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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 2023

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 (Cap. 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 2023 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 unaudited 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 Administration of Financial Regulation (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 2023 disclosed in this announcement is prepared based on preliminary internal management information, which is unaudited 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 2023 or for the nine months ended 30 September 2023:

	As at 30 September 2023 <i>RMB million (unaudited)</i>
Total assets	692,006
Total liabilities	635,081
Total equity	56,925
Deposits from customers	497,776
Loans and advances to customers	342,224
	For the nine months ended 30 September 2023 <i>RMB million (unaudited)</i>
Net profit	5,244

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 2023, the balance of the bond is RMB4.0 billion. The next interest payment date is 29 December 2023.

The balance of capital instruments of the Bank as at 30 September 2023 was RMB4.0 billion.

III. CAPITAL MANAGEMENT

As at 30 September 2023, 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 15.81%, 13.62% and 13.59%, respectively, details of which are as follows:

Capital Adequacy Ratios

	<i>RMB'000</i> <i>except</i> <i>percentages</i>
Total capital	64,020,564.2
Including: Core tier-one capital	55,117,127.7
Other tier-one capital	137,987.4
Tier-two capital	8,765,449.1
Capital deduction	593,290.5
Including: Core tier-one capital deduction	593,290.5
Other tier-one capital deduction	0.0
Tier-two capital deduction	0.0
Net core tier-one capital	54,523,837.2
Net tier-one capital	54,661,824.6
Net capital	<u>63,427,273.7</u>
Risk-weighted assets	401,294,561.1
Including: Credit risk-weighted assets	363,758,692.7
Market risk-weighted assets	13,460,304.1
Operational risk-weighted assets	24,075,564.3
Core tier-one capital adequacy ratio (%)	13.59
Tier-one capital adequacy ratio (%)	13.62
Capital adequacy ratio (%)	15.81

Note: Based on the relevant requirements under the Capital Management Measures of Commercial Banks (Provisional) of the then China Banking Regulatory Commission (whose regulatory function is currently succeeded by the National Administration of Financial Regulation), the Bank calculated the credit risk-weighted assets by the weighted approach, market risk-weighted assets by the standardised approach, and operation risk-weighted assets by the basic indicator approach.

IV. LEVERAGE RATIO

As at 30 September 2023, the leverage ratio of the Group under the Consolidated 1104 Standards was 7.77%. The table below sets forth the leverage ratio of the Group as at the respective dates indicated:

Items	Leverage Ratio			
	As at 30 September 2023	As at 30 June 2023	As at 31 March 2023	As at 31 December 2022
Net tier-one capital (RMB'000)	54,661,824.6	53,445,371.8	53,588,328.0	51,692,334.0
Adjusted balance of on- and off-balance sheet assets (RMB'000)	703,228,924.5	700,319,265.4	687,951,509.7	668,518,886.0
Leverage ratio (%)	7.77	7.63	7.79	7.73

Note: The leverage ratios of the Group as at the end of the third quarter of 2023 and the end of the first quarter of 2023 were calculated based on Consolidated 1104 Standards. The leverage ratios as at the end of the second quarter of 2023 and the end of 2022 were calculated based on consolidated financial statements according to regulatory standards.

V. EXTERNAL INVESTMENTS

As at 30 September 2023, the Bank invested in 12 external organisations (including subsidiaries of the Bank) with an aggregate investment amount of RMB4,621.4977 million, details of which are as follows:

External Investments			
No.	Investee	Amount of investment <i>RMB'000</i>	Shareholding percentage %
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	Huizhou Zhongkai Dongying County Bank Company Limited (惠州仲愷東盈村鎮銀行股份有限公司)	153,000.0	51.00
4	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
5	Dongguan Dalang Dongying County Bank Company Limited (東莞大朗東盈村鎮銀行股份有限公司)	35,000.0	35.00
6	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
7	Ya'an Rural Commercial Bank Co., Ltd. (雅安農村商業銀行股份有限公司)	190,800.0	15.00
8	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
9	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
10	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
11	China UnionPay Co., Ltd. ^{note} (中國銀聯股份有限公司)	25,000.0	0.34
12	Guangdong Province Rural Credit Cooperatives Union ^{note} (廣東省農村信用社聯合社)	30,000.0	10.00
Total		<u>4,621,497.7</u>	<u>–</u>

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

VI. NON-PERFORMING LOANS

As at 30 September 2023, under the Consolidated 1104 Standards, the balance of non-performing loans of the Bank was RMB3,769 million and the non-performing loan ratio was 1.07%.

VII. SIGNIFICANT EVENTS OCCURRED DURING THE NINE MONTHS ENDED 30 SEPTEMBER 2023 WHICH WOULD AFFECT THE DEBT REPAYMENT ABILITY OF THE BANK

None.

VIII. UNAUDITED CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2023

Prepared based on CASBE

Items	Nine months ended 30 September 2022 RMB'000 (unaudited)	Nine months ended 30 September 2023 RMB'000 (unaudited)
Interest income	17,240,655	17,378,882
Interest expense	8,890,130	9,333,017
Net interest income	8,350,525	8,045,865
Fee and commission income	807,321	820,427
Fee and commission expense	336,099	269,853
Net fee and commission income	471,222	550,574
Investment income	1,545,473	1,457,195
Other income	112,771	127,282
Gains on change in fair value	44,018	240,789
Exchange gains (losses stated with “-”)	122,051	-3,854
Other operating income	23,280	25,083
Gains on disposal of assets	9,693	4,531
Total operating revenue	10,679,033	10,447,465

Items	Nine months ended 30 September 2022 RMB'000 (unaudited)	Nine months ended 30 September 2023 RMB'000 (unaudited)
Taxes and surcharges	89,633	87,202
Operating and administrative expenses	3,018,417	2,885,130
Impairment losses on credit	1,668,402	1,974,353
Impairment losses on other assets	—	—
Other operating costs	9,299	14,601
Operating expenses	<u>4,785,751</u>	<u>4,961,286</u>
Operating profit	5,893,282	5,486,179
Add: non-operating income	12,240	3,494
Less: non-operating expense	14,522	6,902
Profit before tax	<u>5,891,000</u>	<u>5,482,771</u>
Less: income tax expenses	492,176	238,435
Net profit	<u>5,398,824</u>	<u>5,244,336</u>
Net profit attributable to the shareholders of the Bank	5,279,389	5,057,747
Profit and loss attributable to non-controlling interests	119,435	186,589

IX. UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 September 2023

Prepared based on CASBE

	As at 31 December 2022 RMB'000 (audited)	As at 30 September 2023 RMB'000 (unaudited)
Assets:		
Cash and balance with the central bank	40,024,836	37,122,079
Deposits with banks and other financial institutions	6,401,303	5,430,043
Precious metals	760,683	44,785
Placements with and loans to banks and other financial institutions	6,729,050	7,526,259
Derivative financial assets	340,047	333,674
Financial assets held under resale agreements	2,384,726	128,422
Held-for-sale assets	—	—
Loans and advances to customers	321,748,124	342,223,752
Financial investments:		
Financial assets held-for-trading	51,507,046	56,767,517
Investments in debts	124,352,911	123,519,870
Other debt investments	93,222,715	108,472,367
Other equity investments	695,237	756,509
Long-term equity investments	480,421	495,016
Investment properties	10,565	9,315
Fixed assets	1,612,414	1,464,561
Construction in progress	863,216	1,091,830
Right-of-use assets	368,320	448,858
Intangible assets	742,199	582,210
Goodwill	520,521	520,521
Deferred income tax assets	4,059,547	4,170,181
Other assets	866,087	898,670
Total assets	657,689,968	692,006,439

	As at 31 December 2022	As at 30 September 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Liabilities:		
Borrowings from the central bank	23,351,892	30,474,288
Deposits from banks and other financial institutions	13,005,682	11,077,125
Placements from banks and other financial institutions	2,001,558	4,524,764
Financial liabilities held-for-trading	1,809,212	1,804,326
Derivative financial liabilities	349,317	340,795
Financial assets sold under repurchase agreements	29,397,211	8,734,377
Deposits from customers	465,688,801	497,775,779
Salaries and welfare payable	2,163,740	1,778,915
Taxes payable	457,304	398,148
Held-for-sale liabilities	–	–
Estimated liabilities	153,174	179,268
Bonds payable	64,053,467	76,591,704
Including <i>note</i> : Preference shares	–	–
Perpetual bonds	–	–
Lease liabilities	456,116	522,775
Deferred income tax liabilities	–	–
Other liabilities	982,568	878,795
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Total liabilities	603,870,042	635,081,059
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	As at 31 December 2022	As at 30 September 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Equity:		
Share capital	6,888,546	6,888,546
Other equity instruments	–	–
Including <i>note</i> : Preference shares	–	–
Perpetual bonds	–	–
Capital reserve	6,230,429	6,230,429
Less: treasury stock	–	–
Other comprehensive income	604,567	506,806
Surplus reserve	8,323,435	8,323,435
General reserve	6,915,568	6,915,568
Retained earnings	22,165,171	25,225,242
Total equity attributable to the shareholders of the Bank	51,127,716	54,090,026
Non-controlling interests	2,692,210	2,835,354
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Total equity	53,819,926	56,925,380
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Total liabilities and equity	657,689,968	692,006,439
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Note: Certain sub-items are required to be separately disclosed pursuant to the relevant PRC requirements. The sub-items herein are not an exhaustive composition of the relevant item.

Board of Directors
Dongguan Rural Commercial Bank Co., Ltd.

Dongguan City, Guangdong Province, the PRC
30 October 2023

As at the date of this announcement, the Board of Directors of the Bank comprises Mr. FU Qiang and Mr. YE Jianguang as executive directors; Mr. LAI Chun Tung, Mr. WANG Junyang, Mr. CAI Guowei, Mr. YE Jinquan, Mr. CHEN Haitao, Mr. ZHANG Qingxiang, Mr. CHEN Weiliang and Mr. TANG Wencheng as non-executive directors; Mr. ZENG Jianhua, Mr. YIP Tai Him, Mr. XU Zhi, Mr. TAN Fulong, Ms. LIU Yuou and Ms. XU Tingting as independent non-executive directors.