially at an amount equal to the principal receivable or payable on maturity, re-estimating the future interest payments normally has no significant effect on the carrying amount of the asset or the liability.

If the Group revises its estimates of payments or receipts, the difference between the gross carrying amount of the financial asset or amortised cost of a financial liability calculated from revised estimated contractual cash flows and the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate should be recognized in profit or loss.

Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognized in profit or loss.

When the financial assets is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity instruments

Where an investment in an equity investment not held for trading is designated as a financial asset measured at fair value through other comprehensive income, the fair value changes of the financial asset is derecognized in the other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to retained earnings. The dividends on the investment are recognized in profit or loss only when the Group's right to receive payment of the dividends is established.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Measurement of financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value and a gain or loss on the financial assets that is measured at fair value should be recognized in profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value with all gains or losses recognized in the profit or loss of the current period, except for financial liabilities designated as at fair value through profit or loss, where gains or losses on the financial liabilities are treated as follows:

- changes in fair value of such financial liabilities due to changes in the Group's own credit risk are recognized in other comprehensive income; and
- other changes in fair value of such financial liabilities are recognized in profit or loss of the current period.

(iii) Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with exposure arising from loan commitments, financial guarantee contracts and lease receivables.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i. e. all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Detailed information about ECL is set out in note 55 (a).

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at fair value through other comprehensive income. The loss allowance is recognised in other comprehensive income and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Impairment of financial assets (continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the credit risk on the financial instruments has increased significantly since initial recognition is no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date and the amount of ECL reversal is recognized in profit or loss.

At the reporting date, the Group only recognized the cumulative changes in lifetime ECL since initial recognition as a loss allowance for POCI financial assets. At each reporting date, the Group recognized in profit or loss the amount of the changes in lifetime ECL as an impairment gain or loss.

(iv) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

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4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Derivatives and hedges

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts, such as the conversion option in a convertible bond. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- Their economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognized in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of the fair value of recognized assets or liabilities or firm commitments for fair value hedges.

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity and recorded as net interest income.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(vi) Derecognition of financial assets

Financial assets

The Group derecognizes a financial asset only when (1) the contractual rights to the cash flows from the asset expire, or (2) when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or (3) when it transfers the financial asset and gives up the control of the transferred assets though the Group neither transfers nor retains substantially all the risks and rewards of ownership.

Where a transfer of a financial asset in its entirety meets the criteria for de-recognition, the difference between the two amounts below is recognized in the consolidated statement of profit and loss:

– the carrying amount of the financial asset transferred;

– the sum of the consideration received from the transfer and the cumulative gain or loss that has been recognized directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognized an associated liability.

Financial liabilities

Financial liabilities are derecognized when the related obligation is discharged, is cancelled or expires. An agreement between the Group and an existing lender to exchange the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit and loss.

(vii) Securitization

As part of its operations, the Group securitizes financial assets, generally through the sale of these assets to structured entities which issue securities to investors. Upon sale of financial assets that qualify for de-recognition, the relevant financial assets are de-recognized in their entirety and a new financial asset or liability is recognized regarding the interest in the unconsolidated recognized vehicles that the Group acquired. Upon sale of financial assets that do not qualify for de-recognition, the relevant financial assets are not derecognized, and the consideration paid by third parties are recorded as a financial liability. Upon sale of financial assets that are partially qualified for de-recognition, where the Group has not retained control, it derecognized these financial assets and recognized separately as assets or liabilities any rights and obligations created or retained in the transfer. Otherwise the Group continues to recognize these financial assets to the extent of its continuing involvement in the financial assets.

(viii) Sales of assets on condition of repurchase

De-recognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognize the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognize the financial asset.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(ix) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the consolidated statement of financial position and are not offset. However, financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if the Group has a legally enforceable right to set off the recognized amounts and the transactions are intended to be settled on a net basis, or by recognizing the asset and settling the liability simultaneously.

(x) Financial assets held under resale and financial assets sold under repurchase agreements

Financial assets held under resale agreements are transactions which the Group acquires financial assets which will be resold at a predetermined price in the future date under resale agreements. Financial assets sold under repurchase agreements are transactions which the Group sells financial assets which will be repurchased at a predetermined price in the future date under repurchase agreements.

Cash advanced or received is recognized as amounts held under resale and repurchase agreements on the consolidated statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognized in the consolidated statement of financial position.

The difference between the resale and repurchase consideration, and that between the purchase and sale consideration, should be expired over the period of the respective transaction using the effective interest method and are included in interest expense and interest income, respectively.

(xi) Equity instruments

The issuance of equity instruments is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(d) Precious metals

Precious metals comprise gold and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realizable value. Precious metals acquired by the Group for trading purposes and precious metals leasing are initially measured at fair value and subsequent changes in fair value are recorded in the consolidated statement of profit or loss.

(e) Interests in subsidiaries

In the Bank's consolidated statement of financial position, interests in subsidiaries are accounted for using the cost less impairment losses (see Note 4 (m)). Cost includes direct attributable costs of investment. Dividends declared by subsidiaries are recognized in investment income.

Determination of investment cost

For long-term equity investments acquired through a business combination: involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

4 Summary of significant accounting policies (continued)

(f) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

When acquiring associates and joint ventures, the Group recognizes as initial investment cost in the principle which: for the investments obtained by making payment in cash, the Group recognizes the purchase cost which is actually paid as initial investment costs; for the investments obtained by equity securities, the Group recognizes the fair value of the equity securities issued as initial investment cost.

An investment in an associate or a joint venture is accounted for using the equity method, unless the investment is classified as held for sale.

The Group adopts the following accounting treatments when using the equity method:

– Where the initial investment cost of an associate or joint venture exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

– After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's profit or loss, other comprehensive income or profit distribution, is recognized in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

– The Group recognizes its share of investee's profits or losses, other comprehensive income and other changes in equity holders' equity after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures. When an entity in the Group transacts with the Group's associate, profits and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

– The Group discontinues recognition of its share of net losses of investees after the carrying amount of investment in the associates and joint ventures and any long-term interest that in substance forms part of the Group's net interest in the associates and joint ventures are reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Additional loss is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate. Where profits are subsequently made by the associates and joint ventures, the Group resumes the recognition of its share of those profits only after its share of the profits equals the share of losses not recognized.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

The Group makes provisions for impairment of interests in associates and joint ventures in accordance with the principles described in Note 4 (m).

4 Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment is asset held by the Group for the conduct of business and is expected to be used for more than one year. Construction-in-progress, an item of property, represents property under construction and is transferred to property when ready for its intended use.

(i) Cost

Property, plant and equipment is stated at cost upon initial recognition. Costs of a purchased property, plant and equipment comprise purchase price, related taxes, and any directly attributable expenditures for bringing the asset to working condition for its intended use. Costs of the self-constructed property, plant and equipment comprise construction materials, direct labor costs and those expenditures necessarily incurred for bringing the asset to working condition for its intended use.

Subsequent to initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent costs

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when the recognition conditions of fixed assets are met, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost, less residual value if applicable, of property, plant and equipment and is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

	Estimated useful lives	Estimated residual value	Depreciation rate
Buildings	30-35 years	0%~5%	2.71%-3.17%
Computer equipment and others	3-10 years	0%~5%	9.50%-31.67%

No depreciation is provided in respect of construction in progress.

The residual value and useful lives of assets are reviewed, and adjusted if appropriate, as of each reporting date.

(iv) Impairment

Impairment losses on property, plant and equipment are accounted for in accordance with the accounting policies as set out in Note 4 (m).

(v) Disposal and retirement

Gains or losses arising from the disposal or retirement of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss on the date of disposal or retirement.

4 Summary of significant accounting policies (continued)

(h) Lease

A lease is a contract under which the lessor conveys to the lessee the right to use an asset for a period of time in exchange for consideration.

The Group as the lessee

The Group recognises the right-of-use assets on the commencement date of the lease term and recognises the lease liability at the present value of the lease payments that have not been paid yet. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease payments include fixed payments and payments to be made in the event that it is reasonably determined that the purchase option will be exercised or the lease option is terminated. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used.

The Group's right-of-use assets include leased buildings, land use right, equipment, vehicles and others. The right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, the lease payments paid on or before the lease commencement date, and the initial direct costs, less any lease incentives received. If the Group can reasonably expect to obtain the ownership of the leased asset at the expiration of the lease term, it is depreciated over the remaining useful life of the leased asset on a straight-line basis; if it is not possible to reasonably determine whether the ownership of the leased asset can be obtained at the expiration of the lease term, it is depreciated over the shorter period of the lease term and the remaining useful life of the leased assets on a straight-line basis. When the recoverable amount is lower than the carrying amount of an right-of-use asset, the Group writes down the carrying amount to the recoverable amount.

For short-term leases with a lease term of no more than 12 months and leases of assets with low values when new, the Group chooses not to recognise the right-of-use assets and lease liabilities. Instead, it recognises in each period the relevant rental payments in profit or loss or relevant asset costs on a straight-line basis over the lease term.

Land use rights are amortised on a straight-line basis over the respective periods of grant. When the costs attributable to the land use rights cannot be reliably measured and separated from that of the building at inception, the costs are included in the cost of buildings and recorded in property, plant and equipment.

Impairment loss on land use rights is accounted for in accordance with the accounting policies as set out in Note 4(m).

The Group as the lessor

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(i) Finance leases

Where the Group is a lessor under finance leases, an amount representing the sum of the minimum lease receipts and unguaranteed residual value, net of initial direct costs, all discounted at the implicit lease rate (the "net lease investment"), is included in "loans and advances to customers" on consolidated statement of financial position as a finance lease receivable. At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the net lease investment and the aggregate of their present value is recognised as unearned finance income which is included in "loans and advances to customers" as well. Unrecognised finance income under finance leases is amortised using the effective interest rate method over the lease term. The financing income included in finance lease receivable will be recognized as "interest income" according to the proportion of invested capital during the lease term.

Impairment losses are accounted in accordance with the accounting policies as set out in Note 4 (c)(iii).

4 Summary of significant accounting policies (continued)

(h) Lease (continued)

The Group as the lessor (continued)

(ii) Operating leases

Where the Group leases out assets under operating leases, the assets are included in the consolidated statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 4 (g) except where the asset is classified as an investment property. Impairment losses are accounted in accordance with the accounting policies as set out in Note 4 (m). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in Note 4 (t)(iv).

(i) Intangible assets

Intangible assets are initially recognized at cost. The cost less estimated net residual values (if any) of the intangible assets is amortised on a straight-line basis over their useful lives, and charged to profit or loss. Impaired intangible assets are amortised net of accumulated impairment losses.

Estimated Useful Lives of Intangible Assets are as follows	Estimated Useful Lives
Computer Software	5 years
Data Resources	3 years
Others	5-35 years

Impairment loss on intangible assets is accounted for in accordance with the accounting policies as set out in Note 4 (m). Impaired intangible assets are amortised net of accumulated impairment losses.

Intangible assets which are not yet available for use should be estimated at least at each financial year end, even if there was no indication that the assets were impaired.

(j) Investment properties

Investment properties are land and/or buildings which are owned and/or held under a leasehold interest to earn rental income and/or for capital appreciation.

The Group's investment properties are accounted for using the fair value model for subsequent measurement when either of the following conditions is met:

– There is an active property market in the location in which the investment property is situated;

– The Group can obtain the market price and other relevant information regarding the same type of or similar properties from the property market, so as to reasonably estimate the fair value of the investment property.

Investment properties are stated at fair value in the consolidated statement of financial position. The Group does not accrue depreciation or amortization of investment properties. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognized in the consolidated statement of profit or loss.

When there is a change in use of properties from owner-occupation to earn rentals or for capital appreciation, the investment property transferring from property, plant and equipment or intangible assets is measured at fair value on the date of transfer. On the transferred date of property, plant and equipment or intangible assets, if the fair value of investment property is lower than the carrying amount of property, the difference is recognized in profit or loss, otherwise in the other comprehensive income.

When an investment property is sold, transferred, retired or damaged, the Group recognized the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit and loss.

4 Summary of significant accounting policies (continued)

(k) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of the acquiree's identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit ("CGU") or a group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs impairment test on goodwill annually.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable net assets over the cost of a business combination is recognized immediately in the consolidated statement of profit or loss.

On disposal of the related CGU or a group of CGUs, any attributable amount of the purchased goodwill net of allowance for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

Impairment loss on goodwill is accounted in accordance with the accounting policies as set out in Note 4 (m).

(l) Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Where it is intended to achieve an orderly realization of the impaired assets and the Group is no longer seeking repayment from the borrower, repossessed assets are reported as "other assets" in the consolidated statement of financial position..

When the Group seizes assets to compensate for the losses of loans and advances and interest receivables, the repossessed assets are initially recognized at fair value and any taxes that are directly attributable to the assets, and other expenses incurred for collecting the repossessed assets.

When the fair value less costs to sell is lower than a repossessed asset's carrying amount, an impairment loss is recognized in the consolidated statement of profit or loss. Repossessed assets are recognized at the carrying value, net of allowance for impairment losses. The impairment loss is recorded in the consolidated statement of profit and loss.

The repossessed assets are disposed after acquisition and cannot be used without authorisation. The repossessed assets that are transferred to own use are treated as newly purchased property, plant and equipment. Any gain or loss arising from the disposal of the repossessed assets is included in the consolidated statement of profit or loss in the period in which the item is disposed.

(m) Allowance for impairment of non-financial assets

(i) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset other than goodwill such as investments in associates and joint ventures, property, plant and equipment, intangible assets, investment properties and other assets may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognized as an impairment loss in the consolidated statement of profit or loss.

4 Summary of significant accounting policies (continued)

(m) Allowance for impairment of non-financial assets (continued)

(ii) Impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or the group of CGUs that is expected to benefit from the synergies of the combination.

A CGU is the smallest identifiable group of assets that generates cash inflows that is largely independent of the cash flows from other assets or groups of assets.

The CGU or the group of CGUs to which goodwill has been allocated is tested for impairment by the Group annually, or whenever there is an indication that the CGU or the group of CGUs are impaired, by comparing the carrying amount of the CGU or the group of CGUs, including the goodwill, with the recoverable amount of the CGU or the group of CGUs. The recoverable amount of the CGU or the group of CGUs are the estimated future cash flows, which are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or the group of CGUs with allocated goodwill.

At the time of impairment testing of a CGU or a group of the CGUs to which goodwill has been allocated, there may be an indication of an impairment of an asset within the CGU containing the goodwill. In such circumstances, the Group tests the asset for impairment first, and recognized any impairment loss for that asset before testing for impairment on the CGU or group of the CGUs containing the goodwill. Similarly, there may be an indication of an impairment of a CGU within a group of the CGUs containing the goodwill. In such circumstances, the Group tests the CGU for impairment first, and recognized any impairment loss for that CGU, before testing for impairment the group of CGUs to which the goodwill is allocated.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or the group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or the group of CGUs, pro rata on the basis of the carrying amount of each asset. The carrying amount of an asset should not be reduced below the highest of its fair value less costs of disposal (if measurable); its value in use (if determinable) and zero.

An impairment loss in respect of goodwill is not reversed.

(n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i. e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique (Note 57).

4 Summary of significant accounting policies (continued)

(o) Employee benefits

(i) Employee salaries

During the accounting period when an employee has rendered service to the Group, the Group will recognize the actual amount of employee wages, bonuses, labor union expenses and employee education expenses, medical insurance, work-related injury insurance, maternity insurance and housing provident funds paid for employees according to the regulated benchmark and ratio, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(ii) Post-employment benefits-Defined contribution plans

Pursuant to the relevant laws and regulations in the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension contributions payable is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

In addition to the statutory provision plan, the Bank's qualified employees in Mainland China. have joined its annuity scheme (the"scheme") which was established by the CITIC Group Corporation ("CITIC Group") in accordance with policies regarding the state-owned enterprise annuity policy. The Bank has made annuity contributions in proportion to its employees' gross salaries which are expensed in the consolidated statement of profit or loss when the contributions are made.

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss as and when the contribution fall due.

(iii) Post-employment benefits: Defined benefit plans

The defined benefit plans of the Group are supplementary retirement benefits provided to the domestic employees.

The Group adopts the projected unit credit actuarial cost method, using unbiased and mutually compatible actuarial assumptions to estimate the demographic and financial variables, to measure the obligation associated in the defined benefits plan. The discounted present value of the defined benefit obligation is recognized as the liabilities of the defined benefit plans.

The Group recognizes the obligation of defined benefit plans in the accounting period in which the employees render the related services. Past-service costs are recognized immediately in the consolidated statement of profit or loss. Re-measurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

4 Summary of significant accounting policies (continued)

(p) Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

Government grants are recognized when there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attaching to the grants. Government grants are measured at the amount received or will be received when recognized as monetary assets. Government grants are measured at fair value when recognized as non-monetary assets.

The grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. The grants related to income are government grants other than those related to assets. A government grant related to an asset is recognized initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses or losses to be incurred in the subsequent periods is recognized initially as deferred income, and recognized in the consolidated statement of profit or loss or offset against related expenses in the same periods in which the expenses are recognized. A grant that compensates the Group for expenses incurred is recognized in the consolidated statement of profit or loss immediately. The Group uses the same statement method for similar government grants.

For the policy loans with favourable interest rates, the Group records the loans at the actual amounts and calculates the interests by loan principals and the favourable interest rates. The interest subsidies directly received from government are recorded as a reduction of interest expenses.

(q) Financial guarantee contracts and loan commitments

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit and loss.

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognized as a provision.

4 Summary of significant accounting policies (continued)

(r) Provisions and contingent liabilities

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The Group recognizes the loss allowance of financial guarantee contracts measured by ECL as a provision.

A contingent liability is (i) a possible obligation that arises from past events and whose existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or (ii) a present obligation that arises from past events and it is not probable that an outflow of economic benefits is required to settle the obligation; or the amount of the obligation cannot be measured reliably. Such liability is disclosed as contingent liabilities under Note 51.

(s) Fiduciary activities

The Group acts in a fiduciary capacity as a custodian, trustee, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the consolidated financial statements as the risks and rewards of the assets reside with the customers.

Entrusted lending is the business where the Group enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Group, and the Group grants loans to third parties (the "entrusted loans") at the instruction of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.

(t) Income recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognized when the controls of related products or services is obtained and satisfy the other conditions for different type of revenues as below.

(i) Interest income

Interest income of financial assets is calculated using the effective interest method and included in the profit and loss.

The accounting policies about interest income of financial assets measured at amortised cost refer to note 4 (c)(ii).

(ii) Fee and commission income

Fee and commission income is recognized when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service. Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan or anticipating will not, the fee is recognized as revenue on expiry.

4 Summary of significant accounting policies (continued)

(t) Income recognition (continued)

(iii) Dividend income

Dividend income is recognized in the consolidated statement of profit or loss on the date when the Group's right to receive payment is established.

(iv) Rental income from operating lease

Rental income received under operating leases is recognized as other operating income in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognized in the consolidated statement of profit or loss as an integral part of the aggregate net lease payments receivable.

(v) Finance income from finance lease and hire purchase contract

Finance income implicit in finance lease and hire purchase payments is recognized as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period.

(u) Income tax

Current tax and deferred tax are recognized in the consolidated statement of profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current income tax is the expected tax payables on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payables in respect of previous periods. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences also arise from unused tax losses and unused tax credits. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be recognized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be recognized.

At the end of the reporting date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is recognized or the liability is settled according to the requirements of tax laws. The Group also considers the probability of realization and the settlement of deferred tax assets and deferred tax liabilities in the calculation.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and meet the additional conditions that deferred tax assets and liabilities relate to income taxes levied by the same authority on the same taxable entity. Otherwise, deferred tax assets and liabilities and their changes shall be presented separately and not offset each other.

4 Summary of significant accounting policies (continued)

(v) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturity of three months or less at acquisition.

(w) Profit distribution

Proposed dividends for ordinary shares which are declared and approved after the end of each reporting period are not recognized as a liability in the consolidated statement of financial position and are instead disclosed as a subsequent event after the end of each reporting period in the notes to the consolidated financial statements. Dividends payable are recognized as liabilities in the period in which they are approved.

As authorized by the shareholders' annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. Preference shares dividend distribution is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved.

(x) Related parties

If the Group has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control, jointly control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

(y) Operating segments

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker for the purposes of allocating resources and assessing performance. The Group considers the business from different perspectives including products and services and geographic areas. The operating segments that meet the specified criteria have been aggregated, and the operating segments that meet quantitative thresholds have been reported separately.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

5 Critical accounting estimates and judgements

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and associated key assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets of debt instruments and off balance sheet credit assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit recognition (e. g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 55 (a).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Segmentation of portfolio sharing similar credit risk characteristics for the purposes of measuring ECL;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings;
- Management overlay for asset portfolios whose non-linear risk characteristics cannot be adequately reflected through impairment models; and
- Discounted cash flows model is applicable to assets related to corporate client in stage 3.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 55 (a).

(ii) Classification of financial assets

The critical judgments the Group has in determining the classification of financial assets include analysis of business models and characteristics of contractual cash flows.

The Group determines the business model for managing financial assets at the level of financial asset portfolio. The factors considered include evaluation and reporting of financial asset performance to key management personnel, risks affecting the performance of financial assets and their management methods, and related business management personnel. The way to get paid, etc.

When assessing whether the contractual cash flow of financial assets is consistent with the basic lending arrangement, the Group has the following main judgments: whether the principal may be subject to change in the duration or amount of money due to prepayments during the duration; whether interests is only included currency time value, credit risk, other basic borrowing risks, and considerations for costs and profits; whether the amount paid in advance reflect only the outstanding principal and interest on the outstanding principal, as well as reasonable compensation for early termination of the contract.

5 Critical accounting estimates and judgements (continued)

(iii) Fair value of financial instruments

For financial instruments without active market, the Group determines fair values using valuation techniques which include discounted cash flow models, as well as other types of valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign currency exchange rates. Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate used is a market rate at the end of each reporting period applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on observable market data at the end of each reporting period. However, where market data are not available, management needs to make estimates on such unobservable market inputs based on assumptions. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

(iv) De-recognition of financial assets

In its normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitization, financial assets sold under repurchase agreements and etc., the Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial de-recognition.

Where the Group enters into structured transactions by which it transferred financial asset to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities to determine whether the Group needs to consolidate these structured entities. This will determine whether the following de-recognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets was transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the de-recognition criteria are met based on the following considerations:

– whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

– the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models. Significant judgment is applied in the Group's assessment with regard to the parameters and assumptions applied in the models, estimated cash flows before and after the transfers, the discount rates used based on current market interest rates, variability factors considered and the allocation of weightings in different scenarios;

– where the Group neither retains nor transfers substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

(v) Consolidation of structured entities

The Group makes significant judgment to assess whether the Group controls and should consolidate structured entities. When performing this assessment, the Group has comprehensively considered various factors:

– assesses its contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities;

– performs independent analyses and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned, retention of residual income, and, if any, liquidity and other support provided to the structured entities; and;

– assesses its ability to exercise its power to influence the variable returns assessed whether the Group acts as a principal or an agent through analysis of the scope of the Group's decision-making authority, remuneration entitled, other interests the Group holds, and the rights held by other parties.

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(Amounts in millions of Renminbi unless otherwise stated)

5 Critical accounting estimates and judgements (continued)

(vi) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be recognized, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

6 Net interest income

	Years ended 31 December	
	2024	2023
Interest income arising from (Note (i)):		
Deposits with central banks	**5,842**	6,445
Deposits with banks and non-bank financial institutions	**1,965**	1,756
Placements with and loans to banks and non-bank financial institutions	**10,296**	8,125
Financial assets held under resale agreements	**1,275**	1,029
Loans and advances to customers		
— corporate loans	**123,592**	126,650
— personal loans	**112,330**	116,749
Financial investments		
— at amortised cost	**30,873**	36,759
— at fair value through other comprehensive income	**23,549**	20,117
Others	**69**	62
Subtotal	**309,791**	317,692
Interest expense arising from:		
Borrowings from central banks	**(6,367)**	(4,281)
Deposits from banks and non-bank financial institutions	**(17,832)**	(22,479)
Placements from banks and non-bank financial institutions	**(2,679)**	(2,366)
Financial assets sold under repurchase agreements	**(4,148)**	(3,762)
Deposits from customers	**(103,975)**	(115,734)
Debt securities issued	**(27,608)**	(24,996)
Lease liabilities	**(452)**	(454)
Others	**(51)**	(81)
Subtotal	**(163,112)**	(174,153)
Net interest income	**146,679**	143,539

Note:

(i) Interest income includes interest income accrued on credit-impaired financial assets of RMB760 million for the year ended 31 December 2024 (2023: RMB715 million).

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

7 Net fee and commission income

	Years ended 31 December	
	2024	2023
Fee and commission income:		
Bank card fees	**15,557**	16,800
Commission for custodian business and other fiduciary	**7,801**	6,303
Agency fees and commission (Note (i))	**4,981**	5,855
Guarantee and advisory fees	**4,997**	5,216
Settlement and clearance fees	**2,476**	2,261
Others	**1,602**	564
Total	**37,414**	36,999
Fee and commission expense	**(6,312)**	(4,616)
Net fee and commission income	**31,102**	32,383

Note:

(i) Agency fees and commission represent fees earned from selling bonds, investment funds and insurance products, and provision of entrusted lending activities.

8 Net trading gain

	Years ended 31 December	
	2024	2023
Debt securities and certificates of interbank deposit	**4,217**	4,110
Foreign currencies	**210**	4,046
Derivatives and related exposures	**2,342**	(1,018)
Total	**6,769**	7,138

9 Net gain from investment securities

	Years ended 31 December	
	2024	2023
Financial investments		
— at fair value through profit or loss	**14,980**	14,794
— at amortised cost	**2,518**	3,806
— at fair value through other comprehensive income	**6,951**	633
— Investments in equity instruments designated at fair value through other comprehensive income	**22**	14
Net gain from bills rediscounting	**1,342**	916
Proceeds from the resale of forfaiting	**805**	549
Others	**493**	391
Total	**27,111**	21,103

(Amounts in millions of Renminbi unless otherwise stated)

10 Operating expenses

	Years ended 31 December	
	2024	2023
Staff costs		
— salaries and bonuses	**28,000**	28,100
— welfare expenses	**1,571**	1,318
— social insurance	**2,208**	1,565
— housing fund	**2,179**	1,982
— labor union expenses and employee education expenses	**915**	786
— post-employment benefits — defined contribution plans	**4,490**	3,990
— other benefits	**321**	342
Subtotal	**39,684**	38,083
Property and equipment related expenses		
— depreciation of right-of-use assets	**3,239**	3,256
— depreciation of property, plant and equipment	**3,189**	2,915
— rent and property management expenses	**1,342**	1,107
— maintenance	**2,045**	1,334
— amortisation expenses	**1,883**	1,953
— electronic equipment operating expenses	**553**	520
— others	**500**	490
Subtotal	**12,751**	11,575
Tax and surcharges	**2,194**	2,185
Other general operating and administrative expenses	**17,309**	17,371
Total	**71,938**	69,214

Note:

(i) Included in other general operating and administrative expenses were audit fees of RMB16 million for the year ended 31 December 2024 (2023: RMB16 million) and non-audit fees of RMB8 million for the year ended 31 December 2024 (2023: RMB3 million).

(a) Individuals with highest emoluments

For the year ended 31 December 2024, of the 5 individuals with the highest emoluments in the Group, there was no director (2023: Nil) and no supervisor (2023: Nil). The aggregate of the emoluments before individual income tax in respect of the five highest paid individuals of the Group were as follows:

	Years ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**20,834**	21,163
Discretionary bonuses	**-**	21,856
Contribution to pension scheme	**1,357**	1,217
Total	**22,191**	44,236

The emoluments before individual income tax of the five individuals of the Group with the highest emoluments are within the following bands:

	Years ended 31 December	
	2024	2023
RMB0 – RMB5,000,000	**4**	–
RMB5,000,001 – RMB10,000,000	**1**	5

No inducement fee and compensation for loss of office was paid to the five highest paid individuals for the year ended 31 December 2024 (2023: Nil).

(Amounts in millions of Renminbi unless otherwise stated)

11 Credit impairment losses

	Years ended 31 December	
	2024	2023
Credit impairment losses		
Impairment reversal of deposits with banks and non-bank financial institutions	**–**	(43)
Impairment losses of placements with and loans to banks and non-bank financial institutions	**42**	1
Impairment (reversals)/losses of financial assets held under resale agreements	**(12)**	99
Impairment losses of loans and advances to customers	**52,699**	49,840
Impairment losses of financial investments		
— at amortised cost	**3,104**	2,282
— at fair value through other comprehensive income	**735**	223
Impairment losses of other financial assets and accrued interest	**5,564**	7,970
Impairment (reversals)/losses of off-balance sheet items	**(1,087)**	1,554
Total	**61,045**	61,926

12 Impairment losses on other assets

	Years ended 31 December	
	2024	2023
Impairment losses of other assets-repossessed assets	**68**	278

13 Income tax

(a) Recognized in the consolidated annual statement of profit and loss and other comprehensive income

		Years ended 31 December	
	Note	**2024**	2023
Current tax			
— Mainland China		**16,017**	5,493
— Hong Kong		**369**	182
— Overseas		**74**	161
Deferred tax	30(c)	**(5,065)**	989
Income tax		**11,395**	6,825

Mainland China and Hong Kong income tax have been provided at the rate of 25% and 16.5% respectively. Overseas tax has been provided at the rates of taxation prevailing in the regions in which the Group operates respectively.

(b) Reconciliation between income tax expense and accounting profit

	Years ended 31 December	
	2024	2023
Profit before tax	**80,863**	74,887
Income tax calculated at PRC statutory tax rate	**20,216**	18,722
Effect of different tax rates in other regions	**(298)**	(226)
Tax effect of non-deductible expenses	**5,185**	1,424
Tax effect of non-taxable income		
— interest income arising from PRC government bonds and local government bonds	**(8,261)**	(7,767)
— dividend income from investment funds	**(4,058)**	(3,900)
— others	**(1,389)**	(1,428)
Income tax	**11,395**	6,825

(Amounts in millions of Renminbi unless otherwise stated)

14 Other comprehensive income, net of tax

	Years ended 31 December	
	2024	2023
Items that will not be reclassified subsequently to profit or loss		
Changes in defined benefit plan liabilities		
— net changes during the year before tax	**(1)**	–
Fair value changes on financial asset designated at fair value through other comprehensive income, net of tax		
— net changes during the year before tax	**(140)**	(128)
— income tax	**58**	(16)
Subtotal	**(83)**	(144)
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income transferable to profit or loss under equity method		
— net changes during the year	**15**	39
Fair value changes on financial assets at fair value through other comprehensive income, net of tax (Note (i))		
— net changes during the year before tax	**21,151**	7,051
— net amount transferred to profit or loss	**(7,066)**	(734)
— Income tax	**(3,348)**	(1,328)
Credit impairment allowance on financial assets at fair value through other comprehensive income (Note (ii))		
— net changes during the year	**466**	(674)
— Income tax	**(82)**	162
Others		
— net changes during the year before tax	**94**	5
Exchange differences on translation of financial statements	**1,767**	1,198
Subtotal	**12,997**	5,719
Other comprehensive income, net of tax	**12,914**	5,575

Notes:

(i) Fair value changes on financial assets at fair value through other comprehensive income include those of financial investments and loans and advances to customers at fair value through other comprehensive income.

(ii) Credit impairment allowance include financial investments and loans and advances to customers at fair value through other comprehensive income.

15 Earnings per share

Earnings per share information for the years ended 31 December 2024 and 2023 is computed by dividing the profit for the year attributable to ordinary shareholders of the Bank by the weighted average number of shares in issue during the year.

The Bank issued non-cumulative preference shares in 2016 under the terms and conditions as detailed in Note 43 (i). The Bank declared and paid cash dividends of RMB1,428 million of non-cumulative preference shares for the year of 2024 (2023: 1,428 million).

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in 2019, and the Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in 2021, with terms and conditions disclosed in detail in Note 43(ii) under perpetual Bonds. The Bank declared and paid RMB3,360 million in interests on the perpetual bonds in 2024 (2023: 3,360 million).

(Amounts in millions of Renminbi unless otherwise stated)

15 Earnings per share (continued)

The conversion feature of preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 31 December 2024, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation in 2024.

The diluted earnings per share are calculated on the assumption that all the Bank's convertible corporate bonds had been converted into ordinary shares at the beginning of the year, by dividing the net profit for the year attributable to ordinary shareholders of the Bank after adjustments for the interest expenses of convertible corporate bonds for the year, by the adjusted weighted average number of outstanding ordinary shares for the year.

	Years ended 31 December	
	2024	2023
Profit for the year attributable to equity holders of the Bank	**68,576**	67,016
Less: Equity attributable to holders of other equity instruments of the Bank	**4,788**	4,788
Profit for the year attributable to ordinary shareholders of the Bank	**63,788**	62,228
Weighted average number of shares (in million shares)	**52,389**	48,954
Basic earnings per share (in RMB)	**1.22**	1.27
Diluted earnings per share (in RMB)	**1.20**	1.14

16 Cash and balances with central banks

	Notes	**31 December 2024**	31 December 2023
Cash		**4,737**	4,467
Balances with central banks			
— statutory deposit reserve funds	(i)	**321,339**	356,042
— surplus deposit reserve funds	(ii)	**6,803**	52,473
— fiscal deposits	(iii)	**3,699**	356
— foreign exchange reserve	(iv)	**4,178**	2,926
Accrued interest		**159**	178
Total		**340,915**	416,442

Notes:

(i) The Group places statutory deposit reserve funds with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserve funds are not available for use in the Group's daily business.

As at 31 December 2024, the statutory deposit reserve funds placed with the PBOC was calculated at 6% (31 December 2023: 7%) of eligible Renminbi deposits for domestic branches of the Bank and at 6% (31 December 2023: 7%) of eligible Renminbi deposits from overseas financial institutions. The Bank was also required to deposit an amount equivalent to 4% (31 December 2023: 4%) of its foreign currency deposits from domestic branch customers as statutory deposit reserve funds.

As at 31 December 2024, the statutory RMB deposit reserve rates applicable to Zhejiang Lin'an CITIC Rural Bank Corporation Limited ("Lin'an Rural Bank"), a subsidiary of the Group, was at 5% (31 December 2023: 5%).

The amounts of statutory deposit reserves funds placed with the central banks of overseas countries are determined by respective jurisdictions. The statutory deposit reserve funds are interest bearing except for the foreign currency reserve funds deposits placed with the PBOC.

(ii) The surplus deposit reserve funds are maintained with the PBOC for the purposes of clearing

(iii) Fiscal deposits placed with the PBOC are not available for use in the Group's daily operations, and are non-interest bearing (except for regulations provided by the local People's Bank).

(iv) The foreign exchange reserve is maintained with the PBOC in accordance with the related notice issued by the PBOC. The reserve is provided as of 20% of customer-driven foreign exchange forward transactions volume on a monthly basis. Such foreign exchange reserve is non-interest bearing and will be repayable in 12 months according to the Notice.

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17 Deposits with banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	**31 December 2024**	31 December 2023
In Mainland China			
— banks		**76,247**	52,508
— non-bank financial institutions		**18,880**	6,946
Subtotal		**95,127**	59,454
Outside Mainland China			
— banks		**31,507**	20,390
— non-bank financial institutions		**1,280**	839
Subtotal		**32,787**	21,229
Accrued interest		**335**	448
Gross balance		**128,249**	81,131
Less: Allowances for impairment losses	32	**(56)**	(56)
Net balance		**128,193**	81,075

(b) Analysed by remaining maturity

	Note	**31 December 2024**	31 December 2023
Demand deposits (Note (i))		**97,100**	42,383
Time deposits with remaining maturity			
— within one month		**1,781**	3,800
— between one month and one year		**29,033**	34,500
Subtotal		**127,914**	80,683
Accrued interest		**335**	448
Gross balance		**128,249**	81,131
Less: Allowances for impairment losses	32	**(56)**	(56)
Net balance		**128,193**	81,075

Note:

(i) As at 31 December 2024, within the demand deposits there were pledged deposits of RMB1,542 million (as at 31 December 2023: RMB911 million). These deposits were mainly maintenance margins with a regulatory body.

(Amounts in millions of Renminbi unless otherwise stated)

18 Placements with and loans to banks and non-bank financial institutions

(a) Analysed by types and locations of counterparties

	Note	**31 December 2024**	31 December 2023
In Mainland China			
— banks (Note (i))		**64,651**	23,450
— non-bank financial institutions		**269,520**	148,150
Subtotal		**334,171**	171,600
Outside Mainland China			
— banks		**69,134**	64,997
— non-bank financial institutions		**451**	-
Subtotal		**69,585**	64,997
Accrued interest		**1,230**	1,288
Gross balance		**404,986**	237,885
Less: Allowances for impairment losses	32	**(185)**	(143)
Net balance		**404,801**	237,742

Note:

(i) The leased gold between Banks is included in the Placements with and loans to banks and non-bank financial institutions, measured at fair value through profit or loss. As at 31 December 2024, the carrying amount of leased gold was RMB22,789 million (as at 31 December 2023: RMB7,320 million)

(b) Analysed by remaining maturity

	Note	**31 December 2024**	31 December 2023
Within one month		**93,695**	70,820
Between one month and one year		**251,297**	164,277
Over one year		**58,764**	1,500
Accrued interest		**1,230**	1,288
Gross balance		**404,986**	237,885
Less: Allowances for impairment losses	32	**(185)**	(143)
Net balance		**404,801**	237,742

(Amounts in millions of Renminbi unless otherwise stated)

19 Derivatives

Derivatives include forward, swap and option transactions undertaken by the Group in foreign exchange, interest rate, and precious metals derivatives related to trading, asset and liability management and customer-initiated transactions. The Group, through the operations of its branch network, acts as an intermediary for a wide range of customers for structuring deals to offer risk management solutions to match individual customer needs. These positions are actively managed through hedging transactions with external parties to ensure the Group's net exposures are within acceptable risk levels. The Group also uses these derivatives for proprietary trading purposes and to manage its own asset and liability and structural positions. Derivatives are held for trading. Derivatives classified as held for trading are for trading and customer-initiated transactions purpose, and those for risk management purposes do not meet the criteria for hedge accounting.

The contractual/notional amounts of derivatives provide a basis for comparison with fair values of derivatives recognized on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the derivatives and, therefore, do not indicate the Group's exposure to credit or market risks.

	31 December 2024			31 December 2023		
	Nominal amount	**Assets**	**Liabilities**	Nominal amount	Assets	Liabilities
Hedging instruments						
— interest rate derivatives	**5,289**	**121**	**29**	716	23	–
Non-Hedging instruments						
— interest rate derivatives	**4,668,484**	**21,023**	**20,762**	3,632,633	14,633	14,360
— currency derivatives	**4,605,533**	**64,282**	**57,090**	3,071,039	29,872	26,748
— precious metal derivatives	**94,871**	**503**	**3,281**	34,448	147	742
Total	**9,374,177**	**85,929**	**81,162**	6,738,836	44,675	41,850

(a) Nominal amount analysed by remaining maturity

	31 December 2024	31 December 2023
Within three months	**3,243,260**	2,606,918
Between three months and one year	**4,318,460**	2,594,719
Between one year and five years	**1,777,322**	1,500,503
Over five years	**35,135**	36,696
Total	**9,374,177**	6,738,836

(b) Credit risk weighted amounts

The credit risk weighted amount has been computed in accordance with "Regulation Governing Capital of Commercial Banks" promulgated by the National Administration of Financial Regulation in the year of 2023, and depends on the status of the counterparties and the maturity characteristics of the instruments, including those customer-driven back-to-back transactions. As at 31 December 2024, the total amount of credit risk weighted amount for counterparty was RMB24,307 million (31 December 2023: RMB28,225 million).

(Amounts in millions of Renminbi unless otherwise stated)

20 Financial assets held under resale agreements

(a) Analysed by types and locations of counterparties

	Note	**31 December 2024**	31 December 2023
In Mainland China			
— banks		**101,671**	51,038
— non-bank financial institutions		**31,919**	51,124
Subtotal		**133,590**	102,162
Outside Mainland China			
— banks		**972**	2,197
— non-bank financial institutions		**1,759**	478
Subtotal		**2,731**	2,675
Accrued interest		**31**	35
Gross balance		**136,352**	104,872
Less: Allowance for impairment losses	32	**(87)**	(99)
Net balance		**136,265**	104,773

(b) Analysed by types of collateral

	Note	**31 December 2024**	31 December 2023
Debt securities		**136,321**	103,338
Discounted bills		**–**	1,499
Subtotal		**136,321**	104,837
Accrued interest		**31**	35
Gross balance		**136,352**	104,872
Less: Allowance for impairment losses	32	**(87)**	(99)
Net balance		**136,265**	104,773

(c) Analysed by remaining maturity

	Note	**31 December 2024**	31 December 2023
Within one month		**135,622**	103,887
Between one month and one year		**699**	950
Accrued interest		**31**	35
Gross balance		**136,352**	104,872
Less: Allowance for impairment losses	32	**(87)**	(99)
Net balance		**136,265**	104,773

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21 Loans and advances to customers

(a) Analysed by nature

	Note	**31 December 2024**	31 December 2023
Loans and advances to customers at amortised cost			
Corporate loans and advances			
— loans		**2,771,263**	2,586,610
— discounted bills		**2,182**	1,684
— finance lease receivables		**49,579**	46,819
Subtotal		**2,823,024**	2,635,113
Personal loans and advances			
— residential mortgages		**1,067,339**	1,003,321
— credit cards		**488,716**	521,260
— business loans		**488,898**	459,113
— personal consumption		**310,637**	298,561
— finance lease receivables		**6,151**	1,591
Subtotal		**2,361,741**	2,283,846
Accrued interest		**21,715**	19,948
Gross balance		**5,206,480**	4,938,907
Less: Allowances impairment losses on loans	32		
— principal		**(138,691)**	(133,861)
— interest		**(1,702)**	(681)
Loans and advances to customers at amortised cost, net		**5,066,087**	4,804,365
Loans and advances to customers at fair value through other comprehensive income			
— loans		**76,032**	58,163
— discounted bills		**447,719**	515,664
Carrying amount of loans and advances at fair value through other comprehensive income		**523,751**	573,827
— fair value changes through other comprehensive income		**105**	(98)
Carrying amount of loans and advances at fair value through profit or loss		**11,612**	5,558
Total		**5,601,450**	5,383,750
Allowances for impairment losses on loans and advances to customers at fair value through other comprehensive income	32	**(549)**	(656)

(Amounts in millions of Renminbi unless otherwise stated)

21 Loans and advances to customers (continued)

(b) Analysed by assessment method of allowance for impairment losses

	31 December 2024			
	Stage one	**Stage two**	**Stage three (Note (i))**	**Total**
Gross loans and advances to customers at amortised costs	**5,000,518**	**115,459**	**68,788**	**5,184,765**
Accrued interest	**15,835**	**5,087**	**793**	**21,715**
Less: Allowance for impairment losses	**(62,041)**	**(29,453)**	**(48,899)**	**(140,393)**
Carrying amount of loans and advances to customers measured at amortised cost	**4,954,312**	**91,093**	**20,682**	**5,066,087**
Carrying amount of loans and advances to customers at fair value through other comprehensive income	**523,134**	**460**	**157**	**523,751**
Total	**5,477,446**	**91,553**	**20,839**	**5,589,838**
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	**(545)**	**(1)**	**(3)**	**(549)**

	31 December 2023			
	Stage one	Stage two	Stage three (Note (i))	Total
Gross loans and advances to customers at amortised costs	4,755,900	96,023	67,036	4,918,959
Accrued interest	19,039	411	498	19,948
Less: Allowance for impairment losses	(62,976)	(27,105)	(44,461)	(134,542)
Carrying amount of loans and advances to customers measured at amortised cost	4,711,963	69,329	23,073	4,804,365
Carrying amount of loans and advances to customers at fair value through other comprehensive income	573,370	345	112	573,827
Total	5,285,333	69,674	23,185	5,378,192
Allowance for impairment losses on loans and advances to customers at fair value through other comprehensive income	(586)	–	(70)	(656)

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21 Loans and advances to customers (continued)

(b) Analysed by assessment method of allowance for impairment losses (continued)

Note:

(i) Stage 3 loans are loans and advances to customers that have incurred credit impairment.

	31 December 2024	31 December 2023
Secured portion	**33,296**	33,606
Unsecured portion	**35,649**	33,542
Gross balance	**68,945**	67,148
Allowance for impairment losses	**(48,902)**	(44,531)

As at 31 December 2024, the maximum exposure covered by pledge and collateral held on secured portion is RMB32,890 million (as at 31 December 2023: RMB33,438 million).

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

(c) Overdue loans analysed by overdue period

	31 December 2024				
	Overdue within three months	**Overdue between three months and one year**	**Overdue between one year and three years**	**Overdue over three years**	**Total**
Unsecured loans	**29,555**	**13,178**	**2,171**	**380**	**45,284**
Guaranteed loans	**7,497**	**3,683**	**2,899**	**2,678**	**16,757**
Loans with pledged assets					
— loans secured by collateral	**12,846**	**10,965**	**9,216**	**2,071**	**35,098**
— pledged loans	**3,220**	**1,570**	**570**	**137**	**5,497**
Total	**53,118**	**29,396**	**14,856**	**5,266**	**102,636**

	31 December 2023				
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	Total
Unsecured loans	19,859	11,806	2,089	246	34,000
Guaranteed loans	1,544	4,243	2,600	1,018	9,405
Loans with pledged assets					
— loans secured by collateral	15,564	11,757	10,249	1,054	38,624
— pledged loans	3,789	1,084	2,387	137	7,397
Total	40,756	28,890	17,325	2,455	89,426

Overdue loans represent loans of which the principal or interest are overdue one day or more.

(Amounts in millions of Renminbi unless otherwise stated)

21 Loans and advances to customers (continued)

(d) Finance lease receivables

Finance lease receivables are attributable to the Group's subsidiaries, CITIC Financial Leasing Limited ("CFLL") and CITIC International Finance Holdings Limited ("CIFH"), include net investment in machines and equipment leased to customers under finance lease and hire purchase contracts which have the characteristics of finance leases. The remaining period of these contracts range from 1 to 25 years. The total finance lease receivables under finance lease and hire purchase contracts and their present values are as follows:

	31 December 2024	31 December 2023
Within one year (including one year)	**21,545**	15,008
One year to two years (including two years)	**10,651**	12,638
Two years to three years (including three years)	**6,929**	6,647
Over three years	**16,974**	14,117
Gross balance	**56,099**	48,410
Less: Allowance for impairment losses		
— stage one	**(705)**	(798)
— stage two	**(858)**	(691)
— stage three	**(381)**	(365)
Net balance	**54,155**	46,556

22 Financial investments

(a) Analysed by types

	Note	**31 December 2024**	31 December 2023
Financial assets at fair value through profit or loss			
Investment funds		**427,597**	421,154
Debt securities		**153,564**	106,501
Certificates of deposit		**57,626**	75,790
Equity instruments		**5,213**	6,334
Wealth management products		**2,131**	4,045
Trust investment plans		**1,267**	–
Net balance		**647,398**	613,824
Financial assets at amortised cost			
Debt securities		**920,170**	870,087
Trust investment plans		**189,906**	204,840
Investment management products managed by securities companies		**20,162**	22,908
Certificates of deposit and interbank certificates of deposit		**1,095**	1,064
Subtotal		**1,131,333**	1,098,899
Accrued interest		**13,821**	13,004
Less: Allowance for impairment losses	32	**(26,165)**	(26,305)
— principles		**(26,108)**	(26,239)
— accrued interest		**(57)**	(66)
Net balance		**1,118,989**	1,085,598

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(Amounts in millions of Renminbi unless otherwise stated)

22 Financial investments (continued)

(a) Analysed by types (continued)

	Note	31 December 2024	31 December 2023
Financial assets at fair value through other comprehensive income (Note (i))			
Debt securities		**831,495**	877,424
Certificates of deposit		**11,861**	4,922
Subtotal		**843,356**	882,346
Accrued interest		**6,425**	6,331
Net balance		**849,781**	888,677
Allowances for impairment losses on financial investments at fair value through other comprehensive income	32	**(2,558)**	(1,968)
Financial assets designated at fair value through other comprehensive income (Note (i))		**4,702**	4,807
Total		**2,620,870**	2,592,906

Notes:

(i) Financial investments at fair value through other comprehensive income:

	Note	31 December 2024 Equity instruments	Debt securities instruments	Total
Costs/Amortised cost		**5,390**	**829,405**	**834,795**
Accumulated fair value change in other comprehensive income		**(688)**	**13,951**	**13,263**
Fair value		**4,702**	**843,356**	**848,058**
Allowance for impairment losses	**32**		**(2,558)**	**(2,558)**

	Note	31 December 2023 Equity instruments	Debt securities instruments	Total
Costs/Amortised cost		5,421	882,343	887,764
Accumulated fair value change in other comprehensive income		(614)	3	(611)
Fair value		4,807	882,346	887,153
Allowance for impairment losses	32		(1,968)	(1,968)

(Amounts in millions of Renminbi unless otherwise stated)

22 Financial investments (continued)

(b) Analysed by location of counterparties

	Note	31 December 2024	31 December 2023
In Chinese Mainland			
— governments		**1,406,533**	1,379,382
— policy banks		**29,337**	52,960
— banks and non-bank financial institutions		**831,313**	906,935
— corporates		**130,868**	90,512
Subtotal		**2,398,051**	2,429,789
Outside Chinese Mainland			
— governments		**65,255**	80,515
— banks and non-bank financial institutions		**94,032**	41,467
— corporates		**57,938**	44,182
— public entities		**11,513**	3,923
Subtotal		**228,738**	170,087
Accrued interest		**20,246**	19,335
Total		**2,647,035**	2,619,211
Less: Impairment allowance for financial assets at amortised cost	32	**(26,165)**	(26,305)
Net balance		**2,620,870**	2,592,906
Listed in Hong Kong		**43,954**	43,247
Listed outside Hong Kong		**2,319,126**	2,210,432
Unlisted		**257,790**	339,227
Total		**2,620,870**	2,592,906

Bonds traded in China's inter-bank bond market are listed outside Hong Kong.

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22 Financial investments (continued)

(c) Analysed by assessment method of allowance for impairment losses

	31 December 2024			
	Stage one	**Stage two**	**Stage three**	**Total**
Financial assets at amortised costs	**1,077,295**	**8,921**	**45,117**	**1,131,333**
Accrued interest	**12,468**	**1,290**	**63**	**13,821**
Less: Allowance for impairment losses	**(1,901)**	**(1,046)**	**(23,218)**	**(26,165)**
Net balance	**1,087,862**	**9,165**	**21,962**	**1,118,989**
Financial assets at fair value through other comprehensive income	**842,850**	**–**	**506**	**843,356**
Accrued interest	**6,401**	**–**	**24**	**6,425**
Net balance	**849,251**	**–**	**530**	**849,781**
Total carrying amount of financial assets affected by credit risk	**1,937,113**	**9,165**	**22,492**	**1,968,770**
Allowance for impairment losses of other debt instruments included in other comprehensive income	**(1,787)**	**–**	**(771)**	**(2,558)**

	31 December 2023			
	Stage one	Stage two	Stage three	Total
Financial assets at amortised costs	1,046,006	5,447	47,446	1,098,899
Accrued interest	12,455	488	61	13,004
Less: Allowance for impairment losses	(2,676)	(1,361)	(22,268)	(26,305)
Net balance	1,055,785	4,574	25,239	1,085,598
Financial assets at fair value through other comprehensive income	880,873	503	970	882,346
Accrued interest	6,292	–	39	6,331
Net balance	887,165	503	1,009	888,677
Total carrying amount of financial assets affected by credit risk	1,942,950	5,077	26,248	1,974,275
Allowance for impairment losses of other debt instruments included in other comprehensive income	(1,289)	(219)	(460)	(1,968)

23 Investments in associates and joint ventures

	Note	**31 December 2024**	31 December 2023
Investments in joint ventures	(a)	**7,009**	6,572
Investments in associates	(b)	**340**	373
Total		**7,349**	6,945

(Amounts in millions of Renminbi unless otherwise stated)

23 Investments in associates and joint ventures (continued)

(a) Investment in joint ventures

The details of the joint ventures as at 31 December 2024 were as follows:

Name of company	Form of business structure	Place of incorporation	Effective percentage of shares	Principal activities	Nominal value of issued shares
CITIC aiBank Corporation Limited ("CITIC aiBank") (Note (i))	Corporation	Beijing	65.7%	Financial services	RMB5.634 billion
JSC Altyn Bank (Note (ii))	Corporation	Kazakhstan	50.1%	Financial services	KZT7.05 billion

Notes:

(i) According to the articles of association of CITIC aiBank, major activities of CITIC aiBank must be decided after the unanimous consent of the Bank and Fujian Baidu Borui Network Technology Co., Ltd..

(ii) According to the Articles of Association of JSC Altyn Bank, decisions regarding all major activities of JSC Altyn Bank shall be subject to the joint approval of the Bank and the other shareholder, the JSC Halyk Bank of Kazakhstan.

Financial statements of the joint ventures are as follow:

	As at or for the year ended 2024				
Name of Company	**Total assets**	**Total liabilities**	**Total net assets**	**Operating income**	**Net gain**
CITIC aiBank	**117,290**	**108,245**	**9,045**	**4,626**	**652**
JSC Altyn Bank	**13,937**	**12,024**	**1,913**	**965**	**577**

	As at or for the year ended 2023				
Name of Company	Total assets	Total liabilities	Total net assets	Operating income	Net gain
CITIC aiBank	112,511	104,177	8,334	4,534	855
JSC Altyn Bank	13,849	12,010	1,839	900	519

Movement of the Group's interests in the joint ventures:

	Year ended 31 December 2024	Year ended 31 December 2023
Initial investment cost	**5,265**	5,265
As at 1 January	**6,572**	5,811
Dividend received	**(137)**	(110)
Other changes in equity	**13**	40
Share of net gain of the joint ventures for the year	**743**	827
Exchange difference	**(182)**	4
As at 31 December	**7,009**	6,572

(Amounts in millions of Renminbi unless otherwise stated)

23 Investments in associates and joint ventures (continued)

(b) Investment in associates

The Group holds its investment in associates through subsidiaries and details of the associates as at 31 December 2024 was as follows:

Name of Company	Form of business structure	Place of incorporation	Effective percentage of shares and voting right held by the Group	Principal activities	Nominal value of issued shares
CITIC International Assets Management Limited ("CIAM")	Corporation	Hong Kong	46%	Investment holding and assets management	HKD2,218 million
Tianjin Leasing Assets Trading Center Co., Ltd. ("Tianjin Leasing Asset Trading Center")	Corporation	Tianjin	20%	Services and investment	RMB500 million

Financial statements of the associates are as follow:

	As at or for the year ended 2024				
Name of Company	**Total assets**	**Total liabilities**	**Total net assets**	**Operating income**	**Net loss**
CIAM	**585**	**39**	**546**	**(14)**	**(64)**
Tianjin Leasing Asset Trading Center	**474**	**35**	**439**	**2**	**(75)**

	As at or for the year ended 2023				
Name of Company	Total assets	Total liabilities	Total net assets	Operating income	Net loss
CIAM	633	46	587	(68)	(161)
Tianjin Leasing Asset Trading Center	552	34	518	45	(10)

Movement of the Group's interests in associates:

	Year ended 31 December 2024	Year ended 31 December 2023
Initial investment cost	**1,058**	1,058
As at 1 January	**373**	530
Changes in investment in associates	**–**	(71)
Share of net (loss) of associates for the year	**(28)**	(91)
Other changes in equity	**2**	(1)
Exchange difference	**(7)**	6
As at 31 December	**340**	373

(Amounts in millions of Renminbi unless otherwise stated)

24 Investments in subsidiaries

	Notes	**31 December 2024**	31 December 2023
Investment in subsidiaries			
— CIFH	(i)	**16,570**	16,570
— CNCB (Hong Kong) Investment Limited ("CNCB Investment")	(ii)	**1,577**	1,577
— Lin'an Rural Bank	(iii)	**102**	102
— CFLL	(iv)	**4,000**	4,000
— CITIC Wealth Management CO., LTD. ("CITIC Wealth")	(v)	**5,000**	5,000
Total		**27,249**	27,249

Major subsidiaries of the Group as at 31 December 2024 are as follows:

Name of company	Principal place of business	Place of incorporation	Particulars of the issued and paid up capital	Principal activities	% of ownership directly held by the Bank	The Group's effective interest
CIFH (Note (i))	Hong Kong	Hong Kong	HKD7,503 million	Commercial banking and other financial services	100%	100%
CNCB Investment (Note (ii))	Hong Kong	Hong Kong	HKD1,871 million	Investment and lending services	100%	100%
Lin'an Rural Bank (Note (iii))	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	RMB200 million	Commercial banking	51%	51%
CFLL (Note (iv))	Tianjin	Tianjin	RMB4,000 million	Financial lease operations	100%	100%
CITIC Wealth (Note (v))	Shanghai	Shanghai	RMB5,000 million	Wealth management	100%	100%

Notes:

(i) CIFH is an investment holding company registered and headquartered in Hong Kong. Its business scope through its subsidiaries covers commercial banking and other financial services. The Bank holds 100% shareholding in CIFH. CIFH holds 75% shareholding in CITIC Bank International Limited ("CNCBI").

(ii) CNCB (Hong Kong) Investment Limited (CNCB Investment), founded in Hong Kong in 1984, formerly China Investment and Finance Limited, incorporated and operating in Hong Kong, holds a money lending licence issued by the Hong Kong Monetary Authority; and also the No.1, 4, 6 and 9 licenses from Hong Kong Securities Regulatory Commission through its wholly owned subsidiary CNCB (Hong Kong) Capital Limited. The business scope of CNCB Investment includes investment banking, capital market investment, lending and other related services.

(iii) Lin'an Rural Bank was founded in Zhejiang Province of Mainland China in 2011 with a registered capital of RMB200 million. Its principal activities are commercial banking and related businesses. The Bank holds 51% of Lin'an Rural Bank's shares and voting rights.

(iv) The Bank established CFLL in 2015 with a registered capital of RMB4 billion. Its principal business activity is financial leasing. The Bank holds 100% of its shares and voting rights.

(v) CITIC Wealth was established in 2020 with a registered capital of RMB5 billion. Its principal business operation is wealth management. The Bank holds 100% of its shares and voting rights.

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25 Investment properties

	Year ended 31 December 2024	Year ended 31 December 2023
Fair value as at 1 January	**528**	516
Change in fair value	**4**	(1)
Transfers	**27**	–
Exchange difference	**19**	13
Fair value as at 31 December	**578**	528

Investment properties of the Group are buildings held by subsidiaries and mainly located in Hong Kong and leased to third parties through operating leases. There are active real estate markets where the investment properties are located and the Group is able to obtain market price and related information of similar properties, and therefore makes estimation about the fair value of the investment properties as at 31 December 2024.

All investment properties of the Group were revalued at 31 December 2024 by an independent firm of surveyors on an open market value basis. The fair value is in line with the definition of "IFRS13 – Fair value measurement". The revaluation surplus has been recognized in the profit or loss for the current year.

The investment properties of the Group are categorised into Level 3.

26 Property, plant and equipment

	Buildings	**Construction in progress**	**Computer equipment and others**	**Total**
Cost or deemed cost:				
As at 1 January 2024	**34,036**	**3,147**	**20,505**	**57,688**
Additions	**2,928**	**-**	**11,460**	**14,388**
Disposals/Transfers	**(107)**	**(2,374)**	**(1,657)**	**(4,138)**
Exchange differences	**17**	**–**	**87**	**104**
As at 31 December 2024	**36,874**	**773**	**30,395**	**68,042**
Accumulated depreciation:				
As at 1 January 2024	**(9,398)**	**–**	**(9,981)**	**(19,379)**
Depreciation charges	**(1,110)**	**–**	**(2,325)**	**(3,435)**
Disposals/Transfers	**79**	**–**	**1,245**	**1,324**
Exchange differences	**(11)**	**–**	**(25)**	**(36)**
As at 31 December 2024	**(10,440)**	**–**	**(11,086)**	**(21,526)**
Net carrying value:				
As at 1 January 2024	**24,638**	**3,147**	**10,524**	**38,309**
As at 31 December 2024 (Note (i))	**26,434**	**773**	**19,309**	**46,516**

(Amounts in millions of Renminbi unless otherwise stated)

26 Property, plant and equipment (continued)

	Buildings	Construction in progress	Computer equipment and others	Total
Cost or deemed cost:				
As at 1 January 2023	33,939	2,930	14,512	51,381
Additions	87	217	6,576	6,880
Disposals	(3)	–	(606)	(609)
Exchange differences	13	–	23	36
As at 31 December 2023	34,036	3,147	20,505	57,688
Accumulated depreciation:				
As at 1 January 2023	(8,336)	–	(8,615)	(16,951)
Depreciation charges	(1,056)	–	(1,859)	(2,915)
Disposals	2	–	512	514
Exchange differences	(8)	–	(19)	(27)
As at 31 December 2023	(9,398)	–	(9,981)	(19,379)
Net carrying value:				
As at 1 January 2023	25,603	2,930	5,897	34,430
As at 31 December 2023 (Note (i))	24,638	3,147	10,524	38,309

Note:

(i) As at 31 December 2024, the registration of certain buildings acquired has not been completed, and the net book value of such buildings was approximately RMB10,411 million (as at 31 December 2023: RMB10,735 million). The Group believes the incomplete registration does not affect the rights of the Group as the legal successor to these buildings.

27 Right-of-use assets

	Buildings	**Land use right**	**Equipment**	**Vehicles and others**	**Total**
Cost or deemed cost:					
As at 1 January 2024	**20,132**	**1,221**	**72**	**73**	**21,498**
Additions	**3,682**	**–**	**2**	**11**	**3,695**
Disposals	**(2,379)**	**–**	**(8)**	**(6)**	**(2,393)**
Exchange differences	**34**	**–**	**–**	**–**	**34**
As at 31 December 2024	**21,469**	**1,221**	**66**	**78**	**22,834**
Accumulated depreciation:					
As at 1 January 2024	**(10,356)**	**(389)**	**(70)**	**(40)**	**(10,855)**
Accrual	**(3,194)**	**(30)**	**(2)**	**(13)**	**(3,239)**
Disposals	**2,291**	**–**	**8**	**5**	**2,304**
Exchange differences	**(9)**	**–**	**–**	**–**	**(9)**
As at 31 December 2024	**(11,268)**	**(419)**	**(64)**	**(48)**	**(11,799)**
Net carrying value:					
As at 1 January 2024	**9,776**	**832**	**2**	**33**	**10,643**
As at 31 December 2024	**10,201**	**802**	**2**	**30**	**11,035**

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27 Right-of-use assets (continued)

	Buildings	Land use right	Equipment	Vehicles and others	Total
Cost or deemed cost:					
As at 1 January 2023	19,236	1,221	83	58	20,598
Additions	3,088	–	2	21	3,111
Disposals	(2,232)	–	(13)	(6)	(2,251)
Exchange differences	40	–	–	–	40
As at 31 December 2023	20,132	1,221	72	73	21,498
Accumulated depreciation:					
As at 1 January 2023	(9,315)	(359)	(68)	(32)	(9,774)
Accrual	(3,200)	(30)	(13)	(13)	(3,256)
Disposals	2,181	–	11	5	2,197
Exchange differences	(22)	–	–	–	(22)
As at 31 December 2023	(10,356)	(389)	(70)	(40)	(10,855)
Net carrying value:					
As at 1 January 2023	9,921	862	15	26	10,824
As at 31 December 2023	9,776	832	2	33	10,643

As at 31 December 2024, the balance of the Group's lease liabilities amounted to RMB10,861 million (31 December 2023: RMB10,245 million), including RMB2,912 million of lease liabilities that will mature within a year (31 December 2023: RMB2,944 million).

As at 31 December 2024, lease payments of the Group's lease contracts signed but to be executed amounted to RMB573 million (31 December 2023: RMB27 million).

For the year ended 31 December 2024, the lease expense of short-term leases with a lease term of no more than 12 months and leases of assets with low values amounted to RMB411 million (for the year ended 31 December 2023: RMB209 million).

28 Intangible assets

The Group's intangible assets mainly include computer software and data resources. As of December 31, 2024, in accordance with the Notice on Promulgation of the Interim Provisions on Accounting Treatment for Enterprise Data Resources issued by the Ministry of Finance, the original value of data resources recognized as intangible assets was RMB5.79 million, the accumulated amortization was RMB0.85 million, and the net carrying amount was RMB4.94 million.

29 Goodwill

	Year ended 31 December 2024	Year ended 31 December 2023
As at 1 January	**926**	903
Exchange difference	**33**	23
As at 31 December	**959**	926

Based on the result of impairment test, no impairment losses on goodwill were recognized as at 31 December 2024 (31 December 2023: Nil).

(Amounts in millions of Renminbi unless otherwise stated)

30 Deferred tax assets/(liabilities)

	31 December 2024	31 December 2023
Deferred tax assets	**54,130**	52,480
Deferred tax liabilities	**(39)**	(1)
Net	**54,091**	52,479

(a) Analysed by nature and jurisdiction

	31 December 2024		31 December 2023	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
— allowance for impairment losses	**221,382**	**55,261**	198,150	49,423
— fair value adjustments	**(26,237)**	**(6,585)**	(9,859)	(2,539)
— employee retirement benefits and salaries payable	**15,830**	**3,957**	17,576	4,394
— others	**5,817**	**1,497**	4,665	1,202
Subtotal	**216,792**	**54,130**	210,532	52,480
Deferred tax liabilities				
— fair value adjustments	**(58)**	**(14)**	(5)	(1)
— others	**(158)**	**(25)**	(2)	–
Subtotal	**(216)**	**(39)**	(7)	(1)
Total	**216,576**	**54,091**	210,525	52,479

(b) Offsetting of deferred tax assets and deferred tax liabilities

As at 31 December 2024, the deferred tax assets/liabilities offset by the Group were RMB9,277 million (31 December 2023: RMB5,442 million).

(c) Movement of deferred tax

	Allowance for impairment losses	**Fair value adjustments**	**Employee retirement benefits and accrued staff cost**	**Others**	**Total deferred tax**
As at 1 January 2024	**49,423**	**(2,540)**	**4,394**	**1,202**	**52,479**
Recognized in profit or loss	**5,833**	**(630)**	**(437)**	**299**	**5,065**
Recognized in other comprehensive income	**–**	**(3,434)**	**–**	**(26)**	**(3,460)**
Exchange differences	**5**	**5**	**–**	**(3)**	**7**
As at 31 December 2024	**55,261**	**(6,599)**	**3,957**	**1,472**	**54,091**
As at 1 January 2023	50,766	15	2,924	1,303	55,008
Recognized in profit or loss	(1,350)	(1,010)	1,470	(99)	(989)
Recognized in other comprehensive income	–	(1,551)	–	–	(1,551)
Exchange differences	7	6	–	(2)	11
As at 31 December 2023	49,423	(2,540)	4,394	1,202	52,479

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31 Other assets

	Notes	**31 December 2024**	31 December 2023
Advanced payments and settlement accounts		**21,439**	12,794
Assets with continuing involvement		**11,582**	11,654
Precious metal leasing		**7,692**	8,525
Fee and commission receivables		**6,807**	6,478
Interest receivables	(i)	**6,545**	5,899
Prepayments for properties and equipment		**6,353**	3,820
Other receivables		**1,552**	1,354
Repossessed assets	(ii)	**1,154**	1,231
Leasehold improvements		**1,047**	938
Prepaid rent		**14**	19
Others	(iii)	**12,548**	12,309
Total		**76,733**	65,021

Notes:

(i) Interest receivable

Interest receivable represents interest on financial instruments due and receivable but not yet received as at the balance sheet date and is stated net of corresponding impairment allowances. The impairment allowance on the Group's interest receivable is RMB7,019 million (as at 31 December 2023: RMB6,633 million).

(ii) Repossessed assets

	31 December 2024	31 December 2023
Premises	**2,284**	2,367
Others	**2**	2
Gross balance	**2,286**	2,369
Less: Allowance for impairment losses	**(1,132)**	(1,138)
Net balance	**1,154**	1,231

As at 31 December 2024, the Group intended to dispose all the repossessed assets and had no plan to transfer the repossessed assets for own use (as at 31 December 2023: Nil).

(iii) Others

Others include Deferred expenses, temporary legal fees, advances for cases and risk events, etc.

(Amounts in millions of Renminbi unless otherwise stated)

32 Movements of allowance for impairment losses

	Notes	Year ended 31 December 2024 As at 1 January	Charge/ (Reversal) for the year	Write-offs/ transfer out	Others Notes (i)	As at 31 December
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	17	**56**	**–**	**–**	**–**	**56**
Placements with and loans to banks and non-bank financial institutions	18	**143**	**42**	**–**	**–**	**185**
Financial assets held under resale agreements	20	**99**	**(12)**	**–**	**–**	**87**
Loans and advances to customers	21	**134,517**	**52,699**	**(60,724)**	**12,748**	**139,240**
Financial investments						
— at amortised cost	22	**26,239**	**3,104**	**(3,205)**	**(30)**	**26,108**
— at fair value through other comprehensive income	22	**1,968**	**735**	**(160)**	**15**	**2,558**
Other financial assets and accrued interest		**11,069**	**5,564**	**(5,848)**	**1,288**	**12,073**
Off balance sheet credit assets	40	**10,520**	**(1,087)**	**(41)**	**329**	**9,721**
Subtotal		**184,611**	**61,045**	**(69,978)**	**14,350**	**190,028**
Allowance for impairment losses on other assets						
Other assets – repossessed assets		**1,138**	**68**	**(74)**	**–**	**1,132**
Subtotal		**1,138**	**68**	**(74)**	**–**	**1,132**

	Notes	Year ended 31 December 2023 As at 1 January	Charge/ (Reversal) for the year	Write-offs/ transfer out	Others Notes (i)	As at 31 December
Allowance for credit impairment losses						
Deposits with bank and non-bank financial institutions	17	98	(43)	–	1	56
Placements with and loans to banks and non-bank financial institutions	18	140	1	–	2	143
Financial assets held under resale agreements	20	–	99	–	–	99
Loans and advances to customers	21	131,202	49,840	(60,054)	13,529	134,517
Financial investments						
— at amortised cost	22	28,528	2,282	(4,620)	49	26,239
— at fair value through other comprehensive income	22	2,717	223	(1,009)	37	1,968
Other financial assets and accrued interest		7,349	7,970	(5,076)	826	11,069
Off balance sheet credit assets	40	8,957	1,554	–	9	10,520
Subtotal		178,991	61,926	(70,759)	14,453	184,611
Allowance for impairment losses on other assets						
Other assets – repossessed assets		1,250	278	(395)	5	1,138
Subtotal		1,250	278	(395)	5	1,138

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32 Movements of allowance for impairment losses (continued)

The impairment losses of accrued interest of the financial instruments in this table and its changes are included in "Other financial assets and accrued interest".

Notes:

(i) Others include recovery of loans written off, and effect of exchange differences during the year.

33 Deposits from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	31 December 2024	31 December 2023
In Mainland China		
— banks	**343,795**	265,621
— non-bank financial institutions	**616,466**	648,556
Subtotal	**960,261**	914,177
Outside Mainland China		
— banks	**5,661**	9,692
— non-bank financial institutions	**238**	260
Subtotal	**5,899**	9,952
Accrued interest	**2,332**	3,758
Total	**968,492**	927,887

34 Placements from banks and non-bank financial institutions

Analysed by types and locations of counterparties

	31 December 2024	31 December 2023
In Mainland China		
— banks	**69,555**	64,848
Subtotal	**69,555**	64,848
Outside Mainland China		
— banks	**18,707**	21,264
— non-bank financial institutions	**271**	50
Subtotal	**18,978**	21,314
Accrued interest	**17**	165
Total	**88,550**	86,327

(Amounts in millions of Renminbi unless otherwise stated)

35 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparties

	31 December 2024	31 December 2023
In Mainland China		
— PBOC	**196,732**	391,152
— Banks	**66,474**	51,190
Subtotal	**263,206**	442,342
Outside Mainland China		
— Banks	**14,561**	19,790
— Non-bank financial institutions	**–**	693
Subtotal	**14,561**	20,483
Accrued interest	**236**	193
Total	**278,003**	463,018

(b) Analysed by type of collateral

	31 December 2024	31 December 2023
Debt securities	**201,035**	369,613
Discounted bills	**76,732**	93,212
Accrued interest	**236**	193
Total	**278,003**	463,018

The Group did not derecognize financial assets transferred as collateral in connection with financial assets sold under repurchase agreements. As at 31 December 2024, no legal title of the collateral has been transferred to counterparties. The above information of collateral is included in the Note 52.

36 Deposits from customers

Analysed by nature

	31 December 2024	31 December 2023
Demand deposits		
— corporate customers	**1,986,104**	2,168,251
— personal customers	**439,965**	340,432
Subtotal	**2,426,069**	2,508,683
Time and call deposits		
— corporate customers	**2,062,315**	1,745,094
— personal customers	**1,221,680**	1,125,384
Subtotal	**3,283,995**	2,870,478
Outward remittance and remittance payables	**68,167**	19,022
Accrued interest	**86,080**	69,474
Total	**5,864,311**	5,467,657

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(Amounts in millions of Renminbi unless otherwise stated)

36 Deposits from customers (continued)

Analysed by nature (continued)

Guarantee deposits included in above deposits:

	31 December 2024	31 December 2023
Bank acceptances	**465,609**	407,634
Guarantees	**21,411**	21,005
Letters of credit	**43,450**	23,736
Others	**30,284**	38,651
Total	**560,754**	491,026

37 Accrued staff costs

	Notes	**Year ended 31 December 2024**			
		As at 1 January	**Additions during the year**	**Reductions during the year**	**As at 31 December**
Salaries and bonuses		**21,238**	**28,000**	**(30,147)**	**19,091**
Social insurance		**10**	**2,208**	**(2,208)**	**10**
Welfare expenses		**3**	**1,571**	**(1,569)**	**5**
Housing fund		**7**	**2,179**	**(2,179)**	**7**
Labor union expenses and employee education expenses		**952**	**915**	**(788)**	**1,079**
Post-employment benefits — defined contribution plans	(a)	**18**	**4,490**	**(4,490)**	**18**
Post-employment benefits — defined benefit plans	(b)	**17**	**–**	**–**	**17**
Other benefits		**175**	**321**	**(405)**	**91**
Total		**22,420**	**39,684**	**(41,786)**	**20,318**

	Notes	Year ended 31 December 2023			
		As at 1 January	Additions during the year	Reductions during the year	As at 31 December
Salaries and bonuses		20,643	28,100	(27,505)	21,238
Social insurance		15	1,565	(1,570)	10
Welfare expenses		4	1,318	(1,319)	3
Housing fund		10	1,982	(1,985)	7
Labor union expenses and employee education expenses		988	786	(822)	952
Post-employment benefits — defined contribution plans	(a)	18	3,990	(3,990)	18
Post-employment benefits — defined benefit plans	(b)	18	–	(1)	17
Other benefits		209	342	(376)	175
Total		21,905	38,083	(37,568)	22,420

(Amounts in millions of Renminbi unless otherwise stated)

37 Accrued staff costs (continued)

(a) Post-employment benefits – defined contribution plans

Post-employment benefits defined contribution plans include contributions to statutory retirement plan. Pursuant to the relevant laws and regulations in the PRC governing labor and social security, the Group has joined statutory retirement plan for the employees as set out by city and provincial governments. The Group is required to make contributions based on defined ratios of the salaries, bonuses and certain allowance of the employees to the statutory retirement plan under the administration of the government.

In addition to the above statutory retirement plan, the Bank's qualified employees have joined a defined contribution retirement scheme (the "Scheme") which was established by the Group and managed by CITIC Group. For year ended 31 December 2024, the Bank has made annuity contributions at 8% (31 December 2023: 7%) of its employees' gross wages. For year ended 31 December 2024, the Bank made annuity contribution amounted to RMB1,855 million (year ended 31 December 2023: RMB1,690 million).

The Group operates a defined contribution provident fund and a Mandatory Provident Fund scheme for Hong Kong staff. Contributions are charged to profit or loss when the contribution fall due.

(b) Post-employment benefits – defined benefit plans

The Group offers supplementary retirement benefits for certain of its qualified employees in Mainland China. Retired employees are eligible to join this supplementary retirement plan. The amount that is recognized as at reporting date presents the discounted value of future obligation.

The present value of the Group's supplementary retirement plan obligations on the date of balance sheet is calculated through projected unit credit method and computed by a qualified professional actuary firm Towers Watson Consulting (Shenzhen) Ltd. Beijing Branch.

The primary assumptions used by the actuary are as follows

	31 December 2024	31 December 2023
Discount rate	**1.75%**	2.50%
Annual withdrawal rate	**5.00%**	5.00%
Normal retirement age	**Male: 60 years old**	Male: 60 years old
	Female: 55 years old	Female: 55 years old
Annual increase rate of social average wage and salary for current active employees	**5.00%**	5.00%
Mortality rate	**Determined by the China Life Insurance Mortality Table**	

In 2023 and 2024, the change amount of supplementary retirement benefits scheme liabilities incurred by the actuarial assumptions variations illustrated above was immaterial.

Except for the aforementioned contributions, the Group has no other material obligation for payment of retirement benefits.

(c) The salaries, bonuses, allowances and subsidies, retirement benefits and other social insurance payable to employees are paid in accordance with relevant laws and regulations within time limit stipulated by the Group.

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38 Taxes payable

	31 December 2024	31 December 2023
Income tax	**3,297**	368
VAT and surcharges	**3,708**	3,448
Others	**640**	720
Total	**7,645**	4,536

39 Debt securities issued

	Notes	31 December 2024	31 December 2023
Long-term debt securities issued	(a)	**207,454**	138,311
Subordinated bonds issued:			
— by the Bank	(b)	**69,992**	69,995
— by CNCBI	(c)	**3,628**	7,086
Certificates of deposit issued	(d)	**1,460**	1,418
Certificates of interbank deposit issued	(e)	**930,954**	705,273
Convertible corporate bonds	(f)	**7,034**	39,794
Accrued interest		**3,516**	4,104
Total		**1,224,038**	965,981

(a) Long-term debt securities issued by the Group as at 31 December 2024:

Bond Type	Issue Date	Maturity Date	Annual Interest Rate	31 December 2024 Nominal Value RMB	31 December 2023 Nominal Value RMB
Fixed rate bond	2 February 2021	2 February 2024	0.875%	**–**	1,418
Fixed rate bond	2 February 2021	2 February 2026	1.250%	**2,554**	2,482
Fixed rate bond	10 June 2021	10 June 2024	3.190%	**–**	20,000
Fixed rate bond	17 November 2021	17 November 2024	1.750%	**–**	3,546
Fixed rate bond	28 April 2022	28 April 2025	2.800%	**30,000**	30,000
Fixed rate bond	5 August 2022	5 August 2025	2.500%	**30,000**	30,000
Fixed rate bond	27 March 2023	27 March 2026	2.790%	**10,000**	10,000
Fixed rate bond	13 April 2023	13 April 2026	2.770%	**30,000**	30,000
Fixed rate bond	26 April 2023	26 April 2024	3.900%	**–**	1,800
Fixed rate bond	16 May 2023	16 May 2026	2.680%	**10,000**	10,000
Fixed rate bond	22 April 2024	17 April 2025	3.400%	**1,335**	–
Floating rate bond	2 July 2024	9 July 2027	SOFR +0.550%	**2,190**	–
Fixed rate bond	12 July 2024	12 July 2027	2.100%	**40,000**	–
Fixed rate bond	8 August 2024	6 August 2025	3.200%	**700**	–
Fixed rate bond	9 August 2024	9 August 2027	1.810%	**20,000**	–
Fixed rate bond	7 November 2024	7 November 2027	2.060%	**25,000**	–
Fixed rate bond	7 November 2024	7 November 2027	2.060%	**5,000**	–
Fixed rate bond	10 December 2024	10 September 2027	3.100%	**700**	–
Total nominal value				**207,479**	139,246
Less: Unamortised issuance cost				**(25)**	(20)
Less: offset				**–**	(915)
Carrying value				**207,454**	138,311

(Amounts in millions of Renminbi unless otherwise stated)

39 Debt securities issued (continued)

(b) The carrying value of the Bank's subordinated bonds issued:

	Notes	**31 December 2024**	31 December 2023
Subordinated fixed rate bonds maturing:			
— in August 2030	(i)	**39,996**	39,995
— in December 2033	(ii)	**21,496**	21,500
— in December 2038	(iii)	**8,500**	8,500
Total		**69,992**	69,995

Notes:

(i) The Bank issued fixed-rate subordinated bonds on 14 August 2020 with a coupon rate of 3.87% per annum. The Bank has the option to redeem the bonds on 14 August 2025. If the Bank does not exercise this option, the coupon rate will remain 3.87% per annum for the next five years.

(ii) The Bank issued fixed-rate subordinated bonds on 19 December 2023 with a coupon rate of 3.19% per annum. The Bank has the option to redeem the bonds on 19 December 2028. If the Bank does not exercise this option, the coupon rate will remain 3.19% per annum for the next five years.

(iii) The Bank issued fixed-rate subordinated bonds on 19 December 2023 with a coupon rate of 3.25% per annum. The Bank has the option to redeem the bonds on 19 December 2033. If the Bank does not exercise this option, the coupon rate will remain 3.25% per annum for the next five years.

(c) The carrying value of CNCBI's subordinated bonds issued:

	Notes	**31 December 2024**	31 December 2023
Subordinated fixed rate notes maturing:			
— in February 2029	(i)	**–**	3,543
— in December 2033	(ii)	**3,628**	3,543
Total		**3,628**	7,086

Notes:

(i) CNCBI issued USD500 million subordinated notes at a coupon rate of 4.625% per annum on 28 February 2019. CNCBI redeemed the notes on 28 February 2024.

(ii) CNCBI issued USD500 million subordinated notes at a coupon rate of 6.00% per annum on 5 December 2023. CNCBI has an option to redeem these notes on each coupon payment date on and after 5 December 2028. If CNCBI does not exercise the redemption option, the coupon rate per annum will be the 5-year US treasury bond rate on 5 December 2028, plus 1.65%. The notes are listed on the Hong Kong Stock Exchange.

(Amounts in millions of Renminbi unless otherwise stated)

39 Debt securities issued (continued)

(d) These certificates of deposit were issued by CNCBI with interest rate ranging from 4.65% to 4.87% per annum.

(e) As at 31 December 2024, the Bank's outstanding large transferable certificates of interbank deposits amounted to RMB930,759 million (31 December 2023: RMB705,273 million), with reference yields ranging from 1.55% to 2.46% per annum (31 December 2023: 2.16% to 2.75%). Their original expiry terms range from one months to one year.

(f) As approved by the relevant regulatory authorities in China, the Bank made a public offering of RMB40 billion A-shares convertible corporate bonds on 4 March 2019. The convertible corporate bonds have a term of six years from 4 March 2019 to 3 March 2025, at coupon rates of 0.3% for the first year, 0.8% for the second year, 1.5% for the third year, 2.3% for the fourth year, 3.2% for the fifth year and 4.0% for the sixth year. The conversion of these convertible corporate bonds begins on the first trading day (11 September 2019) after six months upon the completion date of the offering, until the maturity date (3 March 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB7.45 per share, and the price of the convertible corporate bonds will be adjusted to reflect the dilutive impact of cash dividends and increase in paid-in capital under specified circumstances. On 11 December 2024, the conversion price of the convertible corporate bonds has been adjusted to RMB5.59 per share. During the conversion period (from 4 March 2019 to 3 March 2025), if the closing price of the Bank's A shares is lower than 80% of the current conversion price for at least 15 trading days in any 30 consecutive trading days, the Board of Directors of the Bank has the right to propose to lower the conversion price and submit the proposal to the shareholders' meeting for deliberation.

These convertible corporate bonds are subject to conditional redemptions. During their conversion period, if the closing prices of the Bank's A-shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Bank has the right to redeem all or part of the outstanding convertible corporate bonds at their par value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible corporate bonds is less than RMB30 million, the Bank has the right to redeem all outstanding convertible corporate bonds at their par value plus the current accrued interest.

As at 31 December 2024, convertible corporate bonds of RMB32,965.98 million were converted to 5,462,217,208 A shares.

	Liability	Equity	Total
Issued nominal value of convertible corporate bonds	**36,859**	**3,141**	**40,000**
Direct issuance expenses	**(74)**	**(6)**	**(80)**
Balance at the issuance date	**36,785**	**3,135**	**39,920**
Accumulated amortisation as at 1 January 2024	**3,215**	**–**	**3,215**
Accumulated conversion amount as at 1 January 2024	**(206)**	**(16)**	**(222)**
Balance as at 1 January 2024	**39,794**	**3,119**	**42,913**
Amortisation during this year	**–**	**–**	**–**
Conversion amount during this year	**(32,760)**	**(2,568)**	**(35,328)**
Balance as at 31 December 2024	**7,034**	**551**	**7,585**

(Amounts in millions of Renminbi unless otherwise stated)

40 Provisions

	31 December 2024	31 December 2023
Allowance for impairment losses on off balance sheet items	**9,721**	10,520
Litigation provisions	**269**	326
Total	**9,990**	10,846

The movement of off-balance sheet allowance for impairment losses is included in the Note 32.

Movement of provisions:

	Year ended 31 December 2024	Year ended 31 December 2023
As at 1 January	**326**	779
(Reversal)/Charge	**(19)**	8
Payment	**(38)**	(461)
As at 31 December	**269**	326

41 Other liabilities

	31 December 2024	31 December 2023
Settlement and clearing accounts	**11,711**	14,561
Continuing involvement liabilities	**11,582**	11,654
Other payables	**5,628**	4,401
Advances and deferred expenses	**3,823**	3,839
Dividends payables	**2,523**	–
Payment and collection accounts	**2,409**	2,243
Leasing deposits	**814**	514
Accrued expenses	**279**	329
Others	**7,309**	4,686
Total	**46,078**	42,227

42 Share capital

	Number of shares and Nominal Value (millions)	
	31 December 2024	31 December 2023
Ordinary shares		
Registered, issued and fully paid:		
A-Share	**39,515**	34,085
H-Share	**14,882**	14,882
Total	**54,397**	48,967

	Note	Year ended 31 December 2024	Year ended 31 December 2023
As at 1 January		**48,967**	48,935
Convertible bond settlement	(i)	**5,430**	32
As at 31 December		**54,397**	48,967

Note:

(i) For the year ended 31 December 2024, convertible corporate bonds of RMB32,759,741,000 were converted to 5,430,147,827 A-shares (In 2023, convertible corporate bonds of RMB205,904,000 were converted to 32,022,297 A-shares).

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43 Other equity instruments

	31 December 2024	31 December 2023
Preference shares (Note (i))	**34,955**	34,955
Perpetual bonds (Note (ii))	**69,993**	79,986
Equity of convertible corporate bonds (Note 39(f))	**551**	3,119
Total	**105,499**	118,060

(i) Preference shares

Financial instruments in issue	Dividend rate	Issued price (RMB)	Issued number of shares (RMB millions)	Issued nominal value (RMB millions)	Maturity Date	Conversions
Preference shares	3.80% per annum for the first five years after issuance, and re-priced every five years	100	350	35,000	No maturity date	No conversion during the year

35,000 million preference shares of RMB100 each were issued in October 2016, with a dividend rate of 3.80% per annum for the first five years from issuance, to no more than 200 qualified investors, pursuant to the approval by its ordinary shareholders' meeting and relevant regulatory authorities.

The carrying amount of preference shares, net of direct issuance expenses, was RMB34,955 million. All the proceeds received is used to replenish Other Tier-One capital in order to increase the Bank's Tier-One capital adequacy ratio (Note 56). Dividends are non-cumulative and where payable are paid annually. Dividend rate will be re-priced every five years thereafter with reference to the five-year PRC treasury bonds yield plus a fixed premium of 1.30%. During the second dividend period beginning from 26 October 2021, the base rate and fixed premium is 2.78% and 1.30%, respectively, and the coupon rate is 4.08%. The dividend is paid annually.

As authorised by the ordinary shareholders' Annual General Meeting, the Board of Directors has the sole discretion to declare and distribute dividends on preference shares. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant period. The distribution of preference shares dividend is at the Bank's discretion and is non-cumulative. Preference shareholders are not entitled to participate in the distribution of retained profits except for the dividends stated above.

The Bank has redemption option when specified conditions as stipulated in the offering documents of preference shares are met, subject to regulatory approval, whereas preference shareholders have no right to require the Bank to redeem the preference shares.

Upon occurrence of the triggering events as stipulated in the offering documents of and subject to regulatory approval, preference shares shall be mandatorily converted into ordinary A shares of the Bank at the conversion price of RMB7.07 per share, partially or entirely. The conversion price of the preference shares will be adjusted where certain events occur including bonus issues, rights issue, capitalisation of reserves and new issuances of ordinary shares below market price, subject to terms and formulae provided for in the offering documents, to maintain the relative interests between preference shareholders and ordinary shareholders.

These preference shares are classified as equity instruments and presented as equity in the consolidated annual statement of financial position; and are qualified as Additional Tier-One capital Instruments in accordance with the NFRA requirements.

(Amounts in millions of Renminbi unless otherwise stated)

43 Other equity instruments (continued)

(ii) Perpetual bonds

The Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market on 11 December 2019. The Bonds has been redeemed in 11 December 2024.

On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 4.20%, resetting every 5 years.

On 26 April 2024, the Bank issued RMB30 billion write-down undated capital bonds (the "Bonds") in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 2.42%, resetting every 5 years.

The duration of these Bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date 5 years after the issuance date of the Bonds. Upon the occurrence of a trigger event for write-downs, with the consent of the NFRA and without the consent of the bondholders, the Bank has the right to write down all or part of the above Bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid by non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilize the proceeds from the cancelled distribution to meet other obligations of maturing debts. But the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

These perpetual bonds are classified as equity instruments, and presented as equity in the consolidated statement of financial position; and are qualified as Additional Tier-One Capital Instruments in accordance with the NFRA requirements.

Interests attributable to equity instruments' holder:

	31 December 2024	31 December 2023
Total equity attributable to equity holders of the Bank	**789,264**	717,222
Equity attributable to ordinary equity holders of the Bank	**683,765**	599,162
Equity attributable to other equity instruments holders of the Bank	**105,499**	118,060
— Dividend distribution for the year	**4,788**	4,788
Total equity attributable to non-controlling interests	**18,101**	17,453
Equity attribute to non-controlling interests of ordinary shares	**10,411**	9,763
Equity attributable to non-controlling interests of other equity instruments	**7,690**	7,690

During the year ended 31 December 2024, RMB1,428 million was paid to preference shareholders (2023: RMB1,428 million), RMB3,360 million was paid to holders of perpetual bonds (2023: RMB3,360 million).

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

44 Capital reserves

	31 December 2024	31 December 2023
Share premium	**88,969**	59,083
Other reserves	**317**	317
Total	**89,286**	59,400

45 Other comprehensive income

Other comprehensive income comprises items that will not be reclassified subsequently to profit or loss, such as net changes on the measurement of defined benefit plans (Note 37) and fair value changes on financial investments designated at fair value through other comprehensive income, and items that may be reclassified subsequently to profit or loss, such as fair value changes on financial assets at fair value through other comprehensive income, credit impairment allowance on financial assets at fair value through other comprehensive income and exchange differences on translation.

46 Surplus reserve

	Year ended 31 December 2024	Year ended 31 December 2023
As at 1 January	**60,992**	54,727
Appropriations	**6,637**	6,265
As at 31 December	**67,629**	60,992

Under the relevant PRC Laws, the Bank and the Bank's subsidiaries in Mainland China are required to appropriate 10% of its profit for the year, as determined under regulations issued by the regulatory bodies of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by ordinary shareholders at the Annual General Meeting. The Bank makes its appropriation on an annual basis.

Subject to the approval of ordinary shareholders, statutory surplus reserves may be used for replenishing accumulated losses, if any, and may be converted into share capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before the process.

47 General reserve

	Year ended 31 December 2024	Year ended 31 December 2023
As at 1 January	**105,127**	100,580
Appropriations	**6,596**	4,547
As at 31 December	**111,723**	105,127

Pursuant to relevant Ministry of Finance ("MOF") notices, the Bank and the Group's banking subsidiaries in Mainland China are required to set aside a general reserve to cover potential losses against their assets. The Bank and the Group make its appropriation on an annual basis.

CITIC Wealth shall draw operational risk reserves on a monthly basis according to the Administrative Measures for Financial Subsidiaries of Commercial Banks. CNCBI Macau shall draw down its regulatory reserves on a monthly basis according to the requirements of the Monetary Authority of Macau, China CITIC Bank International shall draw operational risk reserves according to the requirements of the Administrative Measures for Financial Subsidiaries of General reserve. During the year ended 31 December 2024, a total of RMB3,455 million of corresponding risk provisions was drawn by CIFH and CITIC Wealth (During the year ended 31 December 2024: RMB3,152 million).

(Amounts in millions of Renminbi unless otherwise stated)

48 Profit appropriations and retained earnings

(a) Profit appropriations and distributions other than dividends declared during the year

	Note	**Year ended 31 December 2024**	Year ended 31 December 2023
Appropriations to			
— surplus reserve	46	**6,637**	6,265
— general reserve	47	**6,596**	4,547
Total		**13,233**	10,812

The Bank appropriated RMB6,637 million to statutory surplus reserve fund for the year of 2024, and appropriated RMB6,596 million to general reserve. The Group's subsidiary, Lin'an rural bank, made appropriations to general reserve in accordance with relevant regulatory requirements.

(b) In accordance with the resolution approved in the Annual General Meeting of the Bank on 20 June 2024, a total amount of approximately RMB17,432 million (RMB3.56 per 10 shares) were distributed in the form of cash dividend to the ordinary shareholders. In acoordance with the resolution approved in the Second Extraordinary Shareholder's Meeting of the Bank on 20 November 2024, a total amount of approximately RMB9,874 million(RMB1.825 per 10 shares) were distributed in the form of cash dividend to the ordinary shareholders.

(c) On 26 March 2025, the Board of Directors proposed a cash dividend of RMB1.722 per 10 shares in respect of the year 2024. Subject to the approval of the ordinary shareholders at the Annual General Meeting, approximately RMB9,582 million will be payable to those on the register of ordinary shareholders as at the relevant record date. This proposal is a non-adjusting event after the reporting period and has not been recognized as liability as at 31 December 2024.

(d) On 11 December 2019, the Bank issued RMB40 billion write-down undated capital bonds in the domestic interbank bond market. The Bank paid RMB1,680 million in interest at a coupon rate of 4.20% to investors of perpetual bonds on 11 December 2024; On 26 April 2021, the Bank issued RMB40 billion write-down undated capital bonds in the domestic interbank bond market. The Bank paid RMB1,680 million in interest at a coupon rate of 4.20% to investors of perpetual bonds on 26 April 2024.

(e) In accordance with the resolution approved in the Board of Directors Meeting of the Bank on 28 August 2024, a total amount of approximately RMB1,428million (calculated by the Bank using the agreed dividend rate of 4.08% with RMB4.08 per share) were distributed in the form of cash dividend to the preference shareholders on 28 October 2024.

(f) As at 31 December 2024, the retained earnings included the statutory surplus reserves of certain subsidiaries of RMB1,517 million (31 December 2023: RMB1,167 million). Such statutory surplus reserves cannot be distributed.

(Amounts in millions of Renminbi unless otherwise stated)

49 Non-controlling interests

As at 31 December 2024, non-controlling interests included ordinary shares held by non-controlling interest in subsidiaries and other equity instrument holders' interests. Other equity instrument holders' interest amounted to RMB7,690 million (31 December 2023: RMB7,690 million) representing other equity instruments issued by CNCBI on 29 July 2021 and 22 April 2022, an entity ultimately controlled by the Group. Such instruments are perpetual non-cumulative subordinated additional Tier-One capital securities (the "Capital Securities").

Financial instruments in issue	Issue Date	Nominal Value	First Call Date	Coupon Rate	Payment Frequency
Capital Securities	29 July 2021	USD600 million	29 July 2026	3.25% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.53% per annum	Semi-annually
Capital Securities	22 April 2022	USD600 million	22 April 2027	4.80% per annum for the first five years after issuance, and re-priced every five years to a rate equivalent to the five-year US Treasury rate plus 2.104% per annum	Semi-annually

CNCBI may, at its sole discretion, elect to cancel any payment of coupon, in whole or in part, or redeem Capital Securities in whole on the first call date and any subsequent coupon distribution date, where the holders of these Capital Securities have no right to require CNCBI to redeem. These Capital Securities listed above are classified as other equity instruments.

A distribution of RMB348 million was paid to the holders of the Capital Securities mentioned above during the year ended 31 December 2024 (During the year ended 31 December 2023: RMB588 million).

50 Notes to consolidated annual statement of cash flows

Cash and cash equivalents

	31 December 2024	31 December 2023
Cash	**4,737**	4,467
Cash equivalents		
— Surplus deposit reserve funds	**6,803**	52,473
— Deposits with banks and non-bank financial institutions due within three months when acquired	**93,287**	41,673
— Placements with and loans to banks and non-bank financial institutions due within three months when acquired	**99,734**	59,707
— Investment securities due within three months when acquired	**58,218**	90,682
Subtotal	**258,042**	244,535
Total	**262,779**	249,002

(Amounts in millions of Renminbi unless otherwise stated)

51 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of loan commitments, credit card commitments, financial guarantees, letters of credit and acceptances.

Loan commitments and credit card commitments represent the undrawn amount of approved loans with signed contracts and credit card limits. Financial guarantees and letters of credit represent guarantees provided by the Group to guarantee the performance of customers to third parties. Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects the majority acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by categories are set out below. The amounts disclosed in respect of loan commitments and credit card commitments assume that amounts are fully drawn down. The amounts of guarantees, letters of credit and acceptances represent the maximum potential loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

	31 December 2024	31 December 2023
Contractual amount		
Loan commitments		
— with an original maturity within one year	**16,885**	13,995
— with an original maturity of one year or above	**37,179**	32,773
Subtotal	**54,064**	46,768
Bank acceptances	**854,489**	867,523
Credit card commitments	**812,562**	779,947
Letters of guarantee issued	**273,578**	237,359
Letters of credit issued	**324,861**	256,351
Total	**2,319,554**	2,187,948

(b) Credit commitments analysed by credit risk weighted amount

	31 December 2024	31 December 2023
Credit risk weighted amount of credit commitments	**679,525**	602,231

The credit risk weighted amount refers to the amount as computed in accordance with the rules set out by the NFRA and depends on the status of counterparties and the maturity characteristics. The risk weighting used range from 0% to 150%.

(c) Capital commitments

(i) The Group had the following authorised capital commitments in respect of property, plant and equipment at the reporting date:

	31 December 2024	31 December 2023
For the purchase of property and equipment		
— contracted for	**1,055**	1,521

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

51 Commitments and contingent liabilities (continued)

(d) Outstanding contingencies including litigation and disputes

The Group has assessed and has made provisions for any probable outflow of economic benefits in relation to commitments and contingent liabilities at the reporting date in accordance with its accounting policies including litigation and disputes.

As at 31 December 2024, the Group was involved in certain pending litigation as defendant with gross claims of RMB1,326 million (as at 31 December 2023: RMB1,166 million). Such contingencies, including litigation and disputes, are not expected to have material impact on the financial position and operations of the Bank (Note 40).

(e) Bonds redemption obligations

As an underwriting agent of PRC treasury bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of treasury bonds underwritten and sold by the Group, but not yet matured at the reporting date:

	31 December 2024	31 December 2023
Redemption commitment for PRC treasury bonds	**2,615**	2,735

The original maturities of these bonds vary from one to five years. Management of the Group expects the amount of redemption before maturity dates of these bonds will not be material. The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

(f) Underwriting obligations

As at 31 December 2024 and 2023, the Group did not have unfulfilled commitment in respect of securities underwriting business.

52 Collateral

(a) Assets pledged

(i) The carrying amount of financial assets pledged as collateral in the Group's ordinary course of businesses, including repurchase agreements and borrowings from central banks, are disclosed as below:

	31 December 2024	31 December 2023
Debt securities	**256,705**	744,648
Discounted bills	**76,894**	93,454
Total	**333,599**	838,102

As at 31 December 2024 and 2023, the Group's liabilities related to the above collateral were due within 12 months from the effective dates of these agreements and title of these collateral was not transferred to counterparties.

(Amounts in millions of Renminbi unless otherwise stated)

52 Collateral (continued)

(a) Assets pledged (continued)

(ii) In addition, as at 31 December 2024, the Group pledged deposits with banks and other financial institutions with carrying amount totalling RMB1,542 million (31 December 2023: RMB911 million) as collateral for derivative transactions and guarantee funds to exchanges. Title of these pledged assets was not transferred to counterparties.

(b) Collateral accepted

The Group received debt securities and bills as collateral for financial assets held under resale agreements as set out in Note 20. Under the terms of these agreements, the Group could not resell or re-pledge certain parts of these collateral unless in the event of default by the counterparties. As at 31 December 2024, the Group held no collateral that can be resold or re-pledged (31 December 2023: Nil). During the year ended 31 December 2024, the Group did not resell or re-pledge any of these collateral (year ended 31 December 2023: Nil).

53 Transactions on behalf of customers

(a) Entrusted lending business

The Group provides entrusted lending business services to corporations and individuals, as well as entrusted provident housing fund mortgage business services. All entrusted loans are made under the instruction or at the direction of these corporations, individuals or provident housing fund centre and are funded by entrusted funds from them.

For entrusted assets and liabilities and entrusted provident housing fund mortgage business, the Group does not expose to credit risk in relation to these transactions, but acts as an agent to hold and manage these assets and liabilities at the instruction of the entrusting parties and receives fee income for the services provided.

Entrusted assets are not assets of the Group and are not recognized on the consolidated statement of financial position. Income received and receivable for providing these services is included in the consolidated statement of profit or loss as fee income.

At the reporting date, the entrusted assets and liabilities were as follows:

	31 December 2024	31 December 2023
Entrusted loans	**449,034**	425,026
Entrusted funds	**449,035**	425,028

(b) Wealth management services

As at 31 December 2024, the amount of total assets invested by these non-principal guaranteed wealth management products issued by the Group was disclosed in Note 59(b).

The funds raised by non-principal guaranteed wealth management products from investors are invested in various investments, including debt securities and money market instruments, credit assets and other debt instruments, equity instruments etc. Credit risk, liquidity risk and interest rate risk associated with these products are borne by the customers. The Group only earns commission which represents the charges on customers in relation to the provision of custodian, sale and management services. Income is recognized in the annual consolidated statement of profit or loss as commission income. The Group has entered into placements transactions at market interest rates with the wealth management products vehicles (Note 59 (b)).

As at 31 December 2024, the total investment of non-principal guaranteed wealth management products managed by the Group that was not included in the Group's consolidated financial statements was disclosed in Note 59(b).

54 Segment reporting

Measurement of segment assets and liabilities, and segment income and expenses are based on the Group's accounting policies.

Internal charges and transfer pricing of transactions between segments are determined for management purpose and have been reflected in the performance of each segment. Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expenses". Interest income and expenses earned from third parties are referred to as "External net interest income/expenses".

Segment income, expense, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities do not include deferred tax assets and liabilities. Segment income, expenses, assets, and liabilities are determined before intra-group balances, and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total costs incurred during the year to acquire assets (including both tangible assets and intangible assets) whose estimated useful lives are over one year.

(a) Business segments

The Group has the following main business segments for management purpose:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and non-financial institutions, as well as conducts investment banking businesses and international businesses. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services and guarantee services.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise loans, deposit services, securities agency services, remittance and settlement services and guarantee services.

Treasury business

This segment conducts capital markets operations, inter-bank operations, which, specifically, includes inter-bank money market transactions, repurchase transactions, and investments and trading in debt instruments. Furthermore, treasury business segment also carries out derivatives and forex trading both for the Group and for customers.

(Amounts in millions of Renminbi unless otherwise stated)

54 Segment reporting (continued)

(a) Business segments (continued)

Others and unallocated

Others comprise components of the Group that are not attributable to any of the above segments, along with certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis. This segment also manages the Group's liquidity position.

	Year ended 31 December 2024				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
External net interest income/ (expense)	53,949	80,553	40,181	(28,004)	146,679
Internal net interest income/ (expense)	26,601	(16,526)	(40,916)	30,841	–
Net interest income/ (expense)	80,550	64,027	(735)	2,837	146,679
Net fee and commission income/(expense)	11,429	19,929	(291)	35	31,102
Other net income/(expense) (Note (i))	3,266	1,734	32,999	(2,557)	35,442
Operating income	95,245	85,690	31,973	315	213,223
Operating expenses					
— depreciation and amortisation	(2,422)	(2,048)	(2,931)	(910)	(8,311)
— others	(26,864)	(32,241)	(2,839)	(1,683)	(63,627)
Credit impairment losses	(16,078)	(42,155)	(2,416)	(396)	(61,045)
Impairment losses on other assets	(52)	(16)	–	–	(68)
Revaluation loss on investment properties	–	–	–	(24)	(24)
Share of gains of associates and joint ventures	–	–	–	715	715
Profit/(Loss) before tax	49,829	9,230	23,787	(1,983)	80,863
Income tax					(11,395)
Profit for the year					69,468
Capital expenditure	1,819	1,489	2,182	796	6,286

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

54 Segment reporting (continued)

(a) Business segments (continued)

Others and unallocated (continued)

	31 December 2024				
	Corporate Banking	**Personal Banking**	**Treasury Business**	**Others and Unallocated**	**Total**
Segment assets	**3,016,097**	**2,342,470**	**3,554,046**	**558,630**	**9,471,243**
Interest in associates and joint ventures	–	–	–	7,349	7,349
Deferred tax assets					54,130
Total asset					**9,532,722**
Segment liabilities	**4,167,546**	**1,764,899**	**1,198,792**	**1,594,081**	**8,725,318**
Deferred tax liabilities					39
Total liabilities					**8,725,357**
Off-balance sheet credit commitments	**1,505,475**	**814,079**	–	–	**2,319,554**

	Year ended 31 December 2023				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
External net interest income/(expense)	44,798	87,014	40,396	(28,669)	143,539
Internal net interest income/(expense)	32,960	(25,165)	(37,720)	29,925	–
Net interest income	77,758	61,849	2,676	1,256	143,539
Net fee and commission income/(expense)	11,440	20,463	5,949	(5,469)	32,383
Other net income (Note (i))	2,359	4,113	17,363	5,813	29,648
Operating income	91,557	86,425	25,988	1,600	205,570
Operating expenses					
— depreciation and amortisation	(2,514)	(2,024)	(2,725)	(978)	(8,241)
— others	(25,154)	(31,499)	(2,577)	(1,743)	(60,973)
Credit impairment losses	(21,709)	(36,967)	(3,405)	155	(61,926)
Impairment losses on other assets	(278)	–	–	–	(278)
Revaluation loss on investment properties	–	–	–	(1)	(1)
Share of profits of associates and joint ventures	–	–	–	736	736
Profit/(Loss) before tax	41,902	15,935	17,281	(231)	74,887
Income tax					(6,825)
Profit for the year					68,062
Capital expenditure	1,804	1,509	2,198	861	6,372

(Amounts in millions of Renminbi unless otherwise stated)

54 Segment reporting (continued)

(a) Business segments (continued)

Others and unallocated (continued)

	31 December 2023				
	Corporate Banking	Personal Banking	Treasury Business	Others and Unallocated	Total
Segment assets	2,822,064	2,249,644	3,336,485	584,866	8,993,059
Interest in associates and joint ventures	–	–	–	6,945	6,945
Deferred tax assets					52,480
Total asset					9,052,484
Segment liabilities	3,968,855	1,553,644	1,136,712	1,658,597	8,317,808
Deferred tax liabilities					1
Total liabilities					8,317,809
Off-balance sheet credit commitments	1,407,233	780,715	–	–	2,187,948

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

(b) Geographical segments

The Group operates principally in Mainland China with branches located in 31 provinces, autonomous regions and municipalities. The Bank's principal subsidiaries, CNCB Investment and CIFH are registered and operating in Hong Kong. The other subsidiaries, Lin'an Rural Bank, CITIC Wealth and CFLL are registered and operating in Mainland China.

In presenting information by geographical segments, operating income is allocated based on the location of the branches that generated the revenue. Segment assets and capital expenditure are allocated based on the geographical location of the underlying assets.

Geographical segments, as defined for management reporting purposes, are as follows:

– "Yangtze River Delta" refers to the following areas where Tier-One branches of the Group are located: Shanghai, Nanjing, Suzhou, Hangzhou and Ningbo, as well as Lin'an Rural Bank and CITIC Wealth;

– "Pearl River Delta and West Strait" refers to the following areas where Tier-One branches of the Group are located: Guangzhou, Shenzhen, Fuzhou, Dongguan, Xiamen, and Haikou;

– "Bohai Rim" refers to the following areas where Tier-One branches of the Group are located: Beijing, Tianjin, Dalian, Qingdao, Shijiazhuang, Jinan and CFLL;

– "Central" region refers to the following areas where Tier-One branches of the Group are located: Hefei, Zhengzhou, Wuhan, Changsha, Taiyuan and Nanchang;

– "Western" region refers to the following areas where Tier-One branches of the Group are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa;

– "North-eastern" region refers to the following areas where Tier-One branches of the Group is located: Shenyang, Changchun and Harbin;

(Amounts in millions of Renminbi unless otherwise stated)

54 Segment reporting (continued)

(b) Geographical segments (continued)

– "Head Office" refers to the headquarters of the Bank and the Credit Card Center; and

– "Overseas" includes all the operations of London branch, HongKong branch, CNCB Investment, CIFH and its subsidiaries.

	Year ended 31 December 2024									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
External net interest income	35,402	12,163	3,191	18,960	16,301	762	53,350	6,550	–	146,679
Internal net interest (expense)/income	(4,493)	1,808	20,598	(4,302)	(5,434)	783	(8,977)	17	–	–
Net interest income	30,909	13,971	23,789	14,658	10,867	1,545	44,373	6,567	–	146,679
Net fee and commission income	5,599	1,517	2,402	1,261	782	103	17,752	1,686	–	31,102
Other net income (Note (i))	1,707	737	1,592	734	587	69	28,170	1,846	–	35,442
Operating income	38,215	16,225	27,783	16,653	12,236	1,717	90,295	10,099	–	213,223
Operating expense										
— depreciation and amortisation	(1,069)	(796)	(905)	(666)	(696)	(184)	(3,427)	(568)	–	(8,311)
— others	(11,199)	(6,077)	(8,852)	(6,341)	(5,703)	(1,274)	(20,629)	(3,552)	–	(63,627)
Credit impairment losses	(8,679)	(8,802)	(8,179)	(5,007)	(4,338)	(42)	(22,793)	(3,205)	–	(61,045)
Impairment losses on other assets	–	(11)	(5)	(10)	(22)	(4)	–	(16)	–	(68)
Revaluation loss on investment properties	–	–	–	–	–	–	–	(24)	–	(24)
Share of gains/(loss) of associates and joint ventures	–	–	–	–	–	–	744	(29)	–	715
Profit before tax	17,268	539	9,842	4,629	1,477	213	44,190	2,705	–	80,863
Income tax										(11,395)
Profit for the year										69,468
Capital expenditure	336	247	221	287	257	28	4,481	429	–	6,286

	31 December 2024									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
Segment assets	2,080,747	1,080,806	2,010,887	900,004	750,011	132,623	3,544,471	520,058	(1,548,364)	9,471,243
Interest in associates and joint ventures	–	–	–	–	–	–	7,009	340	–	7,349
Deferred tax assets										54,130
Total assets										9,532,722
Segment liabilities	2,048,244	1,142,811	1,925,658	888,016	762,263	133,944	2,927,282	445,464	(1,548,364)	8,725,318
Deferred tax liabilities										39
Total liabilities										8,725,357
Off-balance sheet credit commitments	399,571	292,758	273,121	307,856	180,892	23,965	801,306	40,085	–	2,319,554

(Amounts in millions of Renminbi unless otherwise stated)

54 Segment reporting (continued)

(b) Geographical segments (continued)

	Year ended 31 December 2023									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
External net interest income/(expense)	29,405	10,713	(5,496)	20,028	16,992	1,159	63,807	6,931	–	143,539
Internal net interest income/(expense)	3,609	931	25,902	(1,712)	(3,901)	461	(25,321)	31	–	–
Net interest income	33,014	11,644	20,406	18,316	13,091	1,620	38,486	6,962	–	143,539
Net fee and commission income	5,185	1,674	3,092	1,406	942	154	18,610	1,320	–	32,383
Other net income (Note (i))	1,804	599	722	184	270	40	25,795	234	–	29,648
Operating income	40,003	13,917	24,220	19,906	14,303	1,814	82,891	8,516	–	205,570
Operating expense										
— depreciation and amortisation	(988)	(798)	(1,119)	(653)	(744)	(195)	(3,164)	(580)	–	(8,241)
— others	(9,677)	(5,200)	(7,207)	(5,935)	(5,023)	(1,059)	(23,295)	(3,577)	–	(60,973)
Credit impairment losses	(8,481)	(6,500)	(3,855)	(5,122)	(4,337)	(332)	(30,723)	(2,576)	–	(61,926)
Impairment losses on other assets	(65)	(22)	(34)	(44)	(111)	(2)	–	–	–	(278)
Revaluation loss on investment properties	–	–	–	–	–	–	–	(1)	–	(1)
Share of gains of associates and joint ventures	–	–	–	–	–	–	–	736	–	736
Profit before tax	20,792	1,397	12,005	8,152	4,088	226	25,709	2,518	–	74,887
Income tax										(6,825)
Profit for the year										68,062
Capital expenditure	395	247	238	205	222	34	4,624	407	–	6,372

	31 December 2023									
	Yangtze River Delta	Pearl River Delta and West Strait	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Elimination	Total
Segment assets	2,009,211	994,510	1,889,859	879,067	732,239	126,449	3,436,157	480,095	(1,554,528)	8,993,059
Interest in associates and joint ventures	–	–	–	–	–	–	6,573	372	–	6,945
Deferred tax assets										52,480
Total assets										9,052,484
Segment liabilities	1,995,433	1,041,109	1,884,262	854,890	733,286	132,996	2,817,827	412,405	(1,554,400)	8,317,808
Deferred tax liabilities										1
Total liabilities										8,317,809
Off-balance sheet credit commitments	395,730	255,105	254,314	281,328	175,195	21,048	770,572	34,656	–	2,187,948

Note:

(i) Other net income consists of net trading gain, net gain from investment securities, net hedging gain and other operating income.

55 Financial risk management

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments:

– **Credit risk** Credit risk represents the potential loss that may arise from the failure of a customer or counterparty to meet its contractual obligations or commitments to the Group.

– **Market risk** Market risk arises from unfavorable changes in market prices (interest rate, exchange rate, stock price or commodity price) that lead to a loss of on-balance sheet or off-balance sheet business in the Group.

– **Liquidity risk** Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds.

– **Operational risk** Operational risk arises from inappropriate or problematic internal procedures, personnel, IT systems, or external events, such risk includes legal risk, but excluding strategic risk and reputational risk.

The Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and limits by means of reliable and up-to-date management information systems. The Group regularly modifies and enhances its risk management policies and systems to reflect changes in markets, products and best practice risk management processes. Internal auditors also perform regular audits to ensure compliance with relevant policies and procedures.

(a) Credit risk

Credit risk management

Credit risk refers to the risk of loss caused by default of debtor or counterparty. Credit risk also occurs when the Group makes unauthorized or inappropriate loans and advances to customers, financial commitments or investments. The credit risk exposures of the Group mainly arise from the Group's loans and advances to customers, bonds, interbank business, receivables, lease receivables, other debt investments, and other on-balance sheet assets, and also off-balance sheet items, such as credit commitments.

The Group has standardized management on the entire credit business process including loan application and its investigation, approval and granting of loan, and monitoring of non-performing loans. Through strictly standardized credit business process, strengthening the whole process management of pre-lending investigation, credit rating and credit granting, examination and approval, loan review and post-lending monitoring, improving risk mitigating impact of collateral, accelerating the collection and disposal of non-performing loans, and promoting the upgrading and transformation of credit management system, the credit risk management of the Group has been comprehensively improved.

The Group writes off financial asset when it cannot reasonably expect to recover all or part of the asset. Signs indicating that the recoverable amount cannot be reasonably expected to recover include: (1) the enforcement has been terminated, and (2) the Group's recovery method is to confiscate and dispose of the collateral, but the expected value of the collateral cannot cover the entire principal and interest.

In addition to the credit risk caused by credit assets, the Group manages the credit risk for treasury businesses through prudently selecting peers and other financial institutions with comparable credit levels as counterparties, balancing credit risk with returns on investment, comprehensively considering internal and external credit rating information, granting credit hierarchy, and using credit management system to review and adjust credit commitments on a timely basis, etc. In addition, the Group provides off-balance sheet commitment and guarantee businesses to customers, so it is possible for the Group to make payment on behalf of the customer in case of customer's default and bear risks similar to the loan. Therefore, the Group applies similar risk control procedures and policies to such business to reduce the credit risk.

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL")

The Group adopts the "expected credit loss model" on its debt instruments which are classified as financial assets measured at amortised cost and at fair value through other comprehensive income and off-balance sheet credit assets in accordance with the provisions of IFRS 9.

For financial assets that are included in the measurement of expected credit losses, the Group evaluates whether the credit risks of related financial assets have increased significantly since the initial recognition. The impairment model is used to measure their allowances for impairment losses respectively to recognize expected credit losses and their movements:

Stage 1: Financial assets with no significant increase in credit risk since initial recognition will be classified as "Stage 1" and the Group continuously monitors their credit risk. The loss allowance of financial assets in Stage 1 is measured based on the expected credit losses in the next 12 months, which represent the proportion of the lifetime expected credit losses that may arise from possible default events in the next 12 months.

Stage 2: If there is a significant increase in credit risk from initial recognition but not has been credit-impaired, the Group transfers the related financial assets to Stage 2, but does not consider them as credit-impaired instruments. The expected credit losses of financial assets in Stage 2 are measured based on the lifetime expected credit losses.

Stage 3: If a financial asset has been credit-impaired, it will be moved to Stage 3. The expected credit losses of financial assets in Stage 3 are measured based on the lifetime expected credit losses.

Purchased or originated credit-impaired financial assets refers to financial assets that are credit-impaired at initial recognition. Allowance for impairment losses on these assets are the lifetime expected credit losses.

The Group measures ECLs of financial assets through testing models including the risk parameters model and discounted cash flows model. The risk parameters model method is applicable to the financial assets in Stages 1 and 2. Both the risk parameter model and discounted cash flows model are applicable to the Stage 3 financial assets.

The discounted cash flow model is used to calculate the impairment allowance for an asset based on the regular forecasts of the future cash flows of the asset. At each measurement date, the Group makes forecasts of the future cash inflows of the asset in different periods and in different scenarios, applies probability weightings to obtain the weighted averages of the future cash flows, applies appropriate discount rates to the weighted averages and adds these discounted weighted averages to obtain the present value of the future cash inflows.

The risk parameter model has two main components: 1) the assessment methods under, the Internal Rating-Based (IRB) approach for key parameters, such as probability of default (PD) and loss given default (LGD); and 2) the forward-looking adjustment model for multi-scenario forecasts based on the key parameters. The expected credit losses of financial assets are assessed individually by measuring PDs, LGDs and forward-looking adjustments. The key judgments involved and assumptions adopted by the Group in assessing expected credit losses are as follows:

(1) Grouping of risks

According to the nature of the businesses, the Group mainly divides its financial assets into three major categories, i. e., corporate assets, personal loans and credit card assets according to the asset categories, and further divides them into risk groups in light of their credit risk characteristics, including the industries in which the customers operate and product type.

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(2) *Significant increase in credit risk*

On each balance sheet date, the Group evaluates whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition. When one or more quantitative or qualitative threshold, or pre-set upper limit are triggered, the credit risk of financial instruments would be considered as having increased significantly.

By setting quantitative and qualitative criteria, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The criteria mainly include days past due, the absolute level and relative level of default probability changes, changes in credit risk classification and other circumstances indicating significant changes in credit risk.

In accordance with the policies of the central government and regulatory authorities and in light of its credit management needs, the Group makes prudential assessments of the repayment ability of borrowers who apply for loan extensions, To eligible borrowers provides a number of relief options, including deferred repayment of interest and adjustment of repayment schedules., and at the same time, the Group makes individual and collective assessments to assess whether there has been a significant increase in the credit risk of these borrowers.

(3) *Definition of credit-impaired assets*

When credit impairment occurred, the Group defines that the financial asset is in default. In general, a financial asset that is overdue for more than 90 days is considered to be in default.

When one or more events that significant adversely affect the expected future cash flow of a financial asset occurs, the financial asset becomes a credit-impaired financial asset. Evidence of credit-impaired financial assets includes the following observable information:

- The issuer or borrower is in significant financial difficulties;
- The borrower is in breach of financial covenant(s) such as default or overdue in repayment of interests or principal etc.;
- The creditor gives the debtor concession that would not be offered otherwise, considering for economic or contractual reasons relating to the debtor's financial difficulties;
- It is becoming probably that the borrower will enter bankruptcy or other financial restructuring;
- An active market for that financial asset has disappeared because of financial difficulties from issuer or borrower;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(4) Inputs for measurement of expected credit losses

The expected credit loss is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred or whether an asset is considered to be credit-impaired. Related definitions are as follows:

- The probability of default ("PD") represents the likelihood of a borrower defaulting on its financial obligations, either over the next 12 months or over the remaining lifetime of the obligation.

- Loss given default ("LGD") represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim, and collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis.

- Exposure at default ("EAD") is based on the amounts that the Group expects to be owned at the time of default, over the next 12 months or over the remaining lifetime of the obligation.

The Group regularly monitors and reviews the assumptions related to the calculation of ECL, including the PDs for various maturities and the changes in the values of collateral over time.

The Group classifies exposures with similar risk characteristics into groups and collectively estimates their risk parameters, including PDs, LGDs, and EADs. During 2024, based on data accumulation, the Group optimized and updated the relevant models and parameters. The Group has obtained sufficient information to ensure its statistical reliability.The Group makes allowances for its expected credit losses based on on-going assessment of and follow-up on changes in its customers and their financial assets on an individual basis.

(5) Forward-looking information

The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. Based on historical analysis, the Group has identified the key economic variables impacting expected credit losses for various risk groups.

These economic variables have different impacts on the probabilities of default and the losses given default of different risk groups. The Group makes, forecasts of these economic indicators at least semi-annually. In this process, the Group also resorts to expert judgment, and applies expert judgment to determine the impact of these economic variables on the probabilities of and the losses given default..

In addition to the neutral economic scenario, the Group determines the possible scenarios and their weightings by a combination of statistical analysis and expert judgment. The Group measures expected credit losses as either a probability weighted 12 months expected credit losses (Stage 1) or a probability weight lifetime expected credit losses (Stage 2 and Stage 3). These probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit losses model and multiplying it by the appropriate scenario weighting.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(5) Forward-looking information (continued)

Macroeconomic scenario and weighting information

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. Based on comprehensive considerations of internal and external data expert forecasts, and the best estimate of future, outcomes, the Group makes regular forecasts of the macro indicators in three macro-economic scenarios, i. e., the positive, neutral, and negative scenarios, to determine the coefficients for forward-looking adjustments. Neutral is defined as the most likely to happen in the future, as compared to other scenarios. Positive scenario and negative scenario represent the likely scenario that is better off or worse off as compared to the neutral scenario.

The Group reassessed and updated the key economic indicators affecting ECLs and their estimates during the reporting period based on the latest historical data. The economic indicators currently applied in the neutral scenario, including consumer price index, narrow money supply and gross domestic product, etc., are basically consistent with the forecasts of research institutions.

Considered different macroeconomic scenarios and the key macroeconomic scenario assumptions used in estimating ECL are set out below:

Variables	Range
Total Retail Sales of Consumer Goods (cumulative year-on-year growth)	0.59%~5.02%
Completed Investment in Fixed Assets (cumulative year-on-year growth)	3.81%~5.60%
Per capita Consumption Expenditure of Urban Residents (cumulative year-on-year growth)	3.13%~6.79%

Currently, the weighting of neutral scenario is equal to the sum of the weightings of other scenarios. Following this assessment, the Group measures ECL as a weighted average probability of ECL in the next 12-month under the three scenarios for Stage 1 financial instruments; and a weighted average probability of lifetime ECL for Stage 2 and 3 financial instruments.

Considering the portfolios that cannot be modeled by regression, such as those with extremely low default rate or without appropriate internal rating data, the Group mainly adopts the expected loss ratio of similar portfolios with established regression models, in order to expand the coverage of the existing ECL model.

(6) Sensitivity information and management overlay

Changes to the inputs and forward-looking information used in ECL measurement will affect the assessment of significant increase in credit risk and the measurement expected of credit losses.

As at 31 December 2024, assuming a 10% increase in the weighting of the positive scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losses would be reduced by no more than 5% of the current credit impairment losses; assuming a 10% increase in the weighting of the negative scenario and a 10% decrease in the weighting of the neutral scenario, the Group's credit impairment losses would increase by no more than 5% of the current credit impairment losses.

As at 31 December 2024, assuming an overall increase or decrease of 5% in the macroeconomic factors, the change to the impairment loss allowances for the main credit assets of the Group and the Bank would not exceed 10% of the current impairment loss allowances.

For risks in specific areas the impacts of deferred principal also considered and applied management overlays to increase the impairment provisions to further boost its risk mitigation capacity, and the subsequent increase in the impairment loss allowances did not exceed 5% of the current impairment loss allowances.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure

The maximum exposure to credit risk at the reporting date without taking into consideration of any collateral held or other credit enhancement is represented by the net balance of each type of financial assets in the consolidated annual statement of financial position after deducting any allowance for impairment losses. A summary of the maximum exposure is as follows:

	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Balances with central banks	336,178	–	–	–	336,178
Deposits with bank and non-bank financial institutions	128,193	–	–	–	128,193
Placements with and loans to banks and non-bank financial institutions	382,012	–	–	22,789	404,801
Derivative financial assets	–	–	–	85,929	85,929
Financial assets held under resale agreements	136,265	–	–	–	136,265
Loans and advances to customers	5,477,446	91,553	20,839	11,612	5,601,450
Financial investments					
— at fair value through profit or loss	–	–	–	647,398	647,398
— at amortised cost	1,087,862	9,165	21,962	–	1,118,989
— at fair value through other comprehensive income	849,251	–	530	–	849,781
— designated at fair value through other comprehensive income	–	–	–	4,702	4,702
Other financial assets	20,221	9,813	862	–	30,896
Subtotal	8,417,428	110,531	44,193	772,430	9,344,582
Credit commitments	2,318,250	1,209	95	–	2,319,554
Maximum credit risk exposure	10,735,678	111,740	44,288	772,430	11,664,136

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

	31 December 2023				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Balances with central banks	411,975	–	–	–	411,975
Deposits with bank and non-bank financial institutions	81,075	–	–	–	81,075
Placements with and loans to banks and non-bank financial institutions	230,422	–	–	7,320	237,742
Derivative financial assets	–	–	–	44,675	44,675
Financial assets held under resale agreements	104,773	–	–	–	104,773
Loans and advances to customers	5,285,333	69,674	23,185	5,558	5,383,750
Financial investments					
— at fair value through profit or loss	–	–	–	613,824	613,824
— at amortised cost	1,055,785	4,574	25,239	–	1,085,598
— at fair value through other comprehensive income	887,165	503	1,009	–	888,677
— designated at fair value through other comprehensive income	–	–	–	4,807	4,807
Other financial assets	18,604	9,815	756	–	29,175
Subtotal	8,075,132	84,566	50,189	676,184	8,886,071
Credit commitments	2,186,860	1,032	56	–	2,187,948
Maximum credit risk exposure	10,261,992	85,598	50,245	676,184	11,074,019

According to the quality of assets, the Group classified the credit rating of the financial assets as risk level 1, risk level 2, risk level 3 and default. "Risk level 1" refers to customers who have competitive advantages among local peers with good foundations, outstanding operation results, strong operational and financial strength, and/or good corporate governance structure. "Risk level 2" refers to customers who are in the middle tier among local peers with fair foundations, fair operation results, fair operational and financial strength, and/or fair corporate governance structure. "Risk level 3" refers to customers who are in the lower tier among local peers, with weak foundations, poor operation results, poor operational and financial strength, and/or deficiency in corporate governance structure. The definition of "Default" is same as the definition of credit impaired. The credit rating is used for internal risk management.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

The following table provides an analysis of loans and advances to customers and financial investments that are included in the ECL assessment according to the credit risk level. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

	31 December 2024						
	Risk level 1	**Risk level 2**	**Risk level 3**	**Default**	**Subtotal**	**Allowance for impairment losses**	**Net balance**
Loans and advances to customers (Note (i))							
Stage 1	**3,584,584**	**1,720,473**	**234,430**	**–**	**5,539,487**	**(62,041)**	**5,477,446**
Stage 2	**1,389**	**19,577**	**100,040**	**–**	**121,006**	**(29,453)**	**91,553**
Stage 3	**–**	**–**	**–**	**69,738**	**69,738**	**(48,899)**	**20,839**
Financial investments at amortised cost							
Stage 1	**1,056,949**	**32,325**	**489**	**–**	**1,089,763**	**(1,901)**	**1,087,862**
Stage 2	**637**	**5,488**	**4,086**	**–**	**10,211**	**(1,046)**	**9,165**
Stage 3 (Note (ii))	**–**	**–**	**–**	**45,180**	**45,180**	**(23,218)**	**21,962**
Financial investments at fair value through other comprehensive income							
Stage 1	**848,602**	**649**	**–**	**–**	**849,251**	**(1,787)**	**849,251**
Stage 2	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Stage 3	**–**	**–**	**–**	**530**	**530**	**(771)**	**530**
Maximum credit risk exposure	**5,492,161**	**1,778,512**	**339,045**	**115,448**	**7,725,166**	**(169,116)**	**7,558,608**

	31 December 2023						
	Risk level 1	Risk level 2	Risk level 3	Default	Subtotal	Allowance for impairment losses	Net balance
Loans and advances to customers (Note (i))							
Stage 1	3,989,361	1,198,860	160,088	–	5,348,309	(62,976)	5,285,333
Stage 2	2,663	14,094	80,022	–	96,779	(27,105)	69,674
Stage 3	–	–	–	67,646	67,646	(44,461)	23,185
Financial investments at amortised cost							
Stage 1	1,020,411	37,356	694	–	1,058,461	(2,676)	1,055,785
Stage 2	–	–	5,935	–	5,935	(1,361)	4,574
Stage 3 (Note (ii))	–	–	–	47,507	47,507	(22,268)	25,239
Financial investments at fair value through other comprehensive income							
Stage 1	885,937	1,228	–	–	887,165	(1,289)	887,165
Stage 2	–	503	–	–	503	(219)	503
Stage 3	–	–	–	1,009	1,009	(460)	1,009
Maximum credit risk exposure	5,898,372	1,252,041	246,739	116,162	7,513,314	(162,815)	7,352,467

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(i) Maximum credit risk exposure (continued)

Notes:

(i) Loans and advances to customers include loans and advances to customers measured at fair value through other comprehensive income, and its corresponding impairment are not included in the "Allowance for impairment losses" as shown in the table.

(ii) Claims in Stage 3 mainly represent investment management products and trust investment plans (Note 55(a)(viii)).

(ii) Measurement of expected credit losses

The following table shows the movement in carrying value of loans and advances to customers in current reporting period:

	Year ended 31 December 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**5,348,309**	**96,779**	**67,646**
Movements			
Net transfers out from Stage 1	**(121,079)**	**–**	**–**
Net transfers into Stage 2	**–**	**42,321**	**–**
Net transfers into Stage 3	**–**	**–**	**78,758**
Net transactions incurred during the year (Note(i))	**304,200**	**(19,131)**	**(16,400)**
Write-off	**–**	**–**	**(60,724)**
Others (Note (ii))	**8,057**	**1,037**	**458**
As at 31 December 2024	**5,539,487**	**121,006**	**69,738**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	4,998,804	91,451	75,816
Movements			
Net transfers out from Stage 1	(104,735)	–	–
Net transfers into Stage 2	–	26,544	–
Net transfers into Stage 3	–	–	78,191
Net transactions incurred during the year (Note(i))	443,018	(20,657)	(26,433)
Write-off	–	–	(60,054)
Others (Note (ii))	11,222	(559)	126
As at 31 December 2023	5,348,309	96,779	67,646

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in carrying value of financial investment in current reporting period:

	Year ended 31 December 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**1,945,626**	**6,438**	**48,516**
Movements			
Net transfers out from Stage 1	**(4,812)**	**–**	**–**
Net transfers into Stage 2	**–**	**4,301**	**–**
Net transfers into Stage 3	**–**	**–**	**511**
Net transactions incurred during the year (Note(i))	**(6,687)**	**(1,339)**	**(148)**
Write-off	**–**	**–**	**(3,365)**
Others (Note (ii))	**4,887**	**811**	**196**
As at 31 December 2024	**1,939,014**	**10,211**	**45,710**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	1,908,041	5,232	55,440
Movements			
Net transfers out from Stage 1	(5,334)	–	–
Net transfers into Stage 2	–	3,460	–
Net transfers into Stage 3	–	–	1,874
Net transactions incurred during the year (Note(i))	38,725	(2,366)	(3,020)
Write-off	–	–	(5,629)
Others (Note (ii))	4,194	112	(149)
As at 31 December 2023	1,945,626	6,438	48,516

Notes:

(i) Net transactions during the year mainly include changes in carrying amount due to purchase, origination, or derecognition (excluding write-offs).

(ii) Others include changes in accrued interest receivables and effect of exchange differences during the year.

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in allowance for impairment of loans and advances to customers in current reporting period:

	Year ended 31 December 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**63,562**	**27,105**	**44,531**
Movements (Note(i))			
Net transfers out from Stage 1	**(3,136)**	**–**	**–**
Net transfers into Stage 2	**–**	**6,157**	**–**
Net transfers into Stage 3	**–**	**–**	**33,557**
Net transactions incurred during the year (Note(ii))	**7,501**	**(4,995)**	**(6,962)**
Changes in parameters for the year (Note (iii))	**(5,303)**	**131**	**25,749**
Write-off	**–**	**–**	**(60,724)**
Others (Note (iv))	**(38)**	**1,056**	**12,751**
As at 31 December 2024	**62,586**	**29,454**	**48,902**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	60,727	22,524	48,363
Movements (Note(i))			
Net transfers out from Stage 1	(3,045)	–	–
Net transfers into Stage 2	–	9,082	–
Net transfers into Stage 3	–	–	34,778
Net transactions incurred during the year (Note(ii))	6,982	(3,989)	(6,742)
Changes in parameters for the year (Note (iii))	(1,171)	(149)	14,094
Write-off	–	–	(60,054)
Others (Note (iv))	69	(363)	14,092
As at 31 December 2023	63,562	27,105	44,531

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(ii) Measurement of expected credit losses (continued)

The following table shows the movement in allowance for impairment of financial investment in current reporting period:

	Year ended 31 December 2024		
	Stage 1	**Stage 2**	**Stage 3**
As at 1 January 2024	**3,965**	**1,580**	**22,728**
Movements (Note(i))			
Net transfers out from Stage 1	**(165)**	**–**	**–**
Net transfers out from Stage 2	**–**	**(58)**	**–**
Net transfers into Stage 3	**–**	**–**	**223**
Net transactions incurred during the year (Note(ii))	**203**	**(618)**	**1,386**
Changes in parameters for the year (Note (iii))	**(309)**	**138**	**2,961**
Write-off	**–**	**–**	**(3,365)**
Others (Note (iv))	**(6)**	**4**	**56**
As at 31 December 2024	**3,688**	**1,046**	**23,989**

	Year ended 31 December 2023		
	Stage 1	Stage 2	Stage 3
As at 1 January 2023	3,899	1,485	25,899
Movements (Note(i))			
Net transfers out from Stage 1	(177)	–	–
Net transfers into Stage 2	–	650	–
Net transfers into Stage 3	–	–	893
Net transactions incurred during the year (Note(ii))	232	119	2,373
Changes in parameters for the year (Note (iii))	5	(676)	(810)
Write-off	–	–	(5,629)
Others (Note (iv))	6	2	2
As at 31 December 2023	3,965	1,580	22,728

Notes:

(i) Movements in allowance for impairment during the year mainly include the impact of stage changes on the measurement of ECLs.

(ii) Net transactions during the year mainly include changes in allowance for impairment due to financial assets purchased newly originated, purchased or derecognized (excluding write-offs).

(iii) Changes in parameters mainly include changes in risk exposures and the impacts on ECLs due to changes in PDs and LGDs following regular updates on modelling parameters rather than stages movements.

(iv) Others include recovery of loans written off, changes of impairment losses of accrued interest, and effect of exchange differences.

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(iii) Loans and advances to customers analysed by industry sector:

	31 December 2024			31 December 2023		
	Gross balance	**%**	**Loans and advances secured by collateral**	Gross balance	%	Loans and advances secured by collateral
Corporate loans						
— rental and business services	**563,951**	**9.8**	**156,726**	531,424	9.6	148,751
— manufacturing	**556,173**	**9.7**	**197,868**	500,002	9.1	177,434
— water, environment and public utility management	**437,242**	**7.6**	**96,817**	434,570	7.9	104,719
— real estate	**285,149**	**5.0**	**196,753**	259,363	4.7	171,880
— wholesale and retail	**226,139**	**3.9**	**93,242**	213,632	3.9	100,650
— transportation, storage and postal services	**148,934**	**2.6**	**62,888**	139,201	2.5	63,159
— production and supply of electric power, heat, gas and water	**118,483**	**2.1**	**46,869**	96,190	1.7	39,998
— construction	**115,613**	**2.0**	**36,822**	116,099	2.1	45,125
— financial industry	**91,514**	**1.6**	**8,896**	78,756	1.4	4,720
— Information transmission, software and information technology services	**66,479**	**1.2**	**22,681**	54,705	1.0	21,882
— others	**298,440**	**5.2**	**84,905**	273,208	5.0	82,093
Subtotal	**2,908,117**	**50.7**	**1,004,467**	2,697,150	48.9	960,411
Personal loans	**2,362,110**	**41.1**	**1,593,382**	2,283,846	41.3	1,510,757
Discounted bills	**449,901**	**7.8**	**–**	517,348	9.4	–
Accrued interest	**21,715**	**0.4**	**–**	19,948	0.4	–
Gross loans and advances to customers	**5,741,843**	**100.0**	**2,597,849**	5,518,292	100.0	2,471,168

(iv) Loans and advances to customers analysed by geographical sector:

	31 December 2024			31 December 2023		
	Gross balance	**%**	**Loans and advances secured by collateral**	Gross balance	%	Loans and advances secured by collateral
Yangtze River Delta	**1,647,237**	**28.8**	**760,263**	1,538,269	27.9	723,947
Bohai Rim (including Head Office)	**1,455,154**	**25.3**	**465,582**	1,423,026	25.8	431,641
Pearl River Delta and West Strait	**812,116**	**14.1**	**482,490**	782,231	14.2	459,753
Central	**804,731**	**14.0**	**402,389**	790,477	14.3	379,773
Western	**696,388**	**12.1**	**343,939**	669,589	12.1	328,307
Northeastern	**84,343**	**1.5**	**46,712**	85,037	1.5	52,682
Outside Mainland China	**220,159**	**3.8**	**96,474**	209,715	3.8	95,065
Accrued interest	**21,715**	**0.4**	**–**	19,948	0.4	–
Total	**5,741,843**	**100.0**	**2,597,849**	5,518,292	100.0	2,471,168

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(v) Loans and advances to customers analysed by type of security

	31 December 2024	31 December 2023
Unsecured loans	**1,625,741**	1,546,536
Guaranteed loans	**1,046,637**	963,292
Secured loans	**2,597,849**	2,471,168
— loans secured by collateral	**2,197,326**	2,057,869
— pledged loans	**400,523**	413,299
Subtotal	**5,270,227**	4,980,996
Discounted bills	**449,901**	517,348
Accrued interest	**21,715**	19,948
Gross loans and advances to customers	**5,741,843**	5,518,292

(vi) Rescheduled loans and advances to customers

	31 December 2024		31 December 2023	
	Gross balance	**% of total loans and advances**	Gross balance	% of total loans and advances
Rescheduled loans and advances	**29,601**	**0.52%**	17,477	0.32%
— rescheduled loans and advances overdue more than 3 months	**1, 626**	**0.03%**	3,147	0.06%

Rescheduled loans and advances are those loans and advances to customers which have been restructured or renegotiated because of deterioration in the financial position of the borrowers, or of the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are a concession that the Group would not otherwise consider. As of 31 December 2024, the Group's concession given under renegotiation with borrowers or court rulings as a result of deterioration in financial position of borrowers is not significant.

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(vii) Debt securities analysed by credit rating

The Group adopts a credit rating approach to manage credit risk of its debt instruments portfolio. The ratings are obtained from major rating agencies where the debt instruments are issued. As at 31 December 2024 and 2023, debt instruments investments analysed by rating as at the end of the reporting period are as follows:

	31 December 2024					
	Unrated (Note (i))	**AAA**	**AA**	**A**	**Below A**	**Total**
Debt securities issued by:						
— governments	**909,891**	**532,386**	**41,824**	**240**	**–**	**1,484,341**
— policy banks	**24,475**	**–**	**–**	**5,192**	**–**	**29,667**
— public entities	**–**	**–**	**11,705**	**–**	**–**	**11,705**
— banks and non-bank financial institutions	**20,305**	**211,989**	**16,377**	**45,594**	**8,514**	**302,779**
— corporates	**20,254**	**83,324**	**23,093**	**20,474**	**13,020**	**160,165**
Investment management products managed by securities companies	**16,712**	**–**	**–**	**–**	**–**	**16,712**
Trust investment plans	**175,858**	**–**	**–**	**–**	**–**	**175,858**
Total	**1,167,495**	**827,699**	**92,999**	**71,500**	**21,534**	**2,181,227**

	31 December 2023					
	Unrated (Note (i))	AAA	AA	A	Below A	Total
Debt securities issued by:						
— governments	898,954	512,419	59,173	2,270	–	1,472,816
— policy banks	23,606	24,039	–	5,859	–	53,504
— public entities	–	–	3,987	–	–	3,987
— banks and non-bank financial institutions	7,545	260,681	13,116	20,840	2,189	304,371
— corporates	21,349	64,269	13,208	8,838	5,314	112,978
Investment management products managed by securities companies	19,176	–	–	–	–	19,176
Trust investment plans	189,733	–	–	–	–	189,733
Total	1,160,363	861,408	89,484	37,807	7,503	2,156,565

Note:

(i) Unrated debt securities held by the Group are primarily bonds issued by the Chinese government, policy banks, banks, non-bank financial institutions, investment management products managed by securities companies and trust investment plans.

55 Financial risk management (continued)

(a) Credit risk (continued)

Measurement of expected credit losses ("ECL") (continued)

(viii) Investment management products managed by securities companies and trust investment plans analysed by type of underlying assets

	31 December 2024	31 December 2023
Investment management products managed by securities companies and trust investment plans — credit assets	**210,068**	227,748
Total	**210,068**	227,748

The Group puts investment management products managed by securities companies and trust investment plans into comprehensive credit management system, to manage its credit risk exposure in a holistic manner. The type of security of credit assets includes guarantee, secured by collateral, and pledge.

(b) Market risk

Market risk refers to risks that may cause a loss of on-balance sheet and off-balance sheet businesses for the Group due to the adverse movement of market prices, including interest rates, foreign exchange rates, stock prices and commodity prices. The Group has established a market risk management system that formulates procedures to identify, measure, supervision and control market risks. This system aims to limit market risk to an acceptable level through examining and approving new products and limit management.

Management of the Group is responsible for approving market risk management policies, establishing appropriate organizational structure and information systems to effectively identify, measure, monitor and control market risks, and ensuring adequate resources to reinforce the market risk management. The Risk Management Department is responsible for independently managing and controlling market risks of the Group, including developing market risk management policies and authorization limits, providing independent report of market risk to identify, measure and monitor the Group's market risk. Business departments are responsible for the day-to-day management of market risks, including effectively identifying, measuring, controlling market risk factors associated with the relevant operations, so as to ensure the dynamic balance between business development and risk undertaking.

The Group uses sensitivity analysis, foreign exchange exposure and interest rate re-pricing gap analysis as the primary instruments to monitor market risk.

Interest rate risk and currency risk are the major market risks that the Group is exposed to.

Interest rate risk

The Group's interest rate exposures mainly arise from the mismatching of assets and liabilities' re-pricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its re-pricing risk and adjust the ratio of floating and fixed rate exposures, the loan re-pricing cycle, as well as optimization of the term structure of its deposits accordingly.

The Group implements various methods, such as duration analysis, sensitivity analysis, stress testing and scenario simulation, to measure, manage and report the interest rate risk on a regular basis.

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

The following tables summarise the average interest rates, and the next re-pricing dates or contractual maturity date whichever is earlier for the assets and liabilities as at the end of each reporting date.

	Average interest rate (Note (i))	31 December 2024 Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central banks	1.63%	340,915	15,890	325,025	–	–	–
Deposits with banks and non-bank financial institutions	2.22%	128,193	335	108,521	19,337	–	–
Placements with and loans to banks and non-bank financial institutions	3.14%	404,801	1,230	170,143	175,035	58,393	–
Financial assets held under resale agreements	1.81%	136,265	31	136,234	–	–	–
Loans and advances to customers (Note (ii))	4.24%	5,601,450	20,013	3,880,345	1,356,402	310,160	34,530
Financial investment							
— at fair value through profit or loss		647,398	434,941	69,204	70,241	13,200	59,812
— at amortised cost	2.93%	1,118,989	13,764	78,013	182,951	591,096	253,165
— at fair value through other comprehensive income	2.80%	849,781	6,425	71,374	102,832	482,857	186,293
— designated at fair value through other comprehensive income		4,702	4,702	–	–	–	–
Others		300,228	300,228	–	–	–	–
Total assets		9,532,722	797,559	4,838,859	1,906,798	1,455,706	533,800

	Average interest rate (Note (i))	31 December 2024 Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Liabilities							
Borrowings from central banks	2.48%	124,151	1,544	57,836	64,771	–	–
Deposits from banks and non-bank financial institutions	2.01%	968,492	4,404	894,161	69,927	–	–
Placements from banks and non-bank financial institutions	3.15%	88,550	17	49,378	35,528	3,627	–
Financial liabilities at fair value through profit or loss		1,719	1	–	15	1,652	51
Financial assets sold under repurchase agreements	2.10%	278,003	236	232,354	45,413	–	–
Deposits from customers	1.89%	5,864,311	166,440	3,563,608	1,100,317	1,033,946	–
Debt securities issued	2.42%	1,224,038	3,516	266,626	734,854	149,050	69,992
Lease liabilities	4.37%	10,861	–	790	2,122	6,595	1,354
Others		165,232	163,559	1,673	–	–	–
Total liabilities		8,725,357	339,717	5,066,426	2,052,947	1,194,870	71,397
Interest rate gap		807,365	457,842	(227,567)	(146,149)	260,836	462,403

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

	31 December 2023						
	Average interest rate (Note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Assets							
Cash and balances with central banks	1.60%	416,442	10,592	405,850	–	–	–
Deposits with banks and non-bank financial institutions	2.07%	81,075	2,651	53,098	25,326	–	–
Placements with and loans to banks and non-bank financial institutions	3.18%	237,742	1,288	86,813	148,141	1,500	–
Financial assets held under resale agreements	1.61%	104,773	35	104,738	–	–	–
Loans and advances to customers (Note (ii))	4.56%	5,383,750	19,267	3,560,330	1,527,678	261,492	14,983
Financial investment							
— at fair value through profit or loss		613,824	421,787	79,060	87,297	10,806	14,874
— at amortised cost	3.16%	1,085,598	12,920	65,996	184,679	630,192	191,811
— at fair value through other comprehensive income	2.73%	888,677	6,419	130,264	132,711	426,617	192,666
— designated at fair value through other comprehensive income		4,807	4,807	–	–	–	–
Others		235,796	235,796	–	–	–	–
Total assets		9,052,484	715,562	4,486,149	2,105,832	1,330,607	414,334

	31 December 2023						
	Average interest rate (Note (i))	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one and five years	More than five years
Liabilities							
Borrowings from central banks	2.61%	273,226	2,026	53,857	217,243	100	–
Deposits from banks and non-bank financial institutions	2.12%	927,887	4,808	779,154	143,925	–	–
Placements from banks and non-bank financial institutions	3.00%	86,327	165	44,843	40,319	1,000	–
Financial liabilities at fair value through profit or loss		1,588	–	519	–	8	1,061
Financial assets sold under repurchase agreements	2.13%	463,018	193	458,439	4,386	–	–
Deposits from customers	2.12%	5,467,657	99,191	3,600,066	681,129	1,087,271	–
Debt securities issued	2.62%	965,981	4,104	271,275	466,722	153,885	69,995
Lease liabilities	4.46%	10,245	–	832	2,112	5,998	1,303
Others		121,880	121,880	–	–	–	–
Total liabilities		8,317,809	232,367	5,208,985	1,555,836	1,248,262	72,359
Interest rate gap		734,675	483,195	(722,836)	549,996	82,345	341,975

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

Notes:

(i) Average interest rate represents the ratio of interest income/expense to average interest bearing assets/liabilities during the year.

(ii) For loans and advances to customers, the "Less than three months" category includes overdue amounts (net of allowance for impairment losses) of RMB42,178 million as at 31 December 2024 (as at 31 December 2023: RMB39,762 million).

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and Other comprehensive income. The following table sets forth the results of the Group's interest rate sensitivity analysis as at 31 December 2024 and 2023.

	31 December 2024		31 December 2023	
	Net interest Income	**Other comprehensive income**	Net interest Income	Other comprehensive income
+100 basis points	**(3,372)**	**(6,403)**	(3,103)	(7,681)
– 100 basis points	**3,372**	**6,403**	3,103	7,681

This sensitivity analysis is based on a static interest rate risk profile of the Group's non-derivative assets and liabilities and certain assumptions as discussed below. The analysis measures only the impact of changes in interest rates within one year, showing how annualized interest income would have been affected by repricing of the Group's non-derivative assets and liabilities within the one-year period. The analysis is based on the following assumptions: (i) all assets and liabilities that reprice or mature within the three months bracket, and the beyond three months but within one year bracket both are repriced or mature at the beginning of the respective periods, (ii) it does not reflect the potential impact of unparalleled yield curve movements, and (iii) there are no other changes to the portfolio, all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's net interest income and other comprehensive income resulted from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

Currency risk

Currency risk arises from the potential change of exchange rates that cause a loss to the on-balance sheet and off-balance sheet business of the Group. The Group measures its currency risk with foreign currency exposures, and manages its currency risk by spot and forward foreign exchange transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currency, as well as using derivative financial instruments, mainly foreign exchange swaps, to manage its exposure.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

The exposures at the reporting date were as follows:

	31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and balances with central banks	327,032	12,720	907	256	340,915
Deposits with banks and non-bank financial institutions	85,607	36,476	2,009	4,101	128,193
Placements with and loans to banks and non-bank financial institutions	309,905	42,845	48,040	4,011	404,801
Financial assets held under resale agreements	133,855	2,410	–	–	136,265
Loans and advances to customers	5,311,058	144,969	113,703	31,720	5,601,450
Financial investments					
— at fair value through profit or loss	630,378	12,648	3,146	1,226	647,398
— at amortised cost	1,111,220	7,342	–	427	1,118,989
— at fair value through other comprehensive income	666,480	133,849	33,473	15,979	849,781
— designated at fair value through other comprehensive income	4,417	217	68	–	4,702
Others	266,000	14,684	15,910	3,634	300,228
Total assets	8,845,952	408,160	217,256	61,354	9,532,722
Liabilities					
Borrowings from central banks	124,151	–	–	–	124,151
Deposits from banks and non-bank financial institutions	943,456	23,967	778	291	968,492
Placements from banks and non-bank financial institutions	61,494	25,745	896	415	88,550
Financial liabilities at fair value through profit or loss	313	215	1,191	–	1,719
Financial assets sold under repurchase agreements	263,688	10,752	–	3,563	278,003
Deposits from customers	5,360,385	258,715	197,147	48,064	5,864,311
Debt securities issued	1,201,622	17,335	2,165	2,916	1,224,038
Lease liability	9,968	36	784	73	10,861
Others	76,685	24,483	60,297	3,767	165,232
Total liabilities	8,041,762	361,248	263,258	59,089	8,725,357
Net on-balance sheet position	804,190	46,912	(46,002)	2,265	807,365
Credit commitments	2,201,100	92,517	12,648	13,289	2,319,554
Derivatives (Note (i))	51,373	(44,569)	45,529	(2,111)	50,222

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

	31 December 2023				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Assets					
Cash and balances with central banks	404,812	10,786	587	257	416,442
Deposits with banks and non-bank financial institutions	51,017	23,943	1,737	4,378	81,075
Placements with and loans to banks and non-bank financial institutions	161,314	43,837	32,132	459	237,742
Financial assets held under resale agreements	102,194	2,579	–	–	104,773
Loans and advances to customers	5,102,314	133,675	117,147	30,614	5,383,750
Financial investments					
— at fair value through profit or loss	598,687	10,160	3,716	1,261	613,824
— at amortised cost	1,074,428	10,817	–	353	1,085,598
— at fair value through other comprehensive income	733,213	98,491	42,191	14,782	888,677
— designated at fair value through other comprehensive income	4,565	174	68	–	4,807
Others	202,586	15,316	16,640	1,254	235,796
Total assets	8,435,130	349,778	214,218	53,358	9,052,484
Liabilities					
Borrowings from central banks	273,226	–	–	–	273,226
Deposits from banks and non-bank financial institutions	888,524	37,999	479	885	927,887
Placements from banks and non-bank financial institutions	58,438	22,989	2,595	2,305	86,327
Financial liabilities at fair value through profit or loss	519	8	1,061	–	1,588
Financial assets sold under repurchase agreements	442,491	19,779	–	748	463,018
Deposits from customers	5,050,568	237,047	151,310	28,732	5,467,657
Debt securities issued	940,714	20,962	3,330	975	965,981
Lease liability	9,219	40	888	98	10,245
Others	92,886	12,279	11,619	5,096	121,880
Total liabilities	7,756,585	351,103	171,282	38,839	8,317,809
Net on-balance sheet position	678,545	(1,325)	42,936	14,519	734,675
Credit commitments	2,076,747	92,982	5,101	13,118	2,187,948
Derivatives (Note (i))	17,877	1,176	(164)	(15,443)	3,446

Note:

(i) Derivatives represent the net notional amount of currency derivatives, including undelivered foreign exchange spot, foreign exchange forward, foreign exchange swap and currency option.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(b) Market risk (continued)

Currency risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's profit or loss and other comprehensive income. The following table sets forth, as at 31 December 2024 and 2023, the results of the Group's foreign exchange rate sensitivity analysis.

	31 December 2024		31 December 2023	
	Profit before tax	**Other comprehensive income**	Profit before tax	Other comprehensive income
5% appreciation	**93**	**8**	2,095	(10)
5% depreciation	**(93)**	**(8)**	(2,095)	10

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain assumptions as follows: (i) the foreign exchange sensitivity is the gain and loss realised as a result of 500 basis point fluctuation in the foreign currency exchange rates against RMB at the reporting date, (ii) the exchange rates against RMB for all foreign currencies change in the same direction simultaneously and does not take into account the correlation effect of changes in different foreign currencies, and (iii) the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposure and options, and; all positions will be retained and rolled over upon maturity. The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's profit and other comprehensive income resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

(c) Liquidity risk

Liquidity risk arises when the Group, in meeting the demand of liabilities due and other payment obligations as well as the needs of business expansion, is unable to sufficiently, timely or cost-effectively acquire funds. The Group's liquidity risk arises mainly from the mismatch of assets to liabilities and customers may concentrate their withdrawals.

The Group has implemented overall liquidity risk management on the entity level. The headquarters has the responsibility for developing the entire Group's liquidity risk policies, strategies, and implements centralised management of liquidity risk on the entity level. The domestic and foreign affiliates develop their own liquidity policies and procedures within the Group's liquidity strategy management framework, based on the requirements of relevant regulatory bodies.

The Group manages liquidity risk by setting various indicators and operational limits according to the overall position of the Group's assets and liabilities, with referencing to market condition. The Group holds assets with high liquidity to meet unexpected and material demand for payments in the ordinary course of business.

The tools that the Group uses to measure and monitor liquidity risk mainly include:

– Liquidity gap analysis;

– Liquidity indicators (including but not limited to regulated and internal managed indicators, such as liquidity coverage ratio, net stable funding ratio, loan-to-deposit ratio, liquidity ratio, liquidity gap rate, excess reserves rate) monitoring;

– Scenario analysis;

– Stress testing.

On this basis, the Group establishes regular reporting mechanisms for liquidity risk to report the latest situation of liquidity risk to the senior management on a timely basis.

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(c) Liquidity risk (continued)

Analysis of the remaining contractual maturity of assets and liabilities

	31 December 2024							
	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Assets								
Cash and balances with central banks	11,699	–	–	4,178	–	–	325,038	340,915
Deposits with banks and non-bank financial institutions	97,144	4,488	7,117	19,444	–	–	–	128,193
Placements with and loans to banks and non-bank financial institutions	–	94,012	76,768	175,217	58,804	–	–	404,801
Financial assets held under resale agreements	–	135,562	703	–	–	–	–	136,265
Loans and advances to customers (Note (ii))	13,537	578,960	522,345	1,161,484	1,502,071	1,798,422	24,631	5,601,450
Financial investments								
— at fair value through profit or loss	–	28,832	41,228	70,247	24,108	59,508	423,475	647,398
— at amortised cost	–	16,626	38,226	184,878	597,173	254,872	27,214	1,118,989
— at fair value through other comprehensive income	–	18,768	32,693	105,146	505,293	187,351	530	849,781
— designated at fair value through other comprehensive income	–	–	–	–	–	–	4,702	4,702
Others	47,570	20,694	21,806	42,262	77,435	8,949	81,512	300,228
Total assets	169,950	897,942	740,886	1,762,856	2,764,884	2,309,102	887,102	9,532,722

	31 December 2024							
	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Liabilities								
Borrowings from central banks	–	31,605	27,775	64,771	–	–	–	124,151
Deposits from banks and non-bank financial institutions	505,294	165,422	227,196	70,580	–	–	–	968,492
Placements from banks and non-bank financial institutions	–	8,352	41,339	35,403	3,158	298	–	88,550
Financial liabilities at fair value through profit or loss	–	–	–	15	1,652	52	–	1,719
Financial assets sold under repurchase agreements	–	113,633	118,957	45,413	–	–	–	278,003
Deposits from customers	2,588,659	473,087	667,866	1,100,725	1,033,974	–	–	5,864,311
Debt securities issued	–	32,991	233,913	735,791	150,723	70,620	–	1,224,038
Lease liabilities	–	319	471	2,122	6,595	1,354	–	10,861
Others	43,700	21,203	17,570	35,415	24,376	9,986	12,982	165,232
Total liabilities	3,137,653	846,612	1,335,087	2,090,235	1,220,478	82,310	12,982	8,725,357
(Short)/Long position	(2,967,703)	51,330	(594,201)	(327,379)	1,544,406	2,226,792	874,120	807,365

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(c) Liquidity risk (continued)

	31 December 2023							
	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Assets								
Cash and balances with central banks	57,118	–	–	2,926	–	–	356,398	416,442
Deposits with banks and non-bank financial institutions	45,927	3,873	5,052	26,031	–	–	192	81,075
Placements with and loans to banks and non-bank financial institutions	–	71,175	16,314	148,752	1,501	–	–	237,742
Financial assets held under resale agreements	–	103,819	954	–	–	–	–	104,773
Loans and advances to customers (Note (ii))	14,349	589,646	531,721	1,095,556	1,367,925	1,749,012	35,541	5,383,750
Financial investments								
— at fair value through profit or loss	–	41,014	42,530	87,306	11,725	15,021	416,228	613,824
— at amortised cost	–	17,486	29,524	186,182	634,834	191,911	25,661	1,085,598
— at fair value through other comprehensive income	–	57,884	60,515	134,949	440,219	194,134	976	888,677
— designated at fair value through other comprehensive income	–	–	–	–	–	–	4,807	4,807
Others	45,184	19,410	18,472	13,658	63,270	1,797	74,005	235,796
Total assets	162,578	904,307	705,082	1,695,360	2,519,474	2,151,875	913,808	9,052,484

	31 December 2023							
	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one and five years	More than five years	Undated (Note (i))	Total
Liabilities								
Borrowings from central banks	–	20,000	35,883	217,343	–	–	–	273,226
Deposits from banks and non-bank financial institutions	496,771	118,600	168,140	144,376	–	–	–	927,887
Placements from banks and non-bank financial institutions	–	23,417	20,136	39,739	3,035	–	–	86,327
Financial liabilities at fair value through profit or loss	–	–	519	–	8	1,061	–	1,588
Financial assets sold under repurchase agreements	–	401,980	56,652	4,386	–	–	–	463,018
Deposits from customers	2,638,317	599,263	461,262	681,532	1,087,283	–	–	5,467,657
Debt securities issued	–	53,569	217,730	467,229	156,830	70,623	–	965,981
Lease liabilities	–	358	474	2,112	5,998	1,303	–	10,245
Others	46,096	10,790	10,954	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,184	1,227,977	971,750	1,569,700	1,277,359	77,499	12,340	8,317,809
(Short)/Long position	(3,018,606)	(323,670)	(266,668)	125,660	1,242,115	2,074,376	901,468	734,675

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(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(c) Liquidity risk (continued)

The tables below present the cash flows of the Group's financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flow:

	31 December 2024							
	Repayable on demand	Within one month	One month and three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Non-derivative cash flow								
Assets								
Cash and balances with central banks	11,699	–	1,324	8,302	–	–	325,038	346,363
Deposits with banks and non-bank financial institutions	97,144	4,559	7,401	20,284	–	–	–	129,388
Placements with and loans to banks and non-bank financial institutions	–	94,145	76,887	175,483	59,417	–	–	405,932
Financial assets held under resale agreements	–	135,580	703	–	–	–	–	136,283
Loans and advances to customers (Note (ii))	13,537	589,458	555,519	1,273,664	1,806,400	2,159,588	29,495	6,427,661
Financial investments								
— at fair value through profit or loss	–	28,876	41,308	71,222	26,697	61,577	423,475	653,155
— at amortised cost	–	18,669	44,336	207,281	662,182	274,729	27,769	1,234,966
— at fair value through other comprehensive income	–	19,863	34,737	119,731	557,246	213,611	530	945,718
— designated at fair value through other comprehensive income	–	–	–	–	–	–	4,702	4,702
Others	47,570	20,694	21,806	42,262	77,435	8,949	81,512	300,228
Total assets	169,950	911,844	784,021	1,918,229	3,189,377	2,718,454	892,521	10,584,396

	31 December 2024							
	Repayable on demand	Within one month	One month and three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Liabilities								
Borrowings from central banks	–	32,368	28,459	66,060	–	–	–	126,887
Deposits from banks and non-bank financial institutions	505,294	165,815	230,735	77,803	–	–	–	979,647
Placements from banks and non-bank financial institutions	–	8,358	41,352	35,485	3,158	507	–	88,860
Financial liabilities at fair value through profit or loss	–	–	–	15	1,658	74	–	1,747
Financial assets sold under repurchase agreements	–	113,809	119,124	45,485	–	–	–	278,418
Deposits from customers	2,588,659	480,649	684,519	1,160,859	1,120,928	–	–	6,035,614
Debt securities issued	–	32,991	234,323	742,810	166,662	77,398	–	1,254,184
Lease liability	–	319	474	2,173	7,612	1,649	–	12,227
Others	43,700	21,203	17,570	35,415	24,376	9,986	12,982	165,232
Total liabilities	3,137,653	855,512	1,356,556	2,166,105	1,324,394	89,614	12,982	8,942,816
(Short)/Long position	(2,967,703)	56,332	(572,535)	(247,876)	1,864,983	2,628,840	879,539	1,641,580
Derivative cash flow								
Derivative financial instrument settled on a net basis	–	527	2,079	(2,600)	345	28	–	379
Derivative financial instruments settled on a gross basis	–	(909)	(1,532)	645	314	–	–	(1,482)
— cash inflow	–	1,090,891	903,359	2,342,900	211,124	1,114	–	4,549,388
— cash outflow	–	(1,091,800)	(904,891)	(2,342,255)	(210,810)	(1,114)	–	(4,550,870)

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(c) Liquidity risk (continued)

	31 December 2023							
	Repayable on demand	Within one month	One month and three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Non-derivative cash flow								
Assets								
Cash and balances with central banks	57,118	–	1,459	7,565	–	–	356,398	422,540
Deposits with banks and non-bank financial institutions	45,927	3,956	5,251	26,809	–	–	192	82,135
Placements with and loans to banks and non-bank financial institutions	–	71,256	17,223	151,343	1,550	–	–	241,372
Financial assets held under resale agreements	–	103,852	954	–	–	–	–	104,806
Loans and advances to customers (Note (ii))	14,349	600,023	563,673	1,197,943	1,733,077	2,107,869	35,541	6,252,475
Financial investments								
— at fair value through profit or loss	–	41,016	42,822	89,353	13,114	17,256	416,228	619,789
— at amortised cost	–	17,623	31,546	210,463	702,595	212,508	26,811	1,201,546
— at fair value through other comprehensive income	–	57,894	61,511	150,851	494,372	222,304	976	987,908
— designated at fair value through other comprehensive income	–	–	–	–	–	–	4,807	4,807
Others	45,184	19,410	18,472	13,658	63,270	1,797	74,006	235,797
Total assets	162,578	915,030	742,911	1,847,985	3,007,978	2,561,734	914,959	10,153,175

	31 December 2023							
	Repayable on demand	Within one month	One month and three months	Three months and one year	One and five years	More than five years	Undated (Note (i))	Total
Liabilities								
Borrowings from central banks	–	20,000	36,040	222,765	–	–	–	278,805
Deposits from banks and non-bank financial institutions	496,771	119,468	172,987	153,100	–	–	–	942,326
Placements from banks and non-bank financial institutions	–	23,577	22,504	40,415	3,302	–	–	89,798
Financial liabilities at fair value through profit or loss	–	–	519	–	17	2,121	–	2,657
Financial assets sold under repurchase agreements	–	402,340	56,916	4,490	–	–	–	463,746
Deposits from customers	2,638,318	607,021	471,849	808,372	1,224,844	–	–	5,750,404
Debt securities issued	–	53,769	222,310	486,317	175,649	79,910	–	1,017,955
Lease liability	-	359	477	2,163	6,745	1,567	-	11,311
Others	46,096	10,790	10,954	12,983	24,205	4,512	12,340	121,880
Total liabilities	3,181,185	1,237,324	994,556	1,730,605	1,434,762	88,110	12,340	8,678,882
(Short)/Long position	(3,018,607)	(322,294)	(251,645)	117,380	1,573,216	2,473,624	902,619	1,474,293
Derivative cash flow								
Derivative financial instrument settled on a net basis	–	49	78	(45)	261	25	–	368
Derivative financial instruments settled on a gross basis	–	(211)	(1,263)	(1,958)	19	(17)	–	(3,430)
— cash inflow	–	804,403	800,588	1,251,430	217,411	1,281	–	3,075,113
— cash outflow	–	(804,614)	(801,851)	(1,253,388)	(217,392)	(1,298)	–	(3,078,543)

(Amounts in millions of Renminbi unless otherwise stated)

55 Financial risk management (continued)

(c) Liquidity risk (continued)

Credit Commitments include bank acceptances, credit card commitments, guarantees, loan commitments and letters of credit. The tables below summarise the amounts of credit commitments by remaining contractual maturity.

	31 December 2024			
	Less than 1 year	**1-5 years**	**Over 5 years**	**Total**
Bank acceptances	**854,489**	**–**	**–**	**854,489**
Credit card commitments	**812,562**	**–**	**–**	**812,562**
Guarantees	**163,520**	**109,710**	**348**	**273,578**
Loan commitments	**8,509**	**17,002**	**28,553**	**54,064**
Letters of credit	**323,768**	**1,093**	**–**	**324,861**
Total	**2,162,848**	**127,805**	**28,901**	**2,319,554**

	31 December 2023			
	Less than 1 year	1-5 years	Over 5 years	Total
Bank acceptances	867,523	–	–	867,523
Credit card commitments	779,947	–	–	779,947
Guarantees	154,927	81,806	626	237,359
Loan commitments	4,288	11,889	30,591	46,768
Letters of credit	255,478	873	–	256,351
Total	2,062,163	94,568	31,217	2,187,948

Notes:

(i) For cash and balances with central banks, the undated period amount represented statutory deposit reserve funds and fiscal deposits maintained with the PBOC. For loans and advances to customers and investments, the undated period amount represented the balances being credit-impaired or overdue for more than one month. Equity investments and investment funds were also reported under undated period.

(ii) The balances of loans and advances to customers which were overdue within one month but not impaired are included in repayable on demand.

(d) Operational risk

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, personnel, IT systems, or external events, including legal risk, but excluding strategic risk and reputational risk.

The Group manages operational risk through deeply applying the three major tools of operational risk management by establishing a sound mechanism of operational risk management in order to identify, evaluate, measure, monitor, control, mitigate and report operational risks. Internal control, as an effective means of operational risk management, mainly includes the following aspects:

– by establishing a matrix authorisation management system of the whole group, carrying out the annual unified authorisation work, and strictly restricting the institutions and personnel at all levels to carry out business activities within the scope of authority granted, the management requirements of prohibiting the overstepping of authority to engage in business activities were further clarified at the institutional level;

55 Financial risk management (continued)

(d) Operational risk (continued)

- through consistent legal responsibility framework, taking strict disciplinary actions against non-compliance in order to ensure accountability;

- promoting the culture establishments throughout the organisation; building a team of operational risk management, strength training and performance appraisal management in raising risk management awareness;

- strengthening cash and account management in accordance with the relevant policies and procedures, intensifying the monitoring of suspicious transactions. Ensure our staff are well-equipped with the necessary knowledge and basic skills on anti-money laundering through continuous training;

- Disaster backup systems and recovery plans covering all the important activities, in order to minimize any unforeseen interruption. Insurance cover is arranged to mitigate potential losses associated with certain disruptive events.

In addition to the above, the Group improves its operational risk management information systems on an ongoing basis to efficiently identify, evaluate, measure, monitor, control, mitigate and report its level of operational risk. The Group's management information system has the functionalities of recording and capturing lost data and events of operational risk to further support operational risk control and self-assessment, monitoring key risk indicators, supporting operational risk capital measurement, as well as providing operational risk management report content.

56 Capital Adequacy Ratio

Capital adequacy ratio reflects the Group's operational and risk management capability and it is the core of capital management. The Group considers its strategic development plans, business expansion plans and risk variables in conducting its scenario analysis, stress testing and other measures to forecast, plan and manage capital adequacy ratio. The Group's capital management objectives are to meet the legal and regulatory requirements, and to prudently determine the capital adequacy ratio under realistic exposures with reference to the capital adequacy ratio levels of leading global banks and the Group's operating situations.

From 1 January 2024, the Group commenced the computation of its capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks and other relevant regulations promulgated by the NFRA in the year of 2023. According to the requirements, for credit risk, the capital requirement was measured using the weighting method. The market and operational risk were measured by adopting the standardised approach. The requirements pursuant to these regulations may have certain differences comparing to those applicable in Hong Kong and other jurisdictions. The Group's management monitors the Group's and the Bank's capital adequacy regularly based on regulations issued by the NFRA. The required information is filed with the NFRA by the Group and the Bank regularly.

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56 Capital Adequacy Ratio (continued)

As at 31 December 2024, the core Tier-One capital adequacy ratio, Tier-One capital adequacy ratio, and capital adequacy ratio computed by the Group in accordance with the Regulation Governing Capital of Commercial Banks and other relevant regulations are listed as below:

	31 December 2024
Core Tier-One capital adequacy ratio	**9.72%**
Tier-One capital adequacy ratio	**11.26%**
Capital adequacy ratio	**13.36%**
Components of capital base	
Core Tier-One capital:	
Share capital	**54,397**
Capital reserve	**89,282**
Other comprehensive income and qualified portion of other equity instruments	**16,553**
Surplus reserve	**67,606**
General reserve	**111,723**
Retained earnings	**343,599**
Qualified portion of non-controlling interests	**8,604**
Total core Tier-One capital	**691,764**
Core Tier-One capital deductions:	
Goodwill (net of related deferred tax liability)	**(1,060)**
Other intangible assets other than land use right (net of related deferred tax liability)	**(3,566)**
Unrealized gains and losses resulting from changes in the fair value of its liabilities due to changes in its own credit risk	**(4)**
Net core Tier-One capital	**687,134**
Other Tier-One capital (Note (i))	**108,619**
Tier-One capital	**795,753**
Tier-Two capital:	
Qualified portion of Tier-Two capital instruments issued and share premium	**69,992**
Surplus allowance for loan impairment	**75,939**
Qualified portion of non-controlling interests	**2,476**
Net capital base	**944,160**
Total risk-weighted assets	**7,068,736**

(Amounts in millions of Renminbi unless otherwise stated)

56 Capital Adequacy Ratio (continued)

As at 31 December 2023, the core Tier-One capital adequacy ratio, Tier-One capital adequacy ratio, and capital adequacy ratio computed by the Group in accordance with the Regulation Governing Capital of Commercial Banks (Trial) issued by the former China Banking and Insurance Regulatory Commission in 2012 are listed as below:

	31 December 2023
Core Tier-One capital adequacy ratio	8.99%
Tier-One capital adequacy ratio	10.75%
Capital adequacy ratio	12.93%
Components of capital base	
Core Tier-One capital:	
Share capital	48,967
Capital reserve	59,410
Other comprehensive income and qualified portion of other equity instruments	7,224
Surplus reserve	60,992
General reserve	105,127
Retained earnings	320,802
Qualified portion of non-controlling interests	8,287
Total core Tier-One capital	610,809
Core Tier-One capital deductions:	
Goodwill (net of related deferred tax liability)	(926)
Other intangible assets other than land use right (net of related deferred tax liability)	(4,727)
Net core Tier-One capital	605,156
Other Tier-One capital (Note (i))	118,313
Tier-One capital	723,469
Tier-Two capital:	
Qualified portion of Tier-Two capital instruments issued and share premium	69,995
Surplus allowance for impairment	73,674
Qualified portion of non-controlling interests	2,715
Net capital base	869,853
Total risk-weighted assets	6,727,713

Note:

(i) As at 31 December 2024 and 31 December 2023, the Group's other Tier-One capital included preference shares, perpetual bonds issued by the Bank (Note 43) and non-controlling interests (Note 49).

(Amounts in millions of Renminbi unless otherwise stated)

57 Fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity instruments and debt instruments on exchanges and exchange-traded derivatives.

Level 2: Inputs other than quoted prices included within Level 1 are observable for assets or liabilities, either directly or indirectly. The assets classified into the level 2 include bond investment without active market quotation, part of the bills rediscounting and forfeiting in loans and advances, part of the investment management products managed by securities companies and trust investment plans, as well as a majority of over-the-counter derivative contracts. The bonds are determined according to the valuation results of China Central Depository & Clearing Corporate Limited or Bloomberg; Foreign exchange forward and swaps, interest rate swap use discount cash flow evaluation method; Foreign exchange options use Option Pricing Model; Bills rediscounting, forfeiting, investment management products managed by securities companies and trust investment plans use discount cash flow evaluation method to estimate fair value. Input parameters are sourced from the open market such as Bloomberg and Reuters.

Level 3: Inputs for assets or liabilities are based on unobservable parameters. This level includes equity instruments and debt instruments with one or more than one significant unobservable parameter.Management determines the fair value through inquiring from counterparties or using the valuation techniques. The model incorporates unobservable parameters such as discount rate and market price volatilities.

For the year ended 31 December 2024, there was no significant change in the valuation techniques or inputs used to determine fair value measurements.

(a) Financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not carried at fair value of the Group include cash and balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers at amortised cost, financial investments at amortised cost, borrowings from central banks, deposits from banks and non-bank financial institutions, placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

Except for the items shown in the tables below, the maturity dates of aforesaid financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

	Carrying values		**Fair values**	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Financial assets:				
Financial investments				
— at amortised cost	**1,118,989**	1,085,598	**1,143,541**	1,093,861
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	**1,470**	1,430	**1,480**	1,430
— debt securities issued	**210,029**	140,599	**212,115**	141,123
— subordinated bonds issued	**74,264**	77,781	**77,097**	78,722
— certificates of interbank deposit issued	**931,004**	705,316	**932,348**	694,130
— convertible corporate bonds	**7,271**	40,855	**7,690**	44,666

(Amounts in millions of Renminbi unless otherwise stated)

57 Fair value (continued)

(a) Financial assets and financial liabilities not measured at fair value (continued)

Fair value of financial assets and liabilities above at fair value hierarchy is as follows:

	31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial investments				
— at amortised cost	**2,444**	**949,679**	**191,418**	**1,143,541**
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	**–**	**–**	**1,480**	**1,480**
— debt securities issued	**4,784**	**204,554**	**2,777**	**212,115**
— subordinated bonds issued	**3,781**	**73,316**	**–**	**77,097**
— certificates of interbank deposit issued	**29,663**	**902,685**	**–**	**932,348**
— convertible corporate bonds issued	**–**	**–**	**7,690**	**7,690**

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial investments				
— at amortised cost	8,885	871,585	213,391	1,093,861
Financial liabilities:				
Debt securities issued				
— certificates of deposit (not for trading purpose) issued	–	–	1,430	1,430
— debt securities issued	4,671	136,452	–	141,123
— subordinated bonds issued	7,255	71,467	–	78,722
— certificates of interbank deposit issued	–	694,130	–	694,130
— convertible corporate bonds issued	–	–	44,666	44,666

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

57 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2024				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
— loans	–	76,032	–	76,032
— discounted bills	–	447,719	–	447,719
Loans and advances to customers at fair value through current profit or loss	–	–	11,612	11,612
Financial investments at fair value through profit or loss				
— investment funds	128,148	291,036	8,413	427,597
— debt securities	2,317	145,632	5,615	153,564
— certificates of deposit	–	57,626	–	57,626
— wealth management	41	688	1,402	2,131
— trust investment plans	–	–	1,267	1,267
— equity instruments	449	–	4,764	5,213
Financial investments at fair value through other comprehensive income				
— debt securities	134,051	697,228	216	831,495
— certificates of deposit	1,766	10,095	–	11,861
Financial investments designated at fair value through other comprehensive income				
— equity instruments	216	–	4,486	4,702
Derivative financial assets				
— interest rate derivatives	1	21,143	–	21,144
— currency derivatives	–	64,282	–	64,282
— precious metals derivatives	–	503	–	503
Total financial assets measured at fair value	266,989	1,811,984	37,775	2,116,748
Liabilities				
Financial liabilities at fair value through profit or loss				
— short position in debt securities	94	–	–	94
— structured products	–	–	1,625	1,625
Derivative financial liabilities				
— interest rate derivatives	3	20,788	–	20,791
— currency derivatives	–	57,090	–	57,090
— precious metals derivatives	–	3,281	–	3,281
Total financial liabilities measured at fair value	97	81,159	1,625	82,881

(Amounts in millions of Renminbi unless otherwise stated)

57 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value (continued)

	Level 1 (Note (i))	Level 2 (Note (i))	Level 3 (Note (ii))	Total
As at 31 December 2023				
Recurring fair value measurements				
Assets				
Loans and advances to customers at fair value through other comprehensive income				
— loans	–	58,163	–	58,163
— discounted bills	–	515,664	–	515,664
Loans and advances to customers at fair value through current profit or loss	–	–	5,558	5,558
Financial investments at fair value through profit or loss				
— investment funds	105,538	271,297	44,319	421,154
— debt securities	19,608	81,428	5,465	106,501
— certificates of deposit	–	75,790	–	75,790
— wealth management	514	2,098	1,433	4,045
— equity instruments	892	14	5,428	6,334
Financial investments at fair value through other comprehensive income				
— debt securities	139,599	737,350	475	877,424
— certificates of deposit	1,117	3,805	–	4,922
Financial investments designated at fair value through other comprehensive income				
— equity instruments	173	–	4,634	4,807
Derivative financial assets				
— interest rate derivatives	15	14,641	–	14,656
— currency derivatives	27	29,845	–	29,872
— precious metals derivatives	–	147	–	147
Total financial assets measured at fair value	267,483	1,790,242	67,312	2,125,037
Liabilities				
Financial liabilities at fair value through profit or loss				
— short position in debt securities	8	519	–	527
— structured products	–	–	1,061	1,061
Derivative financial liabilities				
— interest rate derivatives	18	14,342	–	14,360
— currency derivatives	148	26,600	–	26,748
— precious metals derivatives	–	742	–	742
Total financial liabilities measured at fair value	174	42,203	1,061	43,438

(Amounts in millions of Renminbi unless otherwise stated)

57 Fair value (continued)

(b) Financial assets and financial liabilities measured at fair value (continued)

Notes:

(i) During the current period, there were no significant transfers amongst Level 1, Level 2 and Level 3 of the fair value hierarchy.

(ii) The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in the Level 3 fair value hierarchy:

	Assets					Liabilities	
	Financial assets at fair value through profit or loss	**Financial assets at fair value through other comprehensive income**	**Financial assets designated at fair value through other comprehensive income**	**Loans and advances to customers**	**Total**	**Financial liabilities at fair value through profit or loss**	**Total**
As at 1 January 2024	**56,645**	**475**	**4,634**	**5,558**	**67,312**	**(1,061)**	**(1,061)**
Total gains or losses							
— in profit or loss	**2,169**	**–**	**–**	**87**	**2,256**	**–**	**–**
— in comprehensive income	**–**	**(415)**	**(158)**	**–**	**(573)**	**–**	**–**
Purchases	**9,208**	**255**	**–**	**6,339**	**15,802**	**(525)**	**(525)**
Settlements	**(1,689)**	**(102)**	**–**	**(624)**	**(2,415)**	**–**	**–**
Transfer out	**(45,122)**	**–**	**–**	**–**	**(45,122)**	**–**	**–**
Exchange effect	**250**	**3**	**10**	**252**	**515**	**(39)**	**(39)**
As at 31 December 2024	**21,461**	**216**	**4,486**	**11,612**	**37,775**	**(1,625)**	**(1,625)**

	Assets					Liabilities	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets designated at fair value through other comprehensive income	Loans and advances to customers	Total	Financial liabilities at fair value through profit or loss	Total
As at 1 January 2023	38,348	406	4,836	3,881	47,471	(1,034)	(1,034)
Total gains or losses							
— in profit or loss	770	–	–	25	795	–	–
— in comprehensive income	–	397	61	–	458	–	–
Purchases	18,523	333	91	1,612	20,559	–	–
Settlements	(2,020)	(678)	(359)	(72)	(3,129)	–	–
Transfer out	806	13	–	–	819	–	–
Exchange effect	218	4	5	112	339	(27)	(27)
As at 31 December 2023	56,645	475	4,634	5,558	67,312	(1,061)	(1,061)

For unlisted equity investments, fund investments, bond investments, structured products, the Group determines the fair value through counterparties' quotations and valuation techniques, etc. Valuation techniques include discounted cash flow analysis and the market comparison approach, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as credit spread and liquidity discount, etc. The fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

(Amounts in millions of Renminbi unless otherwise stated)

58 Related parties

(a) Relationship of related parties

(i) The Group is controlled by CITIC Financial Holding Co., Ltd (incorporated in Mainland China), which owns 65.69% of the Bank's shares. The ultimate parent of the Group is CITIC Group (incorporated in Mainland China).

(ii) Related parties of the Group include enterprises controlled, jointly controlled and exerting significant influence by CITIC Group, and enterprises controlled by China National Tobacco Corporation and Quzhou Industrial Holding Group Co., Ltd.The Bank entered into banking transactions with its subsidiaries at arm's length in the ordinary course of business. These transactions are eliminated on consolidation.

China National Tobacco Corporation ("CNTC") and Quzhou Xin'an Development Co., Ltd. have a non-executive director on the Board of Directors of the Bank, which can exert significant influence on the Bank and constitute a related party of the Bank.

(b) Related party transactions

The Group entered into transactions with related parties in the ordinary course of its banking businesses including lending, assets transfer (i.e., issuance of asset-backed securities in the form of public placement), wealth management, investment, deposit, settlement and clearing, off-balance sheet transactions, and purchase, sale, and leases of property. These banking transactions were conducted under normal commercial terms and conditions and priced at the relevant market rates prevailing at the time of each transaction.

The major related party transaction between the Group and related parties are submitted in turn to the board of directors for deliberation, and the relevant announcements have been posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Bank.

In addition, transactions during the relevant year and the corresponding balances outstanding at the reporting dates are as follows:

	Year ended 31 December 2024		
	Ultimate holding company and affiliates	**The ultimate parent company and its subsidiaries of other important holding companies Notes (i)**	**Associates and joint ventures**
Profit and loss			
Interest income	**3,646**	**1,091**	**232**
Fee and commission income and other operating income/expense	**289**	**40**	**2**
Interest expense	**(1,945)**	**(3,398)**	**(27)**
Net trading gains	**58**	**42**	**–**
Other service fees	**(3,358)**	**(717)**	**(65)**

For the year ended 31 December 2024
(Amounts in millions of Renminbi unless otherwise stated)

58 Related parties (continued)

(b) Related party transactions (continued)

	Year ended 31 December 2023		
	Ultimate holding company and affiliates	The ultimate parent company and its subsidiaries of other important holding companies Notes (i)	Associates and joint ventures
Profit and loss			
Interest income	5,063	837	315
Fee and commission income and other operating income/expense	335	134	2
Interest expense	(2,278)	(2,887)	(25)
Net trading gains/(losses)	111	(18)	–
Other service fees	(2,214)	(863)	(89)

	31 December 2024		
	Ultimate holding company and affiliates	**The ultimate parent company and its subsidiaries of other important holding companies Notes (i)**	**Associates and joint ventures**
Assets			
Gross loans and advances to customers	**48,915**	**20,794**	**–**
Less: allowance for impairment losses on loans and advances	**(545)**	**(9)**	**–**
Loans and advances to customers (net)	**48,370**	**20,785**	**–**
Deposits with banks and non-bank financial institutions	**100**	**–**	**25,500**
Placements with and loans to banks and non-bank financial institutions	**56,865**	**–**	**–**
Derivative financial assets	**1,275**	**–**	**–**
Financial assets held under resale agreement	**1,601**	**–**	**–**
Investment in financial assets			
— at fair value through profit or loss	**4,267**	**–**	**–**
— at amortised cost	**18,187**	**2,625**	**–**
— at fair value through other comprehensive income	**5,410**	**1,942**	**–**
— designated at fair value through other comprehensive income	**453**	**–**	**–**
Investments in associates and joint ventures	**–**	**–**	**7,349**
Property, plant and equipment	**39**	**2**	**–**
Right-of-use assets	**76**	**–**	**–**
Intangible assets	**367**	**–**	**40**
Other assets	**581**	**1**	**–**
Liabilities			
Deposits from banks and non-bank financial institutions	**47,214**	**853**	**305**
Placements with and loans to banks and non-bank financial institutions	**348**	**–**	**–**
Derivative financial liabilities	**1,132**	**–**	**–**
Deposits from customers	**72,909**	**199,703**	**1**
Lease liabilities	**77**	**–**	**–**
Other liabilities	**707**	**–**	**23**
Off-balance sheet items			
Guarantees and letters of credit	**8,404**	**12,395**	**–**
Acceptances	**2,692**	**–**	**–**
Nominal amount of derivatives financial instruments	**255,460**	**–**	**–**

(Amounts in millions of Renminbi unless otherwise stated)

58 Related parties (continued)

(b) Related party transactions (continued)

	31 December 2023		
	Ultimate holding company and affiliates	The ultimate parent company and its subsidiaries of other important holding companies Notes (i)	Associates and joint ventures
Assets			
Gross loans and advances to customers	45,584	17,512	–
Less: allowance for impairment losses on loans and advances	(989)	(70)	–
Loans and advances to customers (net)	44,595	17,442	–
Deposits with banks and non-bank financial institutions	–	–	29,506
Placements with and loans to banks and non-bank financial institutions	33,850	–	–
Derivative financial assets	546	–	–
Financial assets held under resale agreement	3,000	–	–
Investment in financial assets			
— at fair value through profit or loss	3,255	–	–
— at amortised cost	17,435	2,325	–
— at fair value through other comprehensive income	4,360	1,223	–
— designated at fair value through other comprehensive income	460	–	–
Investments in associates and joint ventures	–	–	6,942
Other assets	709	2	3
Liabilities			
Deposits from banks and non-bank financial institutions	53,424	1,307	125
Derivative financial liabilities	424	–	–
Deposits from customers	75,466	157,974	1
Lease liabilities	73	2	–
Other liabilities	93	–	23
Off-balance sheet items			
Guarantees and letters of credit	5,187	8,821	–
Acceptances	1,913	–	–
Nominal amount of derivatives financial instruments	160,188	–	–

Note:

(i) Other major equity holders include CNTC and Quzhou Xin'an Development Co., Ltd.

The related party transactions and balances between the Group and CNTC, Quzhou Industrial Holding Group Co., Ltd. and its controlled enterprises disclosed above fell into the period when related party relationship exists. During the year ended 31 December 2024, the transactions between the Group and the subsidiaries of CNTC were not significant.

58 Related parties (continued)

(c) Key management personnel and their close family members and related companies

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

The Group entered into banking transactions with key management personnel and their close family members and those companies controlled or jointly controlled by them in the normal course of business. Other than those disclosed below, there was no material transactions and balances between the Group and these individuals, their close family members or those companies controlled or jointly controlled by them.

The aggregate amount of relevant loans outstanding as at 31 December 2024 to directors, supervisors and executive officers is Nil (as at 31 December 2023: RMB0.57 million).

The aggregated compensations for directors, supervisors and executive officers of the Bank during the year ended 31 December 2024 amounted to RMB24.58 million (year ended 31 December 2023: RMB27.14 million).

(d) Supplementary defined contribution plan

The Group has established a supplementary defined contribution plan for its qualified employees which is administered by CITIC Group (Note 37(b)).

(e) Transactions with state-owned entities in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred to as "state-owned entities").

Transactions with state-owned entities, including CNTC's indirect subsidiaries and its controlled enterprises, include but are not limited to the following:

– lending and deposit taking;

– taking and placing of inter-bank balances;

– derivative transactions;

– entrusted lending and other custody services;

– insurance and securities agency, and other intermediary services;

– sale, purchase, underwriting and redemption of bonds issued by state-owned entities;

– purchase, sale and leases of property and other assets; and

– rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for major products and services, such as loans, deposits and commission income. The pricing strategy and approval processes do not depend on whether the customers are state-owned entities or not. The Directors are of opinion that none of these transactions are material related party transactions that require separate disclosure.

(Amounts in millions of Renminbi unless otherwise stated)

59 Structured entities

(a) Consolidated structured entities

Structured entities consolidated by the Group include certain asset management plans, issued, managed and/or invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

(b) Unconsolidated structured entities sponsored and managed by third parties

The Group invests in unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records trading gains or losses and interest income therefrom. These unconsolidated structured entities primarily include wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities.

The following table sets out an analysis of the carrying amounts of interests held by the Group as at 31 December 2024 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the consolidated annual statement of financial position under which relevant assets are recognized:

	31 December 2024				
	Carrying amount				
	Investments in financial assets at fair value through profit or loss	**Investments in financial assets at amortised costs**	**Investments in financial assets at fair value through other comprehensive income**	**Total**	**Maximum loss exposure**
Wealth management product	**2,131**	**–**	**–**	**2,131**	**2,131**
Investment management products managed by securities companies	**–**	**20,162**	**–**	**20,162**	**20,162**
Trust investment plans	**1,267**	**189,906**	**–**	**191,173**	**191,173**
Asset-backed securities	**840**	**76,613**	**34,056**	**111,509**	**111,509**
Investment funds	**427,597**	**–**	**–**	**427,597**	**427,597**
Total	**431,835**	**286,681**	**34,056**	**752,572**	**752,572**

	31 December 2023				
	Carrying amount				
	Investments in financial assets at fair value through profit or loss	Investments in financial assets at amortised costs	Investments in financial assets at fair value through other comprehensive income	Total	Maximum loss exposure
Wealth management product	4,045	–	–	4,045	4,045
Investment management products managed by securities companies	–	22,908	–	22,908	22,908
Trust investment plans	–	204,840	–	204,840	204,840
Asset-backed securities	912	123,158	19,666	143,736	143,736
Investment funds	421,154	–	–	421,154	421,154
Total	426,111	350,906	19,666	796,683	796,683

The maximum exposures to risk in the above wealth management products, trust investment plans, investment management products, investment funds and asset-backed securities managed by securities companies and trust investment funds are the carrying value of the assets held by the Group at the reporting date.

59 Structured entities (continued)

(c) Unconsolidated structured entities sponsored and managed by the Group

Unconsolidated structured entities sponsored and managed by the Group mainly include non-principal guaranteed wealth management products. The wealth management products invest in a range of primarily fixed-rate assets, most typically money market instruments, debt securities and loan assets. As the manager of these wealth management products, the Group invests, on behalf of its customers, in assets as described in the investment plan related to each wealth management product and receives fee and commission income.

As at 31 December 2024, the total assets invested by these outstanding non-principal guaranteed wealth management products issued by the Group amounted to RMB1,992,675 million (31 December 2023: RMB1,728,406 million).

During the year ended 31 December 2024, the Group's interest in these wealth management products included fee and commission income of RMB4,871 million (year ended 31 December 2023: RMB3,462 million).

The Group enters into repo transactions at market interest rates with these wealth management products, and the outstanding balance of these transactions was represented the Group's maximum exposure to the wealth management products. During the year ended 31 December 2024, net interest income which related to repo transactions entered into by the Group with these wealth management products were RMB216 million (year ended 31 December 2023: RMB149 million)

In order to achieve a smooth transition and steady development of the wealth management business, in 2024, in accordance with the requirements of the "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions", the Group continues to promote net-value-based reporting of its asset management products and dispose of existing portfolios.

As at 31 December 2024, assets of these wealth management products amounting to RMB291,631 million (31 December 2023: RMB187,083 million) were invested in investments in which certain subsidiaries and associates of the CITIC Group acted as trustees.

60 Transfers of financial assets

For the year ended 31 December 2024, the Group entered into transactions which involved securitisation transactions and transfers of non-performing financial assets.

These transactions were entered into in the normal course of business by which recognized financial assets were transferred to third parties or structured entities. Transfers of assets may give rise to full or partial derecognition of the financial assets concerned. On the other hand, where transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

Details of the financial assets sold under repurchase agreements are set forth in Note 35. Details of securitisation transactions and non-performing financial assets transfer transactions conducted by the Group for the year ended 31 December 2024 totaled RMB40,658 million (year ended 31 December 2023: RMB45,172 million) are set forth below.

Securitisation transactions

During the year ended 31 December 2024, the Group, through securitisation, transferred financial assets at the original cost of RMB28,760 million, which qualified for full de-recognition (year ended 31 December 2023:RMB17,510 million, which qualified for full de-recognition).

(Amounts in millions of Renminbi unless otherwise stated)

60 Transfers of financial assets (continued)

Loan and other Financial assets transfers

During the year ended 31 December 2024, the Group also transferred loan and other financial assets of book value before impairment of RMB11,898 million through other types of transactions (year ended 31 December 2023: RMB27,662 million). RMB8,434 million of this balance (year ended 31 December 2023: RMB19,272 million) was non-performing loans. RMB3,362 million of this balance (year ended 31 December 2023: RMB7,990 million) was non-performing financial investments. No bond financing was carried out this year (year ended 31 December 2023: RMB400 million). The Group carried out assessment based on the transfer of risks and rewards of ownership and concluded that these transferred assets qualified for full de-recognition.

During the year ended 31 December 2024, the Group transferred loans and other financial assets of book value before impairment of RMB2,920 million to China CITIC Financial Asset Management Co., Ltd. (formerly China Huarong Asset Management Co., Ltd.) through other types of transactions. RMB1,400 million of this balance was non-performing loans. RMB1,520 million of this balance was non-performing financial investments. All of the above-mentioned financial assets are qualified for full de-recognition.

61 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated annual statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

As at 31 December 2024, the amount of the financial assets and financial liabilities subject to enforceable master netting arrangements or similar agreements are not material to the Group.

62 Annual statements of financial position and changes in equity of the Bank

Statement of financial position

	31 December 2024	31 December 2023
Assets		
Cash and balances with central banks	**336,954**	413,366
Deposits with banks and non-bank financial institutions	**116,952**	67,014
Precious metals	**13,580**	11,674
Placements with and loans to banks and non-bank financial institutions	**339,015**	187,695
Derivative financial assets	**66,224**	25,120
Financial assets held under resale agreements	**129,437**	97,780
Loans and advances to customers	**5,315,869**	5,114,597
Financial investments		
— at fair value through profit or loss	**641,043**	606,972
— at amortised cost	**1,118,313**	1,086,156
— at fair value through other comprehensive income	**706,869**	762,773
— designated at fair value through other comprehensive income	**3,869**	4,102
Investments in subsidiaries and joint ventures	**34,258**	33,821
Property, plant and equipment	**33,363**	34,316
Right-of-use assets	**10,192**	9,707
Intangible assets	**2,725**	4,071
Deferred tax assets	**52,618**	50,781
Other assets	**61,984**	55,300
Total assets	**8,983,265**	8,565,245

(Amounts in millions of Renminbi unless otherwise stated)

62 Annual statements of financial position and changes in equity of the Bank (continued)

Statement of financial position (continued)

	31 December 2024	31 December 2023
Liabilities		
Borrowings from central banks	**124,090**	273,126
Deposits from banks and non-bank financial institutions	**967,785**	930,090
Placements from banks and non-bank financial institutions	**4,942**	24,216
Financial liabilities at fair value through profit or loss	**–**	519
Derivative financial liabilities	**62,536**	22,436
Financial assets sold under repurchase agreements	**262,164**	442,491
Deposits from customers	**5,512,990**	5,155,140
Accrued staff costs	**19,634**	21,297
Taxes payable	**6,918**	4,046
Debt securities issued	**1,215,952**	952,909
Lease liabilities	**9,895**	9,219
Provisions	**9,897**	10,759
Other liabilities	**35,781**	35,377
Total liabilities	**8,232,584**	7,881,625
Equity		
Share capital	**54,397**	48,967
Preference shares	**105,499**	118,060
Capital reserve	**91,676**	61,790
Other comprehensive income	**11,895**	1,867
Surplus reserve	**67,629**	60,992
General reserve	**107,205**	101,140
Retained earnings	**312,380**	290,804
Total equity	**750,681**	683,620
Total liabilities and equity	**8,983,265**	8,565,245

(Amounts in millions of Renminbi unless otherwise stated)

62 Annual statements of financial position and changes in equity of the Bank (continued)

Statement of changes in equity

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2024	48,967	118,060	61,790	1,867	60,992	101,140	290,804	683,620
(i) Profit for the year	–	–	–	–	–	–	66,372	66,372
(ii) Other comprehensive income	–	–	–	10,028	–	–	–	10,028
Total comprehensive income	–	–	–	10,028	–	–	66,372	76,400
(iii) Investor capital								
— Capital injection by issuing convertible corporate bonds	5,430	(2,568)	29,897	–	–	–	–	32,759
— Issuance of perpetual bonds	–	30,000	(4)	–	–	–	–	29,996
— Redemption of perpetual bonds	–	(39,993)	(7)	–	–	–	–	(40,000)
(iv) Profit appropriations								
— Appropriations to surplus reserve	–	–	–	–	6,637	–	(6,637)	–
— Appropriations to general reserve	–	–	–	–	–	6,065	(6,065)	–
— Dividend distribution to ordinary shareholders of the Bank	–	–	–	–	–	–	(27,306)	(27,306)
— Dividend distribution to preference shareholders	–	–	–	–	–	–	(1,428)	(1,428)
— Interest paid to holders of perpetual bonds	–	–	–	–	–	–	(3,360)	(3,360)
As at 31 December 2024	54,397	105,499	91,676	11,895	67,629	107,205	312,380	750,681

	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total equity
As at 1 January 2023	48,935	118,076	61,598	(1,736)	54,727	96,906	259,792	638,298
(i) Profit for the year	–	–	–	–	–	–	62,651	62,651
(ii) Other comprehensive income	–	–	–	3,361	–	–	–	3,361
Total comprehensive income	–	–	–	3,361	–	–	62,651	66,012
(iii) Investor capital								–
— Capital injection by issuing convertible corporate bonds	32	(16)	192	–	–	–	–	208
(iv) Profit appropriations								
— Appropriations to surplus reserve	–	–	–	–	6,265	–	(6,265)	–
— Appropriations to general reserve	–	–	–	–	–	4,234	(4,234)	–
— Dividend distribution to ordinary shareholders of the Bank	–	–	–	–	–	–	(16,110)	(16,110)
— Dividend distribution to preference shareholders	–	–	–	–	–	–	(1,428)	(1,428)
— Interest paid to holders of perpetual bonds	–	–	–	–	–	–	(3,360)	(3,360)
(v) Transfers within the owners' equity								
— Other comprehensive income transferred to retained earnings	–	–	–	242	–	–	(242)	–
As at 31 December 2023	48,967	118,060	61,790	1,867	60,992	101,140	290,804	683,620

(Amounts in millions of Renminbi unless otherwise stated)

63 Benefits and interests of directors and supervisors

(a) Relationship of related parties

For the year ended 31 December 2024

	Emoluments paid or receivable in respect of services as director or supervisor of the Group								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000	Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group RMB'000	Total RMB'000
Executive directors									
Fang Heying Note (i)	–	–	–	–	–	–	–	–	–
Liu Cheng	–	1,804	600	–	69	273	–	–	2,746
Hu Gang	–	1,548	372	–	69	273	–	–	2,262
Non-executive directors									
Cao Guoqiang Note (i)	–	–	–	–	–	–	–	–	–
Huang Fang Note (i)	–	–	–	–	–	–	–	–	–
Wang Yankang Note (i)	–	–	–	–	–	–	–	–	–
Independent non- executive directors									
Liu Tsz Bun Bennett	310	–	–	–	–	–	–	–	310
Song FangXiu	280	–	–	–	–	–	–	–	280
Wang Huacheng	300	–	–	–	–	–	–	–	300
Zhou Bowen	270	–	–	–	–	–	–	–	270

	Emoluments paid or receivable in respect of services as director or supervisor of the Group								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000	Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group RMB'000	Total RMB'000
Supervisors									
Li Rong	–	434	810	–	69	273	–	–	1,586
Cheng Pusheng	–	424	820	–	69	273	–	–	1,586
Zeng Yufang	–	345	620	–	73	243	–	–	1,281
Zhang Chun	–	332	670	–	69	273	–	–	1,344
Wei Guobin	260	-	-	-	-	-	-	-	260
Sun Qi Xiang	260	-	-	-	-	-	-	-	260
Former Directors and Supervisors resigned in 2024									
Chen Panwu (Note (ii))	–	33	60	–	23	23	–	–	139
Liu Guoling (Note (ii))	257	-	-	-	-	-	-	-	257

(Amounts in millions of Renminbi unless otherwise stated)

63 Benefits and interests of directors and supervisors (continued)

(a) Relationship of related parties (continued)

For the year ended 31 December 2023

	Emoluments paid or receivable in respect of services as director or supervisor of the Group								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000	Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group RMB'000	Total RMB'000
Executive directors									
Fang Heying Note (i)	–	–	–	–	–	–	–	–	–
Liu Cheng	–	1,624	420	–	47	261	–	–	2,352
Non-executive directors									
Cao Guoqiang Note (i)	–	–	–	–	–	–	–	–	–
Huang Fang Note (i)	–	–	–	–	–	–	–	–	–
Wang Yankang Note (i)	–	–	–	–	–	–	–	–	–
Independent non–executive directors									
Liu Tsz Bun Bennett	299	–	–	–	–	–	–	–	299
Song FangXiu	52	–	–	–	–	–	–	–	52
Wang Huacheng	70	–	–	–	–	–	–	–	70
Zhou Bowen	90	–	–	–	–	–	–	–	90

	Emoluments paid or receivable in respect of services as director or supervisor of the Group								
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director and supervisor RMB'000	Emoluments paid or receivable in respect of director or supervisor's other services in connection with the management of the affairs of the Group RMB'000	Total RMB'000
Supervisors									
Li Rong	–	434	810	–	47	261	–	–	1,552
Cheng Pusheng	–	424	820	–	47	261	–	–	1,552
Chen Panwu	–	414	1,271	–	47	261	–	–	1,993
Zeng Yufang	–	345	620	–	53	245	–	–	1,263
Wei Guobin	260	–	–	–	–	–	–	–	260
Sun Qi Xiang	260	–	–	–	–	–	–	–	260
Liu Guoling	260	–	–	–	–	–	–	–	260
Former Directors and Supervisors resigned in 2023									
Guo Danghuai	–	1,293	310	–	47	175	–	–	1,825
Zhu Hexin	–	–	–	–	–	–	–	–	–
He Cao	200	–	–	–	–	–	–	–	200
Chen Lihua	215	–	–	–	–	–	–	–	215
Qian Jun	253	–	–	–	–	–	–	–	253

63 Benefits and interests of directors and supervisors (continued)

(a) Relationship of related parties (continued)

Notes:

(i) Mr. Fang Heying, Mr. Cao Guoqiang, Ms. Huang Fang, and Mr. Wang Yankang did not receive any emoluments from the Bank in 2024. Their salary is borne by the main common shareholders of the Bank.Two of the four directors are appointed by CITIC Limited and CITIC Group ("Parent Companies"). Their emoluments were paid by the Parent Companies in 2024. The other two directors are appointed respectively by Quzhou Industrial Holding Group Co. Ltd and CNTC. Their emolument allocations are not disclosed due to the difficulty to apportion the services provided by the directors to the Bank.

(ii) Mr. Chen Panwu resigned in January 2024, Mr. Liu Guoling resigned in December 2024.

(b) Other benefits and interests

No direct or indirect retirement benefits and termination benefits were paid to directors as at 31 December 2024 (as at December 2023: Nil).

For the year ended 31 December 2024 and 31 December 2023, the balance of loans and advances from the Group to Directors, Supervisors or certain controlled body corporates and connected entities of the Directors or Supervisors was not significant.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year 2024 (2023: Nil).

64 Events after the reporting period

On 4 March 2025, the Bank redeemed all unconverted convertible bonds from investors at the price of 111% of the par value of the issued convertible bonds (including the annual interest of the last period) totalling RMB56.85 million. On the same day, the convertible bonds was delisted in the Shanghai Stock Exchange.

65 Comparative figures

Certain comparative data has been restated to conform to the presentation of the current year.

(Expressed in millions of Renminbi unless otherwise stated)

The information set out below does not form part of the annual financial statements, and is included herein for information purposes only.

1 Difference between the financial report prepared under IFRS Accounting Standards and that prepared in accordance with PRC GAAP

China CITIC Bank Corporation (the "Bank") prepares consolidated annual financial statements, which includes the financial statements of the Bank and its subsidiaries (collectively the "Group"), in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As a financial institution incorporated in the People's Republic of China (the "PRC") and listed in the Shanghai Stock Exchange, the Group also prepares its consolidated annual financial statements for the year ended 31 December 2024 in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the regulatory bodies of the PRC (collectively "PRC GAAP").

There is no difference in the profit for the year ended 31 December 2024 or total equity as at 31 December 2024 between the Group's consolidated annual financial statements prepared in accordance with IFRS Accounting Standards and those prepared in accordance with PRC GAAP respectively.

2 Liquidity coverage ratio

	31 December 2024	31 December 2023
Liquidity coverage ratio	**218.13%**	167.48%

The liquidity coverage ratios were also in accordance with the Rules on Liquidity Risk Management of Commercial Banks (Provisional) issued by the NFRA and applicable calculation requirements, and based on the data determined under the PRC GAAP.

3 Currency concentrations

	31 December 2024			
	US Dollars	**HK Dollars**	**Others**	**Total**
Spot assets	**379,012**	**213,774**	**55,510**	**648,296**
Spot liabilities	**(333,070)**	**(260,583)**	**(52,690)**	**(646,343)**
Forward purchases	**2,243,239**	**188,562**	**183,849**	**2,615,650**
Forward sales	**(2,275,451)**	**(145,746)**	**(187,167)**	**(2,608,364)**
Options	**(12,357)**	**2,712**	**1,207**	**(8,438)**
Net long/(short) position	**1,373**	**(1,281)**	**709**	**801**

	31 December 2023			
	US Dollars	HK Dollars	Others	Total
Spot assets	332,716	206,407	320,609	859,732
Spot liabilities	(332,882)	(166,911)	255,706	(244,087)
Forward purchases	1,457,366	153,356	173,380	1,784,102
Forward sales	(1,449,876)	(155,306)	(190,991)	(1,796,173)
Options	(6,077)	937	2,412	(2,728)
Net long position	1,247	38,483	561,116	600,846

(Expressed in millions of Renminbi unless otherwise stated)

4 International claims

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Mainland China, and regards all the claims on third parties outside Mainland China as cross border claims.

International claims include balances with central banks, deposits with banks and non-bank financial institutions, placements with and loans to banks and non-bank financial institutions, financial investments, loans and advances to customers, financial assets held under resale agreements, etc.

International claims are disclosed based on different countries or regions. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	31 December 2024			
	Banks	**Official sector**	**Non-bank private sector**	**Total**
Asia Pacific excluding Mainland China	**100,574**	**632**	**168,973**	**270,179**
— of which attributed to Hong Kong	**46,535**	**314**	**115,036**	**161,885**
Europe	**27,694**	**4,512**	**30,795**	**63,001**
North and South America	**35,506**	**40,632**	**24,974**	**101,112**
Africa	**4**	**-**	**4,803**	**4,807**
Other	**1,040**	**-**	**-**	**1,040**
Total	**164,818**	**45,776**	**229,545**	**440,139**

	31 December 2023			
	Banks	Official sector	Non-bank private sector	Total
Asia Pacific excluding Mainland China	65,698	444	79,669	145,811
— of which attributed to Hong Kong	24,182	436	57,908	82,527
Europe	20,904	7,618	18,259	46,781
North and South America	26,907	31,070	19,337	77,314
Africa	34	4,539	336	4,909
Total	113,543	43,671	117,601	274,815

(Expressed in millions of Renminbi unless otherwise stated)

5 Overdue loans and advances to customers by geographical sectors

	31 December 2024		
	Gross loans and advances	**Loans and advances overdue over 3 months**	**Credit-impaired loans**
Yangtze River Delta	**1,647,237**	**5,453**	**8,924**
Bohai Rim (include Head Office)	**1,455,154**	**14,902**	**19,462**
Pearl River Delta and West Strait	**812,116**	**8,375**	**10,504**
Central	**804,731**	**7,590**	**9,479**
Western	**696,388**	**7,845**	**14,540**
Northeastern	**84,343**	**1,238**	**1,450**
Outside Mainland China	**220,159**	**4,115**	**4,586**
Accrued interest	**21,715**	**–**	**–**
Total	**5,741,843**	**49,518**	**68,945**

	31 December 2023		
	Gross loans and advances	Loans and advances overdue over 3 months	Credit-impaired loans
Yangtze River Delta	1,538,269	4,844	6,801
Bohai Rim (include Head Office)	1,423,026	19,984	23,976
Central	790,477	5,767	8,072
Pearl River Delta and West Strait	782,231	7,488	9,551
Western	669,589	5,806	12,473
Northeastern	85,037	851	1,584
Outside Mainland China	209,715	3,930	4,691
Accrued interest	19,948	–	–
Total	5,518,292	48,670	67,148

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers

(a) Gross overdue amounts due from banks and other financial institutions

As at 31 December 2024, the Group had no overdue amounts due from banks and other financial institutions (31 December 2023: Nil).

(b) Gross amounts of overdue loans and advances to customers

	31 December 2024	31 December 2023
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
— between 3 and 6 months	**15,563**	15,110
— between 6 and 12 months	**13,833**	13,781
— over 12 months	**20,122**	19,779
Total	**49,518**	48,670
As a percentage of total gross loans and advances to customers:		
— between 3 and 6 months	**0.27%**	0.27%
— between 6 and 12 months	**0.24%**	0.25%
— over 12 months	**0.35%**	0.36%
Total	**0.86%**	0.88%

(Expressed in millions of Renminbi unless otherwise stated)

6 Gross overdue amounts due from banks and other financial institutions and overdue loans and advances to customers (continued)

(b) Gross amounts of overdue loans and advances to customers (continued)

The above analysis represents loans and advances overdue for more than 3 months as required by the Hong Kong Monetary Authority.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances are repayable on demand which are outside the approved limit that was advised to the borrower, they are also considered as overdue.

As at 31 December 2024, the loans and advances to customers of RMB49,518 million of the above overdue loans and advances were credit-impaired (As at 31 December 2023, the loans and advances to customers of RMB48,670 million of the above overdue loans and advances were credit-impaired).

Loans and advances to customers overdue for more than 3 months:

	31 December 2024	31 December 2023
Secured portion	**24,529**	26,668
Unsecured portion	**24,989**	22,002
Total	**49,518**	48,670
Allowance for impairment losses	**(35,236)**	(32,825)
Net balance	**14,282**	15,845
Maximum exposure covered by pledge and collateral held	**31,441**	38,588

The fair value of collateral was estimated by management based on the latest revaluation including available external valuation, if any, adjusted by taking into account the current realisation experience as well as market situation.

7 Non-bank Mainland China exposures

The Bank is a commercial bank incorporated in the Mainland China with its banking business primarily conducted in Mainland China. As of 31 December 2024, the majority of the Bank's non-bank exposures arose from businesses with Mainland China entities or individuals. Analyses of various types of exposures by counterparties have been disclosed in the notes to the consolidated annual financial statements.

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CHINA CITIC BANK

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