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DRC Bank

Dongguan Rural Commercial Bank Co., Ltd.*
東莞農村商業銀行股份有限公司*

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

(Stock code: 9889)

FINANCIAL AND OPERATIONAL DATA FOR THE THIRD QUARTER OF 2024

This announcement is made by Dongguan Rural Commercial Bank Co., Ltd. (the “**Bank**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

As the Bank has tier-two capital bonds issued and outstanding in the People's Republic of China (the “**PRC**”), the Bank is required to disclose certain unaudited financial and operational data for the nine months ended 30 September 2024 on the websites of Shanghai Clearing House (<https://www.shclearing.com.cn>) and China Foreign Exchange Trade System and National Interbank Funding Center (<https://www.chinamoney.com.cn>) pursuant to the relevant rules and regulations of the PRC.

Shareholders and potential investors of the Bank are reminded that the financial data disclosed in this announcement is prepared in accordance with China Accounting Standards for Business Enterprises (the “**CASBE**”) and/or the standards adopted under the off-site regulatory report of the National Financial Regulatory Administration (Form 1104) on a consolidated basis (the “**Consolidated 1104 Standards**”), which are somewhat different from the International Financial Reporting Standards adopted in the financial statements of the Bank contained or to be contained in the interim results announcements, the interim reports, the annual results announcements and annual reports of the Bank published or to be published after the listing of the Bank on the Main Board of The Stock Exchange of Hong Kong Limited on 29 September 2021 (the “**Listing**”).

* *Dongguan Rural Commercial Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

As such, the unaudited financial data disclosed in this announcement may not be comparable to those disclosed or to be disclosed in the prospectus and the interim results announcements, interim reports, annual results announcements and annual reports of the Bank published or to be published after the Listing.

In addition, the unaudited financial and operational data for the nine months ended 30 September 2024 disclosed in this announcement is prepared based on preliminary internal management information, which has not been audited nor reviewed, and may be subject to adjustment. Due to unforeseen factors such as changes in regulatory policies, changes in market conditions, adverse weather, natural disasters and seasonal factors, material differences may exist among the financial and operational data of different quarters and the unaudited financial and operational data in this announcement does not make any express or implied forecast or guarantee of the operating or financial prospect of the Bank and its subsidiaries (collectively, the “**Group**”). Shareholders and potential investors of the Bank are hereby reminded of the risks associated with reliance on or utilization of the information disclosed herein and should not rely solely on this announcement when making investment decision(s).

I. OVERALL OPERATION

The table below sets forth various unaudited consolidated financial and operational data of the Group as at 30 September 2024 or for the nine months ended 30 September 2024:

	As at 30 September 2024 <i>RMB million</i> <i>(unaudited)</i>
Total assets	737,851
Total liabilities	676,527
Total equity	61,324
Deposits from customers	525,747
Loans and advances to customers	367,763
	For the nine months ended 30 September 2024 <i>RMB million</i> <i>(unaudited)</i>
Net profit	4,765

II. CAPITAL INSTRUMENTS IN ISSUE

The Bank issued tier-two capital bonds, namely the Dongguan Rural Commercial Bank Co., Ltd. Tier-two Capital Bonds 2022, in the national interbank bond market in the PRC on 27 December 2022. As at the end of September 2024, the balance of the bond was RMB4.0 billion. The next interest payment date is 29 December 2024.

The balance of capital instruments of the Bank as at 30 September 2024 was RMB4.0 billion.

III. CAPITAL MANAGEMENT

As at 30 September 2024, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Group under the Consolidated 1104 Standards were 16.38%, 14.21% and 14.18%, respectively, details of which are as follows:

Capital Adequacy Ratios

	<i>RMB'000</i> <i>except percentages</i>
Total capital	68,649,404.0
Including: Core tier-one capital	59,504,045.4
Other tier-one capital	132,079.5
Tier-two capital	9,013,279.0
Capital deduction	608,070.9
Including: Core tier-one capital deduction	608,070.9
Other tier-one capital deduction	–
Tier-two capital deduction	–
Net core tier-one capital	58,895,974.5
Net tier-one capital	59,028,054.0
Net capital	68,041,333.0
Risk-weighted assets	415,359,323.6
Including: Credit risk-weighted assets	384,763,246.2
Market risk-weighted assets	7,216,707.3
Operational risk-weighted assets	23,379,370.1
Core tier-one capital adequacy ratio (%)	14.18
Tier-one capital adequacy ratio (%)	14.21
Capital adequacy ratio (%)	16.38

Note: According to the relevant provisions of the Administrative Measures for the Capital of Commercial Banks, the minimum requirements for each capital adequacy ratio are as follows: capital adequacy ratio shall not be lower than 8%, tier-one capital adequacy ratio shall not be lower than 6%, and core tier-one capital adequacy ratio shall not be lower than 5%. The reserve capital requirement is 2.5% of risk-weighted assets and the countercyclical capital requirement is 0% of risk-weighted assets. The Group uses the weighted approach for credit risk-weighted assets, the simplified standardized approach for market risk-weighted assets and the standardized approach for operational risk-weighted assets.

IV. LEVERAGE RATIO

As at 30 September 2024, the leverage ratio of the Group under the Consolidated 1104 Standards was 7.70%. The table below sets forth the leverage ratio of the Group as at the respective dates indicated:

Items	Leverage Ratio			
	As at 30 September 2024	As at 30 June 2024	As at 31 March 2024	As at 31 December 2023
Net tier-one capital (RMB'000)	59,028,054.0	57,458,172.9	57,284,057.6	55,279,997.3
Adjusted balance of on- and off-balance sheet assets (RMB'000)	766,484,224.8	760,849,950.9	747,309,862.5	723,689,481.1
Leverage ratio (%)	7.70	7.55	7.67	7.64

Note: The leverage ratios of the Group as at the end of the third quarter of 2024 and the end of the first quarter of 2024 were calculated based on the Consolidated 1104 Standards. The leverage ratios as at the end of the second quarter of 2024 and the end of 2023 were calculated based on consolidated financial statements according to regulatory standards.

V. EXTERNAL INVESTMENTS

As at 30 September 2024, the Bank invested in 10 external organisations (including subsidiaries of the Bank) with an aggregate investment amount of RMB4,433.4977 million, details of which are as follows:

External Investments		Amount of investment	Shareholding percentage
No.	Investee	<i>RMB'000</i>	<i>%</i>
1	Guangdong Chaoyang Rural Commercial Bank Co., Ltd. (廣東潮陽農村商業銀行股份有限公司)	1,817,726.7	67.03
2	Zhanjiang Rural Commercial Bank Co., Ltd. (湛江農村商業銀行股份有限公司)	1,627,760.0	49.41
3	Yunfu Xinxing Dongying County Bank Company Limited (雲浮新興東盈村鎮銀行股份有限公司)	51,000.0	51.00
4	Hezhou Babu Dongying County Bank Company Limited (賀州八步東盈村鎮銀行股份有限公司)	51,000.0	51.00
5	Ya'an Rural Commercial Bank Co., Ltd. (雅安農村商業銀行股份有限公司)	190,800.0	7.62
6	Guangdong Shunde Rural Commercial Bank Co., Ltd. (廣東順德農村商業銀行股份有限公司)	497,000.0	2.50
7	Guangdong Xuwen Rural Commercial Bank Co., Ltd. (廣東徐聞農村商業銀行股份有限公司)	59,611.0	7.94
8	Guangdong Lechang Rural Commercial Bank Co., Ltd. (廣東樂昌農村商業銀行股份有限公司)	83,600.0	8.00
9	China UnionPay Co., Ltd. ^{note} (中國銀聯股份有限公司)	25,000.0	0.34
10	Guangdong Province Rural Credit Cooperatives Union ^{note} (廣東省農村信用社聯合社)	30,000.0	10.00
Total		4,433,497.7	–

Note: English names translated for reference only and may not represent the official English name.

VI. SIGNIFICANT EVENTS OCCURRED DURING THE NINE MONTHS ENDED 30 SEPTEMBER 2024 WHICH WOULD AFFECT THE DEBT REPAYMENT ABILITY OF THE BANK

None.

VII. UNAUDITED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2024

Prepared based on CASBE

Items	Nine months ended 30 September 2023 RMB'000 (unaudited)	Nine months ended 30 September 2024 RMB'000 (unaudited)
Interest income	17,378,882	16,605,017
Interest expense	9,333,017	9,649,478
Net interest income	8,045,865	6,955,539
Fee and commission income	820,427	637,406
Fee and commission expense	269,853	298,785
Net fee and commission income	550,574	338,621
Investment income	1,457,195	1,445,939
Other income	127,282	62,151
Gains on change in fair value	240,789	319,281
Exchange gains (losses stated with “-”)	-3,854	74,937
Other operating income	25,083	21,424
Gains on disposal of assets	4,531	368
Total operating revenue	10,447,465	9,218,260

Items	Nine months ended 30 September 2023 RMB'000 (unaudited)	Nine months ended 30 September 2024 RMB'000 (unaudited)
Taxes and surcharges	87,202	79,702
Operating and administrative expenses	2,885,130	2,937,451
Impairment losses on credit	1,974,353	1,326,857
Impairment losses on other assets	—	—
Other operating costs	14,601	21,489
Operating expenses	4,961,286	4,365,499
Operating profit	5,486,179	4,852,761
Add: non-operating income	3,494	3,344
Less: non-operating expense	6,902	6,808
Profit before tax	5,482,771	4,849,297
Less: income tax expenses	238,435	83,799
Net profit	5,244,336	4,765,498
Net profit attributable to the shareholders of the Bank	5,057,747	4,555,458
Profit and loss attributable to non-controlling interests	186,589	210,040

VIII. UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 September 2024

Prepared based on CASBE

	As at 31 December 2023 RMB'000 (audited)	As at 30 September 2024 RMB'000 (unaudited)
Assets:		
Cash and balance with the central bank	36,935,315	36,872,757
Deposits with banks and other financial institutions	5,392,523	4,682,249
Precious metals	86,805	128,420
Placements with and loans to banks and other financial institutions	10,837,870	11,423,770
Derivative financial assets	436,283	229,931
Financial assets held under resale agreements	1,336,060	974,902
Held-for-sale assets	—	—
Loans and advances to customers	342,511,915	367,762,828
Financial investments:		
Financial assets held-for-trading	52,161,097	53,206,261
Investments in debts	137,226,078	126,054,927
Other debt investments	110,792,155	125,493,560
Other equity investments	1,039,205	1,032,892
Long-term equity investments	633,467	638,963
Investment properties	8,898	7,648
Fixed assets	1,449,358	1,338,515
Construction in progress	858,058	1,345,840
Right-of-use assets	443,692	411,134
Intangible assets	749,162	581,900
Goodwill	520,521	520,521
Deferred income tax assets	4,710,374	4,334,055
Other assets	724,755	810,132
Total assets	708,853,591	737,851,205

	As at 31 December 2023 <i>RMB'000</i> <i>(audited)</i>	As at 30 September 2024 <i>RMB'000</i> <i>(unaudited)</i>
Liabilities:		
Borrowings from the central bank	38,479,208	37,231,622
Deposits from banks and other financial institutions	10,583,088	13,627,413
Placements from banks and other financial institutions	3,848,442	7,212,703
Financial liabilities held-for-trading	1,325,544	1,464,821
Derivative financial liabilities	458,261	242,408
Financial assets sold under repurchase agreements	24,971,607	13,760,669
Deposits from customers	495,743,888	525,746,599
Salaries and welfare payable	2,146,561	1,848,150
Taxes payable	304,574	289,836
Held-for-sale liabilities	–	–
Estimated liabilities	145,339	123,429
Bonds payable	71,831,971	73,128,729
Including ^{note} : Preference shares	–	–
Perpetual bonds	–	–
Lease liabilities	514,609	470,325
Deferred income tax liabilities	–	–
Other liabilities	1,011,962	1,380,104
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Total liabilities	651,365,054	676,526,808
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