2024 Annual Report

Australia and New Zealand Bank (China) Company Limited

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I. Company Profile & Milestones in 2024

Opened in October 2010, Australia and New Zealand Bank (China) Company Limited ("ANZ China" or the "Bank") is a wholly owned subsidiary by Australia and New Zealand Banking Group Company Limited ("ANZ Group"). ANZ Group has more than 35 years' presence in China and now is the only Australian bank locally incorporated in China. As one of the largest Australian investors, ANZ China is well positioned to support customers' increasing financial needs and growing business opportunities across the region. Currently ANZ Group's network covers 29 markets globally.

In November 2024, Standard & Poor's credit rating agency maintained its AAA corporate credit rating for the Bank, with a 'stable' rating for Outlook.

As of end of 2024, ANZ China has branches in Beijing, Shanghai, Chongqing, Chengdu and Qingdao.

Key Milestones of ANZ China in 2024:

- ANZ China's Beijing Branch relocated to Financial Street in Xicheng District in June 2024. In December 2024, ANZ China headquarters and Shanghai Branch moved into Shanghai Tower, a landmark in Shanghai, reaffirming our commitment to better serving local clients and strengthening our business presence in China.

- ANZ Group sent a delegation of around 30 representatives from various departments across Australia, Singapore, Hong Kong, and mainland China to participate in the 2024 annual Swift International Banker's Operation Seminar (Sibos) held in Beijing in October. The delegation engaged in in-depth discussions with government officials, business leaders, and global banking peers on key topics such as payments, fintech, security, and risk management, fostering meaningful exchanges and collaborations.

- In 2024, ANZ China topped the "Overall Customer Relationship Quality Index" of the Coalition Greenwich Asian Large Corporate Bank Survey for the eighth consecutive year.

II. Basic Information of the Company (as of 31 December 2024)

- **Legal Name:** Australia and New Zealand Bank (China) Company Limited
- **Legal Representative:** Simon John Ireland
- **Registered Address:** Unit 1501, 1502, 1503, 1504A and 1508, 15 Floor, 479 Lujiazui Ring Road, Shanghai, China.

  Post Code：200120

  Telephone: +86 21 6169 6001

  Complaint Hotline：4008218030/ 4006519920

  Website：www.anz.com.cn

- **Other Information**

  Date of Incorporation: 16 September 2010

  Registered with: Shanghai Administration for Market Regulation

  Centralized Social Credit Code: 91310000561913643B

  Registered Capital : RMB 6,225,000,000

  Shareholder : Australia and New Zealand Banking Group Limited

  Shareholding : 100%

  Type of Company : Limited Liability Company (Wholly Foreign-owned)

  Business Scope : To provide all kinds of foreign exchange services and Renminbi services to all types of customers within the following scope: taking deposits from the public; extending short-term, medium-term and long-term loans; issuance, redemption, and underwriting of government bonds; trading of treasury bonds, financial bonds and other foreign currency denominated securities (other than stocks); provision of letter of credit services and guarantees; domestic or international settlements; sales and purchase of foreign exchange and acting as an agent for selling and purchasing foreign exchange; insurance agency business; inter-bank lending; bank card business; safety box services; creditability investigations and consultancy services; such other businesses as approved by the banking regulatory authority of the State Council.(Business operation that involves administrative permit shall run with the permit).

  Auditor: KPMG Huazhen (Special General Partnership) Shanghai Branch

III. Summary of Financial Statements

As at 31 December 2024, ANZ China's total assets is RMB 36.30 billion which includes loans & advances amounting to RMB 7.43 billion, the Bank's total liabilities is RMB 28.61 billion which includes total deposit amounting to RMB 16.32 billion. In terms of financial performance in 2024, the Bank reported RMB 792.31 million total operating income and RMB 197.87 million net profit after tax (NPAT). In 2024, the bank keeps all prudential ratios well within regulatory requirements, with its capital adequacy ratio at 26.59%, liquidity ratio at 120.20% and non-performing-loan ratio at zero.

As at 31 December 2024, ANZ China's capital is sufficient, capital adequacy ratio is 26.59%, tier 1 capital adequacy ratio and core tier 1 capital adequacy ratio is both 26.10%, leverage ratio is 19.53%, all above regulatory requirement. The tier 1 capital and total on balance Sheet & off balance sheet assets applied in leverage ratio is RMB 7.69 billion and RMB 34.93 billion respectively.

In 2024, our bank repatriated a total of RMB 343,156,385.00 cash profits to ANZ Group.

	Y2024	Y2023	
	RMB million	**RMB million**	**YoY %**
Business Performance			
Total Operating Incomes	792.31	1,059.86	-25%
Total Operating Expense	542.18	546.36	0%
Operating Profit	250.13	513.50	-51%
Net Profit after Tax	197.87	391.23	-49%
Balance Sheet			
Loans & Advances	7,430.78	7,233.56	3%
Total Assets	36,304.83	33,542.36	8%
Total Deposits	16,321.44	12,073.31	35%
Total Owners' Equity	7,689.87	7,783.58	-1%
Tier 1 capital	7,689.87	7,783.58	-1%
Adjusted Total On Balance Sheet & Off Balance Sheet Assets*Note 1	34,925.11	34,851.29	0%
Main Ratio			
Cost Income Ratio*Note 2	67.85%	50.82%	
Capital Adequacy Ratio	26.59%	32.11%	
Leverage Ratio	19.53%	16.47%	
Provision Coverage Ratio*Note 3	Not applicable*Note 3	Not applicable*Note 3	
Loan/Provision Ratio*Note 4	1.50%	1.50%	
Return on Equity	2.56%	5.01%	
Return on average assets	0.57%	1.15%	

(The above data is sourced from the audited 2024 financial statements.)

* Note 1: Total On Balance Sheet & Off Balance Sheet Assets is quoted from 1104 offsite Regulatory Report G44 Leverage Ratio denominator related items

* Note 2: Cost Income Ratio = Business and administrative expenses / Operation Income X 100%

* Note 3: As of 31st Dec 2023 and 31st Dec 2024, non-performing loan balance were both zero.

* Note 4: For 2024, the minimum regulatory requirement for Provision Coverage Ratio and Loan/Provision Ratio is 120% and 1.5% respectively

IV. Risk Management

The Board of Directors of ANZ China is responsible for overall risk appetite of the bank, reviewing and approving the bank's risk appetite targets and strategies. The Board of Directors approves the Credit Approval Discretion (CAD) schedule and delegates the credit authority down to ANZ China Country Head and Chief Risk Officer (CRO), who will further delegate to relevant personnel in credit approval roles to ensure the independence of the daily credit decision-making framework at ANZ China.

Under the Board of Directors, there are two levels of Risk Management Committees (Board Level Risk Management Committee -- BL RMC; and Management Level Risk Management Committee -- ML RMC) responsible for assisting the Board and senior management in managing and monitoring Credit Risks, Market Risk, Non-financial Risk, Compliance Risk, Liquidity Risk, Legal Risk and Reputation Risk; setting up and maintaining the independent and robust risk management framework. ML RMC comprises of ML RMC-CMRC (Credit and Market Risk Committee) and ML RMC-ORCC (Operational Risk and Compliance Committee).

The key risk management officers of ANZ China include the CRO, Head of Credit Risk, Wholesale Credit Approvers, Credit Portfolio Monitoring and Risk Governance Manager, Head of Market Risk, Market Risk Manager, Operational Risk Governance Manager, Head of Compliance and Compliance Team. As one of the senior executives, China CRO reports to China Country Head. CRO undertakes supervision responsibilities through engagement in formulating the risk management strategy, policies and processes, and daily management of various risk areas. The CRO chairs the Management Level Risk Management Committees (ML-RMC) and reports to the BL-RMC on the overall implementation of the risk management strategies and the overall status of the risk management including the key risk issues. New risk management policies or major changes to the policies are recommended by CRO and ML RMC to the Board or BL RMC for approval, to ensure an independent risk management framework in ANZ China. In addition, CRO will maintain smooth communication with the regulatory authorities to ensure they are well informed of the risk management status of ANZ China, which will provide ANZ China with timely guidance.

The Bank has a New Product Forum for reviewing and approving new and major variation products. The forum is chaired by CRO and joined by CEO, COO, Head of Business units, Compliance and Legal to formalize new product approval process and ensure the compliance of new product launch with local market conditions and legal and regulatory requirements and comprehensive assessment of the associated product and credit and market risks etc. through proper evaluation of technology support, resource allocation and internal process.

Internal audit is the third line of defense of the Bank, independent of the first and second lines of defense. It provides independent and objective advice for the effectiveness of the risk management framework and control process established by the management and its implementation. It is an indispensable part of the corporate governance structure of ANZ China, thus ensuring that the Bank can carry out its work quickly and safely. The Board and the Audit Committee of the Bank are responsible for reviewing and approving the annual audit plan, budget and policy of the Internal Audit Department, and supervising the effective implementation of the audit plan. The Board and the Audit Committee will review the audit reports submitted by the Internal Audit Department in a timely manner and raise relevant questions. In addition, the Chairman of the Internal Audit Committee maintains close contact with the Internal Audit Team to regularly understand and share regulatory requirements and latest developments, audit report results, key and emerging risks. In 2024, the Internal Audit Department formulated an annual audit plan based on regulatory requirements, risk warnings, and the Bank's risk assessment results and guidance, and carried out various types of audit projects. Including compliance audits, regulatory requirements audits, branch audits and other risk-oriented audit work. The audit scope mainly focuses on anti-money laundering, performance appraisal, market risk, connected party transactions, expense reimbursement, electronic banking, human resources management, data quality and other fields. Through the above audit work, the Internal Audit Department evaluated and reviewed the risk management of the main risk categories faced by the Bank, covering credit risk, market risk, operational risk, compliance risk, etc. The Internal Audit Department paid close attention to the issues identified, the observation points raised and the process improvement suggestions, and continued to follow up until the remediation was completed and met the internal audit requirements.

A. Credit Risk

1. Credit Risk Management Policies, Procedures and Risk Limit Management

Credit risk management policies/procedures of ANZ China outline the detailed credit application, approval, and monitoring process and defines roles and responsibilities to ensure that the Bank complies with 'Law of the People's Republic of China on Commercial Banks' , the ANZ Group policies/procedures, where appropriate, and the local regulatory requirements. According to the requirements outlined in the NFRA regulations for credit risk management, the Bank has developed and implemented the following internal credit risk management policies, procedures and processes:

- Wholesale Judgmental Credit Requirements
- Assets 5-Grade Procedure
- Implementation Measures for Working Capital Loan Management
- Implementation Measures for Fixed Asset Loans Management,
- Country Risk Management Procedure
- Credit Asset Transfer Business Guideline
- Implementation Measures for Property Loan Management
- Syndication Management Guideline
- Green Credit Guide
- Large-amount Risk Exposure Management Guideline
- Joint Credit Procedure
- ANZ China Management Guideline for the Expected Credit Losses Method

The regulatory ratios required by the NFRA and the Core Principles for Effective Banking Supervision issued by the Basel Committee on Banking Supervision are well understood by the Bank, of which the importance to the risk management has been fully acknowledged. The Bank ensures that all regulatory ratios are complied with in the process of credit risk management.

As an important part of credit risk management policy, limits management policies of ANZ China have established provisions in detail as follows: limit management, transfer of limit between customers, change of product type and reinstatement of revolving limits, limits recording, documentation, credit approval discretion delegation, limit excess management, country limits, optimizing risk return, business writing strategy, industry concentration caps, large-amount risk exposure caps and single group/customer concentration limits etc. Daily limit excess report is generated by risk system to monitor limit excess constantly.

2. Credit Risk Distribution

The credit risk management includes the credit risk management for on-balance and off-balance sheet businesses, and the credit portfolio mainly consists of loan assets (including short-term loans, medium-to-long-term loans, trade finance, and bills discounting), other assets and contingencies (e.g. letter of credit, guarantees and derivatives etc.).

As of the end of 2024, total loan assets were RMB7.526B. The loan assets of wholesale business were RMB7.513B, increased by RMB0.198B compared to 2023 and representing 99.82% of the bank's total loan assets. The rest 0.18% was the Retail Mortgage Loan (RMB0.013B as of end 2024) which was called Tail Management.

42.31% of the loan portfolio were medium to short term loans (RMB3.184B), whilst 31.10% was long term loans (RMB2.341B), 26.52% was trade finance (RMB1.996B), 0.07% was bills discounting (RMB0.005B). In terms of the loan tenor structure, short term loans, trade finance, bills discounting and advance payments are primarily short term financing for up to 1 year tenor, and account for 68.89% of the wholesale loan portfolio, whilst medium to long terms loans are of tenor above 1 year.

As of the end of 2024, the outstanding balance of guarantees and import letter of credit was RMB5.066B and RMB0.018B, comparing to RMB4.976B and RMB0.189B at the end of 2023. Meanwhile, the irrevocable undrawn credit commitments were RMB0.179B at the end of 2024. Our derivative transactions are mainly hedging products including forward foreign exchange, interest rate swaps and OTC commodity swaps etc. As of the end 2024, the notional value of derivative contracts was circa RMB1,002.017B.

The overall quality of wholesale credit assets was maintained at a good level in the year of 2024. As of the end of 2024, all of total outstanding were Normal loans, which was RMB7.526B; the outstanding balance of Non-performing Loan (NPL) was 0 continuously. There was nil settlement and write-off occurred and nil new NPL occurred in 2024. We will continue to extend prudent credit decision for wholesale business expansion strictly in line with business writing strategy and risk appetite of the bank.

3. Risk Measurement, Monitoring and Management Reporting Systems

The Bank uses the global risk information system of ANZ Group to provide complete and timely information management reports to senior management, Risk and Operations departments.

ANZ China adopts the Online Customer Profile (OCP) for end-to-end credit approval process.

Under the support of ANZ Group, ANZ China has completed the 2024 regular credit stress testing and presented the results to the ML-RMC CMRC and the BL-RMC. There were three levels of stressed scenarios applied, namely Mild, Severe and Extreme. Stressed factors include the impact from internal and external economic environment, slow-down in China GDP growth and exchange rate fluctuations. EAD growth and default rate migration under stress scenarios were simulated based on internal PD/LGD and Monte Carlo models, with provisions calculated for stressed portfolios.

The testing results indicate that our current credit profile exhibits manageable level of assets quality deterioration and provision impacts under stress scenarios.

ANZ China also performed country risk stress test in 2024. The impact on provisioning and capital adequacy is limited under all stress scenarios and all country risk exposure at the time of stress testing is booked at low-risk countries.

4. Internal Control and Overall Audit Result

The principle of independence has been embedded in the Bank's end-to-end credit process from customer selection, credit approval, loan disbursement, post-credit monitoring activities carried out by frontline and operations as first line of defense and risk as second line of defensee to achieve segregation of duties.

Business Relationship Team and Research & Analysis (R&A) at the frontline are responsible for business development, due diligence, evaluating customers' comprehensive banking needs, developing account strategies, and submitting credit risk assessment and credit application report to Risk for approval. They are also accountable for monitoring risk profile of the customers after facility drawdown, and taking prompt actions in the case of any emerging risk events.

Risk, as second line of defense, is in charge of wholesale credit risk management, and management of non-performing assets based on the expert and technical support of Lending Services of ANZ Group.

The operation divisions, which include payment operations, trade operations, credit administration, lending operations, market operations, accounts and customer services, finance, and operations divisions in branches/sub-branches.

The bank has an independent internal audit function as the third line of defense, responsible for objectively assessing the adequacy, effectiveness, and sufficiency of the credit risk management framework. It conducts regular specialized audits on various aspects of credit risk management and provides independent evaluations and assurance on the effectiveness and sufficiency of credit risk management.

5. Collection / Recovery of Non-performing Assets

The Bank has established requirements for problem loan management and incorporated into our “Wholesale Judgmental Credit Requirements”, which are strictly followed for managing and collection of non-performing assets. These procedures address the Guidelines for Disposal of Non-performing Financial Assets and Interim Procedures in Non-performing Assets Monitoring and Assessment of Commercial Banking issued by the regulator and other relevant laws and regulations.

Collection/recovery of non-performing assets is currently supported by Lending Services of ANZ Group. This team is responsible for providing expert opinion and technical support for high risk account management i.e. mainly collection for non-performing assets. BL RMC under the delegation of ANZ China Board holds the final authority to decide and approve for bad debt write-off. Through entering into Statement of Work (SOW) between ANZ China and Group Lending Services, detailed roles and responsibilities of ANZ China and ANZ Group are defined and the local accountability of supervision and final decision making are highlighted.

6. Large-amount Risk Exposure

In order to better implement the requirements of the "Large-amount Risk Exposure Management Measures of Commercial Banks" announced by the regulator. In the area of management system, according to the regulation requirements from NFRA on large-amount risk exposure monitoring and our internal management and statistical requirements, the Bank has completed the annual review for the relevant internal thresholds for large-amount risk exposure management in ANZ China Risk Appetite Statement (RAS) which was approved by ANZ China Board in Mar 2024, and has constantly updated and improved the "ANZ China Large-amount Risk Exposure Management Guideline" and “Large-amount Risk Exposure Monitoring Procedure”: The Bank has completed the annual review for "ANZ China Large-amount Risk Exposure Management Guideline" in Oct 2024 and the updating for “Large-amount Risk Exposure Monitoring Procedure” in Nov 2024.

Since 2019, the Bank has implemented the large-amount risk exposure monitoring metrics in the updated RAS Dashboard to be presented at BL-RMC and ML-RMC, continuously track the movement and management situation, , and regularly report to the senior management. As of 31 Dec 2024, all of the large-amount risk exposures were well within the caps required by NFRA and ANZ China internal thresholds.

Our large-amount risk exposure index as of 31 Dec 2024:

Metrics for Large-amount Risk Exposures	**Regulatory Caps**	**ANZ Internal Threshold (RAS trigger)**	**Top 1 Customer/Customer Group %**
Top onshore single corporate customer loan outstanding (% of China net Capital)	<10%	<9%	8.05%
Top onshore single corporate customer risk exposure (% of China Tier 1 net Capital)	<15%	<13.5%	11.39%
Top onshore corporate customer group risk exposure (% of China Tier 1 net Capital)	<20%	<18%	8.16%
Top single interbank customer/group customer risk exposure (% of China Tier 1 net Capital)	<25%	<22.5%	21.26%
16Onshore Exposure of ANZBGL (% of China Tier 1 Net Capital)	-	<80%	41.53%
Top onshore single unqualified Central Counter-Party clearing/non-clearing risk exposure (% of China Tier 1 net Capital)	<25%	<22.5%	N/A

7. Management for the Expected Credit Losses Method

According to the "Administrative Measures for Implementation of the Expected Credit Losses ("ECL") Method by Commercial Banks" and other relevant laws and regulations, the Bank has implemented the "ANZ China Management Guideline for the Expected Credit Losses Method" since 1 Jan 2023. The Bank has strengthened the management under the expected credit loss method, specified the division of responsibilities of China Board and specialized committees thereof, the supervisors of China Board, senior management, the leading department and other relevant departments, established a complete management system for the implementation of the expected credit loss method.

In order to further improve the quality of the implementation of the expected credit loss method, to identify credit risks more effectively, and to ensure the perfect implementation of the expected credit loss method in accordance with regulatory requirements, the Bank has completed the annual review and update for "ANZ China Management Guideline for the Expected Credit Losses Method" in Feb 2024, which mainly includes the elaboration of the current measurement method and the expected credit loss method management information system, the update of the three stages of division and upward standard, and the follow-up arrangements for engaging a competent independent external third-party vendor to conduct a full validation of our implemented ECL model.

The Bank will continue to strengthen the whole-process control of the implementation of the expected credit loss method, consolidate the foundation for the implementation of the expected credit loss method, and constantly improve the management level for the expected credit loss method.

8. Country Risk

The Bank's Country Risk Management Procedure and Process is developed and adapted from ANZ Group's Country Rating Manual and the related requirements of country risk management. The policy is also prepared pursuant to the "Administrative Measures for Country Risks of Banking Financial Institutions" as promulgated by NFRA. Country Risk as defined in the NFRA Measures is consistent with the above mentioned ANZ Group definition. According to the Measures, major types of country risks include transfer risk, sovereign risk, contagion risk, currency risk, macroeconomic risk, political risk, and indirect country risks.

ANZ China has incorporated the country risk management into its overall risk management system so as to set up a country risk management system commensurate with its strategy goal, country risk exposure size and complexity.

ANZ China Risk Department will monitor country risk exposure and provisioning on monthly basis.

Country risk report, including but not limited to country limit and exposure, country limit excess and remedial action if any, provisioning, significant country risk exposures (risk exposure to a country or region exceeding 25% of ANZ China's net capital) and country risk exposure in the High Risk category, will be submitted to the China CRO or Head of Credit Risk or CRO delegate for approval on monthly basis and BL RMC meetings for noting on quarterly basis.

ANZ China has conducted country risk classification according to "Administrative Measures for Country Risks of Banking Financial Institutions" mapping to China Country Risk Classification, and after consideration the risk transfer factors, to set aside country risk provisions for assets.

ANZ China has updated the "ANZ China Country Risk Management Policy" in Mar 2024 with the key changes as following:

- Further clarified the measurement criteria for country risk exposures in accordance with the principle of comprehensive risk coverage;
- Inclusion of country risk provisions under owners' equity as part of general provisions;
- Improved the management of country risk provision, including loan commitments and financial guarantees, and appropriately reducing the provision ratio;
- The division of responsibilities for country risk management and the restrictive requirements for country risk transfer have been revised and improved.

ANZ China also performed country risk stress test in 2024. The impact on provisioning and capital adequacy is limited under all stress scenarios and all country risk exposure at the time of stress testing is booked at low-risk countries, and there is no need to make a contingency plan.

9. Retail Credit Risk

ANZ China sold the Retail Business in July 2017. As of the end of Dec 2024, there was nil non-performing retail loan. The Bank will not grant any new retail mortgage loan, and continue to strictly implement the NFRA's post-loan verification requirements on existing retail mortgage loans, and prudently review the income and collateral of borrowers, so as to maintain the NPL rate of the Bank at a reasonable and controllable level.

B. Liquidity Risk

1. Liquidity Risk Management and Governance Structure

The Board undertakes ultimate oversight responsibility of the adequacy of liquidity risk management;The BL-RMC will be informed of significant internal and external developments that may adversely impact the ability of the Bank to remain liquid. The BL-RMC provides guidance and recommendations to the Board of these significant risks. ML-RMC-CMRC monitor the key liquidity risk appetite and related metrics against the agreed threshold on a regular basis and escalate material risk or issues to BL -RMC or Board as appropriate. The liquidity risk appetite of the Bank will be approved by the Board.

ANZ China Asset and Liability Committee (ALCO) is responsible for monitoring the liquidity conditions. ALCO holds regular meetings to discuss major decisions on funding, and reviews the Bank's asset & liability structure. ALCO is responsible for ensuring effective implementation and execution of liquidity management framework. At the regular meeting, senior management participates in the Bank's liquidity management evaluation, oversees movement and liquidity situation in the balance sheet and discusses relevant risk management.

With the support from Regional and Group Treasurer, China Treasurer works together with China Market Risk to support China ALCO for the timely understanding of the Bank's liquidity management. China Market Risk provides independent oversight on liquidity risk based on internal liquidity risk metrics set by ANZ Group. China Treasurer and China Market Risk (to provide a second line risk oversight) as a joint function for liquidity risk management. Group/Regional Market Risk together with Group/Regional Treasurer are responsible to provide the relevant guidance, review and functional technical support. ANZ China Markets is responsible for the development and execution of all liquidity and funding strategies for approval at China ALCO, managing and approving all significant external communications relating to China's funding and liquidity positions.

2. Major factors impacting liquidity risk, liquidity risk management strategies and policies

The major business which impacts the Bank's liquidity is traditional business such as customer deposit, interbank borrowing and lending, bond & investment products and customer loans.

Currently ANZ China uses the mode of centralized fund management, where funding needs of the branches and business operation units are arranged by Markets, to manage the funds of ANZ China effectively and control the liquidity risk at a low level.

Overall, the Bank's current liquidity management framework, policy and procedure can meet the needs of our current business development.

The relevant policies and procedures include:

- China Liquidity Guideline
- China Liquidity Crisis Contingency Plan
- Liquidity Metrics Management Procedure
- RMB Deposit Reserve Management Procedure
- Intra Day Liquidity Management Procedure

3. Main liquidity risk management approaches and ratios

The BL-RMC recognizes the liquidity risk present in the Bank's balance sheet and has determined the following approaches to assess risk:

- The ability of the Bank to meet all obligations as they fall due in the immediate term
- Ability of the Bank to meet liquidity 'survival horizons' under a range of stress scenarios to meet cash flow obligations over a short to medium term horizon.
- The Bank's susceptibility to funding and market liquidity risks due to the structural liquidity position of the Bank.
- Potential earnings implications associated with unexpected increases in funding costs.

The Bank applies cash flow forecasting models and scenario analysis to measure and monitor liquidity risk profile arising from the Bank's on and off balance sheet activities. The models estimate expected net cash flows arising over a specified time horizon, forecasting any funding and liquidity gaps that are required to be managed. The main management and control approaches are as follows:

1) Regular update to guidelines and internal limits structure to meet requirement of risk monitoring;
2) Sound internal reporting mechanism with corresponding departments, personnel and committees, such as ML-RMC-CMRC, BL-RMC, Asset and Liability Committee, CRO, Market Risk Function and Treasurer.
3) Specific risk monitoring system to ensure timely and accurate measurement, monitoring and reporting about liquidity risk and management;
4) Regular stress test based on the different scenario settings;
5) Independent internal audit of liquidity risk management.

In 2024, the Bank's liquidity risk-related ratios and limits are in line with the current regulations and policies. As of 31 December 2024, the liquidity risk related ratios were as following, well above the regulatory and internal limits：

Liquidity Compliance Ratios	**31 Dec 2024**
Liquidity Ratio	120.2%
HQLA Adequacy Ratio	334.6%
Liquidity Matching Ratio	170.9%

Specifically speaking, the Bank's liquidity management mainly includes the following measures:

1) Liquidity Stress Testing

The Bank's cash flow model assumption setting of all the liquidity stress testing scenarios is based on the combination of external data and professional judgment and ANZ Group standard associated with China market actual liquidity status. Relevant parameters adjustment has been made to accommodate China market actual situation. The Bank perform "Bank Liquidity Coverage Ratio (LCR)" test on a daily basis to ensure that the Bank holds sufficient liquid assets to meet cash flow needs in the next 30 days in severe market liquidity stress situations. The reports are generated by the ANZ Group's Market Risk Reporting Department and results are reported to relevant senior management. Any breaches are escalated to ALCO and notified to BL-RMC. There were no breaches in 2024.

2) Liquidity Risk Metrics

The Bank's liquidity risk management framework covers both regulatory and monitoring ratios. Regulatory ratios below the management minimum threshold, the Bank will follow the procedure and report to the regulator timely. Material fluctuation, rapidly or continues taking on unidirectional changes on monitoring ratios, China ALCO need to analyse the cause and risk changes reflected from those ratios, and timely report to the regulator when necessary.

3) Liquidity Crisis Contingency Plan (LCCP)

To ensure effective collaboration among each department during a liquidity crisis, ALCO regularly reviews the Bank's LCCP and conduct annual rehearsal. The Bank maintains the LCCP defining an approach for analysing and responding to a liquidity threatening event. The framework includes:

- Establishment of crisis severity/stress levels;
- Clearly assigned crisis roles and responsibilities;
- Early warning signals indicative of an approaching crisis, and mechanisms to monitor and report these signals;
- Outlined action plans, and courses of action for altering asset and liability behaviour;
- Procedures for crisis management reporting, and making up cash flow shortfalls;
- Guidelines determining the priority of customer relationships in the event of liquidity problems; and
- Assigned responsibilities for internal and external communications.

C. Market Risk

Market Risk is a risk management unit independent of the business that is responsible for measuring, monitoring and controlling the Bank's market risk. ANZ China Market Risk have implemented policies and procedures to ensure that ANZ China's market risk exposures are managed within the appetite and limit framework set by China Board. China Market Risk reports results of limits utilizations and stress testing to ML-RMC CMRC and China ALCO on a regular basis and China BL-RMC on a quarterly basis.

1. Market Risk Structure & Management Principles

- Based on Group policies, China Market Risk develops and maintains China Market Risk Guidelines to ensure its adaptation to local relevant regulatory requirements and the relevant personnel/committees fully understand their respective responsibilities and powers granted by China Board, and proposes to senior management and Board and/or its delegated committees for review, approval and implementation.
- The Bank uses the global market risk management system of ANZ Group to monitor and manage market risk, and provide complete, timely and accurate risk management reports to senior management, Risk and related departments.
- Conduct risk exposure monitoring, analysis, control and provide timely risk reporting to the business and senior management.
- Carry out regular limit review, manage the market risk limit approval process and limit excess process and report them to ML-RMC CMRC and ALCO.
- Collaborate with China New Product Forum to identify and assess market risk arising from new products.
- Provide regular market risk reporting to ML- RMC CMRC /ALCO and BL-RMC.

Key Policies, Processes and Procedures:

- Traded Market Risk China Guideline
- China IRRBB (Interest Rate Risk of Banking Book) and FTP Guideline
- China Market Risk Modelling Management Guideline

Currently the major products of China Markets are 1) FX and Rates, including Spot, Forward, FXS, RMB bond and Repo, IRS; 2) Shanghai Gold Exchange and Shanghai Futures Exchange trading; 3) FX Option Trading; 4) Credit Bond Trading; and 5) Bank's Asset and Liability Management. Based on different business purpose, Market Risk is managed on trading book and banking book separately.

2. Market Risk Quantification Methodologies

ANZ China adopts same market risk quantification methodologies as ANZ Group. Any major changes to the methodologies are subject to the approval from BL-RMC with support from ML-RMC CMRC. China Market Risk applies Value at Risk (VaR) and stress test on trading and banking book, and additionally Earning at Risk (EaR) on banking book. Detail market risk sensitivity limits are also imposed at each desk level including interest rate risk (DV01), FX (NPV) and optionality risk and credit spread (CR01).

- VaR is expressed to a 99.0% level of statistical confidence and using a one-day holding period. A 500-day historical simulation methodology is used in which overnight changes in the yield curve and/or other market price of each currency are applied to calculate the change in market value that would be observed had the current profile been subject to these historical outcomes. VaR is a statistical risk measurement of maximum expected loss (within the level of confidence) on a specific portfolio of financial assets during the holding period. Back testing is the process to identify the number of times that actual or hypothetical daily trading results (gains or losses) are greater than the calculated VaR exposure. ANZ China Market Risk conducts back testing for the major trading desks on daily basis.

- EaR is an estimate of the amount of the next 12 months' income that is at risk from interest rate movements over a one-month holding period, expressed to a 97.5% level of statistical confidence. This is earning-based measures for IRRBB management. It is calculated by applying a statistically derived interest rate shock to static repricing gaps. The volatility measure is based on the antithetic 97.5% confidence of monthly changes in the one-month interest rate over the past 6 years.

-Stress test

Trading Book: The Bank's stress testing results reflect the potential loss impact from applying the largest shocks occurring during recent history and incorporates both price movements and liquidity associated with these events. Data from 2008 is used (to encapsulate the Global Financial Crisisperiod) to capture severe historical price movements and liquidity shocks.

Banking Book: The 26 directions for the yield curve are applied as shocks at the 99.97% confidence level based on a 3-month (or 60-business-day) holding period to be commensurate with the nature of non-traded risk at the Bank.

ANZ China adopts Group Market Risk's historical stress test and also adopt extraordinary stress test that relate to China including China Hard Landing and CNY/HKD depeg scenarios, and sets corresponding stress test triggers for both trading and banking books.

3. Limits Setting, Approval and Excess management

Market Risk limit setting and excess reporting are key components of market risk management framework. With consideration of the Bank's business strategy and business development requirements, the Bank's Market Risk performs market risk limits review regularly. The Board has ultimate responsibility for market risk management. The BL-RMC with delegation from the Board is responsible for Market Risk Appetite approval i.e. VaR, EaR and Loss Limit. Limit excess will be reported to ML-RMC CMRC and ALCO and tabled to BL-RMC for noting on a quarterly basis.

4. Market Risk Quantification Analysis (in '000 RMB) as of 31 December 2024

in CNY '000	**Y2024**			
VaR and EaR Overall	as of 31 Dec	Average	MAX	MIN
Trading Book VaR	17,475	12,525	32,214	4,414
(1) Local Markets	4,153	9,298	30,302	2,517
(2) Shanghai Gold Exchange	15,373	7,408	19,942	2,535
(3) FX Option	245	380	2,754	35
(4) Credit	0	0	9	0
Banking Book VaR	8,066	6,857	9,677	4,607
Banking Book EaR	8,152	9,753	14,739	6,127

Stress Test (Overall Trading Book –IR, FX and Credit and Banking Book, in '000 CNY):

Stress Test	Stress Scenario	Outcome
Trading Book - IR	Yield Flatten	-89,556
Trading Book - FX	SpotUp VolUp	-73,815
Trading Book - Credit	-	no position
Banking Book	shift up	-110,284

Sensitivity Analysis over NII:

	Y2024	Y2023
Impact of 1% rate shock on the next 12 months' net interest income margin	4.4%	1.6%

D. Operational Risk

1. Operational risk management structure

ANZ China has a comprehensive risk management structure. The Bank implemented three lines of defense on risk management:

- First line of defense: All business teams and enablement teams

Responsible for day-to-day ownership of risks and controls, and implementation and ongoing execution of operational risk management framework.

- Second line of defense: Management Level Risk Management Committee – Operational Risk & Compliance Committee chaired by CRO of the Bank, Operational Risk Governance role under risk team.

The main responsibilities are to provide independent oversight and guidance to enable consistent implementation of the operational risk management Framework across business units, and escalate material operational risk issues to ANZ China Board or BL-RMC as well as Institutional RMC (as required).

- Third line of defense: Internal Audit team

The main responsibilities are to perform objective assessments on the appropriateness, effectiveness and adequacy of the operational risk I.AM Framework, and perform special audit (minimum every 3 years) of operational risk management.

The Board is ultimately responsible for oversight of the overall risk management and ensures that the Bank set up effective and robust internal risk management system.

Additionally, Business Governance & Controls team supports the First Line of Defense function and reports to the Business Manager of the Bank's Country Head. Head of Business Governance & Controls is leading non-financial risk management team and quality assurance team. To further enhance non-financial risk control, of the non-financial risk champions also assist the business head to identify, assess, manage and control operational risks.

ANZ China categorizes non-financial risk in line with the following seven loss event categories, as defined by local regulator or group policy:

- Internal Fraud
- External Fraud
- Employment practices and workplace safety
- Clients, products and business practices
- Damage to physical assets
- Business disruption
- Execution, delivery and process management

2. Risk management platform

ANZ China Operational Risk Management Policy sets out the operational risk requirements under the ANZ Operational Risk Approach and Operational Risk Identify-Act-Monitor ("I.AM") Framework. It is part of the ANZ China's Risk Management Strategy for material risks and in particular the management of operational risks.

Since Nov 2022, NFR Hub, the new compliance and operational risk management system has been adopted on phase basis in accordance with the requirements under the I AM Amplified Framework initiated by ANZ Group. It is to comprehensively record the operational risk applicability and relevant control objectives assessment results, key controls with mapped risk control objectives, attestation for key control effectiveness and other risk management information. It is also used for daily monitoring and management for those operational risks that have been assessed and transferred to NFR Hub. For existing key operational risks that have yet performed the new assessment requirements under the I AM Amplified Framework, continue to implement the current risk management requirements in COR.

Each business team has its Risk Forum on a regular basis. The forum is held by business head, with attendance from operational risk team, compliance, operation support team. During the meeting, the business head will summarize the recent risk matters. The medium and low risk matters would be discussed and expected to be resolved at the forum; the high risk matters or significant medium risk matters would be further escalated to ML RMC-ORCC.

ML RMC-ORCC is held at regular basis. The Committee is chaired by CRO with attendance of all business heads and enablement function heads. In addition to discussing the Bank's risks or potential risks and proposing solutions, the Committee also reviews the Bank's current risk profile. The committee will address the emerging risks resulting from internal and external environment changes, regulation changes, KRI changes, loss and events, audit findings, QA results, strategy and organization changes, new product and new system changes, also external loss data, discuss the key operational risks, and adjust the risk rating if necessary, discuss the related solutions and management focus of the next phase, and review/monitor the following remediation.

BL-RMC is held on a quarterly basis. Head of Business Governance & Controls currently presents the operational risk update and the risk management priorities going forward.

3. Operational Risk Capital Allocation and Loss

ANZ China calculates and maintains appropriate operational risk capital according to local regulatory requirements.

ANZ China is currently adopting the Basic Indicator Approach to estimate Operational Risk Capital, by multiplying the average eligible revenue over the previous 3 years with a regulatory determined ratio of 15%. The capital for Operational Risk is the product of the Operational RWAs reported to CBIRC, as per the quarterly Return on Capital Adequacy, and the 10.5% Minimum Regulatory Ratio. As of Dec 2024, operational risk scenario of 'Internal Fraud' and 'Failure To Meet Local Regulatory Reporting Requirements' were tested in 2024. The financial loss of these 2 stress testing results are within the Operational Risk capital amount for three-year period.

In 2024, the bank reported a total of 71 operational risk and compliance incidents, none of which resulted in financial losses.

- 25 incidents were due to employees not strictly following procedures or deficiencies in the processes, leading to operational errors.
- 13 incidents involved employee mistakes that caused errors in regulatory reports or delays in submissions.
- 6 incidents were related to late report due to slow network operations, affecting system efficiency.
- 5 incidents involved employees not strictly adhering to information protection policies, such as failing to encrypt attachments when communicating externally or sharing internal public information. However, no customer information or trade secrets were compromised.

All identified incidents were promptly corrected, and corrective measures implemented. The Bank remains highly committed to risk prevention and continues to strengthen employee training. In 2024, no major risk incidents have occurred.

E. Liability Quality Management

1. Liability Quality Management Mechanism

The Bank has a sound governance system for liability quality management, and the liability quality management strategies, policies and contingency plans are in line with the Bank's business strategy, risk appetite and overall business characteristics. Overall, the liability quality management framework is covered under liquidity risk management, including corresponding strategies, systems, procedures, limits, contingency plans, and roles and responsibilities. The Board is ultimately responsible for liability quality management; and the Bank's ALCO undertakes the management of liability quality. For relevant guidelines, procedures and management methods that overlap with liquidity risk, please refer to the section 4B Liquidity Risk of this annual report.

In terms of the elements of liability quality management, the Bank focuses on the following six aspects in accordance with the Measures for the Management of Liability Quality of Commercial Banks:

1) The stability of the liabilities;

2) The variety of the liability structure;

3) The reasonableness for the match of liabilities and assets;

4) The capabilities of obtaining funds;

5) The appropriateness of the funding cost;

6) The authenticity of liability items.

ALCO is responsible for ensuring the effective implementation and execution of the liability quality management mechanism, and is responsible for monitoring the Bank's liability quality management condition. ALCO holds regular meetings to discuss the status of liability quality management, review and analyze changes in relevant management metrics, and discuss relevant management status and risks.

BL-RMC is held on a quarterly basis. The Chief Financial Officer provides regular update on the liability quality management to the BL-RMC.

2. Liability Quality Management Status

As of 31 December 2024, the key metrics and limits related to liability management were in line with the Bank’s current rules and policy requirements, and overall trended at the reasonable level.

V. Corporate Governance

1. **Board Obligation, Composition and Performance**

Directors are nominated by the shareholder. As of 31st December 2024, the Board of Directors of ANZ China composes of:

Chairman – Simon John Ireland. Simon joined ANZ Group in 2008 and was appointed Head of International Business in October 2021; before joining ANZ, Simon held various management positions at Lehman Brothers and JP Morgan; and has over 30 years of banking management experience .

Executive Director – Christopher Paul Raciti. Chris joined ANZ Group in 2002 and has held various management positions within the Group's lending division; and was appointed Chief Executive Officer of ANZ China in 2022; Chris has over 20 years of banking experience.

Non-Executive Director – Choi Jin Yong. He joined ANZ Group in 2012 as Head of Debt Capital Markets, Global & Capital Markets Asia. In 2022, he was appointed as Global Head of Capital Markets, Institutional; he has over 20 years of banking experience.

Non-Executive Director – Annabel Jane Helen Squier. Annabel joined ANZ Group in 2010 and held various management roles in the Financial Institutions division, and was appointed Head of ANZ Financial Institutions North Asia in 2016.

Independent Director– Kuan Kok Wai. He has over 30 years of experience in finance area; and the 20+ years in the insurance industry has seen him in roles such as Board Chairman, Regional and Country CEO, CFO with leading multinational companies.

Independent Director – Tai Foong May. May has more than 20 years of working experience in the judicial field and has been living and working in Hong Kong, Beijing and Shanghai since 2010. Since 2017, she has served as the managing partner of Herbert Smith Freehills in China, and later become Asia Managing Partner in 2020. Currently she is a Consultant to Herbert Smith Freehills and joins International Court of Arbitration in 2024 as Vice President.

The following is a summary of the concurrent positions of all directors as of the end of 2024:

Chairman, Simon John Ireland	Managing Director of International Business, ANZ Group
Executive Director, Christopher Paul Raciti	Chief Executive Officer, ANZ China
Non-executive Director, Choi Jin Yong	Global Head of Capital Markets, Institutional, ANZ Group
Non-executive Director, Annabel Jane Helen Squier	Head of ANZ Financial Institutions North Asia, ANZ Group

Independent Director, Kuan Kok Wai	Board Chairman - QBE Hong Kong & Shanghai Insurance Limited; QBE General Insurance (Hong Kong) Limited; QBE Mortgage Insurance (Asia) Limited
Independent Director, Tai Foong May	Vice President, International Court of Arbitration Consultant, Herbert Smith Freehills

The Board of Directors is mainly responsible for major decisions such as business plans, and reports to the Shareholder and implements the Shareholder resolutions. The Board takes up the ultimate responsibility for the business performance and financial status. The Board has set up Connected Party Transaction Control Committee, Risk Management Committee, Audit Committee and Remuneration Committee. In addition to those authorities stipulated in the Company Law, the obligations of the Board include:

(1) reporting its work to and implement the resolution of the shareholder;

(2) formulating the Bank's development strategy and supervising implementation of the strategy;

(3) evaluating and improving corporate governance of the Bank on a regular basis;

(4) formulating the Bank's annual financial budgeting plan and final accounts proposal;

(5) formulating plans for increase or reduction of registered capital, issuance of bonds or other securities and listing of the Bank;

(6) developing plans for the Bank's significant acquisition, purchase of the Bank's shares, merger, division, dissolution or change of company form;

(7) formulating the Bank's profits distribution plans and losses remedy plans;

(8) deliberating on and approving the Bank's external investment, asset purchase, asset disposal and write off, asset mortgage, connected party transactions, data governance etc. pursuant to laws and regulations, regulatory provisions and the AOA;

(9) being responsible for information disclosure of the Bank, and bear the ultimate responsibilities for veracity, accuracy, integrity and timeliness of accounting and financial reports;

(10) establishing a mechanism for identification, examination and management of conflict of interests between the Bank and the Shareholder;

(11) proposing to the Shareholder on appointment or dismissal of the accounting firm which carries out regular statutory audit of the Bank's financial reports;

(12) formulating the Bank's capital planning, and bear the ultimate responsibilities for management of capital or solvency;

(13) formulating the Bank's risk tolerance, risk management and internal control policies, and bear the ultimate responsibilities for overall risk management;

(14) resolving on the business plans of the Bank and the material adjustments of the Bank's business nature, business structure, target customers or target business areas;

(15) resolving on the establishment of the branches and sub-branches of the Bank;

(16) safeguarding the legitimate rights and interests of financial consumers and other stakeholders;

(17) formulating the basic management system of the Bank;

(18) bearing management responsibilities for shareholder affairs;

(19) appointing or dismissing Senior Executives and decision on their remuneration, reward and punishment pursuant to regulatory provisions, and supervising the performance of duties of Senior Management;

(20) appointing or dismissing the responsible person of the internal audit department;

(21) resolving on the Bank employees' incentive plans and retirement welfare plans;

(22) formulating plans for amendment of the AOA and the board charter, and deliberating on and approving the charters for specialized committees under the Board of Directors; and

(23) such other authorities of the Board of Directors as provided by laws, regulations and the AOA or as granted by the Shareholder.

The Board has actively fulfilled its fiduciary duty and duty of care in 2024. In 2024, the Board and its specialised committees have fulfilled its respective duties under our governance structure in accordance with laws, regulations, regulatory requirements, Articles of Association and relevant charters. The Board held its regular meetings on 13 March, 3 June, 9 September and 25 November in 2024 to receive regular updates from senior management on business performance, human resources, key IT projects, key regulation update and implementation status, and to review and discuss the bank's development strategy, financial plan, internal authority matrix, and external auditor's engagement and audit fees, etc.

The Board of ANZ China has four specialized committees under its governance: the Audit Committee, the Risk Management Committee, the Connected Party Transaction Control Committee, and the Remuneration Committee, all of which provide professional advice to the Board. Each committee makes decisions and operates according to the Board's authorization and their respective charters. During the reporting period, the duties of each committee were clearly defined, and the committees reviewed and approved important matters and diligently and promptly reported to the Board in accordance with relevant laws, regulations, supervisory requirements, and the Articles of Association of ANZ China.

The Risk Management Committee is primarily responsible for supervising the senior management's control of risks such as credit risk, liquidity risk, market risk, operational risk, compliance risk, and reputational risk. The committee regularly evaluates the Bank's risk policies, management status, and risk tolerance, and provides recommendations for improving risk management and internal controls. In 2024, the Risk Management Committee under the Board held its regular meetings on March 13, June 3, September 9 and November 25, to receive liability management reports, market risk reports, non-financial risk reports and compliance risk reports; and timely review changes in credit delegation, excess limit approval discretion, the latest country risk provisions and exposures, and various stress test scenarios and results for the reporting period.

The Audit Committee is primarily responsible for reviewing the Bank's risk and compliance status, accounting policies, financial reporting procedures, and financial condition. It is also responsible for overseeing the annual audit, making recommendations regarding the appointment and replacement of external auditors, reviewing and endorsing the audited financial statements and recommend for Board approval. In 2024, the Audit Committee held four regular meetings on March 13, June 3, September 9 and November 25, to review the internal audit plan of the Bank, understand the internal audit findings for the reporting period and listen to relevant market trends; understand the external audit plan and approve the external audit fee.

The Connected Party Transaction Control Committee is primarily responsible for the management, review, and risk control of connected party transactions. In 2024, the Connected Party Transaction Control Committee held three regular meetings on March 13, September 9 and November 25, to review the updated list of connected natural persons and connected legal entities on a regular basis; and noted the general connected party transactions during the reporting period.

The Remuneration Committee is primarily responsible for reviewing and approving annual performance and remuneration outcomes as well as updates to ANZ China Remuneration Operating Guidelines; review the annual internal remuneration and performance evaluation audit findings, as well as any other remuneration related issues of the Bank. The committee held its annual meeting on November 13, 2024. The Committee approved the 2024 remuneration results of ANZ China.

2. Supervisor Obligation and Performance

ANZ China has one Supervisor, Mr. Timothy Bezencon, appointed by the Shareholder. Mr. Bezencon currently serves as Chief Risk Officer of ANZ's Institutional Banking Division; has over 30 years of banking experience in client communications and credit risk. The Supervisor attends Board meetings and Risk Management Committee meetings, reviews Board pack, receives reports from senior management at board meeting, and participates in discussion from the perspective of Supervisor, examines the bank’s financial status and supervise the performance of directors and senior management and report to the Shareholder accordingly. The Supervisor shall be responsible to the Shareholder, and, in accordance with the Company Law and other laws and regulations, regulatory provisions and the provisions of the AOA, faithfully perform the duties of supervising the Board of Directors and Senior Management , including the following duties and obligations:

(1) supervising and examining the business decision-making, financial status, risk management and internal control of the Bank and urge corrections;

(2) making comprehensive assessment of the performance of the duties of the Directors;

(3) monitoring and requiring the Directors or the Senior Executives to rectify the acts that are in violation of the PRC Law and the AOA; proposing the removal of Directors and Senior Executives who violate laws, regulations, the AOA, or shareholder decisions;

(4) preventing the acts of the Board of Directors or the Senior Executives that are detrimental to the interests of the Bank, the Shareholder and other connected parties, particularly the depositors; when the behavior of Directors and Senior Executives damages the interests of the Bank, requiring the Directors and Senior Executives to make corrections;

(5) proposing to the Shareholder;

(6) proposing the convening of the interim meetings of the Board of Directors;

(7) attending the meetings of the Board of Directors, and raising questions or suggestions about the matters to be resolved by the Board of Directors;

(8) actively participating in the trainings organized by the Bank and regulatory bodies, understanding the rights and obligations of Supervisor, being familiar with the relevant laws and regulations, and continuously possessing the professional knowledge and ability necessary to perform his/her duties;

(9) having the obligations of being loyal and diligent to the Bank, faithfully and prudently performing his/her duties, and guaranteeing having enough time and energy to perform his/her duties;

(10) taking legal proceedings against the Directors and the Senior Executives in accordance with the PRC Law; and

(11)such other authorities as delegated by the PRC Law, regulatory provisions, and the AOA.

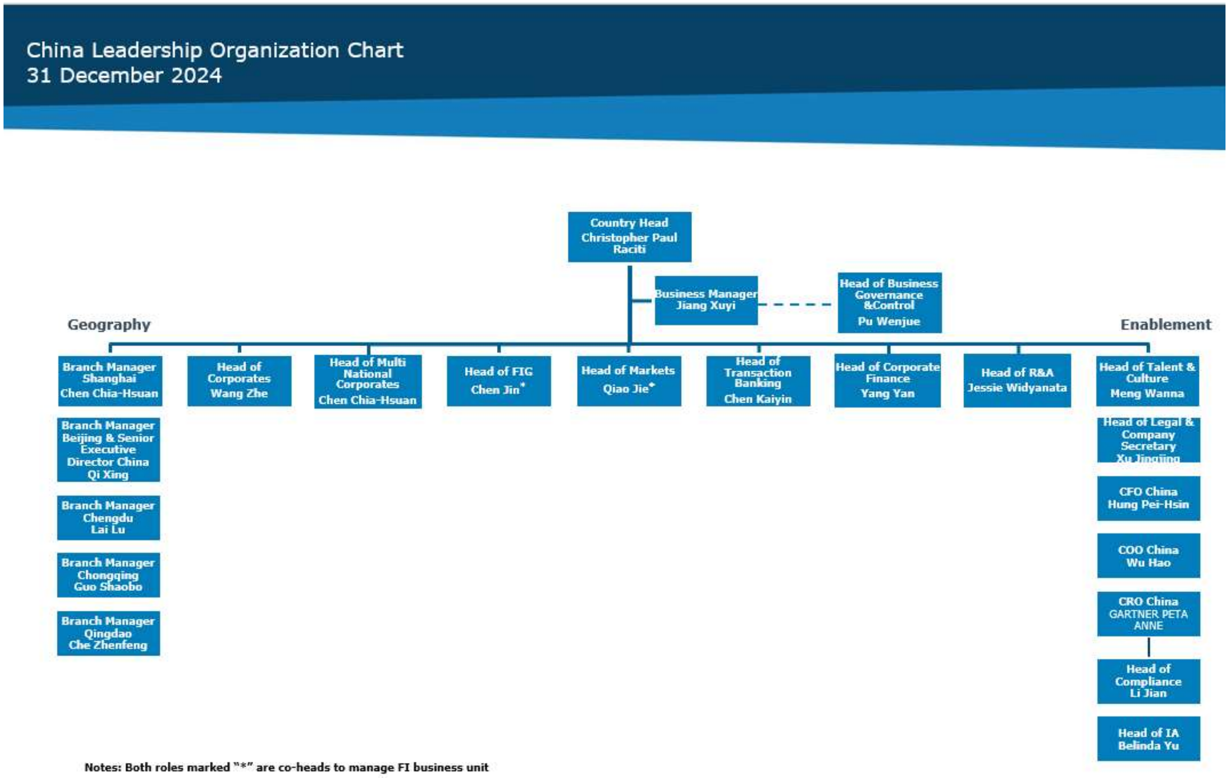
3. Independent Director

The Independent Directors owe duty of loyalty and duty of care to ANZ China and its Shareholder. The Independent Directors fulfil their duties independently in accordance with PRC laws and regulations and Articles of Association to protect the overall interest of ANZ China. Mr. Kuan Kok Wai and Ms. Tai Foong May actively participated in the discussion and decisions at the Board meetings, expressed his objective and independent opinions. Mr. Kuan Kok Wai is the chair-person of Connected Party Transaction Control Committee and Remuneration Committee; and he is also a member of Risk Management Committee and Audit Committee. Ms.Tai Foong May is the chair-person of Audit Committee; and she is also a member of the Connected Party Transaction Control Committee, Risk Management Committee and Remuneration Committee.

In 2024, both independent directors performed their duties diligently, responsibly with 100% attendance for all board regular meetings； expressed objective, and fair independent opinions on matters discussed by the board of directors, especially profit distribution, appointment of senior management and other matters that may involve conflicts of interest.

4. Senior Management

1) Senior Management Organization Chart – as of 31 December 2024



2) Obligations and Working Experience of Senior Management

Position	Obligations	Working Experience
Country Head Christopher Paul Raciti	Taking charge of the operation and management of the Bank and managing to implement the resolutions of the Shareholder and the Board of Directors; managing to implement the annual operation plan and investment plan of the Bank; formulating plans for the establishment of the internal administrative organizations of the Bank; formulating the basic management system of the Bank; formulating the specific internal rules and regulations of the Bank; deciding on the engagement or dismissal of management personnel other than those to be engaged or dismissed by the Board of Directors; and such other authorities as delegated by the PRC Law and the AOA and as granted by the Board of Directors.	Mr. Christopher Paul Raciti was appointed as Country Head of ANZ China in 2022; prior to this role, Mr. Christopher Paul Raciti has over 20 years of banking management experience in various management positions in ANZ Group.
Chief Risk Officer	Undertakes supervision responsibilities through engagement in formulating the risk management	Mrs. GARTNER was appointed as Chief Risk Officer of ANZ China in Oct 2024. Prior to that, Mrs.

GARTNER PETA ANNE	strategy, policies and processes, and daily management of various risk areas, including credit risk, market risk and non-financial risk; regularly report to the BL-RMC on the overall implementation of the risk management strategies and the overall status of risk management including key risk issues; ensure that regulators have a full understanding on our bank's risk management status and can timely provide guidance to the Bank.	GARTNER held various positions in ANZ Group, PPB Advisory. She has over 20 years of banking and financial services experience.
Head of Internal Audit Belinda Yu	Responsible for proposing and obtaining an internal audit plan, implementing the approved internal audit plan, and supervising the work of the internal audit team; oversee audit follow up and remediation activity, data quality and timely and insightful reporting and MIS for portfolio, including the monthly reporting process	Ms. Belinda Yu joined ANZ China in 2023 and was approved to be Head of Internal Audit in November 2023. Before that, she held various positions in Citi Bank, the Bank of New York Mellon, Shanghai and PwC, etc,. She has over 20 years of banking and financial service experience.
Chief Operation Officer Wu Hao	Responsible for managing the Operation Department, including Operation, Business Management & change, Property; also responsible for oversight on the IT Strategic and BAU Operations including Tech Risk Governance uplift.	Mr. Wu Hao joined ANZ China in 2011 and has been the Chief Operating Officer since 2012. Before that, Mr. Wu Hao held various positions in Royal Bank of Scotland, Commerzbank, etc., He has nearly 30 years of banking experience.
Chief Financial Officer Hung Pei-Hsin	Assist the Country Head and business lines in the formulation and implementation of financial budgets, and be responsible for the formulation and supervision of accounting policies; lead financial team to provide professional and strategic financial support and advice for business development, while maintaining a robust management and control model to ensure the integrity and accuracy of financial information; Chair the Asset & Liability Management Committee to assist the Country Head in managing the balance sheet so that it can properly achieve business objectives and maintain capital resources	Ms. Pei-Hsin Hung joined the ANZ Bank Group Taiwan in 2010, and then transferred to ANZ China since January 2023 as Chief Financial Officer. Prior to ANZ, she held various positions in ABN AMRO, KPMG, etc,. She has over 20 years of banking and financial service experience.
Head of Compliance Li Jian	Provide compliance advice for the bank's overall business development strategy decisions; lead the compliance team to comprehensively coordinate the identification and management of compliance risks according to the bank's compliance management framework, and guide the compliance department to perform the duties of compliance	Mr. Li Jian was approved to take up the role of Head of Compliance of ANZ China in July 2024. Prior to ANZ, he held various positions in SAFE Zibo, ABN AMRO, BNP, Paypal, etc., He has near 30 years of banking and financial experience.

	consulting, advice and supervision according to the compliance risk management plan; lead the anti-money laundering work	
Head of Legal and Company Secretary Xu Jingjing	Provide independent and commercially viable legal advice and legal services to business units and make effective use of legal resources both inside and outside the bank; advise senior management on corporate governance structure to ensure compliance with Chinese legal and regulatory environment, and commit to continuous improvement of corporate governance structure; responsible for the daily work of the Board.	Ms. Xu Jingjing joined ANZ Shanghai Branch in 2009 as a corporate lawyer. Since 2010, she has been appointed as Head of Legal of ANZ China and took management of Company Secretary office. She has also been the Company Secretary since 2019. Before that, Ms. Xu Jingjing worked as a legal counsel at Credit Suisse. She has more than 15 years of banking experience.
Head of Corporates Wang Che	Manage Corporates Department, overseeing the sales of corporate banking products and services, including lending, transaction banking (trade finance and cash management), and financial markets (funding) services. Collaborate closely with the group's branches worldwide, leveraging our bank's strengths in specific industries and regions. Focus on large and medium-sized domestic enterprises based in China that have operations in Australia, New Zealand, and the Asia-Pacific region or intend to expand their business to these regions, providing them with comprehensive financial services.	Mr. Wang Che joined the ANZ Group in 2008 as a management trainee, joined ANZ China in 2014 as Director of Syndicated Loans and from 2021 as Head of Corporate Finance. In 2023, he was appointed as Head of Local Corporate. He has 15 years of banking experience.
Head of Multi National Corporates and Branch Manager of Shanghai Branch Chen Chia-Hsuan	Responsible for managing Multinational Corporates Department, serving the branches of overseas multinational and regional companies in mainland China. The focus is particularly on large and growing companies that can leverage our bank's strengths and have business connections with the parent bank, providing sales of corporate banking products and services, including lending, transaction banking (trade finance and cash management), and financial markets (funding) services. Responsible for financial management, risk and compliance management, customer management, personnel	Ms. Chen Chia-Hsuan joined ANZ China in 2010 as Associate Director of GSG. She was appointed as Head of Global Subsidiary Group in 2023 and was approved to be the Branch Manager of Shanghai Branch in December 2023. Before that, Ms. Chen Jiaxuan held various positions in ANZ Vietnam, HSBC, etc., She has more than 20 years of banking and financial services experience

	management, and external relations management of the branch.	
Head of Markets Qiao Jie	Responsible for managing Markets business, coordinating the sales and trading team to actively participate and provide liquidity in China financial markets and provide financial services across foreign exchange, interest rate and commodity products. Also be responsible for the development of the RMB markets infrastructure for China Markets, so as to ensure the smooth delivery of the banks' strategy.	Ms. Qiao Jie joined the ANZ Group in 2010 as Dealer of Markets and was appointed as Head of Markets of ANZ China in 2022. Before that, Ms. Qiao Jie held various positions in JP Morgan, Bank of Ningbo, etc., She has more than 15 years of banking experience.
Head of Transaction Banking Chen Kaiyin	Responsible for managing Transaction Banking Department, providing cash management, trade, and supply chain financing services to corporate and financial institution clients, helping them achieve effective liquidity, risk, and cash flow management.	Ms. Chen Kaiyin joined ANZ Group in 2003 as a management trainee. Since her internal transferred to ANZ China in 2010, she has taken several positions as Senior Consultant of Trade Finance, Director of Transaction Banking etc., and was appointed as Head of Transaction Banking effective from September 2024. Ms. Chen has more than 20 years of banking and financial services experience.
Head of Financial Institutions Group Chen Jin	Responsible for managing Financial Institutions Department, establishing long-term and sustainable business relationships with financial institutions. The cooperation partners include both banking and non-banking financial institutions, such as leasing companies, insurance firms, funds and asset management companies.	Ms. Chen Jin joined ANZ China in 2011 as Director of FIG, and was appointed as Head of Financial Institutions Group in March 2024, and double hatted as Sub-branch Manager of Shanghai Free Trade Zone Sub-branch since April 2024. Before that, Ms. Chen held various positions in SMBC, HSBC, etc., She has more than 30 years of banking and financial services experience.
Head of Research and Analysis Jessie Widyanata	Directing the Research & Analysis Department, responsible for identifying and effectively managing risks inherent in the client's business model and industry; also responsible for identifying and managing risks inherent in the client's capital and management structure and performance results.	Ms. Jessie Widyanata joined the ANZ Group as a management trainee in 2011 and joined ANZ China in 2018 as R&A manager, Credit Manager and from 2022 onwards as Head of R&A. She has more than 10 years of banking experience.
Head Corporate Finance Yang Yan	Responsible for managing Corporate Finance Department, providing tailored financing solutions to corporate clients, including syndication loan, project finance,	Ms. Yan Yang joined ANZ China in 2024 as the Head of Corporate Finance in March 2024. Before joining ANZ, Yan held various positions in JPMorgan, HSBC and

	export finance, structured asset financing, M&A loan, and sustainability finance products.	McKinsey across China and US. She has more than 20 years of banking experience.
Head of Talent and Culture Meng Wanna	Establish human resource policies in line with business strategies, including: organizational structure design, talent recruitment and management, performance management evaluation, compensation and benefits, etc; Create a high-performance corporate culture.	Ms. Meng Wanna joined ANZ China in 2005, and has taken various positions during her period in ANZ including T&C Business Partner. She was appointed as Head of T&C of ANZ China in February 2023. Ms. Meng Wanna has more than 15 years of banking experience.
Business Manager Jiang Xuyi	Assist the Country Head in formulating and developing China business strategy, managing strategic projects, including but not limited to business transformation, information technology, and risk management; Coordinate and facilitate collaboration across business units to drive business growth; Supervise and provide guidance to the Business Governance & Control team.	Mr. Jiang Xuyi joined ANZ China in 2010, took the roles of Audit Manager, Operational Risk Assurance Manager, Director of Local Corporate etc., in ANZ China and ANZ Group. In May 2024, he was appointed as Business Manager of ANZ China. Prior to that, Mr. Jiang Xuyi held various postions in EY, KPMG. He has 20 years of banking and financial service experience.
Head of Business Governance & Control Pu Wenjue	Responsible for leading the Non-financial Risk Management and Control Testing teams to ensure safe and compliant business operations, strengthening risk awareness across the organization, optimizing risk control mechanisms, and minimizing non-financial risks.	Ms. Pu Wenjue joined in ANZ China in 2011, took the roles of Operation Project Manager, Operation Business Manager, Head of Customer Service, etc., and was appointed as Head of Business Governance & Control in May 2024. Before that, Ms. Pu held various positons in JiaHwa CPAs, Citi, etc. She has 20 years of banking and financial service experience.
Beijing Branch Manager and Senior Executive Director China Qi Xing	Identify opportunities with target companies and financial institutions, collaborating with Head of Corporates, Head of Multi National Corporates and Head of Financial Institutions Group. Support Financial Institutions Group and Corporates Relationship Managers in strategies and risk management. Maintain relationships with related regulators and governmental bodies. Responsible for financial management, risk and compliance management, customer management, personnel management, and external relations management of the branch.	Ms. Qi Xing joined ANZ Beijing Branch in 2008 as Head of FIG in China. Since 2010 to February 2024, she had been the Head of FIG of ANZ China. In 2018, she was appointed as Beijing Branch Deputy Manager and in 2023 was appointed as Beijing Branch Manager. She has also taken the role of Senior Executive Director China since March 2024. Before that, Ms. Qi Xing held various positions in Standard Chartered, China Merchants Bank, etc., She has more than 20 years of banking and financial services experience.

Chengdu Branch Manager Lai Lu	Responsible for financial management, risk and compliance management, customer management, personnel management, and external relations management of the branch.	Mr. Lai Lu joined ANZ China Chengdu Branch in 2013 as the Operation Manager of Chengdu Branch. Since July 2024, he has been the Chengdu Branch Manager as well. Before that, Mr. Lai Lu held various positions in CMB, HSBC, etc. He has more than 20 years of banking experience.
Chongqing Branch Manager Guo Shaobo	Responsible for financial management, risk and compliance management, customer management, personnel management, and external relations management of the branch.	Mr. Guo Shaobo joined ANZ China Shanghai Branch in 2016 as Director of Research & Analysis. Since 2022, he has appointed as Chongqing Branch Manager. Before that, Mr. Guo Shaobo held various positions in ING, DBS, NAB etc., He has more than 15 years of banking experience.
Qingdao Branch Manager Che Zhenfeng	Responsible for financial management, risk and compliance management, customer management, personnel management, and external relations management of the branch.	Mr. Che Zhenfeng joined ANZ China Qingdao Branch in 2015 as the Operation Manager of Qingdao Branch. Since June 2024, he has been appointed as Qingdao Branch Manager as well. Before that, Mr. Che held various positions in BOCOM HK, MHBK, etc. He has more than 30 years of banking experience.

5. Overall Assessment of Corporate Governance

As a wholly-owned subsidiary of Australia and New Zealand Banking Group Limited, the Bank has a simple and clear equity structure and has established a corporate governance structure in line with its own characteristics. Shareholder, the board of directors, supervisor and senior management can all properly perform their respective responsibilities. Risk management and internal control mechanism operate well, can disclose information in accordance with regulatory requirements, pay attention to the interests of stakeholders, actively perform social responsibilities, implement macro policies and regulatory requirements, and leverage its advantages to serve national strategies and the real economy.

VI. Shareholder and Equity Information

In accordance with 'Corporate Governance Guidelines for Banks and Insurance Institutions' and Article 37 in 'Provisional Measures on Administration of Equities of Commercial Banks' issued by China Banking & Insurance Regulatory Commission, ANZ China discloses its equity information as below:

1. Shareholder, its controlling shareholder, actual controller, parties acting in concert and ultimate beneficiaries

ANZ China's sole shareholder is Australia and New Zealand Banking Group Limited ("ANZBGL"). ANZBGL's controlling shareholder is ANZ BH Pty Ltd and ANZBGL's actual controller is ANZ Group Holdings Limited which is a listed company in Australia. There are no parties acting in concert or ultimate beneficiaries for ANZBGL. ANZ Group Holdings Limited wholly owns ANZBGL through ANZ BH Pty Ltd.

As of 31 December 2024, the list of non-individual connected parties of Australia and New Zealand Banking Group Limited, the shareholder of the Bank, is as follows:

8 and 9 Chester Limited
A.C.N. 660 735 311 Pty Limited
A.C.N. 660 735 697 Pty Limited
A.C.N. 660 736 238 Pty Limited
ACN 008 647 185 Pty Ltd
ANZ (Thai) Public Company Limited (in Liquidation)
ANZ Bank (Kiribati) Limited
ANZ Bank (Samoa) Limited
ANZ Bank (Vanuatu) Limited
ANZ Bank (Vietnam) Limited
ANZ Bank New Zealand Limited
ANZ BH Pty Ltd
ANZ Capital No. 1 Pty Ltd
ANZ Capital Private Limited
ANZ Centre Pty Ltd
ANZ Commodity Trading Pty Ltd
ANZ Custodial Services New Zealand Limited
ANZ Fiduciary Services Pty Ltd
ANZ Finance American Samoa, Inc
ANZ Finance Guam, Inc
ANZ Funds Pty. Ltd.
ANZ Global Services And Operations (Manila) Inc
ANZ Global Services and Operations Pty Limited
ANZ Group Services Pty Ltd
ANZ Guam Inc.
ANZ Holdings (New Zealand) Limited
ANZ ILP Pty Ltd
ANZ International Private Limited
ANZ Investment Services (New Zealand) Limited
ANZ Investments (PNG) Limited

ANZ Leasing (BWC Financing) Pty Ltd
ANZ Lenders Mortgage Insurance Pty. Limited
ANZ Margin Services Pty. Limited
ANZ National Staff Superannuation Limited
ANZ NBH Pty Ltd
ANZ New Zealand (Int'l) Limited
ANZ New Zealand Investments Holdings Limited
ANZ New Zealand Investments Limited
ANZ New Zealand Investments Nominees Limited
ANZ Nominees Pty Ltd
ANZ Operations And Technology Private Limited
ANZ Pacific Operations Pte Ltd
ANZ Pensions (UK) Limited
ANZ Properties (Australia) Pty Ltd
ANZ Rewards No. 2 Pty Ltd
ANZ Securities (Holdings) Pty Ltd
ANZ Securities (Japan), Ltd.
ANZ Securities Limited
ANZ Securities, Inc.
ANZ Support Services India Private Limited
ANZ Wealth Australia Pty Ltd
ANZcover Insurance Private Ltd
ANZEST Pty Ltd
Arawata Assets Limited
Australia and New Zealand Bank (China) Company Limited
Australia and New Zealand Banking Group (PNG) Limited
Australia and New Zealand Banking Group Limited
Citizens Bancorp
Dot Data Limited
Endeavour Finance Limited
Esanda Finance Corporation Pty Ltd
Institutional Securitisation Services Limited
Jikk Pty Ltd
La Serigne Limited
Norfina Advances Corporation Pty Limited
Norfina Limited
OneAnswer Nominees Limited
OneTwo Finance FSA Pty Ltd
OneTwo Finance Pty Ltd
PT Bank ANZ Indonesia
SBGH Limited
Share Investing Pty Ltd
Shout for Good Pty. Ltd.
SME Management Pty Limited
Votraint No. 1103 Pty Limited
Wheatbelt Natural Capital Pty Ltd
Whitehall Investments Ltd
ANZ Group Holdings Limited

The scope of individual connected party of Australia and New Zealand Banking Group Limited, the shareholder of the Bank, includes its directors and senior management; as well as directors and senior management of its actually controlling party, ANZ Group Holdings Limited.

2. Connected party transactions with Shareholder and its connected parties during this reporting period

For the year 2024, the connected party transaction between the Bank and its shareholder and its connected parties please refer to Item 41 Related-party Relationships and Transactions of the appendix Financial Statement.

3. Shareholder Responsibilities

In addition to the authorities stipulated in the Company Law, the Shareholder of the Bank shall exercise the following authorities by passing a resolution of the Shareholder:

(1) to deliberate on and approve the board charter;

(2) to appoint or remove the Directors and Supervisor, and to approve the remuneration of the Directors and Supervisor;

(3) to resolve on appointment or dismissal of the certified public accountant firm which will carry/ (has carried) out regular statutory audit of the Bank's financial reports; ;

(4) to deliberate on and approve the Bank's profit distribution and loss offsetting plans;

(5) to deliberate on and approve the increase or decrease of the registered capital of the Bank;

(6) to deliberate on and approve the issuance of bonds by the Bank;

(7) to deliberate on and approve matters such as merger, division, dissolution, liquidation or change of corporate form of the Bank;

(8) to amend the AOA; and

(9) other authorities that shall be decided by the Shareholder as stipulated in laws and regulations, regulatory provisions or the AOA

As the sole shareholder of the Bank, Australia and New Zealand Banking Group Limited has diligently fulfilled its shareholder responsibilities in accordance with relevant laws, regulations, and the Bank's articles of association. In the year 2024, the Bank's shareholder approved ANZ China's 2024 financial plan, the profit distribution plan for the year 2023, the renewal of directors and supervisors, and reviewed the report on the overall connected party transactions of ANZ China for the year 2023.

4. Director & Supervisor Nomination

In 2024, the shareholder did not nominate any new director or Supervisor.

5. Equity Change & Equity Pledge

There is no equity change or equity pledge taken place in 2024.

VII. Remuneration

As per the Article 22 of Supervisory Guidelines on Sound Compensation in Commercial Banks and Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), we hereby disclose the remuneration information as below:

1. The remuneration management framework and approval procedures, including the composition and limit of authority of the REM Committee

- Setup of REM Committee： the REM Committee is established in April 2016, and report to the Board of ANZ China. REM Committee is comprised of 4 directors and the Chairman of the Committee is assumed by Independent Director Kuan Kok Wai. The REM Committee will meet at least once annually and more frequently if it deems necessary.
- Duties and Responsibilities of REM Committee: Subject to any requirement to keep the China Board informed of its activities, the REM Committee has power to deal with all matters falling within the scope of its purpose and duties as set out in its Charter and all other matters that may be delegated by the China Board to the REM Committee from time to time, including:
    - Adopt the ANZBGL Performance and Remuneration Policy, and oversee its implementation (as it applies to China employees);
    - Review the China Addendum of the ANZBGL Performance and Remuneration Policy annually, and propose changes, if appropriate, to the ANZ Group HR Committee;
    - Review and approve updates to the ANZ China Remuneration Operating Guidelines;
    - Set and review the annual working plan of the China Remuneration Committee, including the review of the annual internal Remuneration and Performance Evaluation Audit findings for ANZ China to ensure compliance with the legal and regulatory requirements on remuneration;
    - Make recommendations on any other matters referred to the REM Committee by the Chair of the REM Committee or by the China Board;
    - Review the terms of the Charter on an annual basis, and where appropriate, recommend any changes to the China Board; and
    - Review and determine ANZ China Material Risk Takers (China MRTs) roles.

2. The total annual compensation, beneficiaries, and the composition and distribution of compensation

- The total 2024 annual remuneration amount is CNY277.65million, inclusive of fixed and variable compensation (exclude benefits).
- Remuneration structure: The ANZ remuneration structure includes fixed remuneration, variable remuneration and benefits, and the benefits include commercial insurance, housing fund etc.

3. The standards for remuneration and performance measurement and risk adjustments

Individual remuneration outcomes are discretionary and linked to both ANZ and individual performance outcomes for all employees. The performance appraisal system of our bank requires employees to set performance objective from three aspects: "How", "What" and "Growth". The setting of performance objectives can take into account the personal objectives of the employees and the common objectives of the department and team. The “How” includes, but is not limited to, our unified corporate values and staff’s code of conduct, so as to regulate the behaviour of employees; the “What” is mainly based on the four pillars : Customer, Financial Discipline & Operational Resilience, People & Culture, Risk. To set the staff’s performance objectives, the sum of the weights of all four pillars shall be 100%, of which no single financial measure should be the predominant component of Financial objectives, and the total weighting for all objectives in the Financial pillar must not exceed 30% of WHAT objectives. The "Growth" requires employees to set at least one learning growth goal. Objectives of “Growth” are not included in the year-end assessment. Throughout the appraisal year, employees are encouraged to discuss the performance objectives and completion status with the line manager at any time. The performance objectives can also be adjusted according to the actual situation and the results of the discussion. In our bank's year-end appraisal, the line manager will assess and evaluate the performance of employees based on the objectives of "How" and "What". In the event of misconduct, violation of the code of conduct or non-compliance of employees, their rating will be negatively affected. The performance compensation of ANZ reflects sufficient risks and the incentive and constraint requirements for sustainable development of the bank.

4. The information about deferred remuneration payouts and non-cash compensation, including the information about malus or clawback for some reasons

Deferral and non-cash payment of variable remuneration: Mandatory deferral places an increased emphasis on having a variable structure that is flexible, continues to be performance linked, has significant retention elements and motivates employees to drive continued performance over the longer term. The deferral arrangement is deferred as ANZ equity over 1, 2 and 3 years. The determination and payment of overall performance based remuneration will be approved by the Board of Directors. There was one malus was applied for a former senior manager by the way of proportional reduction on variable remuneration occurred in the year 2024.

5. The information about compensation of the board of directors, supervisor, senior management, and those employees in posts having material impact on risks of the bank

Board members (as of 31 December 2024) - refer to Part VI ‘Corporate Governance’ Section 1 ‘Board Obligation, Composition and Performance’.

As of 31 December 2024, total fixed remuneration paid to the Independent Directors is CNY 750,000. Neither do the other directors or the supervisor receive any compensation from the Bank.

As of 31 December 2024, total income (exclude benefits) paid to senior management and those employees in posts having material impact on risks of the bank is CNY 65,160,000, including paid performance incentive CNY 9,090,000 and the paid deferred incentive CNY 8,760,000. Included the roles listed in below table:

Category	Position

Senior Management and the employees in posts having material impact on risks of the bank (the position list is subject to periodic review and adjustment based on circumstances)	Country Head China
	Chief Risk Officer (CRO) China
	Chief Financial Officer (CFO) China
	Chief Operating Officer (COO) China
	Head of Internal Audit China
	Head of Local Corporates China
	Head of Multi National Corporates & Branch Manager Shanghai
	Head of Markets China
	Head of Transaction Banking China
	Head of FIG China
	Head of R&A China
	Head of Corporate Finance China
	Head of Compliance China
	Head of Legal & Company Secretary China
	Head of Talent & Culture China
	Business Manager
	Head of Business Governance & Control
	Branch Manager Beijing
	Branch Manager Guangzhou
	Deputy Branch Manager Guangzhou
	Branch Manager Hangzhou
	Branch Manager Chongqing
	Branch Manager Chengdu
	Branch Manager Qingdao
	Compliance Manager Qingdao

6. The preparation and filing of the annual compensation plan, and the information about the assessment of the accomplishment of the indicators on economy, risks and social responsibilities

It is essential that all employees are aware of the standards of ANZ Values, behaviour and risk/compliance that are expected of them. Failure to meet the required standards during the year will result in a negative impact to performance and remuneration outcomes. ANZ also review staff's compliance with external laws and regulations and internal process and regulator's feedback on regular basis, and inform the senior management team in a timely manner. From bank level, we ensure close monitor and supervision on our position on regulatory index such as capital adequacy ratio and provision. For front-line positions that have major impact on the risk, risk related performance targets such as the credit quality of clients, adherence to internal risk preference, and ensuring no regulatory breach as 1st line of defence have all been incorporated and will have direct impact on employee's performance outcome.

7. The exceptions to the original compensation plan, including the affecting factors, and the composition, form, number and beneficiaries of the compensation changes

No exceptions to the original compensation plan occurred in 2024 financial year.

8. Remuneration Policy

The ANZ China Remuneration Operating Guideline is reviewed or updated (if need) on annual basis. In the Guideline, the Remuneration structure, fix remuneration, variable remuneration and its malus/clawback mechanism are introduced, and the Guideline is applicable to all staff of ANZ China.

VIII. Corporate Social Responsibility

The Board continued the promotion of ICARE (Integrity, Collaboration, Accountability, Respect, and Excellence) in 2024 as the Bank's key value and behavioural standards, taking great effort to achieve harmonious development for the business, the individual, the community and the environment.

In 2024, ANZ China employees committed 170 volunteer hours to community work and blood donations in total.

IX. Green Finance

According to <Green Credit Guideline of ANZ China>, the Bank will support industries and projects focusing on energy conservation, emission reduction and environmental protection and in line with the State Government's Industry Development Guideline, with reference to environmental protection laws and regulations, industry policies, industry access policy and the credit guidance of ANZ China. Priority will be given to industries and customers involving environment and eco-system protection, environment treatment, sewage and waste treatment and recycling, public services, and in particular energy-saving projects. Preferential consideration will be given to industries including advanced information technology, advanced manufacturing, biology, renewable energy (including renewable-energy automobile), and renewable material, subject to meeting ANZ's normal credit underwriting standards.

ANZ Group commenced a new target on 1 April 2023 to fund and facilitate at least AUD100 billion by 30 September 2030 in social and environmental activities through customer transactions and direct investments by ANZ. This includes initiatives that aim to help lower carbon emissions, protect or restore nature, increase access to affordable housing and promote financial wellbeing.

Important information about the eligibility requirements for the target is set out in the Social and Environmental Sustainability Target Methodology available at:

https://www.anz.com.au/content/dam/anzcomau/about-us/anz-2024-social-and-environment-sustainability-target-methodology.pdf.

Supporting the low-carbon transformation and sustainable development goals of our key customers is in line with the purpose, values and long-term strategy of ANZ Group. As the global economy accelerates the transition to net zero, many customers are actively driving the decarbonisation, aligning financing needs with sustainability strategy and commitments, and demand for sustainable finance products and services continue to increase. In turn ANZ China continues to promote product innovation and resource allocation of sustainable finance business, and selectively supports the corporates and projects that meet our internal requirements of low-carbon and sustainable development. The sectors and fields that we focus on include: the capital expenditure and working capital requirements of customers in the global renewable energy and clean transportation supply chain, support all enterprises in financing transition to net zero with science based targets, support transition of corporates in hard-to-abate sectors, and support enterprises in certain industries (such as food, beverage and agriculture) to link financing with material sustainability issues of the industry.

ANZ China's green finance management is under the ultimate responsibility of the Board of Directors of ANZ China, under a well-defined top-down organization management system, with clear board responsibilities and members, as well as BL-RMC and ML-RMC CMRC, senior management team and departments involved in green finance. The head of the corporate finance (as appointed by senior management) takes lead in coordinating and promoting the development of green finance business.

ANZ Corporate Finance in China leverages the bank's regional sustainable finance capability, which is a Corporate Finance capability. ANZ Corporate Finance team in the region has a strong product capability and includes members with sustainable finance expertise, who help our customers by encouraging them to identify climate and nature-related risks and opportunities, and by financing their transition plans and sustainability strategies. The team may also help finance their transition plans and sustainability strategies. The team holds Operating Procedures which cover process guidelines for originating, executing, and portfolio management of ANZ Institutional Sustainable Finance labelled transactions globally (including China) and includes a requirement to assess each transaction's alignment to industry principles & standards e.g. Asia Pacific Loan Market Association (APLMA) and International Capital Markets Association (ICMA) principles & guidelines. ANZ China also holds in-country procedures to ensure compliance with local regulatory requirements specifically for Green Credit. Since Dec 2024, ANZ China has added the climate risk management requirements, and updated the environmental, social and governance risk monitoring requirements in ANZ China Green Credit Guide to align with the NFRA and Group monitoring requirements. In terms of product capability, ANZ offers green loans, guarantees and bonds, social loans and bonds, sustainable loans and bonds and sustainability-linked loans, guarantees and bonds.

LCP discount is offered to eligible sustainable lending transactions to promote the development of green/sustainable finance business.

ANZ China reports regularly the key risk and corporate credit events including environment and safety per regulatory requirements. In 2024, ANZ China closed a 2 year RMB650m sustainability linked syndicated facility for an auto leasing company, its first sustainable supply chain finance transaction for a water technology solution provider, and a USD 139m advance payment bond for a BESS (battery energy storage system) export to USA.

X. Other Matters To Be Disclosed

1. Services for Small & Micro Enterprises

ANZ China continued to support small & micro enterprises ("SME") business. In 2024, an additional of 9 SME customers & facilities were approved. The total amount of loan disbursement for SME is slightly above RMB2.2 billion (including both local currency and foreign currency loans). The volume of transactions for SME loans is 151 at the end of 2024. Loan interest rate were lowered for SME clients with average interest rate for RMB loan at around 3.22%.

2. Consumer Protection

The Bank's retail business was transferred to DBS China in July 2017. All branches and a sub-branch only provide services to corporate customers. At present, the Bank only provides services with a limited scope of business for a small number of retained individual customers, such as domestic and foreign currency remittances for the purpose of the Bank's housing loan repayment, domestic and foreign currency remittances for the purpose of closing accounts, etc. For retained individual customers, the Bank still provides services to them in accordance with the principles of consumer rights protection until they close their accounts with the Bank. In 2024, the Bank did not receive any complaints from individual customer.

3. Major Events of the Year

The Bank did not have any 'major events' as described in the "Commercial Bank Information Disclosure Measures" this year.

XI. Financial Statements

Our financial statements have been audited by KPMG and the details are attached in this report.

XII. Network and Contact (as of 31 December 2024)

Network	Address	Telephone	Fax
ANZ China Headquarter	Unit 1501、1502、1503、1504A、1508, 15th Floor, Shanghai Tower 479 Lujiazui Ring Road, Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Shanghai Branch	Unit 1507, 15th Floor, Shanghai Tower 479 Lujiazui Ring Road, Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Shanghai Free Trade Zone Sub-branch	Unit 1504B, 15th Floor, Shanghai Tower 479 Lujiazui Ring Road, Pudong, Shanghai	+86 21 6169 6000	+86 21 6169 6199
Beijing Branch	Unit 1500, 1507, and 1508, Zhuozhu (Excel) Center, No. 6 Wudinghou Street, Xicheng District, Beijing	+86 10 6599 8188	+86 10 8588 8696
Chongqing Branch	11F, Metropolitan Tower, 68 Zourong Road, Yuzhong District, Chongqing	+86 23 8810 5900	+86 23 8810 5971
Chengdu Branch	Unit 3, 30F, Office Tower 1, International Finance Square, No. 1, Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan	+86 28 6872 1911	+86 28 6872 1901
Qingdao Branch	Unit 2502-2503, Shangri-la Centre, No.9, Xianggang Zhong Road, Shinan District, Qingdao	+86 532 8163 3688	+86 532 8163 3608

Australia and New Zealand Bank
(China) Company Limited

English translation of financial statements
for the year 1 January 2024 to 31 December 2024
If there is any conflict of meaning between the Chinese version
and its English translation, the Chinese version will prevail

AUDITORS' REPORT

毕马威华振沪审字第 2501126 号

The Board of Directors of Australia and New Zealand Bank (China) Company Limited:

Opinion

We have audited the accompanying financial statements of Australia and New Zealand Bank (China) Company Limited ("ANZ China") set out on pages 1 to 91 which comprise the balance sheet as at 31 December 2024, the income statement, the cash flow statement and the statement of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the allowance for impairment losses of loans and advances to customers is recognised in all material respects in accordance with the preparation basis as stated in Note 2 to the financial statements, and the rest of ANZ China's financial statements are in all material respects in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. On this basis, the financial statements present fairly, in all material respects, the financial position of ANZ China as at 31 December 2024, and the financial performance and the cash flows of ANZ China for the year then ended.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of ANZ China in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

毕马威华振沪审字第 2501126 号

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with and based on the Accounting Standards for Business Enterprises and the requirement for the allowance for impairment losses of loans and advances to customers as stated in Note 2 to the financial statements, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing ANZ China'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 management either intends to liquidate ANZ China or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing ANZ China's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 ANZ China's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

毕马威华振沪审字第 2501126 号

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's 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 ANZ China'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 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 ANZ China to cease to continue as a going concern.

- Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation according to the basis of preparation.

We communicate with those charged with governance 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.

KPMG Huazhen LLP
Shanghai Branch

Certified Public Accountants
Registered in the People's Republic of China

Shui Qing
(Signed on Chinese original)

Shanghai, China

Gao Rongzhen
(Signed on Chinese original)

Date: 14 APR 2025

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2024
(Expressed in RMB)

	Note	*2024*	*2023*
Assets:			
Deposits with central bank	6	1,525,634,383.00	1,851,436,402.68
Deposit with banks and other financial institutions	7	479,257,168.22	458,979,871.11
Precious metals		640,520,995.78	416,499,567.02
Placements with banks and other financial institutions	8	9,143,852,447.24	7,721,567,930.63
Derivative financial assets	9	6,247,937,591.99	4,325,096,190.48
Loans and advances to customers	10	7,430,776,242.99	7,233,562,753.09
Financial investment			
- Financial asset held for trading	11	770,078,429.55	2,043,056,949.59
- Other debt investments	12	7,331,463,417.92	6,858,709,814.60
Fixed assets	13	15,585,798.32	22,348,906.47
Right-of-use assets	14(1)	84,119,301.91	20,541,948.11
Deferred tax assets	15	-	9,024,084.14
Other assets	16	2,635,604,775.66	2,581,539,227.70
Total assets		36,304,830,552.58	33,542,363,645.62

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2024 (continued)
(Expressed in RMB)

	Note	*2024*	*2023*
Liabilities:			
Deposits from banks and other financial institutions	17	178,365,640.80	346,545,050.84
Placements from banks and other financial institutions	18	4,105,576,374.27	4,784,357,101.01
Derivative financial liabilities	9	6,174,278,376.38	4,344,022,390.23
Financial assets sold under repurchase agreements	19	1,008,025,146.53	2,506,458,717.72
Deposits from customers	20	16,321,435,288.17	12,073,311,292.53
Employee benefits payable	21	24,128,803.22	32,358,390.51
Taxes payable	22	32,198,795.50	87,897,986.18
Debt securities issued	23	398,788,146.20	1,293,775,584.19
Lease liabilities	14(2)	91,342,781.59	29,755,551.23
Provision	24	8,783,808.90	11,918,813.84
Deferred tax liabilities	15	33,693,857.46	-
Other liabilities	25	238,347,839.21	248,380,153.87
Total liabilities		28,614,964,858.23	25,758,781,032.15

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Balance Sheet as at 31 December 2024 (continued)
(Expressed in RMB)

	Note	*2024*	*2023*
Owners' equity:			
Paid-in capital	26	6,225,000,000.00	6,225,000,000.00
Other comprehensive income	27	50,636,444.25	(932,599.41)
Surplus reserve	28	345,744,318.97	325,957,276.75
General reserve	29	298,690,022.35	298,690,022.35
Retained earnings		769,794,908.78	934,867,913.78
Total owners' equity		7,689,865,694.35	7,783,582,613.47
Total liabilities and owners' equity		36,304,830,552.58	33,542,363,645.62

These financial statements were approved by the Board of Directors of Australia and New Zealand Bank (China) Company Limited.

Christopher Paul Raciti Country Head	Jasmine Hung Chief Financial Officer	Australia and New Zealand Bank (China) Company Limited (Stamp)

Date: 14 APR 2025

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2024
(Expressed in RMB)

	Note	*2024*	*2023*
Operating income		792,314,304.59	1,059,858,040.50
Net interest income	31	457,208,780.82	521,847,938.64
Interest income		778,317,800.54	785,820,153.55
Interest expenses		(321,109,019.72)	(263,972,214.91)
Net fee and commission (expenses) / income	32	(6,569,540.84)	43,766,170.18
Fee and commission income		96,580,225.18	98,597,339.84
Fee and commission expenses		(103,149,766.02)	(54,831,169.66)
Investment income	33	179,679,263.06	203,963,761.98
Other income	34	1,421,547.05	1,474,767.87
(Loss) / gains from changes in fair value	35	(21,009,668.00)	24,248,567.28
Foreign exchange gains		181,486,312.94	264,556,834.55
Gains from asset disposals		97,609.56	-
Operating expenses		(542,182,728.23)	(546,362,081.75)
Taxes and surcharges		(5,527,964.43)	(6,924,683.01)
General and administrative expenses	36	(537,584,694.57)	(538,593,403.35)
Reversal / (charge) of credit impairment losses	37	4,874,508.31	(253,244.39)
Impairment loss		(3,944,577.54)	(590,751.00)
Operating profit		250,131,576.36	513,495,958.75

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Income Statement for the year ended 31 December 2024 (continued)
(Expressed in RMB)

	Note	*2024*	*2023*
Operating profit (continued)		250,131,576.36	513,495,958.75
Add: Non-operating income		356.45	180,202.32
Less: Non-operating expenses		(2,060,728.81)	(3.47)
Profit before tax		248,071,204.00	513,676,157.60
Less: Income tax expenses	38	(50,200,781.78)	(122,447,682.34)
Net profit		197,870,422.22	391,228,475.26
Other comprehensive income, net of tax:	39		
Items that may be reclassified to profit or loss			
- Changes in fair value of other debt investments		53,152,661.59	3,924,938.85
- Credit losses of other debt investments		(1,583,617.93)	(597,279.12)
Total comprehensive income		249,439,465.88	394,556,134.99

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Cash Flow Statement for the year ended 31 December 2024
(Expressed in RMB)

	Note	2024	2023
Cash flows from operating activities:			
Net decrease in financial assets held for trade at FVTPL		1,271,720,502.24	-
Net increase in deposits from customers and other banks		4,058,679,881.65	-
Net increase in placements from banks and other financial institutions and financial assets purchased under resale agreements		-	3,659,639,359.44
Proceeds from interest, fee and commission		902,426,498.00	869,790,727.13
Cash received relating to other operating activities		764,412,689.68	1,713,126,735.74
Sub-total of cash inflows		6,997,239,571.57	6,242,556,822.31
Net increase in deposits with the central bank, banks and other financial institutions		(52,274,823.25)	(28,447,290.33)
Net increase in placements with banks and other financial institutions		(538,414,628.11)	(369,532,520.83)
Net increase in financial assets held for trade at FVTPL		-	(312,690,415.24)
Net increase in other debt investments		(428,909,548.65)	(598,002,422.87)
Net increase in loans and advances to customers		(199,134,715.29)	(1,317,029,363.11)
Net decrease in deposits from customers and other banks		-	(765,296,661.93)
Net decrease in placements from banks and other financial institutions and financial assets purchased under resale agreements		(2,580,962,371.18)	-
Payment for interest, fee and commission payable		(364,139,148.81)	(276,693,888.93)
Payment to and for employees		(365,030,901.08)	(345,022,183.03)
Payment of various taxes		(145,509,705.43)	(153,198,092.02)
Payment for other operating activities		(476,852,681.93)	(1,767,650,451.69)
Sub-total of cash outflows		(5,151,228,523.73)	(5,933,563,289.98)
Net cash inflow from operating activities	40(1)	1,846,011,047.84	308,993,532.33

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Cash Flow Statement for the year ended 31 December 2024 (continued)
(Expressed in RMB)

	Note	*2024*	*2023*
Cash flows from investing activities:			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(8,843,213.77)	(6,915,907.02)
Payment for disposal of fixed assets and long-term assets		(339,613.17)	-
Sub-total of cash outflows		(9,182,826.94)	(6,915,907.02)
Net cash outflow from investing activities		(9,182,826.94)	(6,915,907.02)
Cash flows from financing activities:			
Proceeds from issuance of debt securities		2,525,457,581.86	1,825,095,450.00
Sub-total of cash inflows		2,525,457,581.86	1,825,095,450.00
Repayments of debt securities		(3,457,595,437.99)	(1,750,000,000.00)
Repayments of principal and interest of lease liabilities		(37,784,566.95)	(29,008,200.59)
Payment for profit distributions		(343,156,385.00)	(439,994,492.00)
Sub-total of cash outflows		(3,838,536,389.94)	(2,219,002,692.59)
Net cash outflow from financing activities		(1,313,078,808.08)	(393,907,242.59)
Effect of foreign exchange rate changes on cash and cash equivalents		(60,049,405.27)	24,437,041.92
Net decrease / (increase) in cash and cash equivalents	40(2)	463,700,007.55	(67,392,575.36)
Add: Cash and cash equivalents at the beginning of the year		6,631,146,300.78	6,698,538,876.14
Cash and cash equivalents at the end of the year	40(3)	7,094,846,308.33	6,631,146,300.78

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Statement of Changes in Owners' equity for the year ended 31 December 2024
(Expressed in RMB)

	Note	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2024		6,225,000,000.00	(932,599.41)	325,957,276.75	298,690,022.35	934,867,913.78	7,783,582,613.47
Changes in equity during the year							
1. Total comprehensive income		-	51,569,043.66	-	-	197,870,422.22	249,439,465.88
2. Appropriation of profits							
- Appropriation for surplus reserve	28,30	-	-	19,787,042.22	-	(19,787,042.22)	-
- Distributions to owners	30	-	-	-	-	(343,156,385.00)	(343,156,385.00)
Sub-total of 1 and 2		-	51,569,043.66	19,787,042.22	-	(165,073,005.00)	(93,716,919.12)
Balance at 31 December 2024		6,225,000,000.00	50,636,444.25	345,744,318.97	298,690,022.35	769,794,908.78	7,689,865,694.35

The notes on pages 10 to 91 form part of these financial statements.

Australia and New Zealand Bank (China) Company Limited
Statement of Changes in Owners' equity for the year ended 31 December 2023 (continued)
(Expressed in RMB)

	Note	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earnings*	*Total*
Balance at 1 January 2023		6,225,000,000.00	(4,260,259.14)	286,834,429.22	298,690,022.35	1,022,756,778.05	7,829,020,970.48
Changes in equity during the year							
1. Total comprehensive income		-	3,327,659.73	-	-	391,228,475.26	394,556,134.99
2. Appropriation of profits							
- Appropriation for surplus reserve	28, 30	-	-	39,122,847.53	-	(39,122,847.53)	-
- Distributions to owners	30	-	-	-	-	(439,994,492.00)	(439,994,492.00)
Sub-total of 1 and 2		-	3,327,659.73	39,122,847.53	-	(87,888,864.27)	(45,438,357.01)
Balance at 31 December 2023		6,225,000,000.00	(932,599.41)	325,957,276.75	298,690,022.35	934,867,913.78	7,783,582,613.47

The notes on pages 10 to 91 form part of these financial statements.

1 General information

Australia and New Zealand Bank (China) Company Limited ("ANZ China" or "The Bank") is a wholly foreign-owned corporate bank incorporated in Shanghai, the People's Republic of China ("the PRC"), by Australia and New Zealand Banking Group Limited ("ANZ" or "the parent bank").

The Bank obtained a Business Licence for Enterprise on 16 September 2010. As stated in the Bank's Business Licence, the Bank has an undefined operating period. the Bank's business scope includes foreign currency business and RMB business to kinds of clients approved by relevant authorities.

In 2024, the Bank closed its branches in Hangzhou, Guangzhou and Chengdu. As at 31 December 2024, the Bank has established 4 branches and 1 sub-branch in Shanghai, Beijing, Chongqing and Qingdao.

2 Basis of preparation

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises - Basic Standard" issued by the Ministry of Finance ("the MOF"); in addition, allowance for impairment losses of loans and advances to customers, are determined on the basis of the requirements of China Accounting Standards ("CAS"), with reference to the relevant regulations of "*the Administrative Measures on Loan Loss Provision of Commercial Banks*" (Decree of the CBRC [2018] No. 7) issued by the former China Banking Regulatory Commission ("CBRC") (i.e. the loan provision rate and the provision coverage was adjusted from 150% to 120%-150%, and in principal, from 2.5% to 1.5%-2.5% respectively). If the difference between the allowance for impairment losses of loans and advances to customers calculated based on the Decree of the CBRC [2018] No.7 and that based on CAS is higher than zero, the difference will be recognised as an additional allowance for impairment losses of loans and allowances for customers and form part of total allowances for impairment losses of loans and allowances for customers (see Note 3(2)(i)). These accounting policies are compliant with relevant regulations and reporting requirements of other authorities.

On above basis, the financial statements present truly and completely the financial position of the Bank as at 31 December 2024, and the financial performance and the cash flows of the Bank for the year then ended.

(1) Accounting year

The accounting year of the Bank is from 1 January to 31 December.

(2) Functional currency and presentation currency

The Bank's functional currency is RMB and these financial statements are presented in RMB. The functional currency is determined by the Bank on the basis of the currency in which major income and costs are denominated and settled.

3 Significant accounting policies and accounting estimates

(1) Translation of foreign currencies

When the Bank receives capital in foreign currencies from the investor, the capital is translated to RMB at the spot exchange rate at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

(2) Financial instruments

(a) Recognition and initial measurement of financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Bank becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(b) Classification and subsequent measurement of financial assets

(i) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Bank manages its financial assets in order to generate cash flows. That is, the Bank's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Bank determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Bank's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Bank also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of financial assets

- Financial assets at FVTPL

  These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

  These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or other financial.

- Financial liabilities at FVTPL

  A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

  Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

- Other financial liabilities

  Financial liabilities measured at amortised cost are subsequently measured at amortised cost using the effective interest method, However, the transfer of financial assets does not meet the conditions for termination of recognition or continues to involve in the transfer of financial liabilities, financial guarantee contracts and loan commitments formed by the financial assets shall be excluded.

(d) Financial guarantee contracts and Loan commitments

- Financial guarantee contracts

Financial guarantees contracts are contracts that requires the Bank 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 original or modified terms of a debt instrument.

Subsequent to initial recognition, deferred income related to financial guarantee is amortised in profit or loss in accordance with the accounting policies set out in Note 3(14). A financial guarantee liability is measured at the higher of the amount of the allowance for loss determined in accordance with impairment policies of financial instruments (see Note 3(2)(i)); and the amount initially recognised less the cumulative amount of income.

- Loan commitments

Loan commitments are the commitments to extend credit under pre-defined terms and conditions.

The Bank provides loan commitments that are assessed for impairment based on expected credit losses. The Bank does not commit to extend loans at any below-market interest rates, or to make cash payments, or issue other financial instruments as a net settlement of loan commitments.

The provision for losses on loan commitments and financial guarantee contracts are stated in Provision by the Bank.

(e) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Bank currently has a legally enforceable right to set off the recognised amounts; and
- the Bank intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(f) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when one of the following conditions is met:

- the Bank's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Bank transfers substantially all of the risks and rewards of ownership of the financial asset;
- the financial asset has been transferred, although the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the financial asset derecognised.

The Bank derecognises a financial liability (or part of it) only when its contractual obligation (or the part of it) is extinguished.

(g) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured at fair value at the end of the reporting period. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

If a hybrid contract contains a host that is a financial asset accordance with the accounting standard, embedded derivatives will not separate from the host contract. Instead, the requirements of classification and measurement are applied to the entire hybrid contract. If a hybrid contract contains a host that is not a financial asset, the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement, then these embedded derivatives separate from the host contract and accounts for it as a stand-alone derivative. These embedded derivatives separated from the host contract are measured at fair value with changes in fair value recognised in the income statement.

Gains and losses arising from changes in the fair value of derivative financial instruments are through profit or loss.

(h) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The cash advanced or received is recognised as amounts purchased under resale or sold under repurchase agreements in the balance sheet. Underlying assets purchased under resale agreements are reported not as purchase of the assets. Underlying assets sold under repurchase agreement are retained in the balance sheet.

(i) Impairment of financial assets

The Bank performs impairment accounting and recognises losses for the following items based on ECL:

- financial assets measured at amortised cost;
- Debt investment at FVOCI;
- Financial guarantee contracts and credit commitment.

Financial assets measured at fair value, including debt investment at FVTPL, and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls using original effective interest rate (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Bank is exposed to credit risk.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The Bank measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date; The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations; or

- If the financial instrument's credit risk has not increased significantly after initial recognition. In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Bank compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Bank.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on an individual basis.

Normally, the Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

At each balance sheet date, the Bank assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Bank having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

According to relevant regulations of "the Notice on adjusting Administrative Measures on Loan Loss Provision of Commercial Banks" (Decree of the CBRC [2018] No.7), the loan provision rate and the provision coverage was adjusted from 150% to 120% - 150%, and in principal, from 2.5% to 1.5%-2.5% respectively. As at 31 December 2024, the total allowance for impairment losses of loans and advances to customers the Bank recognised was RMB112,893,360.51, of which, the additional allowance made is RMB74,340,638.97, with a loan loss provision rate of 1.5% (31 December 2023: amount of RMB109,934,720.87, of which, the additional allowance made is RMB73,245,048.97, with a loan loss provision rate of 1.5%). As at 31 December 2024, the Bank has met the regulatory requirements.

Presentation of allowance for ECL

ECL is remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Bank recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Bank determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

The Bank's gold lease business is accounted by referencing the financial instrument standards.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted deposits with central bank, deposits and placements with banks and other financial institutions, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value; and financial assets purchased under resale under repurchase agreement.

(4) Precious metals

Precious metals comprise gold and other precious metals. Precious metals that are acquired by the Bank principally for trading purpose are measured at fair value with changes in fair value recognised in profit or loss.

(5) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Bank for operation and administrative purposes with useful lives over 1 year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(9)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(9)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Bank, 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.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful lives, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class of fixed assets	*Estimated useful life*	*Residual value rate*	*Depreciation rate*
Office furniture	10 years	0%	10.0%
Office equipment	8 years	0%	12.5%
Computers	3 ~ 5 years	0%	20.0% ~ 33.3%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(6) Lease

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly in a contract or implicitly specified when available for use by customers and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 3(9).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Bank remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Bank will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(7) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(9)).

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The intangible assets of the Bank are software with 3 to 10 years estimated useful lives and no residual value.

(8) Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

Long-term deferred expenses are amortised over their beneficial periods.

(9) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets and construction in progress
- right-of-use assets
- intangible assets
- long-term deferred expenses
- others

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Bank estimates the recoverable amounts of intangible assets not ready for use at least once a year irrespective of whether there is any indication of impairment.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and the present value of expected future cash flows (see Note 3(9)).

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

If the result of the recoverable amount calculation indicates 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 recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, is reduced the carrying amount of the assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(10) Fair value measurement

Unless otherwise specified, the Bank measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, the Bank takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date.

The Bank use valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(11) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, 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.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Bank participated in a defined contribution basic pension insurance and unemployment insurance plans in the social insurance system established and managed by government organisations. The Bank makes contributions to basic pension insurance and unemployment insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable 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.

(c) Termination benefits

When the Bank terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Bank cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Bank has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(d) Other long-term employee benefits

The deferred remuneration for the employees of important management positions is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss.

(12) Provisions

A provision is recognised for an obligation related to a contingency if the Bank has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision usually equals payable in the future, however when the payable amount will have a material difference with current value (the time value of money is material), payable should be determined with the current value of the future payable amount.

(13) Share-based payment

(a) Classification of share-based payments

The Bank operates cash-settled share-based compensation plans.

(b) Accounting treatment related to share-based payment plans

For share-based payments settled in cash, the Bank assumes a liability to deliver cash or other assets in exchange for employee services, which is calculated and determined based on the shares or other equity instruments. The fair value of the liability, calculated and determined based on the relevant equity instruments, is used to measure the price of services received. For share-based payment transactions where the vesting of rights is contingent on the completion of services within the waiting period or the achievement of specified performance conditions after the grant, the Bank will recognize the services obtained in the current period as costs or expenses and record them as liabilities on each balance sheet date within the waiting period, based on the best estimate of the vesting conditions. On each balance sheet date and settlement date prior to the settlement of the relevant liabilities, the fair value of the liabilities will be remeasured, and any changes will be recorded in profit or loss.

When the Bank receives services and has a settlement obligation, and the equity instruments granted to employees are those of the Bank's ultimate controlling party or its subsidiaries other than the Bank, the Bank treats this share-based payment plan as a cash-settled share-based payment.

(14) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Bank's ordinary activities when those inflows result in increase in equity, other than increases relating to contributions from owners.

(a) Interest income

Interest income arising from the use by others of the entity's assets is recognised in profit or loss based on the duration and the effective interest rate. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of financial assets and liabilities and of allocating the interest income and interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Bank estimates cash flows considering all the contractual terms of the financial instrument (for example, prepayment and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets is recognised using the rate of interest used to discount future cash flows for the purpose of measuring the related impairment loss.

(b) Fee and commission income

The Bank collects fees and commissions by providing services to clients. Fee and commission income recognised by the Bank reflects the consideration expected to be received by the Group in providing services to its clients, and revenue is recognised when the compliance obligations in the contract are fulfilled.

(i) The Bank recognises revenue in accordance with the progress of the compliance during the period when one of the following conditions is met:

- The client simultaneously receives and consumes the benefits provided by the Bank's performance as the Bank performs;
- The client is able to control the sub-services during the obligation compliance of the Bank;

- Services performed by the Bank during the obligation compliance are irreplaceable, and the Bank has the right to receive payments for the part of the performance that has been completed to date.

(ii) In other cases, the Bank recognises revenue when the customer obtains control of relevant services.

(15) Expense recognition

(a) Interest expense

Interest expense arising from financial liabilities is calculated based on the amortization cost of the financial liabilities and duration by using the effective interest rate and recognised in the corresponding period.

(b) Other expense

Other expense is recognised on an accrual basis.

(16) Government grants

Government grants are non-reciprocal transfers of monetary assets or non-monetary assets from the government to the Bank except for capital contributions from the government in the capital as an investor in the Bank.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Bank will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Bank for expenses or losses to be incurred in the future is recognised as deferred income and included in other income or non-operating income in the periods in which the expenses or losses are recognised. Otherwise, the grant is included in other income or non-operating income directly.

(17) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Bank has a legally enforceable right to settle the tax assets and liabilities on a net amount basis, and also intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss).

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is realised or the liability is settled in accordance with tax laws.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset, if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax assets and liabilities; and

- they related to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(18) Profit distributions

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

(19) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(20) Fiduciary activities

The Bank acts as administrator, trustee or agent of clients' assets in a fiduciary business. The risks and returns of the asset are borne by the clients. Currently, the Bank's fiduciary activities mainly include entrusted loan business.

Entrusted lending is the business where the Bank enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Bank, and the Bank grants loans to third parties (the "entrusted loans") at the instruction of the customers. As the Bank 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.

(21) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Bank's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are the same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

For segment reporting, inter-segment revenues are measured on the basis of the actual transaction prices for such transactions, and segment accounting policies are consistent with those used to prepare the financial statements.

(22) Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In addition to the assumptions and risk factors related to the valuation of the fair value of financial instruments in Note 47, other uncertainty factors of the estimations are as follows:

(a) Measurement of ECL

Models and assumptions are used in calculating the expected credit losses for debt instruments measured at amortized cost and FVOCI and credit commitments and financial guarantees. These models and assumptions relate to future macroeconomic conditions and the borrowers' creditworthiness (e.g., the likelihood of default by customer and the corresponding losses).

(b) Deferred tax

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Bank recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Bank exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

4 Changes in accounting policies

In 2024, the Bank has adopted the revised accounting requirements and guidance under CAS newly issued by the Ministry of Finance ("MOF") as follows:

"Classification of Liabilities as Current or Non-current" in CAS Bulletin No. 17 (Caikuai [2023] No. 21) ("CAS Bulletin No. 17")

The adoption of this requirement does not have a significant effect on the financial position and financial performance of the Bank.

5 Taxation

(1) The types of taxes applicable to the Bank's rendering of services include value added tax ("VAT"), city maintenance and construction tax, education surcharges and local education surcharges, etc.

Tax Name	*Tax basis and applicable rate*
VAT	Output VAT is 6%-13% of taxable revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period
City maintenance and construction tax	7 % of VAT paid
Education surcharges	3% of VAT paid
Local education surcharges	2% of VAT paid

(2) Income tax

The statutory income tax rate of the Bank for the year is 25% (2023: 25%).

6 Deposits with central bank

	Note	*2024*	*2023*
Statutory deposit reserves	(1)	833,005,006.68	716,336,968.51
Surplus deposit reserves	(2)	487,353,951.94	871,850,695.97
Foreign exchange risk reserves	(3)	204,943,914.35	262,997,522.49
Sub-total		1,525,302,872.97	1,851,185,186.97
Add: Interest accrued		331,510.03	251,215.71
Total		1,525,634,383.00	1,851,436,402.68

(1) Statutory deposit reserves represent reserve deposits placed with the People's Bank of China ("PBOC") in accordance with the Regulation of the People's Republic of China on the Administration of Foreign Funded Banks ("the Administrative Regulation") and the Notice of the PBOC on the implementation of normal deposit reserve ratio for the deposits of overseas RMB business participation banks in domestic agency banks, which are not available for use in the Bank's daily business. As at the balance sheet date, the statutory deposit reserve ratios of the Bank were as follows:

	2024	*2023*
Deposit reserve ratio for RMB deposits	6.0%	7.0%
Deposit reserve ratio for foreign currency deposits	4.0%	4.0%

(2) The surplus deposit reserves placed with the PBOC are mainly for settlement purpose.

(3) As at the balance sheet date, the Foreign exchange risk reserve is 20%.

7 Deposits with banks and other financial institutions

(1) Analysed by counterparty

	Note	*2024*	*2023*
Domestic banks		245,374,421.73	83,626,259.22
Other domestic financial institutions		31,170,118.50	129,511,775.30
Overseas banks		202,712,627.99	245,920,743.05
Sub-total		479,257,168.22	459,058,777.57
Add: Accrued interest		-	-
Sub-total		479,257,168.22	459,058,777.57
Less: Allowance for impairment losses	(2)	-	(78,906.46)
Total		479,257,168.22	458,979,871.11

(2) Movement of allowance for impairment losses

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2024	78,906.46	-	-	78,906.46
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Reversal during the year (Note 37)	(78,906.46)	-	-	(78,906.46)
31 December 2024	-	-	-	-

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2023	10,393.26	-	-	10,393.26
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Charge during the year (Note 37)	68,513.20	-	-	68,513.20
31 December 2023	78,906.46	-	-	78,906.46

8 Placements with banks and other financial institutions

(1) Analysed by counterparty

	Note	2024	2023
Domestic banks		539,419,988.15	-
Other domestic financial institutions		6,258,576,681.03	5,605,193,830.48
Overseas banks		2,292,990,452.64	2,083,313,019.60
Sub-total		9,090,987,121.82	7,688,506,850.08
Add: Accrued interest		65,560,224.19	48,567,853.94
Sub-total		9,156,547,346.01	7,737,074,704.02
Less: Allowance for impairment losses	(2)	(12,694,898.77)	(15,506,773.39)
Total		9,143,852,447.24	7,721,567,930.63

(2) Movement of allowance for impairment losses

	Stage 1	Stage 2	Stage 3	Total
1 January 2024	15,506,773.39	-	-	15,506,773.39
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Reversal during the year (Note 37)	(2,811,874.62)	-	-	(2,811,874.62)
31 December 2024	12,694,898.77	-	-	12,694,898.77

	Stage 1	Stage 2	Stage 3	Total
1 January 2023	12,830,960.26	-	-	12,830,960.26
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Charge during the year (Note 37)	2,675,813.13	-	-	2,675,813.13
31 December 2023	15,506,773.39	-	-	15,506,773.39

9 Derivatives

	2024		
	Notional amount	*Fair value assets*	*Fair value liabilities*
Interest rate derivatives:			
Interest rate swaps	448,109,545,813.90	1,641,924,466.02	(1,647,012,422.41)
Currency derivatives:			
Foreign exchange swaps	530,706,793,510.78	4,473,602,472.65	(4,420,119,737.16)
Foreign exchange forwards	10,431,778,414.90	81,458,004.18	(74,639,982.58)
Foreign exchange options	4,528,454,839.11	6,078,575.94	(14,147,762.84)
	545,667,026,764.79	4,561,139,052.77	(4,508,907,482.58)
Precious metal derivatives:			
Precious metal swaps	5,324,003,911.89	25,344,809.61	(1,780,880.45)
Precious metal futures	1,391,474,432.96	6,535,305.00	(5,853,265.00)
Precious metal forwards	1,218,613,117.13	10,873,252.83	(8,603,620.18)
	7,934,091,461.98	42,753,367.44	(16,237,765.63)
Complicated derivatives	306,752,881.95	2,120,705.76	(2,120,705.76)
Total	1,002,017,416,922.62	6,247,937,591.99	(6,174,278,376.38)

	2023		
	Notional amount	*Fair value assets*	*Fair value liabilities*
Interest rate derivatives:			
Interest rate swaps	365,722,726,030.36	777,392,950.35	(732,932,892.89)
Interest rate options	720,000,000.00	5,327.90	(5,312.41)
	366,442,726,030.36	777,398,278.25	(732,938,205.30)
Currency derivatives:			
Foreign exchange swaps	323,315,539,013.95	3,393,168,255.96	(3,515,797,526.28)
Foreign exchange forwards	10,985,804,816.81	111,223,244.69	(44,552,612.08)
Foreign exchange options	3,203,392,914.61	11,762,504.39	(17,854,142.66)
	337,504,736,745.37	3,516,154,005.04	(3,578,204,281.02)
Precious metal derivatives:			
Precious metal swaps	1,306,485,020.54	9,829,297.73	(3,193,391.13)
Precious metal futures	3,781,245,749.72	16,303,755.00	(24,080,485.00)
Precious metal forwards	48,049,895.01	-	(195,173.32)
	5,135,780,665.27	26,133,052.73	(27,469,049.45)
Complicated derivatives	447,702,632.70	5,410,854.46	(5,410,854.46)
Total	709,530,946,073.70	4,325,096,190.48	(4,344,022,390.23)

The notional amounts of the derivatives indicate the volume of transactions outstanding at the balance sheet date and do not represent the amounts at risk.

10 Loans and advances to customers

As of 31 December, all the loans and advances issued by the Bank were measured at amortised cost.

(1) Analysis by corporate and personal loans

	2024	*2023*
Corporate loans		
- Loans	7,500,130,438.85	7,143,195,189.19
- Bills negotiation	-	155,772,562.91
- Discounted bills	5,325,058.83	6,469,025.86
Retail loans	13,232,423.90	14,116,428.33
Total	7,518,687,921.58	7,319,553,206.29
Add: Accrued interest	24,981,681.92	23,944,267.67
Sub-total	7,543,669,603.50	7,343,497,473.96
Less: Allowance for impairment losses	(112,893,360.51)	(109,934,720.87)
Including: Additional allowance	(74,340,638.97)	(73,245,048.97)
Total book value	7,430,776,242.99	7,233,562,753.09

(2) Analysis by industry sectors

	2024		2023	
	Book value	Percentage (%)	Book value	Percentage (%)
Manufacturing industry	1,896,455,467.26	25.27%	2,413,445,157.11	33.04%
Financial industry	1,771,642,526.79	23.60%	1,152,653,202.20	15.78%
Overseas investment	1,290,600,622.54	17.20%	1,041,149,403.17	14.25%
Wholesale and retail trade	1,265,375,238.12	16.86%	1,332,133,504.60	18.23%
Real estate industry	635,344,518.56	8.47%	184,380,467.92	2.52%
Leasing and commercial services	404,159,192.42	5.38%	180,121,151.96	2.47%
Production and supply of electricity, gas and water	126,146,957.84	1.68%	187,903,823.31	2.57%
Transport, storage and postal industry	95,216,575.96	1.27%	34,000,000.00	0.47%
Residential service, repair and other services	20,514,398.19	0.27%	61,444,720.52	0.84%
Information transmission, computer services and software industry	-	-	718,205,347.17	9.83%
Sub-total	7,505,455,497.68	100.00%	7,305,436,777.96	100.00%
Personal loans	13,232,423.90		14,116,428.33	
Total	7,518,687,921.58		7,319,553,206.29	
Add: Interest accrued	24,981,681.92		23,944,267.67	
Sub-total	7,543,669,603.50		7,343,497,473.96	
Less: Allowance for impairment losses	(112,893,360.51)		(109,934,720.87)	
Including: additional allowance	(74,340,638.97)		(73,245,048.97)	
Total book value	7,430,776,242.99		7,233,562,753.09	

(3) Analysis by geographical sectors

	2024		2023	
	Book value	*Percentage (%)*	*Book value*	*Percentage (%)*
Eastern China	4,663,813,487.31	62.02%	4,787,096,903.15	65.40%
Northern China	1,932,172,968.15	25.70%	1,400,108,180.79	19.13%
Southern China	456,777,573.86	6.08%	383,479,605.33	5.24%
South-western China	345,906,895.82	4.60%	538,416,359.16	7.36%
North-eastern China	54,784,572.54	0.73%	56,435,729.53	0.77%
North-western China	30,000,000.00	0.40%	136,500,000.00	1.86%
Central China	22,000,000.00	0.29%	3,400,000.00	0.05%
Overseas and Hong Kong SAR, Macau SAR and Taiwan region	13,232,423.90	0.18%	14,116,428.33	0.19%
Total	7,518,687,921.58	100.00%	7,319,553,206.29	100.00%
Add: Accrued Interest	24,981,681.92		23,944,267.67	
Sub-total	7,543,669,603.50		7,343,497,473.96	
Less: Allowance for impairment losses	(112,893,360.51)		(109,934,720.87)	
Including: Additional allowance	(74,340,638.97)		(73,245,048.97)	
Total book value	7,430,776,242.99		7,233,562,753.09	

Eastern China includes Shandong, Jiangsu, Zhejiang, Shanghai, Anhui; Northern China includes Beijing, Tianjin, Hebei, Inner Mongolia; North-western China includes Shaanxi, Ningxia; Xinjiang; Southern China includes Fujian, Guangdong, Guangxi; South-western China includes Sichuan, Chongqing, Guizhou; Central China includes Hubei, Hunan, Henan, Jiangxi; North-eastern China includes Liaoning.

(4) Analysis by security type

	2024	*2023*
Unsecured loans	4,576,059,002.13	4,421,789,971.91
Guaranteed loans	2,435,726,918.16	2,492,797,312.27
Collateral loans	506,902,001.29	404,965,922.11
Including: Secured loans	201,576,942.46	198,496,896.25
Pledged loans	305,325,058.83	206,469,025.86
Total	7,518,687,921.58	7,319,553,206.29
Add: Accrued interest	24,981,681.92	23,944,267.67
Sub-total	7,543,669,603.50	7,343,497,473.96
Less: Allowance for impairment losses	(112,893,360.51)	(109,934,720.87)
Including: Additional allowance	(74,340,638.97)	(73,245,048.97)
Total book value	7,430,776,242.99	7,233,562,753.09

(5) As of 31 December 2024, nil loans and advances of the Bank are past due (31 December 2023: nil).

(6) Movement of allowance for impairment losses

	ECL Allowance			*Additional allowance for loan impairment losses*	*Total*
	Stage 1	*Stage 2*	*Stage 3*		
1 January 2024	36,448,738.38	240,933.52	-	73,245,048.97	109,934,720.87
Transfer:					
- to Stage 1	4,474,703.27	(4,474,703.27)	-	-	-
- to Stage 2	(1,330,122.24)	1,330,122.24	-	-	-
- to Stage 3	-	-	-	-	-
(Reversals) / charge during the year (Note 37)	(7,197,836.24)	9,060,885.88	-	1,095,590.00	2,958,639.64
31 December 2024	32,395,483.17	6,157,238.37	-	74,340,638.97	112,893,360.51

	ECL Allowance			*Additional allowance for loan impairment losses*	*Total*
	Stage 1	*Stage 2*	*Stage 3*		
1 January 2023	35,154,023.05	399,849.33	-	54,493,642.24	90,047,514.62
Transfer:					
- to Stage 1	-	-	-	-	-
- to Stage 2	(300,780.21)	300,780.21	-	-	-
- to Stage 3	-	-	-	-	-
Charge/(reversals) during the year (Note 37)	1,595,495.54	(459,696.02)	(26,344,439.05)	18,751,406.73	(6,457,232.80)
Reversal after written-off	-	-	26,344,439.05	-	26,344,439.05
31 December 2023	36,448,738.38	240,933.52	-	73,245,048.97	109,934,720.87

(7) Analysis by impairment losses

As at 31 December 2024, nil loans and advances of the Bank are credit-impaired (31 December 2023: nil.).

11 Financial investment - Financial assets held for trading

	2024	*2023*
Financial asset held for trading		
- Investment in debt instruments	770,078,429.55	2,043,056,949.59

Bonds held for trading are issued by the following institutions and present at fair value:

	2024	*2023*
Domestic policy banks	770,078,429.55	2,043,056,949.59

As at the balance sheet date, most of these investment in debt instruments were pledged as security in respect of repurchase agreements (see Note 43), and the rest has no major restriction for cashing.

12 Financial investment - other debt investment

	2024	*2023*
Financial assets at fair value through other comprehensive income		
- Investment in debt instruments	7,242,214,828.94	6,742,435,064.85
Add: Accrued interest	89,248,588.98	116,274,749.75
Total	7,331,463,417.92	6,858,709,814.60

(1) Other debt investment is issued by the following institutions and present at fair value:

	2024	*2023*
Domestic policy banks	4,471,674,358.25	4,967,667,928.41
Ministry of Finance	2,171,265,426.60	1,162,631,811.55
Overseas Government	688,523,633.07	728,410,074.64
Total	7,331,463,417.92	6,858,709,814.60

As at 31 December 2024, part of these other debt investment were pledged as security in respect of repurchase agreements (see Note 43), and the rest has no major restriction for cashing.

(2) Impairment provisions for other debt investment are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2024	9,519,282.68	-	-	9,519,282.68
Transfer:	-			
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Reversal during the year (Note 37)	(2,111,490.58)	-	-	(2,111,490.58)
31 December 2024	7,407,792.10	-	-	7,407,792.10

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2023	10,315,654.84	-	-	10,315,654.84
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Reversal during the year (Note 37)	(796,372.16)	-	-	(796,372.16)
31 December 2023	9,519,282.68	-	-	9,519,282.68

Impairment provisions for other debt investment (including accrued interest) are recognised in other comprehensive income (see Note 29).

13 Fixed assets

	Office furniture	*Office equipment*	*Computers*	*Total*
Cost				
Balance at 1 January 2023	6,147,002.72	6,096,556.79	48,513,104.41	60,756,663.92
Additions	-	-	6,120,271.70	6,120,271.70
Decreases	(74,820.00)	-	(5,427,951.82)	(5,502,771.82)
Balance at 31 December 2023	6,072,182.72	6,096,556.79	49,205,424.29	61,374,163.80
Additions	208,800.00	-	3,565,756.08	3,774,556.08
Decreases	(4,952,443.08)	(2,244,823.75)	(1,396,211.26)	(8,593,478.09)
Balance at 31 December 2024	1,328,539.64	3,851,733.04	51,374,969.11	56,555,241.79
Less: Accumulated depreciation				
Balance at 1 January 2023	(5,572,431.13)	(4,905,459.38)	(24,927,612.26)	(35,405,502.77)
Charge for the year	(170,867.07)	(557,866.56)	(8,319,173.75)	(9,047,907.38)
Written-offs	74,820.00	-	5,427,951.82	5,502,771.82
Balance at 31 December 2023	(5,668,478.20)	(5,463,325.94)	(27,818,834.19)	(38,950,638.33)
Charge for the year	(129,355.85)	(405,191.66)	(9,191,022.97)	(9,725,570.48)
Written-offs	4,887,945.60	2,086,318.05	1,064,690.70	8,038,954.35
Balance at 31 December 2024	(909,888.45)	(3,782,199.55)	(35,945,166.46)	(40,637,254.46)
Less: Provision for impairment				
Balance at 1 January 2023	-	-	-	-
Charge for the year	(2,692.56)	(15,218.28)	(56,708.16)	(74,619.00)
Written-offs	-	-	-	-
Balance at 1 January 2023	(2,692.56)	(15,218.28)	(56,708.16)	(74,619.00)
Charge for the year	(250,077.80)	(155,045.13)	(220,587.55)	(625,710.48)
Written-offs	123,446.31	156,059.72	88,634.44	368,140.47
Balance at 31 December 2024	(129,324.05)	(14,203.69)	(188,661.27)	(332,189.01)
Net book value				
Balance at 31 December 2024	289,327.14	55,329.80	15,241,141.38	15,585,798.32
Balance at 31 December 2023	401,011.96	618,012.57	21,329,881.94	22,348,906.47

14 Lease

(1) Right-of-use assets

	Plant & buildings
Cost	
Balance at 1 January 2023	125,513,617.17
Additions during the year	12,763,636.02
Disposals during the year	(45,634,277.47)
Balance at 31 December 2023	92,642,975.72
Additions during the year	97,427,406.02
Disposals during the year	(38,146,455.65)
Balance at 31 December 2024	151,923,926.09
Less: Accumulated depreciation	
Balance at 1 January 2023	(89,417,527.06)
Charge for the year	(27,801,646.02)
Written off on disposals	45,634,277.47
Balance at 31 December 2023	(71,584,895.61)
Charge for the year	(30,600,267.42)
Written off on disposals	38,146,455.65
Balance at 31 December 2024	(64,038,707.38)
Less: Provision for impairment	
Balance at 1 January 2023	-
Charge for the year	(516,132.00)
Written off on disposals	-
Balance at 31 December 2023	(516,132.00)
Charge for the year	(3,249,784.80)
Written off on disposals	-
Balance at 31 December 2024	(3,765,916.80)
Carrying amounts	
Balance at 31 December 2024	84,119,301.91
Balance at 31 December 2023	20,541,948.11

(2) Lease liabilities

	2024	*2023*
Lease liabilities	91,342,781.59	29,755,551.23

Analysis of the Bank's lease liabilities by maturity date - undiscounted

	2024	*2023*
Within 1 year	18,501,331.50	26,845,498.44
1 - 2 years	13,216,939.94	3,379,315.30
2 - 3 years	11,707,819.04	-
More than 3 years	57,749,699.33	-
Total	101,175,789.81	30,224,813.74

15 Deferred tax (liabilities) / assets

(1) Deferred-tax assets and liabilities

	31 December 2024		*31 December 2023*	
	Deductible and (taxable) temporary differences	*Deferred tax assets and (liabilities)*	*Deductible and (taxable) temporary differences*	*Deferred tax assets and (liabilities)*
Impairment losses	57,612,080.33	14,403,020.08	57,772,427.00	14,443,106.75
Accrued expenses	20,125,618.88	5,031,404.73	18,358,626.84	4,589,656.72
Employee benefits payable	24,128,803.22	6,032,200.81	32,358,390.51	8,089,597.63
Intangible assets	-	-	1,425,061.16	356,265.29
Other	89,809,113.23	22,452,278.31	26,906,258.79	6,726,564.70
Before offsetting deffered tax assets	191,675,615.66	47,918,903.93	136,820,764.30	34,205,191.09
Changes in fair value	(238,565,826.84)	(59,641,456.71)	(79,666,347.68)	(19,916,586.92)
Other	(87,885,218.71)	(21,971,304.68)	(21,058,080.11)	(5,264,520.03)
Before offsetting deffered tax liabilities	(326,451,045.55)	(81,612,761.39)	(100,724,427.79)	(25,181,106.95)
Net	(134,775,429.89)	(33,693,857.46)	36,096,336.51	9,024,084.14

(2) Deferred tax movement

	2024	*2023*
Balance at the beginning of the year	9,024,084.14	5,689,356.77
Charge to profit or loss	(25,528,260.40)	4,443,947.27
Charge to other comprehensive income	(17,189,681.20)	(1,109,219.90)
Balance at the end of the year	(33,693,857.46)	9,024,084.14

16 Other assets

	Note	*2024*	*2023*
Gold lease-out receivable			
Designated as at FVTPL		1,570,909,685.68	1,633,870,960.17
Refundable Deposit		949,783,863.38	875,344,225.87
Service fee receivables due from related parties		54,080,677.66	54,304,868.32
Tax prepayment		34,390,203.35	-
Payment in advance		15,570,684.79	4,457,993.92
Leasehold improvements		3,731,838.60	172,677.56
Tax deductible		112,780.79	43,578.58
Others		7,452,650.64	13,468,403.86
Sub-total		2,636,032,384.89	2,581,662,708.28
Less: Allowance for impairment losses	(1)	(427,609.23)	(123,480.58)
Total		2,635,604,775.66	2,581,539,227.70

(1) Movement of provision for impairment of other assets

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2024	123,480.58	-	-	123,480.58
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Charge for the year (Note 37)	304,128.65	-	-	304,128.65
31 December 2024	427,609.23	-	-	427,609.23

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2023	178,489.88	-	-	178,489.88
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Reversal for the year (Note 37)	(55,009.30)	-	-	(55,009.30)
31 December 2023	123,480.58	-	-	123,480.58

17 Deposits from banks and other financial institutions

	2024	*2023*
Domestic banks	-	10,000,000.00
Domestic non-bank financial institutions	148,869,740.07	293,663,054.16
Overseas banks	4,258,005.02	42,611,217.30
Overseas non-bank financial institutions	25,231,283.16	-
Sub-total	178,359,028.25	346,274,271.46
Add: Interest accrued	6,612.55	270,779.38
Total	178,365,640.80	346,545,050.84

18 Placements from banks and other financial institutions

	2024	*2023*
Measured at amortised cost		
Domestic banks	1,379,419,988.15	984,495,331.75
Overseas banks	878,427,000.03	2,356,314,027.60
Sub-total	2,257,846,988.18	3,340,809,359.35
Add: Interest accrued	1,738,227.06	1,320,410.09
Sub-total	2,259,585,215.24	3,342,129,769.44
Designated as at FVTPL (Gold Lease)		
Overseas banks	1,845,991,159.03	1,442,227,331.57
Total	4,105,576,374.27	4,784,357,101.01

Financial liabilities designated as FVTPL are financial liabilities related to gold lease.

According to the relevant provisions of the *Interim Measures for the Administration of Gold Leasing Business* (Yinbanfa [2022] No. 88) issued by the General Office of the People's Bank of China in July 2022, the Bank has reclassed the gold leasing with financial institutions to Placements from banks and other financial institutions since 2023.

19 Financial assets sold under repurchase agreements

	2024	*2023*
Measured at amortised cost		
- Domestic commercial banks	380,000,000.00	776,000,000.00
Add: Interest accrued	14,783.56	163,348.77
Sub-total	380,014,783.56	776,163,348.77
Measured at FVTPL		
- Domestic commercial banks	628,010,362.97	1,730,295,368.95
Total	1,008,025,146.53	2,506,458,717.72

As at 31 December 2024, the collateral of the Bank's financial assets sold under repurchase agreements are bonds issued by domestic policy banks, whose book value totals RMB1,097,834,149.15 (31 December 2023: RMB2,637,705,915.56).

20 Deposits from customers

	2024	*2023*
Current deposits		
- Corporate customers	5,273,814,994.07	5,492,017,152.78
- Individual customers	4,349,308.40	5,039,775.33
Sub-total	5,278,164,302.47	5,497,056,928.11
Term deposits (including call deposits)		
- Corporate customers	10,998,990,202.42	6,193,502,451.92
Structure deposits		
- Corporate customers	-	360,000,000.00
Sub-total	16,277,154,504.89	12,050,559,380.03
Add: Interest accrued	44,280,783.28	22,751,912.50
Total	16,321,435,288.17	12,073,311,292.53

21 Employee benefit payables

	Note	*2024*	*2023*
Employee benefits	(1)	13,888,951.03	13,631,082.97
Post-employment benefits - defined contribution plans	(2)	2,170,193.66	2,095,324.75
Termination benefits	(3)	8,069,658.53	16,631,982.79
Total		24,128,803.22	32,358,390.51

(1) Employee benefits

	2024			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Salaries, bonuses and allowances	12,613,478.71	277,650,276.55	(277,358,550.18)	12,905,205.08
Staff welfare	-	9,941,316.99	(9,941,316.99)	-
Social insurance	1,017,604.26	10,036,266.76	(10,078,259.07)	975,611.95
- Medical insurance	1,003,302.91	9,840,291.16	(9,882,748.87)	960,845.20
- Employment injury insurance	13,895.92	189,958.78	(189,486.48)	14,368.22
- Maternity insurance	405.43	6,016.82	(6,023.72)	398.53
Housing fund	-	12,422,370.00	(12,414,236.00)	8,134.00
Labour union fees, and staff education fee	-	5,383,059.27	(5,383,059.27)	-
Total	13,631,082.97	315,433,289.57	(315,175,421.51)	13,888,951.03

	2023			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Salaries, bonuses and allowances	11,405,441.13	279,833,932.87	(278,625,895.29)	12,613,478.71
Staff welfare	-	15,160,974.80	(15,160,974.80)	-
Social insurance	2,783,091.22	10,541,902.30	(12,307,389.26)	1,017,604.26
- Medical insurance	2,769,873.50	10,278,848.10	(12,045,418.69)	1,003,302.91
- Employment injury insurance	12,080.01	163,280.18	(161,464.27)	13,895.92
- Maternity insurance	1,137.71	99,774.02	(100,506.30)	405.43
Housing fund	-	12,849,878.97	(12,849,878.97)	-
Labour union fees, and staff education fee	-	5,038,742.28	(5,038,742.28)	-
Total	14,188,532.35	323,425,431.22	(323,982,880.60)	13,631,082.97

The amount of the deferred portion of the Bank's variable remuneration is determined on the basis of a series of factors, including laws and regulations, performance appraisal, employee potential, risk factors, etc., and is deferred for one, two and three years, respectively, and is paid out under the equity incentive plan. The above equity interests are shares issued by Australia and New Zealand Banking Group Limited. The Bank assumes the settlement obligation to settle the relevant shares to employees under this equity incentive plan. The total expense recognised by the Bank for cash-settled share-based payments in 2024 was RMB13,152,416.11 (2023: RMB12,389,575.39).

(2) Post-employment benefits - defined contribution plans

	2024			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Basic pensions	2,011,063.26	17,186,949.28	(17,115,180.08)	2,082,832.46
Unemployment insurance	84,261.49	552,365.62	(549,265.91)	87,361.20
Total	2,095,324.75	17,739,314.90	(17,664,445.99)	2,170,193.66

	2023			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Basic pensions	1,703,878.68	16,817,952.84	(16,510,768.26)	2,011,063.26
Unemployment insurance	72,285.35	554,134.31	(542,158.17)	84,261.49
Total	1,776,164.03	17,372,087.15	(17,052,926.43)	2,095,324.75

(3) Termination benefits

	2024			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Termination benefits	16,631,982.79	29,074,497.78	(37,636,822.04)	8,069,658.53

	2023			
	Balance at 1 January	*Accrued during the year*	*Paid during the year*	*Balance at 31 December*
Termination benefits	-	20,618,358.79	(3,986,376.00)	16,631,982.79

22 Taxes payable

	2024	*2023*
Value-added tax	14,734,133.58	20,285,454.03
Withholding tax	13,865,785.03	19,237,979.33
Taxes and surcharges	3,598,876.89	3,955,897.47
Corporate income tax	-	44,418,655.35
Total	32,198,795.50	87,897,986.18

23 Debt securities issued

	2024	*2023*
Negotiable certificates of deposit	398,788,146.20	1,293,775,584.19

In 2024, the Bank issued eight tranches of RMB zero-coupon interbank certificates of deposit (CDs) in the interbank bond market at a discount, with a total amount of RMB 1.7 billion, and five tranches of USD zero-coupon interbank CDs, totalling USD 120 million. As of December 31, 2024, RMB interbank CDs with a total face value of RMB 400 million remained outstanding.

24 Provisions

As of 31 December 2024, all the Bank's provisions are off-balance sheet ECL, the changes are set out below:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2024	11,918,813.84	-	-	11,918,813.84
Transfer:				
- to Stage 1	-	-	-	-
- to Stage 2	(25,513.45)	25,513.45	-	-
- to Stage 3	-	-	-	-
Reversal during the year (Note 37)	(3,109,491.49)	(25,513.45)	-	(3,135,004.94)
31 December 2024	8,783,808.90	-	-	8,783,808.90

	Stage 1	*Stage 2*	*Stage 3*	*Total*
1 January 2023	7,032,986.70	68,294.82	-	7,101,281.52
Transfer:				
- to Stage 1	68,294.82	(68,294.82)	-	-
- to Stage 2	-	-	-	-
- to Stage 3	-	-	-	-
Charges during the year (Note 37)	4,817,532.32	-	-	4,817,532.32
31 December 2023	11,918,813.84	-	-	11,918,813.84

25 Other liabilities

	2024	*2023*
Market to market deposits	79,262,673.93	-
Items in process of clearing	61,369,205.88	62,298,443.39
Service fee payable to related parties	42,562,594.07	82,522,894.11
Accrued expenses	20,125,618.88	18,358,626.84
Others	35,027,746.45	85,200,189.53
Total	238,347,839.21	248,380,153.87

26 Paid-in capital

Registered capital and paid-in capital

	2024		*2023*	
	Book value	*Percentage (%)*	*Book value*	*Percentage (%)*
ANZ	6,225,000,000.00	100%	6,225,000,000.00	100%

ANZ contributed the paid-in capital to the Bank in accordance with the Administrative Regulation and relevant regulations. Capital contributions in foreign currency were translated into RMB at the exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China.

The above paid-in capital was verified by certified public accountants with the related capital verification reports issued.

27 Other comprehensive income

	Movements in fair value of other debt investment	*ECL allowance of other debt investment*	*Total*
As at 1 January 2023	(11,997,000.25)	7,736,741.11	(4,260,259.14)
Increase/(decrease) during the year	5,233,251.79	(796,372.16)	4,436,879.63
Less: Effects of deferred tax	(1,308,312.94)	199,093.04	(1,109,219.90)
As at 31 December 2023	(8,072,061.40)	7,139,461.99	(932,599.41)
Increase/(decrease) during the year	70,870,215.44	(2,111,490.58)	68,758,724.86
Less: Effects of deferred tax	(17,717,553.85)	527,872.65	(17,189,681.20)
As at 31 December 2024	45,080,600.19	5,555,844.06	50,636,444.25

28 Surplus reserve

	Note	*Surplus reserve*
Balance at 31 December 2022		286,834,429.22
Profit appropriation	30	39,122,847.53
Balance at 31 December 2023		325,957,276.75
Profit appropriation	30	19,787,042.22
Balance at 31 December 2024		345,744,318.97

29 General reserve

	2024	*2023*
Balance at the end/beginning of the year	298,690,022.35	298,690,022.35

In accordance with the Administrative Measures on Provisions for Financial Institutions (Cai Jin [2012] No.20) issued by the MOF, Financial enterprises shall select the internal model approach or standard approach to carry out a quantitative analysis for risk status faced by risk assets in accordance with their own situation to determine the estimate for potential risks from 1 July 2012. General provision shall be accrued for the difference amount where the estimate for potential risks is higher than the provision for asset impairment. General provision may not be accrued where the estimate for potential risks is less than the provision for asset impairment.

30 Appropriation of profits

(1) Appropriation for surplus reserve

In 2024, the Bank appropriated an amount of RMB 19,787,042.22 (2023: RMB39,122,847.53), representing 10% of profit after tax for the year to surplus reserve in accordance with relevant regulations and its articles.

(2) Distributions to owner

Pursuant to the approval at the general meeting of shareholders held on 3 July 2024, a distribution of profit in cash totalling RMB 343,156,385.00 (2023: RMB439,994,492.00) to ANZ on 29 August 2024.

31 Net interest income

	2024	*2023*
Interest income:		
Deposits and placements with banks and other financial institutions	371,201,138.81	353,614,275.85
Loans and advances to customers	217,442,733.01	239,196,957.19
Other debt investment	157,739,910.67	169,259,902.99
Deposits with central bank	10,850,290.85	11,776,966.29
Investment in negotiable certificates of deposit	22,161.73	6,274,888.86
Financial assets purchased under resale agreements	59,455.92	71,323.84
Others	21,002,109.55	5,625,838.53
Sub-total	778,317,800.54	785,820,153.55
Interest expenses:		
Deposits from customers	(229,268,249.73)	(179,780,168.86)
Deposits and placements from banks and other financial institutions	(44,370,743.11)	(23,287,783.64)
Issuance of negotiable certificates of deposit	(37,150,418.14)	(33,514,764.17)
Financial assets sold under repurchase agreements	(8,375,217.45)	(25,980,151.12)
Lease liabilities	(1,944,391.29)	(1,409,347.12)
Sub-total	(321,109,019.72)	(263,972,214.91)
Net interest income	457,208,780.82	521,847,938.64

32 Net fee and commission income

	2024	2023
Fee and commission income:		
Business referral fees	38,400,768.88	49,544,585.66
Agency fees	19,125,367.15	16,927,846.65
Guarantee fees	13,296,281.30	17,601,901.68
Settlement and clearing fees	8,834,297.88	7,730,289.31
Others	16,923,509.97	6,792,716.54
Sub-total	96,580,225.18	98,597,339.84
Fee and commission expenses:		
Broker's commission	(41,109,395.72)	(38,733,390.21)
Others	(62,040,370.30)	(16,097,779.45)
Sub-total	(103,149,766.02)	(54,831,169.66)
Net fee and commission income	(6,569,540.84)	43,766,170.18

33 Investment income

	2024	2023
Non foreign exchange derivatives	103,699,887.55	142,760,609.56
Financial assets held for trading	31,017,048.20	42,105,378.31
Other debt investments	42,066,529.98	-
Other assets		
- Gold leased-out receivable designated at FVTPL	24,441,947.00	26,496,168.88
Financial assets sold under repurchase agreements at FVTPL	(21,546,149.67)	(7,398,394.77)
Total	179,679,263.06	203,963,761.98

During 2024, the investment loss generated from foreign exchange derivative financial instruments, amounting to RMB 44,184,678.52 are included in the Bank's foreign exchange gain or loss (2023: RMB147,168,492.31 of investment income).

34 Other income

	2024			2023		
	Amount	*Presentation item*	*Amount recognised in profit or loss for the current period*	*Amount*	*Presentation item*	*Amount recognised in profit or loss for the current period*
Government grants related to income:						
Refund of withholding tax commission	1,421,547.05	Other income	1,421,547.05	1,293,017.05	Other income	1,293,017.05
Shanghai financial talent grant	-	Other income	-	166,000.00	Other income	166,000.00
Refund of Social insurance	-	Other income	-	9,049.82	Other income	9,049.82
Chongqing job stabilization subsidy	-	Other income	-	6,701.00	Other income	6,701.00
Total	1,421,547.05		1,421,547.05	1,474,767.87		1,474,767.87

35 (Loss) / gain from changes in fair value

	2024	*2023*
Non foreign exchange derivatives	(21,696,430.81)	14,029,889.63
Precious metals	(2,401,823.27)	3,746,705.32
Debt investments held for trading	(1,258,017.80)	5,127,245.52
Financial assets sold under repurchase agreements at FVTPL	(224,122.24)	244,233.21
Gold lease	4,570,726.12	1,100,493.60
Total	(21,009,668.00)	24,248,567.28

In 2024, the changes in fair value gains from foreign exchange derivative financial instruments amounting to RMB 109,038,931.69 are included in the foreign exchange gains and losses (2023: RMB9,749,290.77 of losses from changes in fair value).

36 Business and administrative expenses

	2024	*2023*
Staff cost		
- Salaries, bonuses and allowances	277,650,276.55	279,833,932.87
- Social insurance and housing funds	40,197,951.66	40,763,868.42
- Termination benefits	29,074,497.78	20,618,358.79
- Staff welfare and others	15,324,376.26	20,199,717.08
Sub-total	362,247,102.25	361,415,877.16
Telecommunication expenses	43,131,659.15	40,645,866.97
Parent bank's service fees	42,481,946.39	45,186,523.50
Depreciation and amortisation	40,804,181.94	36,984,018.36
Rental and property management expenses	6,804,228.86	6,733,350.66
Operation and Service Hubs' service fees	1,423,701.08	9,163,418.43
Others	40,691,874.90	38,464,348.27
Total	537,584,694.57	538,593,403.35

37 Charge/(reversal) of credit impairment losses

	Note	*2024*	*2023*
Deposits with banks and other financial institutions	7	78,906.46	(68,513.20)
Placements with banks and other financial institutions	8	2,811,874.62	(2,675,813.13)
Loans and advances to customers	10	(2,958,639.64)	6,457,232.80
Other debt investments	12	2,111,490.58	796,372.16
Other assets	16	(304,128.65)	55,009.30
Financial guarantee and credit commitment	24	3,135,004.94	(4,817,532.32)
Total		4,874,508.31	(253,244.39)

38 Income tax expenses

(1) Income tax expenses

	2024	2023
Current year income tax	24,465,946.44	127,016,193.73
Changes in deferred tax assets	25,528,260.40	(4,443,947.27)
Tax filing differences	206,574.94	(124,564.12)
Total	50,200,781.78	122,447,682.34

The analysis of deferred tax expense is set out below:

	2024	2023
Origination and reversal of temporary differences	25,528,260.40	(4,443,947.27)

(2) Reconciliation between income tax expense and accounting profit

	2024	2023
Profits before tax	248,071,204.00	513,676,157.60
Income tax at statutory tax rate 25%	62,017,801.00	128,419,039.40
Increase/(decrease) of tax effect:		
- Non-deductible expenses	2,218,396.41	2,085,972.38
- Non-taxable income	(14,241,990.41)	(1,677,448.63)
- Effect of using deductible temporary differences for which no deferred tax asset was recognised in previous periods	-	(6,263,505.74)
- Deferred tax assets over recognized in prior years	(0.16)	8,189.05
- Tax filing differences	206,574.94	(124,564.12)
Income tax expenses	50,200,781.78	122,447,682.34

39 Other comprehensive income, net of tax

	2024	*2023*
Items that may be reclassified to profit or loss:		
Changes in fair value of other debt investments	70,870,215.44	5,233,251.79
Less: deferred tax	(17,717,553.85)	(1,308,312.94)
Sub-total	53,152,661.59	3,924,938.85
Expected credit losses of other debt investments	(2,111,490.58)	(796,372.16)
Less: deferred tax	527,872.65	199,093.04
Sub-total	(1,583,617.93)	(597,279.12)
Total	51,569,043.66	3,327,659.73

40 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	2024	*2023*
Net profit	197,870,422.22	391,228,475.26
Add: Interest expense arising from debt securities issued	37,150,418.14	33,514,764.17
Interest expense arising from lease	1,944,391.29	1,409,347.12
(Reversal) / charge of credit impairment loss	(4,874,508.31)	253,244.39
Depreciation of fixed assets	9,725,570.48	9,047,907.38
Depreciation of right-of-use assets	30,600,267.42	27,801,646.02
Amortisation of leasehold fixed asset improvements	478,344.04	134,464.96
Asset impairment losses	3,944,577.54	590,751.00
Gains on disposal of assets	(97,609.56)	-
Losses / (gains) from changes in fair value	21,009,668.00	(24,248,567.28)
Decrease / (increase) in deferred tax assets	25,528,260.40	(4,443,947.27)
Foreign exchange gains	(111,440,754.96)	(77,740,141.85)
Decrease / (increase) in operating receivables	593,781,224.36	(1,319,637,467.77)
Increase in operating payables	1,040,390,776.78	1,271,083,056.20
Net cash inflow from operating activities	1,846,011,047.84	308,993,532.33

(2) Changes in cash and cash equivalents:

	2024	*2023*
Cash and cash equivalents at the end of the year	7,094,846,308.33	6,631,146,300.78
Less: Cash and cash equivalents at the beginning of the year	(6,631,146,300.78)	(6,698,538,876.14)
Net decrease in cash and cash equivalents	463,700,007.55	(67,392,575.36)

(3) Cash and cash equivalents

	2024	*2023*
Deposits with central bank available on demand	487,353,951.94	871,850,695.97
Deposits with banks and other financial institutions	479,257,168.22	459,058,777.57
Placements with banks and other financial institutions	6,128,235,188.17	5,300,236,827.24
Total	7,094,846,308.33	6,631,146,300.78

41 Related-party relationships and transactions

(1) Information on parent bank of the Bank is listed as follows:

Name	*Registered address*	*Principle activities*	*Registered capital*	*Shareholding percentage*	*Portion of voting rights*
ANZ	Australia	Banking and financial services	AUD 27,065 million	100%	100%

(2) Transactions with key management personnel

(a) Balance of the transactions with key management personnel:

	2024	*2023*
Remuneration of key management personnel	65,161,502.26	55,225,128.45

(b) Transactions with other related parties

According to *the Administrative Measures on Related-party Transactions of Banking and Insurance Institutions* (CBIRC [2022] No.1), the Bank discloses credit transactions with related natural persons.

Related natural persons include the Bank's controlling shareholder or actual controller of the banking or insurance institution, the persons acting in concert therewith, ultimate beneficiaries, the natural persons who hold or control more than 5% of the equity of the banking or insurance institution, or who hold less than 5% of the equity but have significant influence on the operation, management of the banking or insurance institution, directors, supervisors, and senior executives of the head office and important branches of the banking or insurance institution, as well as personnel with the power to approve or make decisions on core businesses such as large amount credit extension, asset transfer and use of insurance funds.

For the year, the Bank did not have the above transactions with related natural persons (2023: nil).

(3) Transactions with related parties other than key management personnel

During the year, the Bank had no significant transactions with its related parties under Section 14 of the Administrative Measures for the Connected Transactions (2023: ANZ Operation and Service (Chengdu) Co., Ltd., a fellow subsidiary under the same parent company, signed an agreed deposit agreement on May 27, 2016. As of the effective date of the new regulations (March 1, 2022), the balance of this agreed deposit, including accrued interest, amounted to RMB 84.66 million, exceeding 1% of the Bank's capital at the end of the previous quarter, thus constituting a material related-party transaction.).

(a) Major transactions with related parties during the year:

	2024	*2023*
Net interest income	45,543,649.37	72,702,485.43
Net fee and commission income	52,641,752.62	41,906,717.51
Parent bank's service fees	(42,481,946.39)	(45,186,523.50)
Operation and Service Hubs' service fees	(1,423,701.08)	(9,163,418.43)
Gains from changes in fair value of derivative financial instruments	92,585,415.36	39,246,422.68
Losses from changes in fair value of gold lease	(188,622.49)	(431,671.53)

In 2024, the sales margin obtained by the Bank from its related parties through internal derivative transactions was accounted in investment income amounting to RMB 228,763.41 (2023: RMB218,451.30).

Of the above transactions, the transactions with the related bodies of non-commercial bank and their corresponding percentage to general and administrative expenses are as follows:

	2024	*Percentage (%)*	*2023*	*Percentage (%)*
Hubs' service fees - Amounts of accepted services	1,423,701.08	0.27%	9,163,418.43	1.70%

Under the relevant service agreements, cost-plus pricing method is adopted in the above transactions with the related bodies of non-commercial bank.

(b) As at 31 December, the major balances with related parties are as follows:

	2024	*2023*
Assets		
Deposits with banks and other financial institutions	43,435,675.83	20,951,434.82
Placements with banks and other financial institutions	2,293,174,015.85	2,083,580,433.42
Derivative financial assets	144,728,679.62	207,668,239.10
Other assets	54,080,677.66	54,304,868.32
Total	2,535,419,048.96	2,366,504,975.66

	2024	*2023*
Liabilities		
Deposits from banks and other financial institutions	4,258,005.02	42,611,217.30
Placements from banks and other financial institutions	2,724,733,618.89	3,799,303,367.22
Derivative financial liabilities	348,499,928.72	205,330,873.98
Other liabilities	42,562,594.07	82,899,790.30
Total	3,120,054,146.70	4,130,145,248.80

The balance of the transactions with the related bodies of non-commercial bank and their corresponding percentage at 31 December are as follows:

	2024	*Percentage (%)*	*2023*	*Percentage (%)*
Other liabilities - Service fee payable	163,133.55	0.07%	138,887.95	0.06%

(c) As at 31 December, notional amount of the off-balance sheet derivatives with related parties is as follows:

	2024	*2023*
Interest rate swaps	9,710,975,349.39	6,388,893,157.40
Interest rate options	-	360,000,000.00
Foreign exchange swaps	17,031,798,483.08	4,040,264,409.07
Foreign exchange forwards	3,921,082,108.99	7,460,825,129.49
Foreign exchange options	2,123,276,283.27	568,026,620.95
Precious metal forwards	1,218,613,117.13	-
Precious metal swaps	2,169,362,511.89	587,716,720.54
Complicated derivatives	153,376,440.95	223,851,316.35
Total	36,328,484,294.70	19,629,577,353.80

(d) As at 31 December, the credit commitments with related parties are as follows:

	2024	*2023*
Letters of guarantee issued	4,273,48,883.90	3,621,216,463.32
Letters of guarantee accepted	31,231,526.69	342,046,622.36

(e) Relationship with the related parties referred in Note 41(3)(a), (b), (c) and (d):

Name	*Relationship with the Bank*	*Primary business*	*Legal representative*	*Registered location*	*Registered capital*
Australia and New Zealand Banking Group Limited	Parent bank	Banking and financial services	Paul O'Sullivan	Australia	AUD 27,065 million
ANZ Operation and Service (Chengdu) Ltd. (note)	Fellow subsidiary	Engage in the development, maintenance and provision of relevant technical support of systems, software and information technology related to banking business; data processing, data analysis, reconciliation, data settlement and back-office services related to banking business	Steven Michael Harris	Chengdu city	AUD 23 million
ANZ Support Services India Private Limited	Fellow subsidiary	Engaged in development of systems, software and IT enabled services, provide supports of related technologies	Prabhakar Varadarajan	India	INR 953 million
ANZ Global Services and Operations (Manila), Inc.	Fellow subsidiary	Engaged in systems and supports of related technologies	Steve Harris	The Philippines	PHP 1,421 million

Note: ANZ Operation and Service (Chengdu) Ltd. completed liquidation and deregistration in August 2024.

42 Segment reporting

(1) Business segment

The Bank mainly engage in corporate banking, provides a range of financial products and services to corporations and financial institutions, including: corporate loans, trade finance, corporate deposits, payment and settlement services, security services, placements with banks and other financial institutions, customer-driven derivative financial instruments and customer-driven foreign exchange trading.

(2) Geographic information

The information sets out about the source of the Bank's gross revenue and non-current assets (excluding financial instruments, deferred tax assets) inside and outside of Mainland China. The geographical location of source of gross revenue (the total of interest income) is based on the counterparty's registered location. The geographical location of the specified non-current assets is based on the physical location of the asset.

The following table sets out information about total interest income based on the geographical location:

	2024	*2023*
In Mainland China	615,678,458.92	597,586,332.17
Outside Mainland China	162,639,341.62	188,233,821.38
Total	778,317,800.54	785,820,153.55

As at 31 December 2024, the Bank does not hold any non-current assets that are located outside of Mainland China (31 December 2023: nil).

(3) Major customers

Interest income from each individual customer of the Bank is below 10% of the Bank's total interest income in both 2024 and 2023.

43 Assets pledged as security

Following assets of the Bank are pledged as security in respect of repurchase agreements:

	Note	*2024*	*2023*
Debt investment at FVTPL	11	717,819,365.59	1,827,167,047.72
Debt investment at FVOCI	12	380,014,783.56	810,538,867.84
Total		1,097,834,149.15	2,637,705,915.56

44 Commitments and contingencies

(1) Credit commitments

The Bank has credit commitments at any time. These commitments include approved loans. The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

Acceptances are the Bank's commitments to honour the customer bills issued. The Bank expects most acceptances to be settled simultaneously when the customer settles payment.

The amounts reflected in the table for credit commitments represent the total amount when the loan is expended. The amounts reflected in the table for guarantees and letters of credit represent the maximum potential loss that would be recognised at the balance sheet date if counterparties failed to fulfil their contractual obligations.

	2024	*2023*
Irrevocable loan commitments		
- Original maturity within 1 year	178,793,193.16	113,541,412.02
- Original maturity over 1 year (inclusive)	75,481.44	7,759,532.08
	178,868,674.60	121,300,944.10
Letter of guarantees		
- Financing guarantees	409,101,972.55	334,950,216.76
- Non-financing guarantees	4,657,306,484.34	4,641,005,603.89
	5,066,408,456.89	4,975,955,820.65
Documentary letters of credit	18,158,710.04	189,200,840.40
Bank acceptance	102,109,527.17	266,979,370.40
Total	5,365,545,368.70	5,553,436,975.55
Impairment provision for financial guarantee contracts and credit commitments	(8,783,808.90)	(11,918,813.84)

The above credit businesses are the credit risks the Bank may undertake. The Bank periodically assesses and makes allowances for any probable losses if necessary. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash outflows.

(2) Credit risk weighted amounts of off-balance sheet assets

	2024	*2023*
Credit risk weighted amounts of off-balance sheet assets	2,821,601,427.49	2,831,185,062.80

The credit risk weighted amounts of off-balance sheet assets refer to the amounts as computed in accordance with the Administrative Measures on Capitals of Commercial Bank as set out by the NFRA and depends on the status of the counterparty and the maturity characteristics.

(3) Capital commitments

As at the balance sheet date, the Bank has no significant capital commitment.

45 Fiduciary activities

Entrusted loans and deposits

The Bank had the following entrusted loans and deposits as at balance sheet date:

	2024	*2023*
Entrusted loans and deposits	49,907,591,735.07	68,653,392,067.67

46 Risk management

Financial instruments are fundamental to the Bank's business, constituting one of the core elements of the operations. Accordingly, the risks associated with financial instruments are a significant component of the risks faced by the Bank. Financial instruments create, modify or reduce the credit, market (including trading or fair value risks and non-trading or interest and foreign currency related risks) and liquidity risks of the Bank's balance sheet. These risks and the policies and objectives for managing such risks are outlined below. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management function for the Bank covers credit risks, market risks, liquidity risks and operational risks and capital management.

(1) Credit risk

Credit risk is the risk of financial loss from counterparties being unable to fulfil their contractual obligations. The credit risks arise not only from traditional lending to customers, but also from inter-bank, treasury and international trade activities.

The credit risk objectives are set by the Bank's Board of Directors and are implemented and monitored within a tiered structure of delegated authority, designed to oversee multiple aspects of credit risk, including asset writing strategies, credit policies and controls, single customer exposures, portfolio monitoring and risk concentrations.

Most of the Bank's credit customers are multinational enterprises and their subsidiaries in China, large state-owned enterprises and private enterprises. All credit limits applications should be approved by authorized person of the business department, and then delivered to and approved by the Head Office's Credit Risk Management Department located in Shanghai. For trade related credits, the Bank only accepts bills negotiation under letter of credit and with no discrepancies. As such, the risks are more bank risks.

The Bank's daily credit risk functions are segregated into credit risk management, client relationship management and loan administration.

The Risk Department in Head Office is responsible for the credit risk management and credit limits applications approval of the Bank.

Client relationship management is carried out by front desk departments. Their responsibilities include planning and executing business development and marketing activities, maintaining relationship with both existing and new clients; and recommending or approving credit applications under the delegated authority based on client needs and the market environment.

The Loan Administration Department in Head Office located in Shanghai is responsible for loan disbursement provided all approval conditions have been satisfied. The Credit Risk Management Department is independent from the front desk departments, reporting directly to Chief Operation Officer of the Bank.

Every month, the head of Institution Business ("IB") Department and the head of GSG collect a consolidated Early Alert Review ("EAR") list for the accounts identified by the relationship managers in the month and update the early warning and high risk credit report, and hold the monthly early warning and high risk credit meeting, which is hosted by the front line business department and attended by the president of the China region, the Chief Risk Officer, Credit Risk Management Department and other relevant business personnel. The monthly consolidated Asia pacific EAR report will be sent to regional centralised co-ordinating department of ANZ. The centralised co-ordinating department will send the consolidated Asia pacific EAR report to General Manager Institutional Credit - APEA. Each month in the Bank's Management Risk Committee meeting, the EAR list and the mitigation measures taken or to be taken are reported to the committee. The outcomes of the meeting would be documented and the action items around the same would be followed up and presented in the meeting.

Risk reporting

Credit portfolios are actively monitored at each layer of the risk structure to ensure credit deterioration is quickly detected and mitigated through the implementation of remediation strategies. All businesses incurring credit risk undertake regular and comprehensive analysis of their credit portfolios. Issue identification and adherence to performance benchmarks are reported to risk and business executives through a series of reporting processes.

Collateral management

The credit principles specify to only lend what the counterparty has the capacity and ability to repay and the Bank sets limits on the acceptable level of credit risk. Acceptance of credit risk is firstly based on the counterparty's assessed capacity to meet contractual obligations (i.e. interest and principal repayments). Obtaining collateral is only used to mitigate credit risk.

Customer Manager re-evaluates the collateral in accordance with Credit Risk Management Department 's requirements, and forward Corporate Customer Credit Department/Credit Issuance Department of the Branch to review and archive the new security agreements, new certificate of collateral, new insurance agreements. Corporate Customer Credit Department assumes responsibility for taking physical control of security documents.

Concentration management of credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The strategy is to maintain well-diversified low risk credit portfolios focused on achieving the best risk-return balance. Credit risk portfolios are actively monitored and frequently reviewed to identify, assess and guard against unacceptable risk concentrations. Concentration analysis will typically include geography, industry, credit product and risk grade. Risk management also applies single customer counterparty limits ("SCCLs") to protect against unacceptably large exposures to single name risk. These limits are established based on a combination of factors including nature of counter party, probability of default and collateral provided.

The risk grade profile changes dynamically through new counterparty lending acquisitions and/or existing counterparty movements in either risk or volume. All counterparty risk grades are subject to frequent review at least annually.

The Bank uses a two-dimensional risk grading system, which measures both the customer's ability to repay (probability of default ("PD")) and the loss in the event of default ("LGD"). The Bank also uses financial and statistical tools to assist in the risk grading of customers. Customer risk grades are actively reviewed and monitored to ensure the risk grade accurately reflects the credit risk of the customer and the prevailing economic conditions. Similarly, the performance of risk grading tools used in the risk grading process is reviewed periodically by the Bank to ensure the tools remain statistically valid.

According to the Bank's credit policy, the risk grading criteria consist of the following two components:

(1) Customer Credit Rating ("CCR"); and

(2) Security Indicator ("SI") that measures the nature of security and level of security coverage held against individual credit or group credit facilities.

CCR ranges from 0 to 10, and each of grades from 1-8 consists of 3 sub-grades, such as 2+, 2= and 2-. 0+ represents the loans of the best organisations. 9 and 10 represent non-performing loans and loans with principal or interest overdue more than 90 days. 8-represents that the debtor is currently able to repay the principal, interest or earnings, although there are some factors which are likely to have adverse impact on the performance of the contract. 9 represents that the debtor is unable to repay the principal, interest or earnings in full, or the financial asset has suffered from credit impairment. 10 represents that the debtor is unable to repay the principal, interest or earnings in full, and the financial asset has suffered from significant credit impairment; or after all possible measures are taken, only a very small part of financial assets is recovered, or all of the financial assets are lost.

SI includes A to G, I, K and S, with A representing more than 130% tangible security coverage, B representing 100% to 130% tangible security coverage, and G representing zero tangible security coverage but that may have a parent company guarantee. I, K, and S represent intra-group guarantees, cash collateral and sovereign borrowings respectively.

To ensure that the bank's current risk classification mechanism for financial assets complies with the requirements of the *Measures for the Risk-based Classification of Financial Assets by Commercial Banks* (Decree [2023] No. 1 of the China Banking and Insurance Regulatory Commission and the People's Bank of China), the bank's financial asset risk classification shall be adjusted dynamically in real time. The business department shall review the classification of all financial assets within two months after each quarter and submit them to the risk department for review and confirmation. In cases where there is a significant change in the debtor's financial condition or factors affecting debt repayment, the risk classification shall be adjusted in a timely manner.

Measurement of ECLs

Risk Grouping

When calculating expected credit loss provisions on a portfolio basis, the bank groups exposures with similar risk characteristics. In conducting the risk grouping, the bank has taken into account product type and customer type, dividing the business into three risk groups: Bank and NBFI (including sovereign business), Mining, and other non-retail businesses (LGE/MME/SME ex-Mining). The bank reviews and adjusts the rationale for these risk groups on an annual basis. The Mining here refers to the parent bank's industry classification, which is primarily based on the International Standard Industrial Classification and covers various sectors from mining, mineral product manufacturing, metal product manufacturing to related wholesale trading. Currently, according to local regulatory reporting standards, there're no loans classified under the mining industry in the Bank

Risk Staging of Financial Instruments

Based on whether the credit risk of financial instruments has significantly increased or credit impairment has occurred since initial recognition, the Bank classifies each business into three risk stages and accrues expected credit losses. For the definitions of the three risk stages, the criteria for determining significant increase in credit risk, the definition of default, and the definition of financial assets with credit impairment, please refer to Note 3(2)(i).

Explanation of Parameters, Assumptions, and Estimation Techniques

Based on whether there is a significant increase in credit risk since initial recognition and whether credit impairment has occurred in financial instruments, the Bank measures the loss provisions for different financial instruments by the expected credit losses over 12 months or the entire duration. Expected credit losses are the discounted and weighted average results of the product of three key parameters: probability of default, loss given default, and exposure at default. The relevant definitions are as follows:

- Probability of Default (PD) refers to the likelihood of a borrower will default within the next 12 months or over the entire remaining duration. The Bank adjusts its PD based on the results of internal rating models, incorporating forward-looking information to reflect the impact of macroeconomic changes on future PD.

- Loss Given Default (LGD) represents the proportion of the loss amount resulting from the default of a debt obligation to the exposure at default. LGD varies according to factors such as business products and collateral.

- Exposure at Default (EAD) is the amount that should be repaid for a debt obligation in the event of a default.

The Bank monitors and reviews the assumptions related to the calculation of expected credit losses quarterly, including changes in default probabilities and loss given default across different maturities.

During the reporting period, there were no significant changes in estimation techniques or key assumptions.

Forward-looking information incorporated in expected credit losses

Both the assessment of whether the credit risk of financial instruments has significantly increased since initial recognition and the measurement of expected credit losses involve forward-looking information.

The Bank has present four economic scenarios: the base scenario, which represents the most likely macroeconomic conditions expected by the bank in the future, reflects the assumptions used by the Bank's management for strategic planning and budgeting, and represents the Bank's view of future macroeconomic conditions; the upside scenario and the downside scenario are determined with reference to average economic cycle conditions (i.e., they are not based on economic conditions at the balance sheet date), and are based on a combination of more optimistic (in the case of upside) and pessimistic (in the case of the downside) economic events and uncertainty over long term horizons. The severely downside scenario considers the potential negative impacts brought about by extremely unfavourable economic conditions that are unlikely to occur. It is currently set to reflect a macroeconomic situation that is expected to occur once every 27 years. The definition of the severely adverse scenario used by the bank is consistent with that employed in the group-wide stress test. The probability weight of each scenario is determined by the group management's analysis and forecast of the underlying macroeconomic scenarios, in conjunction with the characteristics of each investment portfolio. In 2024, the weight distribution of each scenario when calculating expected credit losses for the Bank was as follows: the base scenario weighting accounted for 45%, the upside scenario weighting for 0%, the downside scenario weighting for 40%, and the severely downside scenario weighting for 15%.

Through historical data analysis, the Bank has identified key economic indicators that affect the credit risk and expected credit losses of various business types, such as the year-on-year growth rate of gross domestic product (GDP) and the growth rate of the consumer price index (CPI).

The Bank evaluates and forecasts these economic indicators at least annually, providing the best future estimates, and regularly monitors and assesses the results. In 2024, the Bank adjusted the forecast of forward-looking economic indicators using statistical analysis methods combined with expert judgment, considering the range of possible outcomes represented by each scenario, and determining the final macroeconomic scenarios and their weights. Similar to other economic forecasts, there is a high level of inherent uncertainty in the estimates of expected economic indicators and their likelihood of occurrence, and therefore the actual results may differ significantly from the forecasts. The Bank believes that these forecasts reflect the Bank's best estimates of possible outcomes. Weighted credit losses are calculated by multiplying the expected credit losses under each scenario by the corresponding scenario weights.

The impact of these economic indicators on default probabilities and loss given default varies across different business types. The Bank comprehensively considers internal and external data, expert predictions, and statistical analysis to determine the relationship between these economic indicators and default probabilities, loss given default, and exposure at default. Each year, the Bank reviews the key parameters and assumptions used in the calculation of expected credit losses based on external economic developments, changes in industry and regional risks, and makes necessary updates and adjustments. In the event of significant domestic or international occurrences or major adjustments to industry and regional policies, the Bank's management will conduct overlay adjustments based on the impact of the relevant events and adjustments.

(a) Maximum exposure to credit risk

Without considering the collaterals or other credit enhancements corresponding assets, the maximum exposure to credit risk is represented by the carrying amount of financial assets minus provisions. Except for the financial guarantee contracts and credit commitments given by the Bank as set out in Note 44(1), the Bank does not provide any other contracts and commitments which would expose the Bank to credit risk.

(b) Financial instruments analysed by credit quality

As of 31 December, the risk levels for the Bank's financial instruments are set as below:

	31 December 2024							
	Book value				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets at amortised cost								
Deposits with central bank	1,525,634,383.00	-	-	1,525,634,383.00	-	-	-	-
Deposits from banks and other financial institutions	479,257,168.22	-	-	479,257,168.22	-	-	-	-
Placements with banks and other financial institutions	9,156,547,346.01	-	-	9,156,547,346.01	12,694,898.77	-	-	12,694,898.77
Loans and advances to customers	6,859,558,355.17	684,111,248.33	-	7,543,669,603.50	32,395,483.17	6,157,238.37	-	38,552,721.54
Other financial assets	1,011,317,191.68	-	-	1,011,317,191.68	427,609.23	-	-	427,609.23
Total	19,032,314,444.08	684,111,248.33	-	19,716,425,692.41	45,517,991.17	6,157,238.37	-	51,675,229.54

	Book value				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at FVOCI								
Other debt investment	7,331,463,417.92	-	-	7,331,463,417.92	7,407,792.10	-	-	7,407,792.10
Financial guarantee and credit commitment	5,365,545,368.70	-	-	5,365,545,368.70	8,783,808.90	-	-	8,783,808.90

	31 December 2023							
	Book value				ECL allowance			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Financial assets at amortised cost								
Deposits with central bank	1,851,436,402.68	-	-	1,851,436,402.68	-	-	-	-
Deposits from banks and other financial institutions	459,058,777.57	-	-	459,058,777.57	78,906.46	-	-	78,906.46
Placements with banks and other financial institutions	7,737,074,704.02	-	-	7,737,074,704.02	15,506,773.39	-	-	15,506,773.39
Loans and advances to customers	7,257,437,054.75	86,060,419.21	-	7,343,497,473.96	36,448,738.38	240,933.52	-	36,689,671.90
Other financial assets	943,117,498.05	-	-	943,117,498.05	123,480.58	-	-	123,480.58
Total	18,248,124,437.07	86,060,419.21	-	18,334,184,856.28	52,157,898.81	240,933.52	-	52,398,832.33

	Book value				ECL allowance			
	Stage 1	*Stage 2*	*Stage 3*	*Total*	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Financial assets measured at FVOCI								
Other debt investment	6,858,709,814.60	-	-	6,858,709,814.60	9,519,282.68	-	-	9,519,282.68
Financial guarantee and credit commitment	5,553,436,975.55	-	-	5,553,436,975.55	11,918,813.84	-	-	11,918,813.84

(c) Receivables from inter-banks analysed by credit rating

Receivables from inter-banks include deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets purchased under resale agreements. Credit quality of receivables from inter-banks (excluding interest accrued) mainly based on external ratings agency - Standard & Poor's analysed as follows:

	2024	*2023*
A to AAA	7,018,406,189.90	4,734,136,461.37
B to BBB	359,419,988.15	13,295,188.94
Unrated	2,192,418,111.99	3,400,133,977.34
Total	9,570,244,290.04	8,147,565,627.65

The above amounts (excluding interest accrued) are presented without deducting the allowance for impairment losses.

(d) Debt instruments analysed by credit rating

As at the balance sheet date, according to the external rating agency - Standard & Poor's or Moody's, the credit quality of debt instruments has been assessed as follows:

	2024	*2023*
A to AAA	8,101,541,847.47	8,901,766,764.19

(2) Market risk

Market risk is the risk of decline in earnings due to adverse changes in interest rates, foreign exchange rates, equity prices, and commodity prices. Market risk arises when changes and volatilities in market rates and prices lead to a decline in the value of assets and liabilities, including financial derivatives. The main source of the Bank's market risk is the transactions driven by customers and self-operated business. The objective of the Bank's market risk policy and procedure is to control the potential loss within an acceptable range via independent identification, assessment and monitoring of the Bank's inherent market risk, thus the stability of earnings can be maintained.

The Bank has a detailed risk management and control framework to support the business development. The Board of Directors of the Bank has the ultimate responsibility for risk management. The Risk Management Committee / Risk Management Sub-Committee / Asset and Liability Committee ("ALCO"), which is under the Board, is responsible for the governance of overall risk management and control, including supervision of risk management strategies, policies and procedures. These strategies, policies and processes have a significant impact on the Bank's performance, reputation and capital protection. The Bank's market risk management department should monitor market risk on a daily basis and report to the Chief Risk Officer. The report should be submitted to the management of the Risk Management Committee / Risk Management Sub-Committee/ALCO for review on a timely basis. ALCO and the Risk Management Committee / Risk Management Sub-Committee are responsible for the monthly market risk management oversight.

To facilitate the management, measurement and reporting of market risk, the Bank has grouped market risk into two broad categories.

(a) Trading market risk

Trading activities are the activities mainly driven by trading (such as to meet the needs of customers) or by hedging transactions, usually for short-term but not long-term holding. The principal asset classes include foreign exchange, interest rate, and commodity markets. The trading market risk is the risk of loss from changes in the value of financial instruments due to movements in interest rates, foreign exchange rates and commodity prices.

(b) Non-trading market risk (bank account market risk)

All activities which are not included in the trading activities are non-trading activities. Non-traded interest rate risk is the risk that market interest rates are likely to move against the direction of the future net interest margin changes. Non-traded market risk management methods, including value-at-risk ("VaR"), the earnings at risk and sensitivity measurement.

Market risk measurement methods are mainly VaR. VaR is the value of financial assets within a specific period of time in the future the maximum possible loss at a certain confidence level. VaR is measured within the 99% confidence interval. The Bank's VaR model is based on the historical simulation method, with market interest and the price rates by 500 historical trading days. The trading market risk and non-trading market risk are calculated with a one-day holding period. Meanwhile, the Bank estimates the maximum loss of extreme market events through stress testing to complement the VaR model.

VaR analysis of trading and non-trading market risk of the Bank as at the balance sheet date is as follows: (expressed in RMB'000)

	2024			
	31 December	*Average value*	*Maximum value*	*Minimum value*
Trading market risk	17,475	12,525	32,214	4,414
Level of confidence: 99%				
Foreign currency risk and interest rate risk	4,153	9,298	30,302	2,517
Precious metals trading	15,373	7,408	19,942	2,535
Foreign exchange options trading	245	380	2,754	35
Credit and debt trading	-	-	9	-
Non-trading market risk Level of confidence: 99%				
Value of risk in banking book	8,066	6,857	9,677	4,607
Income from risk in banking book	8,152	9,753	14,739	6,127

	2023			
	31 December	*Average value*	*Maximum value*	*Minimum value*
Trading market risk	5,351	9,586	22,694	4,520
Level of confidence: 99%				
Foreign currency risk and interest rate risk	3,545	5,158	17,159	2,440
Precious metals trading	4,932	7,600	23,390	2,869
Foreign exchange options trading	379	513	2,226	69
Credit and debt trading	-	-	-	-
Non-trading market risk Level of confidence: 99%				
Value of risk in banking book	5,365	4,863	12,960	3,544
Income from risk in banking book	7,536	7,312	13,579	2,075

(3) Liquidity risk

Liquidity risk is the risk that the Bank has insufficient capacity to fund increases in assets, or are unable to meet their payment obligations as they fall due, including repaying depositors or maturing wholesale debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations, and may be affected by both internal and external events, including: credit or operational risks, bank-specific rumours, market disruptions and systemic shocks.

The liquidity risk and funding gap are overseen by the Parent Bank's Financial Market Department, the Bank's Risk Management Department, and ALCO. The following principles outline the Bank's approach to liquidity risk management, including:

- Ensuring that the liquidity management framework is compatible with local regulatory requirements;
- Calculation of liquidity ratio and market liquidity scenario analysis is performed to quantify the liquidity risk;
- Targeting a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency;
- Holding a portfolio of high-quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- Establishing detailed contingency plans to cover different liquidity crisis events.

All assumptions for scenarios modelling are made based a combination of external data and professional judgement, according to ANZ Banking Group standards and actual market liquidity conditions in China, and adjusted according to the actual parameters of the Chinese market. The Bank perform "Bank LCR" test on a daily basis to ensure that the Bank held enough liquid assets to meet cash flow needs in the next 30 days in severe market liquidity stress situations. The reports are generated by the Head Office's Market Risk Reporting Department and results are reported to relevant senior management. Any breaches are escalated to the ALCO and the Risk Management Committee for review and resolution.

The Bank maintains the liquidity crisis contingency plans defining an approach for analysing and responding to a liquidity threatening event. The framework includes:

- Establishment of crisis severity/stress levels;
- Clearly assigned crisis roles and responsibilities;
- Early warning signals indicative of an approaching crisis, and mechanisms to monitor and report these signals;
- Outlined action plans, and courses of action for altering asset and liability behaviour;
- Procedures for crisis management reporting, and making up cash flow shortfalls;
- Guidelines determining the priority of customer relationships in the event of liquidity problems; and
- Assigned responsibilities for internal and external communications.

The following tables analyse the estimated undiscounted cash flows for the Bank's financial assets and liabilities by the remaining contractual maturity at the balance sheet date:

		2024							
	Note	Overdue/ no contractual maturity	On demand	Due within 3 months	Due between 3 months to 1 year	Due between 1 year to 5 years	Due after 5 years	Total undiscounted cash flows	Carrying amount
Assets									
Deposits with central bank		1,037,948,921.03	487,685,461.97	-	-	-	-	1,525,634,383.00	1,525,634,383.00
Deposits with banks and other financial institutions		-	479,257,168.22	-	-	-	-	479,257,168.22	479,257,168.22
Placements with banks and other financial institutions		-	-	8,256,350,668.15	949,824,337.43	-	-	9,206,175,005.58	9,143,852,447.24
Derivative financial assets	(a)	-	6,247,937,591.99	-	-	-	-	6,247,937,591.99	6,247,937,591.99
Loans and advances to customers	(b)	-	312,817,300.55	4,040,065,723.99	1,141,601,481.86	1,937,049,754.19	13,160,843.09	7,444,695,103.68	7,430,776,242.99
Financial investment									
- Financial asset held for trading	(a)	-	770,078,429.55	-	-	-	-	770,078,429.55	770,078,429.55
- Other debt investment		-	-	92,601,106.19	1,517,245,260.57	5,966,270,767.59	-	7,576,117,134.35	7,331,463,417.92
Other financial assets		949,783,863.38	-	1,111,171,190.20	519,564,214.57	-	-	2,580,519,268.15	2,580,519,268.15
Total		1,987,732,784.41	8,297,775,952.28	13,500,188,688.53	4,128,235,294.43	7,903,320,521.78	13,160,843.09	35,830,414,084.52	35,509,518,949.06
Liabilities									
Deposits from banks and other financial institutions		-	(178,365,640.80)	-	-	-	-	(178,365,640.80)	(178,365,640.80)
Placements from banks and other financial institutions		-	-	(3,551,318,568.91)	(555,872,679.00)	-	-	(4,107,191,247.91)	(4,105,576,374.27)
Derivative financial liabilities	(a)	-	(6,174,278,376.38)	-	-	-	-	(6,174,278,376.38)	(6,174,278,376.38)
Financial assets sold under repurchase agreements		-	-	(1,008,091,772.22)	-	-	-	(1,008,091,772.22)	(1,008,025,146.53)
Deposits from customers		-	(9,334,365,281.85)	(2,666,610,850.97)	(4,352,894,027.96)	(2,095,955.36)	-	(16,355,966,116.14)	(16,321,435,288.17)
Debt securities issued		-	-	(400,000,000.00)	-	-	-	(400,000,000.00)	(398,788,146.20)
Lease liability		-	-	(7,557,851.90)	(11,890,801.18)	(48,269,309.17)	(41,942,629.95)	(109,660,592.20)	(91,342,781.59)
Other financial liabilities		(79,262,673.93)	(94,298,884.12)	(163,133.55)	(42,399,460.52)	-	-	(216,124,152.12)	(224,544,241.53)
Total		(79,262,673.93)	(15,781,308,183.15)	(7,633,742,177.55)	(4,963,056,968.66)	(50,365,264.53)	(41,942,629.95)	(28,549,677,897.77)	(28,502,355,995.47)
Net position		1,908,470,110.48	(7,483,532,230.87)	5,866,446,510.98	(834,821,674.23)	7,852,955,257.25	(28,781,786.86)	7,280,736,186.75	7,007,162,953.59

	Note	2023 Overdue/ no contractual maturity	On demand	Due within 3 months	Due between 3 months to 1 year	Due between 1 year to 5 years	Due after 5 years	Total undiscounted cash flows	Carrying amount
Assets									
Deposits with central bank		979,334,491.00	872,101,911.68	-	-	-	-	1,851,436,402.68	1,851,436,402.68
Deposits with banks and other financial institutions		-	458,979,871.11	-	-	-	-	458,979,871.11	458,979,871.11
Placements with banks and other financial institutions		-	-	5,464,960,333.42	2,304,513,441.61	-	-	7,769,473,775.03	7,721,567,930.63
Derivative financial assets	(a)	-	4,325,096,190.48	-	-	-	-	4,325,096,190.48	4,325,096,190.48
Loans and advances to customers	(b)	-	548,424,152.71	3,791,951,942.76	1,447,056,643.23	1,447,512,302.91	14,057,114.94	7,249,002,156.55	7,233,562,753.09
Financial investment									
- Financial asset held for trading	(a)	-	2,043,056,949.59	-	-	-	-	2,043,056,949.59	2,043,056,949.59
- Other debt investment		-	-	1,804,503,158.16	1,561,188,212.44	3,661,088,002.16	-	7,026,779,372.76	6,858,709,814.60
Other financial assets		875,344,225.87	28,244.18	1,089,870,014.39	608,842,493.22	-	-	2,574,084,977.66	2,574,084,977.66
Total		1,854,678,716.87	8,247,687,319.75	12,151,285,448.73	5,921,600,790.50	5,108,600,305.07	14,057,114.94	33,297,909,695.86	33,066,494,889.84
Liabilities									
Deposits from banks and other financial institutions		-	(336,274,271.46)	(10,323,307.16)	-	-	-	(346,597,578.62)	(346,545,050.84)
Placements from banks and other financial institutions		-	-	(3,278,363,251.33)	(1,507,447,819.21)	-	-	(4,785,811,070.54)	(4,784,357,101.01)
Derivative financial liabilities	(a)	-	(4,344,022,390.23)	-	-	-	-	(4,344,022,390.23)	(4,344,022,390.23)
Financial assets sold under repurchase agreements		-	-	(2,506,929,900.60)	-	-	-	(2,506,929,900.60)	(2,506,458,717.72)
Deposits from customers		-	(10,222,534,575.81)	(1,726,685,771.17)	(131,189,384.99)	(3,203,899.24)	-	(12,083,613,631.21)	(12,073,311,292.53)
Debt securities issued		-	-	(900,000,000.00)	(400,000,000.00)	-	-	(1,300,000,000.00)	(1,293,775,584.19)
Lease liability		-	-	(9,061,996.01)	(17,783,502.43)	(3,379,315.30)	-	(30,224,813.74)	(29,755,551.23)
Other financial liabilities		-	(142,021,347.42)	(138,887.95)	(82,384,006.16)	-	-	(224,544,241.53)	(224,544,241.53)
Total		-	(15,044,852,584.92)	(8,431,503,114.22)	(2,138,804,712.79)	(6,583,214.54)	-	(25,621,743,626.47)	(25,602,769,929.28)
Net position		1,854,678,716.87	(6,797,165,265.17)	3,719,782,334.51	3,782,796,077.71	5,102,017,090.53	14,057,114.94	7,676,166,069.39	7,463,724,960.56

(a) The Bank recognised financial assets held for trading and derivative financial assets/liabilities measured at fair value as "payable on demand" to reflect the short-term nature of these trading activities.

(b) The overdue loans in the category of "overdue" of loans and advances to the customers are those of which all or part of principal or interest is overdue for more than a day.

(4) Operational risk

Operational risk is any risk of loss due to any problem existing in internal procedures, personnel or information technology system, as well as external events, including legal risks but excluding the strategic risk and the reputation risk.

The Bank classifies operation risk based on the following seven categories of loss in accordance with local regulatory requirements and internal procedures:

- Internal fraud events
- External fraud events
- Employment policies and workplace safety events
- Customer, product and business events
- Damage to physical assets events
- Business interruption events
- Execution, delivery and process management events

Management Operational Risk Committee assists the Board to supervise, establish, implement and review the management system and policy of the operational risk. This is supported by an independent operational risk function which provides oversight, direction, the operational framework, policies and processes.

Front office, Back office and Department of Operational Risk are the first line of defence, with the main responsibilities of operational risk control, and continuously identify, implement and monitor related daily tasks ("I.AM Framework") of the operational risk policies. As the second line of defence, the risk control department of the Bank is responsible for developing and updating the operational risk policy of the Bank, and provides oversight and guidance for the operational risk management. Internal audit (specialised in operational risk) is the third line of defence, its responsibility is to independently assess and assure the effectiveness and adequacy of the operational risk management.

The I.AM Framework is composed by several operational risk policies and procedures. The effectiveness of risk control is tested by risk control department and assessed independently by internal control.

The Bank uses the "Basic Management Approach" to measure the level of operational risk and to determine and allocate operational risk capital.

Business continuity is viewed as a critical management responsibility within the overall Operational Risk Framework, which seeks to minimise the likelihood of a disruption to normal operations, constrain the impact were an event to occur and achieve efficient and effective recovery.

Crisis management planning supplements business continuity plans in the event of a broader country crisis. Crisis management plans include risk team organisational charts, roles, responsibilities and contact information, and are tested regularly.

(5) Capital Management

The Bank's capital management includes capital adequacy ratio management and leverage ratio management. The capital adequacy reflects the Bank's abilities of prudently operating and withstanding risks. The Bank's objective of capital adequacy management is to meet legal and regulatory requirements and to prudently determine the capital adequacy target according to the actual risks faced, with referencing the parent bank and the international advanced level peers' adequacy and own operating conditions. The objective of the Bank's capital management is to:

- Protect business continuity and the interests of the Bank's creditors and shareholder;
- Maintain adequate capital to avoid breaching the regulator's Capital Rules, including in a stressed environment;
- Align capital levels to the Board's risk appetite; and
- Establish a capital structure that provides an efficient and effective use of funds within the Bank while at all times meeting the former NFRA's regulatory requirements

The Bank manages its capital structure and restructuring in accordance with the economic environment and the risk characteristics of business activities. In order to maintain or adjust the capital structure, the Bank may adjust the profit distribution policy, issue Tier 1 capital instruments, qualified Tier 2 capital instruments, etc.

The Board and ALCO take full responsibility for the management of capital to ensure the bank's capital adequacy consistent with the provisions of the NFRA, and they are also responsible for determining the objectives of the management of capital adequacy, to review the risk tolerance, to make and monitor the implementation of capital planning, and to disclose the information of the Bank's capital adequacy.

Management of the Bank monitors the capital adequacy and the use of the regulatory capital in accordance with the method prescribed by the former CBRC. The Bank submits the required information to the NFRA regularly.

According to the Measures for the Capital Management of Commercial Banks issued by the NFRA on November 1, 2023, and effective from January 1, 2024, commercial banks are required to meet minimum capital requirements. Specifically, the Common Equity Tier 1 capital adequacy ratio must not be lower than 5%, the Tier 1 capital adequacy ratio must not be lower than 6%, and the total capital adequacy ratio must not be lower than 8%.

The on-balance-sheet risk weighted asset is calculated using different risk weights, which are determined by the risk of specific assets and trading counterparties, as well as market risks and other relevant risks, taking into consideration the impact of eligible collaterals and guarantees. The off-balance-sheet exposures are calculated in similar ways, and adjusted according to the nature of the contingent losses. The counterparty credit risk ("CCR") risk-weighted assets for OTC derivatives transactions include the risk-weighted assets for counterparty default risks and the risk-weighted assets for the credit value adjustment ("CVA"). The risk-weighted assets for market risks are calculated using a standardised approach, while the risk-weighted assets for operational risks are calculated as per the basic indicator approach.

The Bank is in compliance with the regulatory capital requirements during the year.

As at 31 December, common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio calculated as per *the Administrative Measures on Capitals of Commercial Banks* issued by the NFRA and other relevant regulations are as follows, the figures for the previous period have not been retrospectively adjusted:

	2024 RMB 0'000	*2023* RMB 0'000
Common equity tier 1 capital		
Paid-in capital	622,500	622,500
Other comprehensive income	5,064	(93)
Surplus reserve	34,574	32,596
General reserve	29,869	29,869
Retained earnings	76,980	93,486
Common equity tier 1 capital	768,987	778,358
Common equity tier 1 capital deductions		
Intangible assets net of the relevant deferred tax liability	-	-
Net common equity tier 1 capital	768,987	778,358
Net tier 1 capital	768,987	778,358
Tier 2 capital		
Surplus allowance for impairment losses	14,221	10,993
Net total capital	783,208	789,351
Credit risk-weighted assets	2,608,781	2,005,642
Market risk-weighted assets	150,752	280,484
Operational risk-weighted assets	186,518	171,783
Total risk assets	2,946,051	2,457,909
Common equity tier 1 capital adequacy ratio	26.10%	31.67%
Tier 1 capital adequacy ratio	26.10%	31.67%
Capital adequacy ratio	26.59%	32.11%

47 Fair value

(1) Fair value measurement

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Bank's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. In the reporting period, the Bank does not hold assets and liabilities which are measured at fair value on non-recurring basis.

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

The following table presents the three levels of fair value for financial instruments:

	2024			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Derivative financial assets	-	6,247,937,591.99	-	6,247,937,591.99
Financial assets				
- financial assets held for trading	-	770,078,429.55	-	770,078,429.55
- other debt investments	-	7,331,463,417.92	-	7,331,463,417.92
Other assets				
Gold leased-out receivable designated at FVTPL	-	1,570,909,685.68	-	1,570,909,685.68
Total	-	15,920,389,125.14	-	15,920,389,125.14

	2024			
	Level 1	*Level 2*	*Level 3*	*Total*
Liabilities				
Derivative financial liabilities	-	(6,174,278,376.38)	-	(6,174,278,376.38)
Placements from banks and other financial institutions				
- Designated as at FVTPL (Gold Lease)	-	(1,845,991,159.03)	-	(1,845,991,159.03)
Financial assets sold under repurchase agreements				
- Measured at FVTPL	-	(628,010,362.97)	-	(628,010,362.97)
Total	-	(8,648,279,898.38)	-	(8,648,279,898.38)

	2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Derivative financial assets	-	4,325,096,190.48	-	4,325,096,190.48
Financial assets				
- financial assets held for trading	-	2,043,056,949.59	-	2,043,056,949.59
- other debt investments	-	6,858,709,814.60	-	6,858,709,814.60
Other assets				
Gold leased-out receivable designated at FVTPL	-	1,633,870,960.17	-	1,633,870,960.17
Total	-	14,860,733,914.84	-	14,860,733,914.84

	2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Liabilities				
Derivative financial liabilities	-	(4,344,022,390.23)	-	(4,344,022,390.23)
Placements from banks and other financial institutions				
- Designated as at FVTPL (Gold Lease)	-	(1,442,227,331.57)	-	(1,442,227,331.57)
Financial assets sold under repurchase agreements				
- Measured at FVTPL	-	(1,730,295,368.95)	-	(1,730,295,368.95)
Total	-	(7,516,545,090.75)	-	(7,516,545,090.75)

During 2024, there were no transfers between Level 1 and Level 2, of the Bank's above assets and liabilities which are measured at fair value on a recurring basis. The Bank recognises transfers between different levels at the end of the current reporting period during which such transfers are made (2023: nil).

For financial assets and liabilities that are traded in an active market, the Bank determines the fair value based on quoted market prices or counterparty's price. For all other financial instruments, the Bank determines the fair value by valuation model.

Valuation models include the net present value model, discounted cash flow model, referring to the market price quotations of similar tools, options valuation models, etc. Assumptions and input parameters used in the valuation model include risk-free rate, the benchmark interest rate, credit spread, the estimated discount rate, bond and stock prices, exchange rates, price index, expected volatility, correlations, etc. The purpose of using a valuation model is to get the fair price that can be received to sell an asset or need to pay to transfer a liability in an orderly transaction occurred in the measurement date.

The Bank uses valuation models widely used in the industry to determine the fair value of the general and relatively simple financial instruments, such as referencing only observable market prices or interest rate and currency swaps requiring less management judgments and estimations. Its valuation model parameters required can be generally obtained from debt or equity market, derivatives market, or simple OTC derivatives market such as interest rate swaps.

(b) Level 2 fair value

The valuation tools of Level 2 fair value include the following ways: reference quoted market price of similar instruments in active markets; reference quoted market price of similar instruments in inactive markets made; or using a valuation model, which input parameters are directly or indirectly observable market data.

During 2024, the Bank did not change the valuation techniques used in Level 2 fair value measurement (2023: nil).

(c) Level 3 fair value

During 2024, there are no instruments measured at Level 3 of the fair value hierarchy (2023: nil).

(2) Fair value of other financial instruments (items not measured by fair value at year end)

The other financial instruments of the Bank include deposits with central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers, deposits from banks and other financial institutions, placements from banks and other financial institutions that measured at amortised cost, financial assets sold under repurchase agreements that measured at amortised cost, deposits from customers and debt securities issued. There is no significant difference between the book value and the fair value of the financial assets and financial liabilities.

48 Comparative figures

In order to comply with the presentation of this financial statement, the bank has reclassified certain comparative figures.

49 Non-adjusting post balance sheet date events

According to the approval issued by the National Financial Regulatory Administration on March 14, 2025, the operation of Qingdao Branch was terminated on March 14, 2025, and would set up a liquidation team in 15 days and enter into liquidation procedures.

The National Financial Regulatory Administration accepted the application for the closure of Chongqing branch on March 31, 2025. A response is expected within three months, after which the branch will formally enter into liquidation process.