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CHINA BOHAI BANK CO., LTD.

渤海銀行股份有限公司

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

(Stock Code: 9668)

2025 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of CHINA BOHAI BANK CO., LTD. (the “**Bank**”) hereby announces the audited consolidated results of the Bank and its subsidiary for the year ended December 31, 2025. This announcement, containing the full text of the 2025 annual report of the Bank, complies with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to information to accompany preliminary announcements of annual results.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Chinese and English versions of this results announcement are available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.cbhb.com.cn). If there are any discrepancies in interpretations between the Chinese and English versions, the Chinese version shall prevail. The printed version of the Bank’s 2025 annual report will be despatched to the holders of H shares of the Bank requiring printed copy subsequently and will be available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.cbhb.com.cn) in due course.

By order of the Board
CHINA BOHAI BANK CO., LTD.
WANG Jinhong
Chairman

Tianjin, China
March 26, 2026

As at the date of this announcement, the Board comprises Mr. WANG Jinhong and Mr. QU Hongzhi as executive directors; Mr. AU Siu Luen, Ms. YUAN Wei, Ms. CUI Hongqin, Mr. HU Aimin and Mr. ZHANG Yunji as non-executive directors; and Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian, Mr. LIU Junmin, Mr. LIU Lanbiao and Mr. OUYANG Yong as independent non-executive directors.

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Definitions

Articles of Association	the Articles of Association of CHINA BOHAI BANK CO., LTD.
Bank, our Bank, Company, our Company	CHINA BOHAI BANK CO., LTD. (渤海銀行股份有限公司), a joint stock company established on December 30, 2005 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and its H Shares were listed on the Hong Kong Stock Exchange (Stock Code: 9668)
CBHB Wealth Management	CBHB Wealth Management Co., Ltd.
Central Bank	the People's Bank of China
China Accounting Standards for Business Enterprises	Accounting Standards for Business Enterprises: Basic Standards, specific accounting standards, application guidance and interpretations to the Accounting Standards for Business Enterprises and other regulations issued by the Ministry of Finance of the PRC on and after February 15, 2006
Commercial Banking Law	the Commercial Banking Law of the PRC (中華人民共和國商業銀行法)
Company Law	the Company Law of the PRC (中華人民共和國公司法)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
date of this annual report	the date on which this annual report was considered and approved by the Board of Directors of the Bank
Domestic Unlisted Shares	non-H shares issued by the Bank but not listed or traded on any domestic stock exchange
Fourth "Five-Year Plan"	the Plan for Development Strategy of CHINA BOHAI BANK CO., LTD. (2021-2025) (渤海銀行股份有限公司 2021-2025 年發展戰略規劃)

Group, our Group	the Bank and its subsidiary
H Shares	the shares issued by the Bank and listed on the Hong Kong Stock Exchange
HKEX	Hong Kong Exchanges and Clearing Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFRS	International Financial Reporting Standards and International Accounting Standards (“IAS”), the related standards, amendments and interpretations issued by the International Accounting Standards Board (“IASB”)
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
Reporting Period	the year ended December 31, 2025
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council (中華人民共和國國務院國有資產監督管理委員會)
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Tianjin SASAC	the State-owned Assets Supervision and Administration Commission of Tianjin People’s Government

Important Notice

The Board of Directors, Directors and members of the senior management of the Bank undertake that the information contained in this annual report does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for the truthfulness, accuracy and completeness of the content of this annual report.

The Annual Report 2025 of the Bank was considered and approved at the 14th meeting of the sixth session of the Board of Directors on March 26, 2026. 13 Directors should attend the meeting, among which 13 Directors actually attended.

Mr. WANG Jinhong, the legal representative and chairman of the Board of Directors of the Bank, Mr. QU Hongzhi, the president of the Bank, Ms. DENG Bei, the person in charge of financial and accounting affairs of the Bank, and Ms. ZHANG Hui, the person in charge of accounting department, hereby warrant the truthfulness, accuracy and completeness of the financial statements in this annual report.

The Profit Distribution Proposal for 2025 of the Bank was considered and approved at the 14th meeting of the sixth session of the Board of Directors. The Bank does not distribute dividends for 2025. Such profit distribution proposal shall be subject to the consideration and approval of the Shareholders' general meeting. For details, please refer to "Report of the Board of Directors: Profit Distribution" in this annual report.

The Group's 2025 Annual Financial Reports prepared in accordance with the China Accounting Standards for Business Enterprises and IFRS have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in accordance with the Auditing Standards for Certified Public Accountants of China and International Standards on Auditing, respectively, and standard unqualified audit reports were issued.

Forward-looking statements such as future plans contained in this annual report do not constitute substantive commitments made by the Bank to its investors. Investors are cautioned against the investment risks and should understand the difference among plans, forecasts and commitments.

This annual report describes in detail the major risks that the Bank faces in its operational management, as well as the corresponding measures taken by the Bank. For details, please refer to the section "Management Discussion and Analysis: Comprehensive Risk Management" in this annual report.

Unless otherwise stated, the financial data and indicators contained in this annual report are prepared in accordance with IFRS, and are consolidated data of the Group and denominated in Renminbi (RMB). Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Any discrepancy between the sum and total amounts in the tables is due to rounding.

This annual report is prepared in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Chairman's Statement



In 2025, China Bohai Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully studied and implemented the spirit of General Secretary Xi Jinping's important discourses on financial work and his key remarks during his visit to Tianjin. Adhering to keeping political consciousness in mind and putting people first in the financial work, with serving the real economy as the fundamental purpose, the Bank intensified and solidified the "five priorities", and pursued the "Nine-Five-Three-One" development strategy. The Bank forged ahead with determination and pursued reform and transformation with steady progress and improved quality in its overall operations. Attributable to the enhanced Party building, the path of differentiated development became clearer, the intensive development continued to advance in depth, the risk management and compliance system implemented iterative upgrades, and the technology-empowered foundation was renewed and set in motion. The Bank maintained growth in both operating income and net profit with stable outlook for international ratings, thus successfully concluding the 14th Five-Year Plan and laying a solid foundation for the launch of the 15th Five-Year Plan.

In 2026, China Bohai Bank is entering a pivotal stage for deepening reform, transformation and development. We will implement the decisions and deployments of the Party Central Committee, insist on the Party's overall leadership, establish and practice a correct view of political achievements, and enhance the in-depth integration of Party building and business. The Bank will adhere to a problem-oriented, action-oriented, and value-oriented approach, systematically advance various key tasks for transformation and development, focus on key objectives and build a solid foundation for transformation and development. The Bank will deepen the "Nine Major Banks" initiative to showcase distinctive transformation and development, strengthen risk control support to enhance the foundation of transformation and development, solidify fundamental safeguards to elevate the quality of transformation and development, and fully advance the fundamental leap from "experience-driven" to "mechanism-driven" in operational management, ensuring the robust, orderly, and effective implementation of the "Nine-Five-Three-One" strategy.

During the 15th Five-Year Plan period, China Bohai Bank is committed to creating value through exceptional service and becoming a trusted professional bank for our customers. We are also dedicated to refining our comparative advantages through our relentless pursuit of excellence with the aim of evolving into a distinctive boutique bank. We will focus on achieving intensive development through strengthened governance with the aim of emerging as a value-driven bank committed to high-quality development. We will always uphold our original aspiration for high-quality development, maintain our confidence in reform and transformation, strengthen our determination to enhance quality and efficiency, and persevere with dedication to achieve China Bohai Bank's high-quality development.

WANG Jinhong

A handwritten signature in black ink, appearing to be 'Wang Jinhong', written over a stylized background of orange and red wavy lines.

Chairman
March 26, 2026

President's Statement



In 2025, the senior management of China Bohai Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Following the directives set by the Party Committee and the Board of Directors of the Bank, we were committed to the general principle of pursuing progress while ensuring stability by promoting stability through progress, upholding fundamental principles while driving innovation, and establishing new practices before phasing out old ones. Through systematic integration and synergistic collaboration, our key operational indicators continued to show steady improvement, continuously consolidating our positive growth trajectory.

In 2025, we remained dedicated to our mission, delivering on our commitments by deeply advancing the “five priorities” of finance. We continuously strengthened our development foundation, deepened the development of our products and services, iteratively upgraded our business models, and comprehensively reinforced our risk management barriers, thereby achieving new success in serving the real economy. The systematic execution of the “Nine-Five-Three-One” strategy facilitated deeper organic growth, which enabled us to strive for an optimal balance across multiple goals and tasks, leading to new breakthroughs in high-quality development. As of the end of the

Reporting Period, total assets amounted to RMB1,934,410 million, representing a year-on-year increase of 4.91%, while total liabilities amounted to RMB1,809,183 million, representing a year-on-year increase of 4.35%. Net assets per share attributable to ordinary Shareholders of the Bank were RMB5.87, representing an increase of RMB0.29 as compared to the previous year. The NPL ratio was 1.66%, representing a decrease of 0.1 percentage point as compared to the previous year, reflecting a continuous improvement in asset quality.

None of these achievements would have been possible without the support and assistance of all parties, and above all, the pragmatic and dedicated efforts of every member of our team. We extend our gratitude to all sectors of society for their continued care and support for China Bohai Bank, and we thank all our employees for their hard work and unwavering commitment.

In 2026, the senior management of China Bohai Bank will earnestly follow General Secretary Xi Jinping's important discourses on financial work and the spirit of the Central Economic Work Conference. Adhering to the decision and deployment of the CPC Central Committee and the State Council, we will fully comply with the requirements of the Tianjin Committee of the CPC, Tianjin Municipal People's Government and regulatory authorities. Under the leadership of the Party Committee of the Bank, we will foster and apply a correct perspective on political performance, firmly uphold the fundamental purpose of serving the real economy with financial services, and remain anchored in the pursuit of high-quality development. We will systematically coordinate our current steady operations with future sustainable development and adhere to refined management and targeted business expansion to optimize our existing portfolio through incremental growth while enhancing quality and efficiency, as well as complete all our annual targets and tasks in all aspects. Through determined and practical actions, we will write a new chapter in China Bohai Bank's journey towards high-quality development.

QU Hongzhi

A handwritten signature in black ink, appearing to be 'QU Hongzhi', written in a cursive style.

President
March 26, 2026

Corporate Profile

- I. **Legal Chinese Name:** 渤海銀行股份有限公司 (Abbreviation: 渤海銀行)
- II. **Legal English Name:** CHINA BOHAI BANK CO., LTD. (Abbreviation: CBHB)
- III. **Legal Representative:** WANG Jinhong
- IV. **Authorized Representatives:** WANG Jinhong and ZHANG Xiao
- V. **Company Secretary:** ZHANG Xiao
- VI. **Registered Address and Office Address:** 218 Haihe East Road, Hedong District, Tianjin
Postcode: 300012
International Website: www.cbhb.com.cn
Customer Service and Complaints Hotline: (86) 95541, (86) 400 889 5541 (credit card business)
E-mail: IR@cbhb.com.cn
Fax: (86) 22-5831 6529
- VII. **Principal Place of Business in Hong Kong:** Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, Central, Hong Kong
- VIII. **Websites for Information Disclosure:** website of the HKEX (www.hkexnews.hk)
and website of the Bank (www.cbhb.com.cn)
Place where the annual report is kept: Office of the Board of Directors of the Bank
- IX. **Listing Stock Exchange of H Shares:** Hong Kong Stock Exchange
Stock Short Name: CBHB
Stock Code: 9668
- X. **Share Registrar**
Domestic Unlisted Shares: China Securities Depository and Clearing Corporation Limited
No.17 Tai Ping Qiao Street, Xicheng District, Beijing
H Shares: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- XI. **Legal Advisor in PRC:** Beijing Haiwen & Partners
- XII. **Auditors**
Domestic Accounting Firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP
30/F, 222 Yan An Road East, Huangpu District, Shanghai
Certified Public Accountants for signature: LIU Wei and ZHANG Guannan
International Accounting Firm: Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway, Hong Kong
- XIII. **Other Relevant Information**
Initial Registration Date: December 30, 2005
Registered Capital: RMB17,762 million
Unified Social Credit Code: 911200007109339563
Financial License Institution Serial Number: B0017H112000001

Honors and Awards

At the 2025 Best Investment Bank selection hosted by Wind, the Bank received the Rapid Progress Award for Bank Bond Underwriting and the Rapid Progress Award for Best Debt Financing Instrument Underwriter.

The Bank was honored with three major awards by Beijing Financial Assets Exchange: the Most Powerful Institution in Market Leadership, the Most Powerful Institution in Market Cohesion and the Most Powerful Institution in Market Breakthrough.

At the 10th China Supply Chain Finance Industry Benchmark Awards for 2025 hosted by Trade Finance, the Organizing Committee of the China Supply Chain Finance Annual Conference and the China Industrial Digital Finance 50 Forum, the Bank was awarded the Best Supply Chain Finance Product Innovation Award. At the 10th China Transaction Banking Annual Conference for 2025 and the 15th "Golden Trade Award" selection for the Most Trusted Financial Service Provider for Chinese Economic and Trade Enterprises hosted by Trade Finance and the China Transaction Banking 50 Forum, the Bank was honored with the Award for Best Bank in Trade Finance Product Innovation.

The Bank was honored with the Best Service Innovation Award at the 2025 Treasury Awards hosted by Treasury China (財資中國(財資一家)) and Treasury Technology (財資數科).

The Bank was awarded the Excellent Bank of the Year for China Treasury Construction at the 2025 "Sinan Award" selection, the China Treasury Construction Benchmark Enterprise Award, hosted by the Organizing Committee of the China Treasury Annual Conference.

The Bank received two special awards: 2025 Excellent Discounting Institution and 2025 Excellent Corporate Promotion Institution at the 2025 Excellent Institutions Awards hosted by Shanghai Commercial Paper Exchange.

The Bank received the Excellent Case Award for Innovation & Development in Banking of China at the Excellent Case Selection of Innovation & Development in China's Banking Industry for 2025 hosted by the Editorial Department of Tsinghua Financial Review at the Tsinghua University PBC School of Finance.

In the 2024 Performance Review of Interbank FX Market Makers on Market Making and Trading by the China Foreign Exchange Trade System (CFETS), the Bank was recognized as a "Best RMB FX Forward Swap Market Maker".

The Bank received awards from CFETS for "Active Repo Trader" and "X-Repo Active Institution", as well as the Star of Bond Curve Strategy in March, "X-Lending Star" and "X-Lending Active Institution".

The Bank received the "Excellent Underwriter" award for Financial Bonds of 2025 from China Development Bank, the "Core Underwriter" and "Leading Institution for Green Development Concepts" awards for Financial Bonds of 2025 from Export-Import Bank of China, as well as the 2025 "Green Finance Leader" and "Practitioner of Three Rural Characteristics" awards from Agricultural Development Bank of China.

The Bank was recognized as a "Pioneering Institution in Innovation Leadership" by the ChinaBond Pricing Center.

The "CBHB Tianjin Port-Industry-City Integrated Development Bond Basket" was recognized as an "Active Basket", and the "CBHB Tianjin Local Government Green Bond Basket" was recognized as a "Quotation Star of Bond Basket".

At the 8th Retail Bank Awards (RBA) 2024 hosted by Retail Banking, the Bank won the "Citizen Finance Award" under the "Head Office Characteristic Operation" category.

In the selection of the fifth "Golden Reputation Award" hosted by PY Standard, the Bank won two major awards: "Bank of Excellence in Wealth Management" and "Bank of Excellence in Private Banking".

In the selection of the “2025 Retail Banking • Jiefu Award” hosted by FinFo Global (財視中國), the Bank received the “Retail Bank Award for Wealth Management”.

The Bank was honored with the 2025 Pioneer Award for Mobile Banking Channel Collaboration by the China Financial Certification Authority.

In the selection of the “2025 Golden Stone Award & Outstanding Case in Financial Consumer Protection” hosted by Sina Finance, the Bank was recognized as an “Outstanding Case in Banking Consumer Protection”.

In the collection of the “Outstanding Cases in Banking Brand Communication” hosted by jrj.com, the Bank was recognized as an “Outstanding Case in Corporate Culture Brand Communication”.

In the collection of the “2025 Exemplary Cases of Digital Finance Practice in Banking” hosted by China Banking and Insurance News, the Bank was selected as a “Featured Case in Digital Risk Control and Prevention”.

In the selection of the “2025 China Banking Industry Gamma Award” hosted by Securities Times, the Bank won the “2025 Gamma Award for Technological Innovation”.

In the selection of the “21st Century Outstanding Cases in Financial Competitiveness” hosted by 21st Century Business Herald, the Bank was recognized as the “Leading Green Financial Institution of the Year”.

At the “2025 Annual Conference of Financial China & 23rd Financial Leadership List • Banking Summit” (財經中國 2025 年會暨第二十三屆財經風雲榜•銀行峰會) hosted by Hexun.com, the Bank was recognized as the “2025 Leading Bank in Cross-border Finance”.

In the selection of the “Exemplary Cases of the 19th Huaxia Institutional Investor Annual Conference” hosted by China Times, the Bank was selected as a “2025 Exemplary Case in Smart Pension Finance”.

At the 14th “Golden Intelligence Award” ceremony hosted by jrj.com, the Bank won the “Outstanding Benchmark Award for Rural Revitalization Service (Agriculture-related Loan of Bohai) (傑出鄉村振興服務標桿獎(渤農貸))” and the “Outstanding Award for Mobile Banking Experience”.

The Bank received the “Outstanding Contribution Award for the 30th Anniversary of Tianjin Charity” from the Tianjin Charity Association and the “Silver Award” at the 2nd Tianjin Volunteer Service Project Competition.

The Bank’s subsidiary, CBHB Wealth Management, received numerous awards, including the “Golden Pixiu Award” for 2024 Market Potential Financial Product from Yiqu Finance Media and Financial Money; the “Golden Toad Award” for Excellent Manager of the Year, Digital Technology Innovation Award and Wealth Management Surprise Award from Lianhe Zhiping; the “Jiefu Award” for Wealth Management Banking Subsidiary with Excellent Growth from FinFo Global (財視中國); the “Golden Honor Awards” for Wealth Management Company with Excellent Investment Returns and Outstanding Fixed Income Bank Wealth Management Product from PY Standard; the “Golden Hazelnut Award” for Best Fixed Income Returns from Cailianpress.com; the “Wind Asset Management 88” Service Innovation Award from Wind; the “Shanghai Securities Eagle • Golden Wealth Management” Award for Fixed Income Product of the Year 2025 from Shanghai Securities News; and the 2025 “Golden Bull Award” for Fixed Income Wealth Management Products from the China Securities Journal.

Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)	2023	2022	2021
Operating results data:						
Operating income	25,969,603	25,481,589	1.92	24,997,370	26,465,220	29,194,364
Profit before taxation	5,572,604	5,333,030	4.49	5,163,077	6,511,454	10,303,797
Net profit	5,498,206	5,255,815	4.61	5,080,903	6,107,475	8,629,724
Net profit attributable to equity holders of the Bank	5,498,206	5,255,815	4.61	5,080,903	6,107,475	8,629,724
Indicators per share (RMB):						
Basic earnings per share attributable to ordinary Shareholders of the Bank	0.29	0.24	20.83	0.23	0.29	0.43
Diluted earnings per share attributable to ordinary Shareholders of the Bank	0.29	0.24	20.83	0.23	0.29	0.43
Net assets per share attributable to ordinary Shareholders of the Bank ⁽¹⁾	5.87	5.58	5.20	5.32	5.07	4.88
Financial ratios (%):						
Average return on total assets ⁽²⁾	0.29	0.29	Flat	0.30	0.38	0.58
Weighted average return on net assets ⁽³⁾	5.20	4.44	An increase of 0.76 percentage point	4.48	5.81	8.88
	December 31, 2025	December 31, 2024	Increase (decrease) (%)	December 31, 2023	December 31, 2022	December 31, 2021
Scale indicators:						
Total assets	1,934,409,532	1,843,842,128	4.91	1,732,733,836	1,659,459,902	1,582,707,598
Gross loans and advances to customers ⁽⁴⁾	961,732,241	936,490,691	2.70	932,644,435	957,216,978	955,355,247
Total liabilities	1,809,182,579	1,733,717,300	4.35	1,618,331,135	1,549,508,868	1,476,143,521
Gross deposits from customers ⁽⁴⁾	1,114,458,209	1,046,088,795	6.54	915,161,978	843,873,695	820,589,157
Total equity	125,226,953	110,124,828	13.71	114,402,701	109,951,034	106,564,077
Share capital	17,762,000	17,762,000	-	17,762,000	17,762,000	17,762,000

Notes: (1) Net assets per share attributable to ordinary Shareholders of the Bank equals equity attributable to holders of ordinary shares of the Bank at the end of the period, which has excluded other equity instruments, divided by total share capital at the end of the period.

(2) Average return on total assets equals net profit divided by average value of total assets at the beginning and end of the period.

(3) Weighted average return on net assets is calculated pursuant to the Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號—淨資產收益率和每股收益的計算及披露(2010年修訂)》) issued by the CSRC.

(4) Gross loans and advances to customers and gross deposits from customers exclude interests accrued.

II. SUPPLEMENTARY FINANCIAL INDICATORS

(Unit: %)

	2025	2024	Changes	2023	2022	2021	
Profitability indicators:							
Net interest spread ⁽¹⁾	1.26	1.12	An increase of 0.14 percentage point	1.19	1.45	1.61	
Net interest margin ⁽²⁾	1.37	1.31	An increase of 0.06 percentage point	1.41	1.70	1.87	
Cost-to-income ratio ⁽³⁾	38.01	39.01	A decrease of 1.00 percentage point	40.51	39.24	32.88	
	December 31, 2025	December 31, 2024	Changes	December 31, 2023	December 31, 2022	December 31, 2021	
Asset quality indicators:							
NPL ratio ⁽⁴⁾	1.66	1.76	A decrease of 0.10 percentage point	1.78	1.76	1.76	
Allowance coverage ratio ⁽⁵⁾	162.16	155.19	An increase of 6.97 percentage points	156.94	150.95	135.63	
Allowance to gross loan ratio ⁽⁶⁾	2.68	2.73	A decrease of 0.05 percentage point	2.79	2.65	2.39	
Capital adequacy indicators⁽⁷⁾:							
Capital adequacy ratio	12.48	11.63	An increase of 0.85 percentage point	11.58	11.50	12.35	
Tier 1 capital adequacy ratio	10.13	9.30	An increase of 0.83 percentage point	10.01	9.94	10.76	
Core tier 1 capital adequacy ratio	8.40	8.35	An increase of 0.05 percentage point	8.17	8.06	8.69	
Leverage ratio	5.42	5.01	An increase of 0.41 percentage point	5.48	5.43	5.66	
Other indicators:							
Liquidity ratio	RMB	81.00	70.06	An increase of 10.94 percentage points	53.32	57.25	56.68
	Foreign currency against RMB	214.68	192.28	An increase of 22.40 percentage points	237.53	242.36	97.69
	Total	84.62	74.72	An increase of 9.90 percentage points	58.40	63.11	59.28
Proportion of loans to the single largest customer ⁽⁸⁾		5.07	5.85	A decrease of 0.78 percentage point	6.34	6.71	8.43
Proportion of loans to top ten customers ⁽⁸⁾		36.91	35.77	An increase of 1.14 percentage points	46.48	50.05	56.43
Inter-bank ratio (RMB)	Inter-bank borrowings ratio	1.00	1.33	A decrease of 0.33 percentage point	2.16	1.90	0.27
	Inter-bank loans ratio	0.22	0.28	A decrease of 0.06 percentage point	0.76	1.18	0.64

- Notes: (1) Net interest spread is calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
- (2) Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets; gains arising from the trading financial assets business are not classified as interest income for accounting purposes, and the interest expense on the corresponding interest-bearing liabilities is adjusted accordingly.
- (3) Cost-to-income ratio is calculated by dividing total operating expenses (excluding tax and surcharges, etc.) by operating income.
- (4) NPL ratio equals the balance of non-performing loans divided by gross loans and advances to customers (excluding interests accrued).
- (5) Allowance coverage ratio equals the sum of allowance for impairment losses on the loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by the NPL balances.
- (6) Allowance to gross loan ratio equals the sum of allowance for impairment losses on the loans measured at amortized cost and allowance for impairment losses on the loans measured at fair value through other comprehensive income divided by gross loans and advances to customers (excluding interests accrued).
- (7) Since January 1, 2024, the Group calculates the capital adequacy ratios for each tier and leverage ratio according to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations. The Group calculates the data in prior years according to the Capital Rules for Commercial Banks (Provisional) (《商業銀行資本管理辦法(試行)》), Leverage Ratio Rules for Commercial Banks (Revised) (《商業銀行槓桿率管理辦法(修訂)》), China Accounting Standards for Business Enterprises (中國企業會計準則) and other relevant regulations.
- (8) Proportion of loans to the single largest customer and proportion of loans to top ten customers are the ratio of the gross loan of the single largest customer to the net capital and the ratio of the gross loan of the top ten customers to the net capital, respectively.

Management Discussion and Analysis

I. ECONOMIC, FINANCIAL AND REGULATORY ENVIRONMENT IN 2025

In 2025, the global economy enjoyed resilience to a certain extent, but growth momentum remained insufficient and the foundation was unstable. Amid rising trade barriers and drastic shifts in the global landscape, the performance of major economies diverged.

In 2025, China's economy forged ahead despite pressure, shifting toward innovation and optimization, with new successes achieved in high-quality development. The primary objectives for economic and social development were successfully accomplished, and the 14th Five-Year Plan was brought to a successful conclusion. Currently, China's economy still faces difficulties and challenges such as the pronounced imbalance between strong supply and weak demand; however, the supporting conditions and the fundamental trend of long-term positive growth remain unchanged. In 2025, China's GDP grew by 5.0% year-on-year at constant prices. Consumer prices remained generally stable, with the annual CPI flat as compared to the previous year, while RMB-denominated exports for the year rose by 6.1% year-on-year.

In 2025, fiscal policy became more proactive, featuring a higher deficit ratio and increased counter-cyclical adjustments, and increased support directed towards key areas such as consumption, public well-being and technology. The bond market continued to see a rapid pace of issuance throughout the year. Monetary policy remained moderately accommodative, with sustained and timely interventions to ensure a monetary and financial environment conducive to economic stabilization and improvement. As of the end of 2025, M2 and M1 grew by 8.5% and 3.8% year-on-year, respectively, and social financing costs remained at historically low levels. In 2025, financial regulators took forceful and systematic actions to prevent and resolve key risks, gradually resulting in a robust and stringent regulatory atmosphere. A comprehensive policy approach guided industry reform and transformation, providing targeted and effective support for steady economic improvement. The fourth plenary session of the 20th Central Committee of the Communist Party of China (CPC) laid out the top-level planning and strategic blueprint for the next five years, calling for an optimized financial institution system where institutions are encouraged to focus on their core businesses, improve governance and pursue differentiated development. Meanwhile, amidst China's economic structural transformation and upgrading, demand for loans related to traditional growth drivers weakened, posing interim challenges to maintaining stable credit growth. Overall, the banking industry actively navigated external challenges in 2025, significantly enhancing the quality and efficiency of its service to the real economy and continuing to drive high-quality development.

II. DEVELOPMENT STRATEGIES

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly implemented the spirit of the 20th National Congress of the CPC and the plenary sessions of the 20th Central Committee. It upheld the Party's comprehensive leadership over its finance operations and was keenly aware of the political and people-centered nature of its finance operations. By aligning with macroeconomic trends, industrial shifts and the interbank competitive landscape, the Bank actively seized strategic opportunities and effectively addressed risks and challenges. It clearly defined its role and direction within the broader context of national development, firmly shouldering its primary responsibilities, focusing on its core business, and pursuing differentiated development. It meticulously executed the "five priorities" of finance and solidly advanced the implementation of the "Nine-Five-Three-One" system, fostering a synergistic relationship between supporting the real economy and its own high-quality development. It focused on the transformation of the "Nine Major Banks" by facilitating differentiated operations through specialized transformation. It also deeply implemented the "Five Factories" approach, accelerating the development of factories for customers, products, asset recovery, talent and branches to ensure steady and long-term operational growth. To improve quality and secure implementation, the Bank deepened the "Three Systems" reform by reshaping the organizational structure, strengthening the appraisal-oriented operation and optimizing remuneration distribution. The Bank remained committed to its distinctive "One Mission" of serving the Central Government and the Tianjin region, setting a benchmark for the Bank in serving the real economy.

III. SCOPE OF BUSINESSES

The business scope of the Bank includes: absorbing public deposits; offering short-term, medium-term and long-term loans; arranging settlement of domestic and international accounts; handling acceptance and discount of bill; issuing financial securities; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by government and financial institutions; inter-bank borrowing and lending; trading of foreign currencies by itself and on behalf of its customers; settlement and sale of foreign exchange; bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments; acting as insurance agent; offering safe-deposit facilities; derivative trading; securities investment custody; insurance fund custody; selling securities investment fund; and other business approved by the banking regulatory authorities of the State Council. (For projects subject to approval in accordance with the law, business activities shall be carried out upon approval of the relevant authorities)

IV. OVERALL OPERATING PERFORMANCE

During the Reporting Period, in the face of changes and challenges in the domestic and international economic and financial environment, the Group steadfastly followed the national macroeconomic policy directives and financial strategic arrangements. Embracing a new development philosophy, the Group deepened its strategic transformation and continuously fostered balanced growth across quality, efficiency, structure and size. It focused on the transformation of the “Nine Major Banks” and made solid progress in the “five priorities” to enhance its capacity to serve the real economy with financial services. It solidly optimized its business layout and upgraded its business models, while comprehensively strengthening risk prevention and control and accelerating digital empowerment. These efforts drove improvements in the quality and efficiency of its overall business development while ensuring stability, resulting in the steady growth and structural optimization of key operating indicators.

Enhanced quality and efficiency of serving the real economy with optimized asset allocation

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,934,410 million, representing an increase of RMB90,567 million or 4.91% as compared to the end of the previous year. In particular, the balance of net loans and advances to customers amounted to RMB949,748 million, representing an increase of RMB24,386 million or 2.64% as compared to the end of the previous year. The Group strengthened its commitment to social responsibility, adhered to serving the real economy, pooled its limited resources to support granting credit, actively served the national strategies and the real economy needs, and enhanced the alignment between business layout and serving the real economy. During the Reporting Period, the growth of loans in key sectors such as technological innovation, advanced manufacturing, green development, and inclusive finance outpaced the growth of general loans.

Optimized liability structure to improve cost management

As of the end of the Reporting Period, the total liabilities amounted to RMB1,809,183 million, representing an increase of RMB75,465 million or 4.35% as compared to the end of the previous year. In particular, deposits from customers amounted to RMB1,138,775 million, representing an increase of RMB71,214 million or 6.67% as compared to the end of the previous year, maintaining a steady growth in size. During the Reporting Period, the Group improved its liability quality management, broadened funding sources, continued to consolidate customer development, gradually stabilized the deposit base, actively optimized the structure of deposit products, and steadily increased the proportion of low-cost funds, thus resulting in a continuous reduction in deposit interest rates during the Reporting Period.

Steady growth in profitability indicators with continuous cost reduction and efficiency enhancement

During the Reporting Period, the Group continued to strengthen its efforts in serving the real economy, actively expanded its core customer base, continuously optimized its business structure, and continuously deepened cost reduction and efficiency enhancement measures. Hence, major profitability indicators saw steady growth. In 2025, the Group achieved an operating income of RMB25,970 million, representing an increase of RMB488 million or 1.92% as compared to the previous year; a net profit of RMB5,498 million, representing an increase of RMB242 million or 4.61% as compared to the previous year; and a cost-to-income ratio of 38.01%, representing a decrease of 1.00 percentage point as compared to the previous year.

Asset quality risks under control

As of the end of the Reporting Period, the balance of the non-performing loans of the Bank amounted to RMB15,921 million, representing a decrease of RMB559 million as compared to the end of the previous year. The NPL ratio was 1.66%, representing a decrease of 0.1 percentage point as compared to the end of the previous year. Allowance for loans loss was adequate, and the allowance for loan impairment of the Bank was RMB25,817 million, representing an increase of RMB243 million as compared to the end of the previous year, whereas financial investment impairment provisions was RMB8,101 million and other impairment provisions was RMB2,061 million. The allowance to gross loan ratio was 2.68%, and the allowance coverage ratio was 162.16%. Asset quality remained stable, and allowance indicators met the regulatory requirements.

V. ANALYSIS OF FINANCIAL STATEMENTS

(I) Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

1. Changes in items in the consolidated statement of profit or loss and other comprehensive income

During the Reporting Period, the Group realized a net profit of RMB5,498 million, representing an increase of 4.61% as compared to the previous year.

The following table sets forth the changes in items in the consolidated statement of profit or loss and other comprehensive income of the Group for the periods indicated:

(Unit: RMB'000)

	2025	2024	Change	Increase (decrease) (%)
Net interest income	17,420,645	15,542,470	1,878,175	12.08
Net non-interest income	8,548,958	9,939,119	(1,390,161)	(13.99)
Operating income	25,969,603	25,481,589	488,014	1.92
Operating expenses	(10,391,049)	(10,488,740)	97,691	(0.93)
Impairment losses on assets	(10,005,950)	(9,659,819)	(346,131)	3.58
Profit before taxation	5,572,604	5,333,030	239,574	4.49
Income tax expense	(74,398)	(77,215)	2,817	(3.65)
Net profit	5,498,206	5,255,815	242,391	4.61
Total comprehensive income	5,364,538	5,675,967	(311,429)	(5.49)

2. Net interest income

During the Reporting Period, the net interest income of the Group amounted to RMB17,421 million, representing an increase of 12.08% as compared to the previous year.

(1) Net interest spread and net interest margin

During the Reporting Period, the net interest spread of the Group was 1.26%, representing an increase of 0.14 percentage point as compared to the previous year; and the net interest margin was 1.37%, representing an increase of 0.06 percentage point as compared to the previous year, mainly due to the Group's implementation of the national policies to continuously benefit the real economy, coupled with its proactive response to challenges and ongoing optimization of the liability structure, which contributed to a steady recovery in both net interest spread and net interest margin.

The following table sets forth the interest-earning assets and interest-bearing liabilities of the Group for the periods indicated:

(Unit: RMB'000)

	2025			2024		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Assets:						
Loans and advances to customers	900,412,839	34,163,405	3.79	913,328,962	39,376,525	4.31
Financial investments	535,293,361	15,057,270	2.81	471,652,510	13,108,738	2.78
Deposits with the central bank	63,865,759	922,973	1.45	69,550,752	968,083	1.39
Deposits with banks and other financial institutions	37,231,970	523,678	1.41	28,849,341	328,482	1.14
Placements with banks and other financial institutions	12,707,886	385,580	3.03	16,451,545	605,490	3.68
Financial assets purchased under resale agreements	29,755,844	452,148	1.52	27,569,792	494,527	1.79
Total interest-earning assets	1,579,267,659	51,505,054	3.26	1,527,402,902	54,881,845	3.59
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Liabilities:						
Deposits from customers	1,009,568,766	20,151,087	2.00	919,787,932	22,162,919	2.41
Deposits from banks and other financial institutions	174,451,823	3,251,028	1.86	190,347,638	4,825,991	2.54
Placements from banks and other financial institutions	29,442,287	906,155	3.08	37,478,790	1,568,431	4.18
Financial assets sold under repurchase agreements	77,724,520	1,206,589	1.55	46,324,976	799,106	1.73
Debt securities issued	322,103,813	6,627,926	2.06	269,416,376	6,766,843	2.51
Borrowings from the central bank	93,895,079	1,941,624	2.07	127,629,672	3,216,085	2.52
Total interest-bearing liabilities	1,707,186,288	34,084,409	2.00	1,590,985,384	39,339,375	2.47
Net interest income		17,420,645			15,542,470	
Net interest spread			1.26			1.12
Net interest margin			1.37			1.31

Note: Net interest margin is calculated by dividing net interest income by the average balance of total interest-earning assets; gains from trading financial assets are not classified as interest income for accounting purposes, and the interest expense on the corresponding interest-bearing liabilities is adjusted accordingly.

(2) Interest income

During the Reporting Period, the interest income of the Group amounted to RMB51,505 million, representing a decrease of 6.15% as compared to the previous year.

Interest income arising from loans and advances to customers

During the Reporting Period, the Group's interest income arising from loans and advances to customers amounted to RMB34,163 million, representing a decrease of 13.24% as compared to the previous year, mainly due to the Group's diligent implementation of national financial policies, which benefited entities, enterprises and ordinary consumers, resulting in a year-on-year decrease in loan yield in line with industry trends.

The following table sets forth the average balance, interest income and average yield for components of loans and advances to customers of the Group for the periods indicated:

(Unit: RMB'000)

	2025			2024		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	638,196,370	26,164,550	4.10	606,269,281	27,486,177	4.53
Personal loans	215,335,769	7,511,662	3.49	230,450,603	10,783,079	4.68
Discounted bills	46,880,700	487,193	1.04	76,609,078	1,107,269	1.45
Loans and advances to customers	900,412,839	34,163,405	3.79	913,328,962	39,376,525	4.31

Interest income arising from balances with the central bank, deposits with banks and other financial institutions and placements with banks and other financial institutions and interest income arising from financial assets purchased under resale agreements

During the Reporting Period, the Group's interest income arising from balances with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements totaled RMB2,284 million, representing a decrease of 4.68% as compared to the previous year, mainly due to the decline in market interest rates.

Interest income arising from financial investments

During the Reporting Period, the Group's interest income arising from financial investments amounted to RMB15,057 million, representing an increase of 14.86% as compared to the previous year, mainly due to an increase in investment size.

(3) Interest expense

During the Reporting Period, the Group's interest expense amounted to RMB34,084 million, representing a decrease of 13.36% as compared to the previous year.

Interest expense on deposits from customers

During the Reporting Period, the Group's interest expense on deposits from customers amounted to RMB20,151 million, representing a decrease of 9.08% as compared to the previous year, mainly due to the Group's active optimization of its deposit structure and its increasing efforts to expand low-cost deposits. Coupled with the decline in market interest rates, the average cost ratio of deposits decreased by 0.41 percentage point as compared to the previous year.

The following table sets forth the average balance, interest expense and average cost on deposits from customers of the Group for the periods indicated:

(Unit: RMB'000)

	2025			2024		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	629,431,407	11,974,088	1.90	564,246,664	13,192,836	2.34
Of which: Demand deposits	155,007,686	808,545	0.52	172,577,904	1,851,484	1.07
Time deposits	474,423,721	11,165,543	2.35	391,668,760	11,341,352	2.90
Personal deposits	218,706,798	5,613,216	2.57	201,128,221	5,582,102	2.78
Of which: Demand deposits	26,310,764	26,478	0.10	28,945,771	84,101	0.29
Time deposits	192,396,034	5,586,738	2.90	172,182,450	5,498,001	3.19
Pledged deposits and others	161,430,561	2,563,783	1.59	154,413,047	3,387,981	2.19
Total deposits from customers	1,009,568,766	20,151,087	2.00	919,787,932	22,162,919	2.41

Interest expense on borrowings from the central bank, deposits from banks and other financial institutions and placements from banks and other financial institutions and interest expense on financial assets sold under repurchase agreements

During the Reporting Period, the Group's interest expense on borrowings from the central bank, deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements totaled RMB7,305 million, representing a decrease of 29.82% as compared to the previous year, mainly due to the decline in market interest rates.

Interest expense on debt securities issued

During the Reporting Period, the Group's interest expense on debt securities issued amounted to RMB6,628 million, representing a decrease of 2.05% as compared to the previous year, mainly due to the decline in market interest rates.

(4) *Impact of changes in volume and interest rate on interest income and interest expense*

The following table sets forth the distribution of changes in the interest income and interest expense of the Group due to changes in volume and changes in rate for the periods indicated:

(Unit: RMB'000)

	2025 vs. 2024 due to increase (decrease) in volume	2025 vs. 2024 due to increase (decrease) in rate	Net increase (decrease) (%)
Loans and advances to customers	(463,809)	(4,749,311)	(13.24)
Financial investments	1,807,036	141,496	14.86
Deposits with the central bank	(86,840)	41,730	(4.66)
Deposits with banks and other financial institutions	117,303	77,893	59.42
Placements with banks and other financial institutions	(112,975)	(106,935)	(36.32)
Financial assets purchased under resale agreements	32,059	(74,438)	(8.57)
Changes in interest income	1,292,774	(4,669,565)	(6.15)
Deposits from customers	1,759,299	(3,771,131)	(9.08)
Deposits from banks and other financial institutions	(280,599)	(1,294,364)	(32.64)
Placements from banks and other financial institutions	(250,009)	(412,267)	(42.23)
Financial assets sold under repurchase agreements	490,868	(83,385)	50.99
Debt securities issued	1,073,457	(1,212,374)	(2.05)
Borrowings from the central bank	(700,127)	(574,334)	(39.63)
Changes in interest expense	2,092,889	(7,347,855)	(13.36)
Changes in net interest income	(800,115)	2,678,290	12.08

Note: Changes in interest income and expense caused by both changes in volume and changes in rate have been allocated to the amount of impact of changes in volume on changes in interest income and expense.

3. Net non-interest income

During the Reporting Period, the net non-interest income of the Group amounted to RMB8,549 million, representing a decrease of 13.99% as compared to the previous year.

(1) Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group amounted to RMB2,293 million, representing a decrease of 22.90% as compared to the previous year, mainly due to a decrease in fee income from the agency and asset management service as compared to the previous year.

The following table sets forth the principal components of the Group's net fee and commission income for the periods indicated:

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)
Fee and commission income	3,050,511	3,995,271	(23.65)
Of which: Agency and asset management service fees	1,169,719	1,835,317	(36.27)
Settlement and clearing fees	888,982	997,376	(10.87)
Guarantee and commitment fees	606,489	614,786	(1.35)
Custodian service fees	200,979	279,383	(28.06)
Consulting and advisory service fees	79,817	127,014	(37.16)
Bank card fees	58,989	96,237	(38.70)
Others	45,536	45,158	0.84
Fee and commission expense	757,480	1,021,212	(25.83)
Net fee and commission income	2,293,031	2,974,059	(22.90)

(2) Other net non-interest income

During the Reporting Period, other net non-interest income of the Group amounted to RMB6,256 million, representing a decrease of 10.18% as compared to the previous year, mainly due to a decrease in net trading income and net gains on financial investments as compared to the previous year.

The following table sets forth the principal components of other net non-interest income of the Group for the periods indicated:

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)
Net trading income	548,902	941,146	(41.68)
Net gains on financial investments	5,664,246	5,972,326	(5.16)
Other operating income	42,779	51,588	(17.08)
Total	6,255,927	6,965,060	(10.18)

4. Operating expenses

During the Reporting Period, the operating expenses of the Group amounted to RMB10,391 million, representing a decrease of 0.93% as compared to the previous year. The decrease was mainly attributable to the Group's in-depth implementation of the cost reduction and efficiency enhancement measures, continuous efforts to establish the mindset of operating with "limited financial resources", and continuous optimization of control measures in respect of branch construction, outlet operation and expense management. Cost-to-income ratio was 38.01%, representing a decrease of 1.00 percentage point as compared to the previous year, thus steadily enhancing input and output efficiency.

The following table sets forth the principal components of operating expenses of the Group for the periods indicated:

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)
Staff costs	5,979,754	5,954,876	0.42
Depreciation and amortization	1,645,885	1,745,140	(5.69)
Taxes and surcharges	398,972	417,533	(4.45)
Interest expense on lease liabilities	113,705	142,038	(19.95)
Other general and administrative expenses	2,252,733	2,229,153	1.06
Total	10,391,049	10,488,740	(0.93)

5. Impairment losses on assets

During the Reporting Period, the impairment losses on assets of the Group amounted to RMB10,006 million, representing an increase of 3.58% as compared to the previous year.

The following table sets forth the principal components of impairment losses on assets of the Group for the periods indicated:

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)
Loans and advances to customers	5,481,133	6,756,971	(18.88)
Financial investments	885,973	269,624	228.60
Others	3,638,844	2,633,224	38.19
Total	10,005,950	9,659,819	3.58

The Group strictly followed the regulatory requirements to provide impairment losses on assets based on the principle of prudence. During the Reporting Period, impairment losses on the aforementioned financial investments and other impairment losses increased as compared to the previous year, mainly due to the impact of changes in asset size.

6. Income tax expense

During the Reporting Period, the income tax expense of the Group amounted to RMB74 million and the effective tax rate was 1.34%.

The following table sets forth the difference between the income tax expense of the Group and the calculation based on the statutory rate of 25% for the periods indicated:

(Unit: RMB'000)

	2025	2024	Increase (decrease) (%)
Profit before taxation	5,572,604	5,333,030	4.49
Income tax calculated at the statutory tax rate of 25%	1,393,151	1,333,258	4.49
Tax impacts of the adjustment for:			
Non-deductible expenses	258,307	360,002	(28.25)
Non-taxable income	(1,263,370)	(1,140,724)	10.75
Deductible items of interest expense on undated capital bonds	(65,450)	(237,500)	(72.44)
Others	(248,240)	(237,821)	4.38
Income tax expense	74,398	77,215	(3.65)

(II) Items in the Consolidated Statement of Financial Position

1. Items of assets

As of the end of the Reporting Period, the total assets of the Group amounted to RMB1,934,410 million, representing an increase of 4.91% as compared to the end of the previous year, which was mainly due to an increase in asset size driven by the development of financial investments.

The following table sets forth the composition of total assets of the Group as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Cash and deposits with the central bank	129,722,705	6.71	148,162,149	8.04	(12.45)
Deposits with banks and other financial institutions	18,278,682	0.94	11,405,462	0.62	60.26
Placements with banks and other financial institutions	3,958,672	0.20	4,885,299	0.26	(18.97)
Derivative financial assets	2,023,233	0.10	2,448,184	0.13	(17.36)
Financial assets purchased under resale agreements	54,105,030	2.80	18,531,145	1.01	191.97
Loans and advances to customers	949,747,965	49.10	925,361,742	50.19	2.64
Financial investments	743,760,398	38.45	700,438,320	37.99	6.18
Property and equipment	2,927,826	0.15	3,217,544	0.17	(9.00)
Deferred tax assets	12,436,872	0.64	12,362,922	0.67	0.60
Right-of-use assets	3,286,036	0.17	3,606,436	0.20	(8.88)
Other assets	14,162,113	0.74	13,422,925	0.72	5.51
Total assets	1,934,409,532	100.00	1,843,842,128	100.00	4.91

(1) Loans and advances to customers

As of the end of the Reporting Period, the Group's gross loans and advances granted to customers (including discounts) amounted to RMB961,732 million, representing an increase of 2.70% as compared to the end of the previous year.

The following table sets forth the distribution of loans and advances to customers of the Group by product type as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate loans and advances	712,412,088	74.08	654,736,013	69.91	8.81
Discounted bills	45,312,150	4.71	59,727,587	6.38	(24.14)
Personal loans	204,008,003	21.21	222,027,091	23.71	(8.12)
Gross loans and advances to customers	961,732,241	100.00	936,490,691	100.00	2.70
Interests accrued	12,581,529		13,115,173		
Total	974,313,770		949,605,864		

(2) Financial investments

As of the end of the Reporting Period, the financial investments of the Group amounted to RMB743,760 million, representing an increase of 6.18% as compared to the end of the previous year.

The following table sets forth the composition of financial investments of the Group as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Financial investments measured at fair value through profit or loss ("FVTPL")	215,700,905	29.00	192,864,991	27.54	11.84
Financial investments measured at fair value through other comprehensive income ("FVTOCI")	268,060,545	36.04	177,376,537	25.32	51.13
Financial investments measured at amortized cost	259,998,948	34.96	330,196,792	47.14	(21.26)
Total	743,760,398	100.00	700,438,320	100.00	6.18

Further details of the Group's financial investments are set forth in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

The following table sets forth the top 10 financial bonds held by the Group as of the end of the Reporting Period:

(Unit: RMB'000)

Bonds	Total price	Return rate (%)	Maturity
Financial bond A	6,490,000	1.1900	February 5, 2026
Financial bond B	6,440,000	1.5400	June 13, 2030
Financial bond C	5,480,000	1.2700	January 6, 2030
Financial bond D	5,280,000	1.4700	February 14, 2028
Financial bond E	4,940,000	1.6100	January 10, 2028
Financial bond F	4,710,000	1.6500	June 18, 2035
Financial bond G	4,570,000	2.5200	May 25, 2028
Financial bond H	3,910,000	1.8000	April 2, 2035
Financial bond I	3,810,000	1.8600	November 8, 2029
Financial bond J	3,780,000	2.3000	February 22, 2029

(3) Financial derivatives transactions

The Group's financial derivatives transactions mainly consist of interest rate swaps, foreign exchange swaps, foreign exchange forwards, etc. The Group flexibly uses various derivative financial instruments to hedge exchange rate and interest rate risks, carries out strategic transactions and reasonably manages the portfolio of derivative financial instrument positions, and keeps a sound trading style.

As of the end of the Reporting Period, the notional amounts and fair value of the main types of unexpired derivative financial instruments held by the Group are set out as follows:

(Unit: RMB'000)

	December 31, 2025			December 31, 2024		
	Notional amount	Fair value		Notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	400,738,896	13,406	(7,889)	254,969,033	32,172	(11,129)
Exchange rate swaps	259,341,039	1,321,562	(737,919)	139,026,375	1,318,613	(922,071)
Exchange rate forwards	42,813,952	170,434	(153,114)	30,687,855	919,113	(847,959)
Precious metal swaps	5,603,939	492,244	(519,588)	4,010,073	168,443	(9,620)
Option contracts	3,554,504	25,587	(19,579)	1,912,240	9,843	(9,104)
Total	712,052,330	2,023,233	(1,438,089)	430,605,576	2,448,184	(1,799,883)

2. Items of liabilities

As of the end of the Reporting Period, the total liabilities of the Group amounted to RMB1,809,183 million, representing an increase of 4.35% as compared to the end of the previous year, which was mainly due to an increase in total liabilities driven by the increase in deposits from customers.

The following table sets forth the composition of total liabilities of the Group as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Borrowings from the central bank	72,741,786	4.02	121,378,473	7.00	(40.07)
Deposits from banks and other financial institutions	152,751,045	8.44	150,561,544	8.68	1.45
Financial liabilities measured at FVTPL	621,527	0.03	171,916	0.01	261.53
Placements from banks and other financial institutions	18,089,549	1.00	23,144,745	1.34	(21.84)
Derivative financial liabilities	1,438,089	0.08	1,799,883	0.10	(20.10)
Financial assets sold under repurchase agreements	74,809,396	4.14	57,818,338	3.34	29.39
Deposits from customers	1,138,775,385	62.94	1,067,561,795	61.58	6.67
Income tax payable	(531,560)	(0.03)	(621,775)	(0.04)	(14.51)
Debt securities issued	330,593,371	18.27	290,863,182	16.78	13.66
Lease liabilities	3,400,319	0.19	3,722,824	0.21	(8.66)
Other liabilities	16,493,672	0.92	17,316,375	1.00	(4.75)
Total liabilities	1,809,182,579	100.00	1,733,717,300	100.00	4.35

Note: As of December 31, 2025, borrowings from the central bank of RMB72,741,786,000 included the principal amount at a fixed interest rate of RMB72,047,089,000, and the interest payable on the borrowings from the central bank of RMB694,697,000.

Deposits from customers

As of the end of the Reporting Period, the gross deposits from customers of the Group amounted to RMB1,114,458 million, representing an increase of 6.54% as compared to the end of the previous year.

The following table sets forth the distribution of deposits from customers of the Group by product type and customer type as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
Corporate deposits	696,783,605	62.52	655,433,599	62.66	6.31
Of which: Demand deposits	194,569,089	17.46	238,497,466	22.80	(18.42)
Time deposits	502,214,516	45.06	416,936,133	39.86	20.45
Personal deposits	235,644,149	21.14	212,275,470	20.29	11.01
Of which: Demand deposits	28,058,206	2.52	36,293,255	3.47	(22.69)
Time deposits	207,585,943	18.62	175,982,215	16.82	17.96
Pledged deposits	181,819,462	16.31	176,014,296	16.83	3.30
Fiscal deposits	167,509	0.02	159,715	0.02	4.88
Inward and outward remittances	43,484	0.01	2,205,715	0.20	(98.03)
Gross deposits from customers	1,114,458,209	100.00	1,046,088,795	100.00	6.54
Interests accrued	24,317,176		21,473,000		
Total	1,138,775,385		1,067,561,795		

The following table sets forth the distribution of the Group's deposits from customers by currency as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024		Increase (decrease) (%)
	Amount	Proportion (%)	Amount	Proportion (%)	
RMB	1,092,190,877	95.91	1,033,215,256	96.78	5.71
Foreign currency against RMB	46,584,508	4.09	34,346,539	3.22	35.63
Total	1,138,775,385	100.00	1,067,561,795	100.00	6.67

3. Total equity

As of the end of the Reporting Period, the total equity of the Group amounted to RMB125,227 million, representing an increase of RMB15,102 million as compared to the end of the previous year, mainly due to the increase in other equity instruments attributable to the Group's new issuance of RMB10 billion in undated capital bonds during the Reporting Period, combined with an increase in net profit for the year.

The following table sets forth the composition of the items in the Group's total equity as of the dates indicated:

(Unit: RMB'000)

	December 31, 2025	December 31, 2024	Increase (decrease) (%)
Share capital	17,762,000	17,762,000	–
Other equity instruments	21,000,000	11,000,000	90.91
Other reserves	1,599,256	1,732,924	(7.71)
Capital reserve	10,689,228	10,689,841	(0.01)
Surplus reserve	8,456,784	7,929,133	6.65
General reserve	21,752,539	21,106,229	3.06
Retained earnings	43,967,146	39,904,701	10.18
Total	125,226,953	110,124,828	13.71

4. Off-balance sheet items that may have a significant impact on the financial position and operating results

The off-balance sheet items of the Group are set out in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

(III) Other Financial Information

1. *The items with a change rate over 30% in the accounting statements and the brief analysis on the reasons*

(Unit: RMB'000)

Items of the consolidated statement of financial position	December 31, 2025	December 31, 2024	Increase (decrease) (%)	Main reasons for changes during the Reporting Period
Deposits with banks and other financial institutions	18,278,682	11,405,462	60.26	Increase in deposits with banks
Financial assets purchased under resale agreements	54,105,030	18,531,145	191.97	Increase in domestic financial assets purchased under resale agreements
Financial investments measured at FVTOCI	268,060,545	177,376,537	51.13	Increase in government, policy bank and corporate bond investments
Borrowings from the central bank	72,741,786	121,378,473	(40.07)	Decrease in borrowings from the central bank
Financial liabilities measured at FVTPL	621,527	171,916	261.53	Increase in structured notes
Other equity instruments	21,000,000	11,000,000	90.91	Increase in undated capital bonds
Items of the consolidated statement of profit or loss and other comprehensive income	2025	2024	Increase (decrease) (%)	Main reasons for changes during the Reporting Period
Net trading gains	548,902	941,146	(41.68)	Mainly due to the decrease in net gains from bond investments measured at FVTPL
Other comprehensive income, net of tax	(133,668)	420,152	(131.81)	Combined effect of the change and transfer out in fair value of investments in debt and equity instruments measured at FVTOCI

2. Pledge of assets

Details for the pledge of assets of the Group are set out in "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" in this annual report.

3. Outstanding debts payable

The Group had no outstanding debts payable as of the end of the Reporting Period.

VI. ANALYSIS OF CAPITAL ADEQUACY RATIOS

In calculating its capital adequacy ratios, the Bank considers itself and the financial institutions it invests directly or indirectly in compliance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》).

The Group and the Bank calculate the capital adequacy ratios for each tier in accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and the relevant requirements. The items involved are as follows:

(Unit: RMB'000)

	December 31, 2025		December 31, 2024	
	The Group	The Bank	The Group	The Bank
Core tier 1 capital	104,226,953	103,593,255	99,124,828	98,686,728
Core tier 1 capital regulatory deductions	(2,299,653)	(4,517,310)	(2,766,797)	(4,983,084)
Net core tier 1 capital	101,927,300	99,075,945	96,358,031	93,703,644
Other tier 1 capital	21,000,000	21,000,000	11,000,000	11,000,000
Net tier 1 capital	122,927,300	120,075,945	107,358,031	104,703,644
Tier 2 capital	28,479,125	28,479,125	26,857,792	26,857,792
Tier 2 capital regulatory deductions	–	–	–	–
Net capital	151,406,425	148,555,070	134,215,823	131,561,436
Capital adequacy ratio^{Note} (%)	12.48	12.28	11.63	11.42
Tier 1 capital adequacy ratio (%)	10.13	9.92	9.30	9.09
Core tier 1 capital adequacy ratio (%)	8.40	8.19	8.35	8.13

Note: Capital adequacy ratio equals net capital/risk-weighted assets*100%. See the table below for details of risk-weighted assets.

The following table sets forth the risk-weighted assets calculated by the Group and the Bank in accordance with the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), among which, credit risk-weighted assets are calculated using the method of weighting, market risk-weighted assets are calculated using the simplified standardized approach, and operational risk-weighted assets are calculated using the standardized approach.

(Unit: RMB'000)

	December 31, 2025		December 31, 2024	
	The Group	The Bank	The Group	The Bank
Credit risk-weighted assets	1,149,110,365	1,146,519,515	1,091,241,849	1,089,229,765
Of which: On-balance sheet credit risk	1,052,278,979	1,049,688,129	998,590,937	996,578,853
Off-balance sheet credit risk	91,885,611	91,885,611	89,201,282	89,201,282
Counterparty credit risk	4,945,775	4,945,775	3,449,630	3,449,630
Market risk-weighted assets	19,309,674	19,309,674	18,214,061	18,214,061
Operational risk-weighted assets	44,838,092	44,253,782	44,987,310	44,660,881
Total risk-weighted assets	1,213,258,131	1,210,082,971	1,154,443,220	1,152,104,707

VII. LEVERAGE RATIO

The Group measured the leverage ratio pursuant to the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and relevant regulatory rules as follows:

(Unit: RMB'000)

	December 31, 2025	December 31, 2024
Tier 1 capital	125,226,953	110,124,828
Tier 1 capital deductions	(2,299,653)	(2,766,797)
Total adjusted on-balance sheet and off-balance sheet assets	2,268,722,177	2,144,721,151
Of which: Total adjusted on-balance sheet assets	1,875,978,910	1,820,098,534
Total adjusted off-balance sheet assets	306,300,920	301,168,513
Others	86,442,347	23,454,104
Leverage ratio (%)	5.42	5.01

VIII. LOAN QUALITY ANALYSIS

(I) Distribution of Loans by Five-category Classification

(Unit: RMB'000)

	December 31, 2025		December 31, 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Normal loans	918,977,057	95.55	893,947,790	95.46
Special mention loans	26,834,136	2.79	26,063,028	2.78
NPLs	15,921,048	1.66	16,479,873	1.76
Of which: Substandard loans	6,025,408	0.63	5,601,532	0.60
Doubtful loans	1,750,114	0.18	2,363,425	0.25
Loss loans	8,145,526	0.85	8,514,916	0.91
Gross loans and advances to customers	961,732,241	100.00	936,490,691	100.00

As of the end of the Reporting Period, the Group's gross loans and advances to customers amounted to RMB961,732 million, representing an increase of RMB25,242 million as compared to the end of the previous year. The gross non-performing loans amounted to RMB15,921 million, representing a decrease of RMB559 million as compared to the end of the previous year. The NPL ratio was 1.66%, representing a decrease of 0.1 percentage point as compared to the end of the previous year.

(II) Distribution of Loans and NPLs by Product Type

(Unit: RMB'000)

	December 31, 2025				December 31, 2024			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	712,412,088	74.08	8,158,650	1.15	654,736,013	69.91	7,267,965	1.11
Discounted bills	45,312,150	4.71	-	-	59,727,587	6.38	-	-
Personal loans	204,008,003	21.21	7,762,398	3.80	222,027,091	23.71	9,211,908	4.15
Gross loans and advances to customers	961,732,241	100.00	15,921,048	1.66	936,490,691	100.00	16,479,873	1.76

As of the end of the Reporting Period, the gross loans and advances to customers amounted to RMB961,732 million, representing an increase of 2.70% as compared to the end of the previous year. The gross corporate loans and advances amounted to RMB712,412 million, representing an increase of 8.81% as compared to the end of the previous year. The gross discounted bills amounted to RMB45,312 million, representing a decrease of 24.14% as compared to the end of the previous year. The gross personal loans amounted to RMB204,008 million, representing a decrease of 8.12% as compared to the end of the previous year.

(III) Distribution of Loans and NPLs by Industry

(Unit: RMB'000)

	December 31, 2025				December 31, 2024			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Corporate loans and advances	712,412,088	74.08	8,158,650	1.15	654,736,013	69.91	7,267,965	1.11
Leasing and commercial services	253,067,229	26.31	890,587	0.35	239,347,741	25.56	1,508,377	0.63
Real estate	89,569,238	9.31	1,901,111	2.12	93,339,050	9.97	1,480,355	1.59
Manufacturing	87,286,198	9.08	1,036,114	1.19	87,787,078	9.37	1,256,187	1.43
Wholesale and retail	84,983,974	8.84	1,916,415	2.26	51,153,524	5.46	1,746,804	3.41
Water conservancy, environment and public facilities management	68,167,177	7.09	20,000	0.03	68,171,356	7.28	602	0.00
Financial services	27,285,850	2.84	123,847	0.45	26,074,303	2.78	-	-
Construction	27,175,247	2.83	1,137,335	4.19	28,175,257	3.01	674,508	2.39
Transportations, storage and post	16,315,628	1.70	17,122	0.10	14,239,861	1.52	53,056	0.37
Production and supply of electricity, heat, gas and water	13,044,170	1.36	4,939	0.04	13,886,782	1.48	4,939	0.04
Information transmission, software and information technology services	12,742,261	1.32	567,650	4.45	7,776,105	0.83	57,483	0.74
Mining	10,831,222	1.12	-	-	6,463,006	0.69	63,172	0.98
Scientific research and technical services	8,463,565	0.88	166,380	1.97	6,650,275	0.71	23,000	0.35
Agriculture, forestry, animal husbandry and fishery	4,045,502	0.42	30,053	0.74	2,744,227	0.29	15,000	0.55
Others	9,434,827	0.98	347,097	3.68	8,927,448	0.96	384,482	4.31
Discounted bills	45,312,150	4.71	-	-	59,727,587	6.38	-	-
Personal loans	204,008,003	21.21	7,762,398	3.80	222,027,091	23.71	9,211,908	4.15
Gross loans and advances to customers	961,732,241	100.00	15,921,048	1.66	936,490,691	100.00	16,479,873	1.76

As of the end of the Reporting Period, the gross corporate loans and advances amounted to RMB712,412 million, representing an increase of 8.81% as compared to the end of the previous year, and its overall structure of industry distribution remained stable. In particular, the balance of loans to the leasing and commercial services industry was RMB253,067 million, accounting for 26.31% and representing an increase of 0.75 percentage point as compared to the end of the previous year. The balance of loans to the real estate industry was RMB89,569 million, accounting for 9.31% and representing a decrease of 0.66 percentage point as compared to the end of the previous year.

(IV) Distribution of Loans and NPLs by Geographical Areas

(Unit: RMB'000)

	December 31, 2025				December 31, 2024			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Northern and Northeastern China	389,500,753	40.51	7,393,554	1.90	394,668,711	42.14	8,082,645	2.05
Eastern China	268,752,599	27.94	1,804,370	0.67	260,038,530	27.77	1,979,841	0.76
Central and Southern China	224,982,779	23.39	5,539,003	2.46	198,630,819	21.21	5,456,009	2.75
Western China	78,496,110	8.16	1,184,121	1.51	83,152,631	8.88	961,378	1.16
Gross loans and advances to customers	961,732,241	100.00	15,921,048	1.66	936,490,691	100.00	16,479,873	1.76

(V) Distribution of Loans and NPLs by Security Type

(Unit: RMB'000)

	December 31, 2025				December 31, 2024			
	Amount	Proportion (%)	NPL amount	NPL ratio (%)	Amount	Proportion (%)	NPL amount	NPL ratio (%)
Collateralized loans	270,987,197	28.18	7,568,899	2.79	286,551,232	30.60	7,933,202	2.77
Pledged loans	107,028,769	11.13	911,679	0.85	129,303,962	13.81	270,744	0.21
Guaranteed loans	352,519,827	36.65	2,217,850	0.63	329,406,675	35.17	3,150,301	0.96
Unsecured loans	231,196,448	24.04	5,222,620	2.26	191,228,822	20.42	5,125,626	2.68
Gross loans and advances to customers	961,732,241	100.00	15,921,048	1.66	936,490,691	100.00	16,479,873	1.76

(VI) Distribution of Loans by Overdue Period

(Unit: RMB'000)

	December 31, 2025		December 31, 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Overdue within three months	10,207,218	1.06	10,911,339	1.16
Overdue more than three months to one year	4,972,512	0.52	6,095,515	0.65
Overdue more than one year to three years	5,307,542	0.55	6,374,601	0.68
Overdue more than three years	2,439,624	0.25	2,772,773	0.30
Total overdue loans	22,926,896	2.38	26,154,228	2.79
Gross loans and advances to customers	961,732,241	100.00	936,490,691	100.00

As of the end of the Reporting Period, the overdue loans amounted to RMB22,927 million, representing a decrease of RMB3,227 million as compared to the end of the previous year.

(VII) Loans to Ten Largest Customers Who Are Single Borrowers

(Unit: RMB'000)

Borrowers	Industry	December 31, 2025			
		Amount	NPL amount	% of net capital base	% of gross loans
Customer A	Manufacturing	7,680,779	–	5.07	0.80
Customer B	Leasing and commercial services	7,401,850	–	4.89	0.77
Customer C	Leasing and commercial services	6,347,890	–	4.19	0.66
Customer D	Wholesale and retail	5,785,103	–	3.82	0.60
Customer E	Construction	5,562,999	–	3.68	0.58
Customer F	Leasing and commercial services	5,504,900	–	3.64	0.57
Customer G	Wholesale and retail	5,016,592	–	3.31	0.52
Customer H	Leasing and commercial services	4,950,000	–	3.27	0.52
Customer I	Leasing and commercial services	3,950,000	–	2.61	0.41
Customer J	Leasing and commercial services	3,683,509	–	2.43	0.38
Total	–	55,883,622	–	36.91	5.81

As of the end of the Reporting Period, the balance of loans to the largest single borrower of the Bank was RMB7,681 million, accounting for 5.07% of the net capital base and 0.80% of the gross loans.

(VIII) Restructured Loans

Restructured loans refer to loans for which the Bank has made adjustments to the repayment terms of the loan contract due to the borrower's financial difficulties in accordance with the requirements of the Rules on Risk Classification of Financial Assets of Commercial Banks. As of the end of the Reporting Period, the balance of restructured loans amounted to RMB2,256.7184 million, representing an increase of 39.26% as compared to the end of the previous year.

(IX) Repossessed Assets

As of the end of the Reporting Period, the Bank had no repossessed assets.

(X) Risk Management on Credit Extension to Group Customers

The Bank has attached great importance to the risk management on credit extension to group customers, optimized the management of group customer relationships, and realized active pre-approval of credit and total control with ever-growing risk management capabilities. In the process of investigation, evaluation and review of credit extension to group customers, we have strengthened the identification and prevention of overall risk to group customers, and avoided the uncertainties caused by complex equity structure and diversified expansion operations. We have focused on the review of the authenticity of the background of the credit extension plan and the reliability of the source of repayment, preventing enterprises from whitewashing the statements and transferring funds through improper related party transactions. We have been aiming to strengthen the identification for group customers' overall development trend. In principle, we have been making sure the credit extension funds are invested in the core enterprises and core sectors, preventing misappropriation of funds, long-term use of short-term loans, and credit funds from entering the construction or operations of other sectors. We have been conducting in-depth analysis to group customers' scale, growth, risk tolerance and existing credit extensions of other banks and other factors. Combining with the Bank's capital scale and risk tolerance, we have reasonably determined the overall credit line for group customers, and prevented the risk of excessive concentration of credit extension. We have established an early warning mechanism to provide early warnings and take corresponding risk control measures in time by collecting and analyzing relevant information of group customers.

(XI) Disposal of Non-Performing Assets

As of the end of the Reporting Period, the Bank had disposed of RMB42,438 million of non-performing assets through means such as cash collection, write-off of bad debts, bankruptcy restructuring, transfer, and asset securitization.

(XII) Allowance for Loan Impairment

1. Loans and advances to customers measured at amortized cost

(Unit: RMB'000)

	2025	2024
Opening balance	24,244,122	24,599,802
Charge	5,560,061	6,813,590
Transfer out	(3,378,589)	(6,781,602)
Write-off	(2,466,231)	(2,355,890)
Recoveries	607,587	1,968,349
Exchange rate changes and others	(1,145)	(127)
Closing balance	24,565,805	24,244,122

2. Loans and advances to customers measured at fair value through other comprehensive income

(Unit: RMB'000)

	2025	2024
Opening balance	1,330,218	1,386,837
Charge/(reversal)	(78,928)	(56,619)
Transfer out	—	—
Write-off	—	—
Recoveries	—	—
Exchange rate changes and others	—	—
Closing balance	1,251,290	1,330,218

(XIII) Large Exposure

The Bank has strictly implemented the regulatory requirements of the Rules on Large Exposure of Commercial Banks (《商業銀行大額風險暴露管理辦法》), established and improved the organizational structure for the management of large exposures, and established an operating mechanism that is mutually connected and effectively checks and balances. It focuses on large customer risk exposures, and strictly controls the gateway of credit approval. Adhering to the philosophy of moderate credit line and effective management for credit approval, the Bank strives to gain better control over new credit line approval, strictly monitors new risk exposures of customers with large outstanding credit, and continuously monitors large exposures. During the Reporting Period, all large exposures indicators of the Bank met expected internal and external requirements.

IX. MAIN BUSINESS OPERATION AND MANAGEMENT

(I) Corporate Banking Business

During the Reporting Period, the corporate banking remained committed to its original aspiration of serving the real economy with financial services. Closely aligning with national strategic directions and guided by the “five priorities” of finance, it focused on developing three major banking businesses as “an industry bank, a transaction bank and a light-model bank”. Propelled by the dual engines of “customer factory + product factory”, it strengthened its regional strategic layout, deepened business transformation and innovation, enhanced operational efficiency through refined management, and solidified risk prevention and control mechanisms, striving to achieve the goals of high-quality transformation and development in corporate banking.

Customer development

During the Reporting Period, the corporate banking placed the development of its “customer factory” as a core engine to continuously solidify its customer base. With a focus on both industry and region, it developed a customer acquisition system featuring “industry-based research + leading customers” and “vertical industrial chain integration + horizontal supply chain expansion”. By leveraging supply chain finance to extend its service scope, it supported the steady growth of various market entities and fulfilled its financial mission. Anchored in serving national and regional development strategies, it focused on the Beijing-Tianjin-Hebei region, the Yangtze Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing economic zone, continuously increasing financial support to deeply empower high-quality regional economic development. It continued to advance its cooperation with institutional entities, focusing on the needs of core customer bases such as enterprises and public institutions, and offering them comprehensive financial service solutions. As of the end of the Reporting Period, the Bank had a total of 135,100 corporate customers, representing an increase of 13.53% as compared to the end of the previous year.

Liability business

During the Reporting Period, the corporate banking consistently adhered to the philosophy of “developing bank by deposit”. It strengthened the development of its basic customer base, enriched its product portfolio, and enhanced channel strategies to continuously promote steady growth in size, optimize business structure, and improve overall quality and efficiency. Meanwhile, it closely monitored changes in macro policies, the regulatory environment and industry dynamics. By dynamically adjusting its business strategies, it strengthened liability cost control, leading to a sustained reduction in interest costs. As of the end of the Reporting Period, the gross corporate deposits amounted to RMB696,784 million, representing an increase of RMB41,350 million or 6.31% as compared to the end of the previous year.

Asset business

During the Reporting Period, the corporate banking actively aligned with national macroeconomic policies, ensuring that its business development adapted to and facilitated economic transformation, upgrading and structural adjustment. By efficiently meeting the credit demand arising from economic and social development, it effectively enhanced its capacity to serve the real economy. Also, it prioritized the development of key regions, focusing on major regional construction projects and supporting credit allocation in key sectors. With customer needs at its core and root, it provided customers with professional financial service support. As of the end of the Reporting Period, the gross corporate loans amounted to RMB712,412 million, representing an increase of RMB57,676 million or 8.81% as compared to the end of the previous year.

During the Reporting Period, the corporate banking identified technology finance as a pivotal lever for driving the development of new quality productive forces, continuously refining the specialization and precision of financial services for technological innovation. It upheld the concept of green development by deepening and refining its green financial services, with a specific focus on the financial needs of green industries such as clean energy. Regarding manufacturing finance as the highest priority in serving the real economy, it initiated efforts from top-level planning, strengthened policy resource protection, and promoted innovation in product and service models. As of the end of the Reporting Period, the balance of loans to technology enterprises¹ of the Bank amounted to RMB71.683 billion, representing an increase of 52.20%; the balance of green loans amounted to RMB59.335 billion, representing an increase of 36.77%; and the balance of manufacturing loans² amounted to RMB110.595 billion, representing an increase of 12.16%. In May 2025, the Bank successfully issued the CHINA BOHAI BANK CO., LTD. 2025 Sci-tech Innovation Bonds (Tranche 1), with an issue size of RMB5 billion and a coupon rate of 1.75%, designated for supporting sci-tech innovation businesses.

Transaction banking business

In 2025, the transaction banking business of the Bank adhered to a development philosophy centered on “rooted in industries, driven by scenarios, integrating domestic and foreign trade and empowered by treasury”. By anchoring the strategy on three major tasks of “deepening the supply chain ecosystem, upgrading cross-border financial service capabilities and establishing an intelligent treasury system”, it achieved dual breakthroughs in business scale and customer quality, injecting strong financial momentum into the real economy. During the Reporting Period, the transaction banking business remained committed to serving the real economy, deeply developing industries with a customer-centric approach. As of the end of the Reporting Period, the cumulative annual transaction volume for on-balance sheet and off-balance sheet activities of the transaction banking amounted to RMB1.13 trillion, with a business balance of RMB675.814 billion, representing a year-on-year increase of 30.61%. The business contributed RMB321.129 billion in corporate deposits for the year, representing an increase of RMB45.431 billion as compared to the end of the previous year.

Deepening the supply chain ecosystem to secure the anchor of industrial finance

With the dual-engines of “customer factory + product factory” as the core, the Bank established a specialized, three-tiered supply chain team spanning the head office, branches and sub-branches. The team focused on key industries to create differentiated service solutions, developing a financial service ecosystem covering the entire industrial chain.

Iterative upgrades of the product system: the Bank continued to optimize the “CBHB E-Chain (渤銀 E 鏈)” product series and introduced the innovative “Yi Bao Tong (易寶通)” product series to offer integrated comprehensive services combining “settlement + financing + wealth and asset management”. The size of the supply chain business for the year amounted to RMB327.865 billion. It also updated the new-generation bill system and launched the “Easy Billing (承貼易)” product, serving over 10,000 customers and comprehensively enhancing the service efficiency of the bill business.

Precise penetration of key industries: focusing on seven major industrial sectors, the Bank created a full-chain automotive ecosystem spanning “manufacturing – distribution – service – overseas expansion”. The launch of the innovative specialized vehicle financing service brand, “Easy Vehicle Sales (車銷易)”, established an integrated service system covering parallel imported vehicles, dealers and used car exports, earning the Bank the “Most Innovative Bank for Trade Finance Products” award. It deeply explored the value in six core scenarios of water, electricity, gas, coal, oil and transport, and successfully implemented key projects such as logistics finance cooperation with China State Railway Group and aviation fuel certificates, enabling precise customer acquisition and stronger ties with the industry through scenario-based services.

¹ From April 2025, statistics have been compiled in accordance with the statistical criteria for loans to technology enterprises as defined in the “Statistical Indicators of the Overall Statistical System for the ‘Five Priorities’ of Finance” (《金融「五篇大文章」總體統計制度統計指標》), attached to the “Notice of the General Office of the People’s Bank of China on Strengthening the Statistical Work of the ‘Five Priorities’ of Finance” (《中國人民銀行辦公廳關於做好金融「五篇大文章」統計工作的通知》).

² Statistics have been compiled in accordance with S72 Statement on Financing of the Manufacturing Industry issued by the National Financial Regulatory Administration.

Upgrading cross-border financial services to fuel the “powerful engine” of domestic and foreign trade and serve the national opening-up strategy

In an active response to the “Going Global” strategy, the Bank upgraded the “CBHB Cross-Border Link (渤海跨境通)” service brand and established a suite of ten major products to facilitate the integrated growth of domestic and foreign trade with robust financial capabilities. The total volume of international settlements for the year exceeded USD100 billion, representing a year-on-year increase of 48%. It successfully obtained qualification as the first incorporated bank in Tianjin to be a direct participant in CIPS (Cross-border Interbank Payment System). This allowed it to build an efficient, secure and convenient cross-border RMB clearing channel, thereby strengthening its cross-border financial service infrastructure. It completed the launch of the head office-branch model for Free Trade (FT) accounts, relying on the “CBHB Free Trade Connect (渤海自贸通)” brand to deepen relationships with cross-border customer bases, which in turn drove an increase in corporate deposits of over RMB50 billion. The launch of the innovative specialized scheme of “overseas financing and leasing insurance + rental receivable financing” served as a demonstration project for China-Africa financial service cooperation, which provided all-around support for enterprises’ cross-border operations and international cooperation in production capacity.

Building a 5+ treasury service ecosystem to set a “new benchmark” for treasury management

The Bank established an innovative “5+” treasury service system, anchored by three standardized solutions, namely “Smart Version (智享版)”, “Premium Version (尊享版)” and “Direct Link Version (直通車)”. The implementation of such layered and classified services allowed for tailored services that precisely addressed the diverse treasury management needs of enterprises of varying sizes and types. Focusing on core scenarios such as industrial operations and cross-border development, it deeply strengthened its supply chain finance to develop scenario-based treasury solutions and established a global treasury framework to support enterprises in their overseas expansion. By integrating into daily settlement scenarios such as payroll agency distribution and expense reimbursement, it formed a service structure characterized by “standardization as the foundation, scenario-based extension and full-ecosystem integration”. Through professional and intelligent treasury services, the Bank assisted enterprises in achieving more refined fund operations and strategic treasury management. In 2025, a total of 204 enterprises signed up and were onboarded onto the system, with operations spanning 16 provinces and cities. The coverage rate connecting to state-owned enterprises in Tianjin reached 42%, and settlement volume exceeded RMB171.6 billion, which earned the Bank numerous authoritative recognitions, including the “Sinan Award for the Excellent Bank for China Treasury Construction”.

Investment banking business

During the Reporting Period, the investment banking remained committed to the FPA-oriented operational transformation. It focused on building a light-model bank by revitalizing the existing assets, utilizing incremental assets and facilitating transaction flows. Leveraging products with comparative advantages as a breakthrough point for business, it strengthened its ability to acquire customers and improve profitability through capital-efficient methods, including bond underwriting, transaction facilitation, asset transfer and engaging with wealth management subsidiaries.

During the Reporting Period, it underwrote a total of 577 bonds of various types, with a total underwriting amount of RMB214.899 billion, representing a year-on-year increase of 26.60%. Of these, 141 were innovative bonds and special products, totaling RMB38.939 billion, representing a year-on-year increase of 93.84%. It conducted 11 credit risk mitigation (CRM) transactions totaling RMB1.779 billion. The size of the facilitation business amounted to RMB110.920 billion, representing a year-on-year increase of 32%.

The M&A loan business was closely aligned with national industrial policies and focused on the development needs during the critical transition between old and new economic growth drivers. During the year, it successfully executed multiple projects, including industrial transformation and upgrades for state-owned enterprises, M&A for listed companies, private enterprise participation in restructuring and M&A, and M&A for technology firms that use specialized and sophisticated technologies to produce novel and unique products. This achieved full coverage of typical transaction scenarios, efficiently facilitating industrial upgrades and economic transformation.

The syndicated loan business continued to focus its efforts on sectors such as infrastructure construction, urban renewal, aerospace and cultural tourism consumption. By completing several benchmark projects and precisely meeting the financing needs of major initiatives, it effectively empowered the high-quality development of regional economies.

The capital market business advanced with a steady layout and targeted efforts, achieving several breakthroughs and maintaining strong development momentum. The special loan business for stock repurchases and shareholding increases was conducted in an orderly manner to serve the market capitalization management needs of listed companies, thereby injecting strength into the stable development of the capital market.

Inclusive finance business

During the Reporting Period, the Bank rigorously implemented the decisions and deployments of the CPC Central Committee and the State Council regarding inclusive finance, earnestly complied with regulatory policy requirements, and actively embraced the political and people-centric principles of its finance operations. By driving growth in volume, expanding coverage, reducing costs and improving quality, it effectively executed the major initiative of inclusive finance. Adhering to the development strategy of being “authentic, refined and high-quality”, and guided by a development concept of technology empowerment through “digitalization, platforms, scenarios and ecosystems”, it established four major inclusive product line series, namely the “Chain Series (鏈系), Data Series (數系), Fast Series (快系) and Tech Series (科系)”. These series integrated inclusive financial services into various production and operational scenarios for micro and small enterprises (MSEs), explored new models for digital inclusive finance, and comprehensively promoted the high-quality development of financial services for MSEs. It actively implemented a coordination working mechanism to support MSE financing and efficiently engaged with MSE entities in an effort to improve the precision and adaptability of services. It provided precise empowerment to strategic emerging fields such as high-end manufacturing, green manufacturing and intelligent manufacturing, channeling vital financial support to assist enterprises with technological breakthroughs, capacity upgrades and coordinated supply chain development. It accelerated the development of digital inclusive finance and focused on the digital upgrade of inclusive finance through an “online, intelligent and scenario-based” approach. The creation of the online product factory, “CBHB Digital E-Loan (渤銀數E貸)”, facilitated the optimization and innovative upgrading of key products, thus effectively enhancing customer experience and satisfaction.

As of the end of the Reporting Period, the balance of inclusive loans of the Bank amounted to RMB59,068 million, representing an increase of RMB3,797 million or 6.87% as compared to the end of the previous year. The number of inclusive loan customers was 146,688, representing an increase of 17,223 as compared to the end of the previous year. The average loan execution rate was 4.19%, representing a decrease of 13 basis points (BPs) as compared to the end of the previous year.

(II) Retail Banking Business

During the Reporting Period, the retail banking firmly implemented the three major bank strategies of “account-oriented bank, wealth management bank and ecosystem-based bank”. Adhering to a customer-centric approach, it enhanced its asset allocation capabilities to meet the diversified wealth management needs of its customers. Management efforts were guided to concentrate on customer acquisition, deeper engagement with customers, channel synergy and the integration of marketing resources. By leveraging digital empowerment to stimulate marketing momentum and strengthening compliance to solidify the risk baseline, it achieved steady growth in its retail business.

Customer development

During the Reporting Period, the Bank built a diversified growth engine for retail customers to improve the quality and efficiency of customer development. Focusing on making accounts “easy to open, user-friendly and value-adding”, it optimized the account opening process and established a benefits system for customer growth. It strengthened the synergy between wholesale and retail banking, upgraded exclusive products and services for the agency customer base, and enhanced the operational value of the agency customer base. It deepened ecosystem cooperation with new economy platforms involving government services and public well-being, consumer retail and industrial supply chains. It innovated a grid-based marketing model for customer acquisition around branch networks and integrated online and offline channels to extend the reach of financial services. It explored innovative applications of AI technology, strengthened digital middle-office capabilities, and accelerated the digital and intelligent transformation of the retail business. As of the end of the Reporting Period, the number of retail customers increased by 6.93% year-on-year, among which mid-to-high-end customers increased by 10.64% year-on-year. Meanwhile, the Bank vigorously expanded its digital ecosystem-based development, continuously optimizing financial service cooperation with internet platform enterprises. As of the end of the Reporting Period, a total of 22,536,300 individual customers were served.

Wealth management

During the Reporting Period, the Bank developed a collaborative “omni-channel” wealth platform and constructed a “full-matrix” open product offering. It selectively introduced market-competitive agency products, such as wealth management, insurance, trusts and funds, and strengthened product innovation and R&D capabilities. This enhanced the adaptability of products to customer needs and scenarios and satisfied customers’ diversified investment needs. The Bank enriched the private banking wealth inheritance service system, “Enjoy Bohai (渤享家)”, and improved the level of its professional services. Actively fulfilling its social responsibility, it launched the “Building Dreams Together” series of charitable wealth management products. It continuously upgraded the “Botai (渤泰)” pension finance service system, built a diversified offering of pension products, broadened account application scenarios, and accelerated the expansion and quality improvement of personal pensions. As of the end of the Reporting Period, the size of agency wealth management, agency trusts, premiums from traditional insurance agency for the year and deposits into personal pension accounts increased by 11.73%, 15.69%, 45.43% and 46.0% year-on-year, respectively.

Liability business

During the Reporting Period, the liability business followed the principle of high-quality development to actively promote the optimization of its liability structure. Supported by optimized payment and settlement functions and more convenient service scenarios, it actively broadened low-cost funding sources and reduced interest costs. In an active response to changes in customer demands for asset safety and liquidity, it iteratively improved its product portfolio and online/offline service functions, optimized product supply, and utilized digital means to enhance its ability to serve customers precisely and improve the customer transaction experience. As of the end of the Reporting Period, the balance of retail deposits achieved steady growth, representing a year-on-year increase of 11.01%.

Asset business

During the Reporting Period, in closely responding to national policies and centering on customer needs, the retail asset business enhanced its comprehensive financial service capabilities, supported consumption growth, and promoted high-quality development. The continuous optimization of the retail asset structure yielded significant results. It deepened the housing mortgage business through enhanced channel cooperation and streamlined online procedures, fully supporting residents' essential and improvement-related housing needs. By focusing on block-chain scenarios, it achieved bulk acquisition of customers for personal business loans, increased financial support for the real economy, and improved the quality and efficiency of inclusive finance. The Bank accelerated functional upgrades for personal consumption loans, with comprehensive consumer finance development contributing to consumption growth. As of the end of the Reporting Period, the balance of personal loans amounted to RMB204,008 million.

(III) Financial Market Business

During the Reporting Period, closely aligned with the directives of the Central Financial Work Conference, the financial market business of the Bank continued to deeply comprehend and actively implement the strategic deployment of the "five priorities" of finance, fully executing the Bank's mission of transformation, revitalization and high-quality development. Focusing on the three major banking business positions of "agency bank, bond bank and asset management bank", with investment and research capabilities as the core, trend management as a key lever, and customer service as the guiding principle, it strengthened the bond business model and product innovation while firmly securing its liquidity baseline. It made steady progress in the scale of various businesses and greatly improved the transaction ranking. Committed to collaborative growth in customer operations, it provided one-stop integrated financial services covering currency, bonds, foreign exchange, precious metals, as well as interest rate, exchange rate and credit derivatives, thereby effectively serving the development of the real economy.

During the Reporting Period, the Bank successfully launched the new-generation integrated funds business management system, achieving seamless, straight-through processing across the front, middle and back offices of the financial market business. This advancement not only effectively enhanced the level of refined business management but also strengthened its business flexibility and risk management capabilities within a complex market environment, providing multi-dimensional, profound and robust support for the financial market business of the Bank. The system represented a comprehensive leap from "basic support" to "value creation" in terms of business functionality, data quality and information technology application innovation. It laid a solid foundation and injected momentum into the high-quality development of the financial market business, marking a significant milestone in advancing the digital transformation strategy of the Bank.

Bond business

Facing the complicated and changeable bond market, the Bank strengthened the bond business development, flexibly utilized a multi-strategy portfolio in asset allocation, actively explored bond trading value, earnestly fulfilled its obligation as a comprehensive market maker in the inter-bank bond market, enriched the variety of market-making transactions, and steadily improved comprehensive income from bonds.

During the Reporting Period, the Bank's "Bond Center" coordinated the whole Bank's bond business development, met customers' direct financing and indirect financing needs through comprehensive financial service schemes, actively participated in projects such as technology finance, green finance, inclusive finance, pension finance and digital finance, and strengthened financial support for key economic areas so that the Bank could elevate the customer level and comprehensive income.

During the Reporting Period, the Bank remained at the forefront of market developments by comprehensively enhancing the quality and efficiency of financial services for technological innovation to channel “patient capital” to the frontlines of innovation. During the Reporting Period, the Bank successfully issued the first tranche of technology innovation bonds of RMB5 billion, becoming one of the first ten incorporated banks in the market to issue technology innovation bonds. The Bank launched the “Bohai Bank – CITIC Securities – Joint Quotation Basket for Sci-Tech Bonds of Beijing-Tianjin-Hebei Enterprises (渤海銀行—中信證券—京津冀企業科創債聯合報價籃子)”, marking it as one of the first institutions nationally and the very first in the Beijing-Tianjin-Hebei region to establish and quote the sci-tech bond basket, thus injecting vital liquidity into the sci-tech sector. In 2025, the Bank remained focused on the sci-tech sector by increasing resource allocations and investment efforts, with a 142% increase in the total annual investment.

In collaboration with the ChinaBond Pricing Center, the Bank issued the “ChinaBond – Bohai Bank Sci-Tech Innovation Bond Index on New Quality Productive Forces” (中債—渤海銀行新質生產力主題科技創新債券指數) and the “ChinaBond – Selected Index on High-Grade Sci-Tech Innovation Bond Industry” (中債—高等級科技創新債券行業精選指數). As the first indices in the Tianjin region sponsored by an institution and to feature constituent bonds covering national sci-tech innovation enterprises, these indices earned the Bank the 2025 “Pioneering Institution in Innovation Leadership” award from the ChinaBond Pricing Center. The “China Bohai Bank Tianjin Port-Industry-City Integrated Development Bond Basket” was recognized as an “Active Basket”, and the “CBHB Tianjin Local Government Green Bond Basket” was recognized as a “Quotation Star of Bond Basket”. During the Reporting Period, the Bank also received awards from CFETS for the Star of Bond Curve Strategy in March, “X-Lending Star” and “X-Lending Active Institution”.

In terms of bond underwriting, the Bank maintained steady growth with a total underwriting volume of RMB282.728 billion in interest rate bonds, comprising RMB104.450 billion in treasury bonds, RMB107.340 billion in policy financial bonds and RMB70.938 billion in local government bonds. Specifically, the Bank ranked 20th in the size of underwriting the financial bonds issued by China Development Bank, winning the “Excellent Underwriter” award for Financial Bonds of 2025. It ranked 15th in the size of underwriting the financial bonds issued by Export-Import Bank of China, receiving the “Core Underwriter” and “Leading Institution for Green Development Concepts” awards for Financial Bonds of 2025. It ranked 28th in the size of underwriting the financial bonds issued by Agricultural Development Bank of China, earning the 2025 “Green Finance Leader” and “Practitioner of Three Rural Characteristics” awards.

Treasury business

The Bank paid close attention to market trends, strengthened market research and judgment, and actively engaged in various fund trading businesses. During the Reporting Period, the Bank’s trading volume in interbank lending, pledged repo, open market operations, netting settlement at the Shanghai Clearing House and general repo exceeded RMB15 trillion. The issuance of interbank certificates of deposit reached RMB546.56 billion, representing an increase of 35.89% compared to the previous year. The Bank actively developed transaction counterparties and earnestly performed its duty as a primary dealer. It actively participated in various trading and innovative businesses at the China Foreign Exchange Trade System, and was recognized as an active repo trader and an active X-Repo institution by CFETS multiple times, which greatly enhanced its influence in the interbank market.

While facing economic inflation changes at home and abroad, the Bank flexibly utilized various foreign exchange trading strategies to effectively avoid market risks and improve pricing and trading capability. During the Reporting Period, the foreign exchange market business of the Bank grew steadily, with its market influence continuing to strengthen. The Bank was granted the qualification of Trial Forward Swap Market Maker of Interbank RMB Foreign Exchange Market for 2025-2026. In the 2024 Performance Review of Interbank FX Market Makers on Market Making and Trading by CFETS, the Bank was recognized as a “Best RMB FX Forward Swap Market Maker”.

Agency business

During the Reporting Period, centering on the “CBHB Hedging Solution (滬銀避險)” product and service system, the Bank supported the hedging needs of the real economy and promoted the development of its agency fund trading business. It placed high importance on building frameworks for the agency business, refining its product portfolio, and continuously enhancing the expertise and service capabilities of its product manager team. It consistently strengthened customer promotion and marketing, provided customized business solutions, and adhered to the principle of using simple, straightforward products to help enterprises hedge against market price fluctuation risks. In an active alignment with the directives of regulatory authorities, the Bank strengthened the promotion of risk concepts and encouraged corporate customers in the real economy to steadfastly adopt a neutral stance towards exchange rate risk. During the Reporting Period, the Bank maintained steady development in the agency fund trading business.

Interbank business

The Bank made solid progress in its interbank asset and liability business, with a focus on enhancing operational quality and efficiency. During the Reporting Period, the interbank business continued to improve its operational quality and efficiency while maintaining a stable revenue level. On the one hand, it deepened the integrated management of interbank liabilities, diversified funding sources of liabilities, and effectively reduced interest costs. In 2025, the interest rate on the interbank liabilities of the Bank dropped by 50 BPs year-on-year, demonstrating significant results in managing interbank liability costs. On the other hand, through meticulous management, the Bank continuously improved its management capabilities and achieved diversified returns on interbank assets.

The Bank made significant strides in expanding and strengthening its interbank business, achieving significant results in interbank customer marketing. As of the end of the Reporting Period, credit lines granted to the Bank by interbank counterparties increased steadily, laying a foundation for the development of the overall interbank business of the Bank. In 2025, the Bank entered into comprehensive strategic cooperation agreements with institutions such as SPDB and CITIC Securities, which established shared goals to serve national strategies and support the real economy. Meanwhile, the Bank took the lead in developing targeted marketing mechanisms for key customer bases, such as insurance companies, funds and foreign banks. By enhancing coordination between its head office and branches and pooling resources throughout the Bank, it transitioned towards an integrated, customer-centric service system. During the Reporting Period, the number of active interbank customers of the Bank increased by 146%, accompanied by a significant increase in their value contribution.

Wealth management business

The Group continuously enriched its portfolio of wealth management products and optimized their functions to provide high-quality services to customers. During the Reporting Period, it issued 544 wealth management products with a total sales amount of RMB604.553 billion. As of the end of the Reporting Period, there were 559 active wealth management products with a balance of RMB248.932 billion, all of which were net-worth products. Among the wealth management products, closed-end products accounted for 45.07%, and open-end products accounted for 54.93%. Asset allocation within these wealth management products was mainly focused on the fixed income category, of which bonds, bank deposits, public funds, non-standardized debts and bonds purchased under resale agreements accounted for 43.62%, 17.95%, 15.91%, 11.88% and 6.07%, respectively. The remaining 4.57% was allocated to other assets, including equities and interbank certificates of deposit.

Asset custody business

During the Reporting Period, the asset custody business advanced its product restructuring and solidified its development foundation while staying true to its founding principles. It actively served public funds and government investment funds to support the high-quality development of the capital market, expanded its cross-border custody service network to enhance cross-border service capabilities, broadened customer acquisition channels for asset management operations to improve service quality and efficiency, and strengthened technology-driven empowerment to continuously improve the construction of a custody technology system.

(IV) Online Financial Business

Building a collaborative ecosystem for mutual benefit to deepen full-chain service empowerment

In 2025, centering on its ecosystem-based bank strategy with platform cooperation as the core, the Bank achieved scalable customer acquisition, precise operations and enhanced value creation for retail customers through platform empowerment. It established a synergistic system of “platform-based customer acquisition – in-depth retail development – ecosystem-level mutual success”, focusing on key scenarios such as real estate, automobiles and government services and public well-being, with payment and settlement serving as the gateway to simultaneously serve both individual consumers and small and medium-sized enterprises within these scenarios. During the Reporting Period, a total of 34,600 escrow transactions were completed in the second-hand housing transaction scenario, involving RMB16,102 million in personal funds held in escrow. In the government services and public well-being scenario, the Bank facilitated three rounds of government consumption coupon distribution, totaling RMB360 million. On the corporate side, services such as supply chain financing and payroll agency were provided. On the retail side, the Bank offered complementary products including consumer credit, wealth management and mortgages. This formed a closed loop of “customer acquisition – customer engagement – value enhancement”, deepening full-chain service empowerment. The Bank strengthened data-driven capabilities and improved precise intelligent risk control. Relying on diverse data accumulated from ecosystem scenarios, it developed comprehensive retail customer profiles. Through the continuous application of data, it promoted intelligent customer management and achieved the sustainable development of the ecosystem-based customer segments.

Anchoring the three major bank positionings for retail business to steadily improve digital capabilities

In 2025, the Bank’s mobile banking anchored the strategic positioning of being an account-oriented bank, a wealth management bank and an ecosystem-based bank. Acting as the primary channel for retail customer service, it steadily advanced version iterations with the goal of enhancing digital capabilities. Online channels achieved a 97% transaction substitution rate. The Bank improved the service experience of high-frequency accounts, refined the value-added product system, and established a closed-loop marketing mechanism on WeCom. It also finalized the senior-friendly adaptation work for the Elderly Version and released a HarmonyOS version of mobile banking to expand the ecosystem’s service reach. A digital marketing system spanning the head office and branches was established to improve the efficiency of customer management via online channels. The Bank continued to promote the governance of capital chains to combat telecom and online fraud, and built a solid defense line for online financial services.

Focusing on the in-depth construction of an intelligent remote banking system to forge a path for high-quality development of comprehensive financial services

Adhering closely to a “customer-centric” service philosophy, the Bank’s remote banking actively cultivated a new ecosystem for remote financial services through integrated multi-channel operations and enriched business scenarios. In terms of service operations, the Bank utilized digital intelligence to empower human-machine collaboration, deepened innovation in service scenarios and models, and continuously provided customers with an efficient, convenient, professional and friendly service experience. The Bank continuously optimized elderly-friendly financial services and constantly improved the service quality of the “Senior Care Hotline”, providing professional, detailed and warm services to elderly customers. During the Reporting Period, the call connection rate for human-assisted channels was 94.98%, and customer satisfaction was 99.08%. Regarding customer management, the Bank constantly strengthened the construction of an integrated customer management system for remote banking, transitioning from “passive response” to “active service”, and fully built a digital management matrix covering the entire customer lifecycle. The application of AI technology was deeply expanded to comprehensively improve online operational efficiency. During the Reporting Period, the size of remotely managed customers reached 6.26 million, representing a year-on-year increase of 18%, while the number of intelligent management scenarios exceeded 100, representing a year-on-year increase of 21%.

(V) Asset-liability and Financial Management

During the Reporting Period, the asset and liability management of the Bank was guided by the Party building principle and a comprehensive commitment to the concept of high-quality development to actively drive a strategic transformation from “quantitative” accumulation to “qualitative” breakthroughs. On the basis of strictly adhering to the risk bottom line, the Bank effectively fulfilled its management and service functions, systematically planned and coordinated efforts to “stabilize size, adjust structure, increase operating income, and reduce costs”, thereby contributing to the achievement of annual operation goals. The Bank continuously deepened capital policy research, empowered front-end business innovation, optimized resource allocation, and maximized resource potential. In an active response to relevant requirements to rectify disorderly competition in the banking sector, the Bank participated in market competition rationally by avoiding cutthroat pricing wars. It also optimized internal and external pricing strategies within a low-interest-rate environment, guided improvements in comprehensive business returns, and directed more favorable internal pricing towards key areas to support underserved sectors of the real economy. The Bank fully implemented cost reduction and efficiency enhancement requirements, strictly managed fee-based expenditures, continuously reinforced compliance in fee collection, and comprehensively upgraded the digital management of income from intermediary business. It strengthened refined treasury management, enhanced control over liquidity indicators, optimized the allocation of liquid assets, and broadened channels for high-yield treasury investments. It also continuously improved the professional and intelligent level of managing market risk and interest rate risk in the banking book, while promoting the comprehensive implementation of new market risk regulations.

During the Reporting Period, the financial management of the Bank adhered to Party building guidance and consistently implemented the spirit of “responsible, professional and refined China Bohai Bank”. Centered on key initiatives such as the “five priorities” and the “Nine Major Banks” positioning, and the construction of “Five Factories”, the Bank focused on value creation and continuously improved the refinement of financial management to safeguard the Bank’s high-quality development. It strengthened comprehensive budget management, enhanced forward-looking financial management, optimized resource allocation, and increased support for key businesses and frontline operations. It deepened measures for cost reduction and efficiency enhancement by strictly controlling costs and expenditures, minimizing branch construction costs, and actively promoting leaner, higher-quality operations. It accelerated the development of its management accounting system, deepened the integration of financial and business analytics and focused on eliminating blind spots and bottlenecks in data utilization to extend management accounting benefits down to the grassroots level. It refined the accounting system by revising detailed rules and administration measures for various businesses, thereby solidifying the accounting foundation. It strengthened the governance at statistical data sources, optimized regulatory data collection and reporting procedures, and improved the quality and efficiency of data reporting. It followed up on key organizational development tasks, optimized branch network layout management, and standardized the full-process management of branches. It strengthened inspection and supervision, reinforced financial oversight responsibilities, and continuously conducted financial management training to enhance compliance awareness among all employees.

(VI) Information Technology Construction

During the Reporting Period, adhering to the basic principle of serving the real economy with financial services, the Bank fully embraced the new development philosophy, diligently executed the “five priorities” and comprehensively deepened the digital finance agenda. It strengthened its independent control over key proprietary technologies and explored innovative application scenarios for digital technology and data elements, thereby driving the Bank’s high-quality development towards more substantive and in-depth progress.

Fully recognizing the strategic significance of financial standardization, the Bank actively followed relevant requirements for standardization in the financial sector during the Reporting Period. It systematically advanced financial standardization through the following initiatives. Firstly, it organized “Quality Month” activities to reinforce standardization awareness and service quality concepts among all staff, while deepening the dissemination of financial standard knowledge. Secondly, it continuously improved financial product and service compliance by conducting self-assessments for online banking and intelligent devices. It effectively implemented self-declarations and public disclosures of standards to ensure that financial standardization requirements were effectively put into practice and yielded visible results within the Bank.

During the Reporting Period, the Bank accelerated the development of a strategic framework for technology talent, with a focus on building an interdisciplinary team of technology professionals. As of the end of the Reporting Period, the Bank employed 1,473 technology personnel, accounting for 10.49% of its contract employees. Aiming to enhance the effectiveness of technology-driven empowerment, the Bank strengthened the pipeline of multi-skilled talent and actively cultivated technology experts across business lines. By deepening the integration of “technology + business”, it promoted the penetration of digital capabilities into value creation. With digital talents serving as a strategic engine, the Bank has been better positioned to support its high-quality transformation and development.

To fully support high-quality development, the Bank invested RMB1,274 million in technology during the Reporting Period. It strengthened the foundation and empowered development through digital finance, actively embracing new trends in digitalization and intelligence. It successfully launched the new-generation distributed core system, the counter channel system (Phase I loan center), the main project of the integrated funds business management system, and the core functions of the data lake system. These launches represented a milestone achievement in building its digital infrastructure since the Bank’s inception. It continued to unleash the effects of business empowerment with the launch of the “CBHB Treasury (渤海銀司庫)” service system for the first time. It expanded the inclusive finance ecosystem by launching products such as Procurement E-Loan (晉採 E 貸) and Order E-Loan (訂單 E 貸). It improved its pension finance services with the introduction of commercial pension products, achieved the integration and upgrade of the retail CRM system, and created a one-stop portal for retail customer management. The “Development Project for an Autonomous Financial Market Derivatives Valuation and Pricing Engine (金融市場衍生品估值定價引擎自主化建設項目)” won the People’s Bank of China’s 2024 Fintech Development Award, marking a significant breakthrough in its independent risk control capabilities for derivatives. Actively deploying AI applications, it focused on key areas including smart customer service, risk control, investment advisory, automated operations and precision marketing, with several quick-win scenarios now in pilot phases, such as AI-driven risk analysis and the automated generation of corporate due diligence reports, injecting strong momentum into sustained development. The continuous enhancements to its digital and intelligent operations enabled the Bank to serve the real economy with greater quality and efficiency.

During the Reporting Period, the Bank continued to establish a comprehensive, proactive and intelligent operational security system for ensuring stable and efficient operations of all systems. It comprehensively advanced the transformation and upgrading of its IT infrastructure, accelerated the selection and construction of a new off-site disaster recovery center, and initiated the development of an autonomous and controllable AI computing base. It completed the relocation of the Airport Economic Area Data Center and further optimized the disaster recovery deployment structure of the three centers in the same city. These efforts have established a solid technical foundation that strengthened production security and ensured the high availability and stable operation of information systems.

(VII) Business Profile of Overseas Branch

Opened in 2020, the Hong Kong Branch of the Bank is the first licensed overseas branch of the Bank. It is lawfully authorized to conduct corporate banking activities, focusing primarily on two main businesses of wholesale banking business and financial market business. Over the past five years, the Branch has established a strong presence in Hong Kong's international financial center. Leveraging the local mature financial ecosystem and international advantages, it has steadily established a diversified and differentiated business layout, serving as a vital bridgehead for the Bank's internationalization strategy. Using cross-border collaboration as a key driver, and supported by diversified products such as bilateral loans, trade finance and agency fund trading, the Branch has deeply integrated into the unified financial market strategy of the Bank. By establishing a collaborative service system connecting onshore and offshore operations, the Branch has strengthened capital connectivity, customer referrals, and business complementarity. This enables the Branch to provide integrated financial solutions to domestic and international customers, continuously fortifying the Bank's cross-border financial service ecosystem.

During the Reporting Period, the Hong Kong Branch closely aligned itself with the Bank's strategy for high-quality development. It formulated and launched its Second "Five-Year Plan" (2026-2030), striving to simultaneously expand business scale and improve operational quality and efficiency. On the one hand, the Branch deepened its presence in the local Hong Kong market, focusing on the needs of high-quality local enterprises and key industries to solidify its operational foundation. On the other hand, it strengthened collaborative synergies with the head office and domestic branches. The Branch actively explored innovative cross-border financial models and expanded into areas such as interbank fund transactions, bond investments, certificate of deposit issuance and foreign exchange trading, effectively diversifying its revenue sources. As of the end of the Reporting Period, the total assets of the Hong Kong Branch of the Bank were the equivalent of HKD21.689 billion.

(VIII) Business Profile of Subsidiary

Established on September 6, 2022, with its registered office in Tianjin and a registered capital of RMB2 billion, CBHB Wealth Management is a wholly-owned subsidiary of the Bank, principally engaged in the issuance of wealth management products, investment and management of the entrusted investor assets, and consultancy and advisory services on wealth management. As of the end of the Reporting Period, CBHB Wealth Management had total assets of RMB2,760 million and net assets of RMB2,634 million, and achieved operating revenue of RMB417 million and net profit of RMB222 million during the Reporting Period.

During the Reporting Period, CBHB Wealth Management actively implemented the decisions and deployments of the CPC Central Committee and took the initiative to promote the “five priorities” of finance to serve regional economic and social development. The total asset investments for the year amounted to RMB206.572 billion, representing an increase of RMB55.423 billion or 36.67% as compared to the previous year. Investments in green bonds amounted to RMB8.674 billion, representing a year-on-year increase of 166.48%, and investments in sci-tech innovation bonds amounted to RMB14.415 billion, representing a year-on-year increase of 42.47%, effectively enhancing the quality and efficiency of financial services for the real economy. It issued thematic wealth management products linked to the Tianjin Port-Industry-City Integration Development Bond Index and the Tianjin Pilot FTZ Financial Innovation and Financial Leasing Credit Bond Index, contributing to the high-quality development of the regional economy. The scale of wealth management products saw substantial growth. As of the end of the Reporting Period, products under management amounted to RMB248.932 billion, representing an increase of RMB83.097 billion or 50.11% as compared to the end of the previous year, placing its growth rate at the forefront of the industry. Significant progress was made in expanding external distribution channels. As of the end of the Reporting Period, it established partnerships with 116 external institutions, including large state-owned banks, joint-stock banks, city and rural commercial banks and private banks. The size of wealth management product sales through these external agency channels reached RMB74.807 billion, representing an increase of RMB50.656 billion or 209.75% as compared to the end of the previous year. It continued to diversify its product offerings and improve product performance to deliver stable value to a vast investor base. During the Reporting Period, it focused on launching mixed-asset and fixed-income enhanced wealth management products, establishing a multi-strategy product matrix that includes fixed income + dividend, multi-asset, convertible bonds, gold, IPO subscription and deposits/certificates of deposit, as well as sector rotation. This differentiated supply catered to the diverse wealth management needs of customers. Upholding the concept of wealth for good, it issued green, sci-tech, and charitable wealth management products, as well as exclusive tranches for elderly customers. During the Reporting Period, 253 closed-end products matured, with 99.60% delivering returns that exceeded the lower limit of their performance comparison benchmarks. It served over 1.1 million investors, generating more than RMB4.8 billion in returns for investors.

X. COMPREHENSIVE RISK MANAGEMENT

(I) Comprehensive Risk Management Summary

The Bank strictly maintains the bottom line of risk management, continuously establishing an “independent, balanced and efficient” risk management system. Firmly grasping the two main themes of “serving the real economy and preventing and controlling financial risks”, the Bank maintains a steady and prudent risk appetite. It strengthens risk prevention and control capabilities in key areas, enhances the digitalization of risk management, and promotes the transformation of risk management from passive defense to proactive enablement, effectively ensuring the steady, balanced and sustainable development across all businesses of the Bank.

The Board of Directors of the Bank assumes the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee is set up under the Board of Directors, which is responsible to the Board of Directors. The senior management of the Bank shall assume the responsibilities for implementing comprehensive risk management and executing the resolutions of the Board of Directors. The Risk Control Committee operates under the senior management to assist in fulfilling the comprehensive risk management duties of the senior management. The Bank has appointed a senior executive in charge of the risk management function (Chief Risk Officer), who is responsible for leading relevant departments within the risk management line to operate under the Bank’s risk management framework. The Chief Risk Officer maintains independence and may report directly to the Board of Directors regarding comprehensive risk management matters. By establishing and strengthening mechanisms such as branch-level risk control committees, post-lending review meetings and monthly risk management directors’ meetings, the Bank reinforces the organizational guarantees for risk management across the head office and branches, enhancing the coordinated risk prevention and resolution capabilities of the entire organization.

The institutions and functional departments of the Bank at all levels constitute the three lines of defense of the comprehensive risk management system, each assuming corresponding risk management responsibilities. Business departments at all levels serve as the first line of defense, bearing direct responsibility for risk management. Risk management departments at all levels serve as the second line of defense, responsible for formulating policies and processes, as well as monitoring and managing risks. Audit departments at all levels serve as the third line of defense, responsible for auditing the performance of duties by business and risk management departments, and conducting oversight and evaluation of risk management activities within the first and second lines of defense.

(II) Credit Risk

During the Reporting Period, the Bank continued to establish an “independent, balanced and efficient” risk management system with comprehensive enhancements to its risk control capabilities. While navigating the challenges in a low-interest-rate environment, the Bank closely monitored potential credit risk pressures arising from macroeconomic shifts and structural adjustments in certain industries. It focused on enhancing its resilience in risk response by focusing on consolidating asset quality, strengthening foundational management, optimizing credit structures, and refining system & models to ensure steady and improving asset quality. Overall, credit risk remained stable and under control, and no major substantive credit risk incidents occurred.

The first is to consolidate asset quality. The Bank remained vigilant in risk prevention and control and guarded the bottom line of preventing major risks. It continued to excel in the collection and resolution of key monitored assets and set up a special team for risk resolution of large key monitored customers. It reinforced the working mechanism for the disposal of non-performing assets, continuously strengthened the establishment of the asset preservation team, systematically standardized collection management, and clarified work requirements to solidify the foundation for collection. It commenced the tracking and evaluation of designated group customers, developed a tracking list of large group customers, and delegated monitoring responsibilities to individuals. It closely monitored the risks of large group customers, conducted real-time monitoring of sudden public opinion and abnormal business trends of large enterprise group customers, and widely collected and deeply analyzed customer risk information. It monitored credit conditions in key areas and dynamically assessed industry risks. It continuously strengthened the collection and disposal of non-performing assets and optimized assessment and incentive mechanisms to further stimulate the enthusiasm for working and innovation, and enhanced the quality and efficiency of risk resolution, thereby supporting the overall business development of the Bank. As of the end of the Reporting Period, the Bank had an NPL ratio of 1.66%, representing a decrease of 0.1 percentage point as compared to the end of the previous year. The allowance coverage ratio was 162.16%, and the allowance to gross loan ratio was 2.68%, which achieved the dual objectives of stabilizing asset quality and defending against expected credit risks.

The second is to strengthen basic management. The Bank launched a collateral management system comprising 13 major modules and 49 functions to achieve three-dimensional control over collateral across its full lifecycle, all categories and all related counterparties. It made earlier intervention in risk control and improved active management by establishing pre-approval communication channels and rapid response mechanisms. It continued to optimize and implement risk control strategies to be proactive, rational, classified and dynamically responsive to changing conditions, aiming to enhance quality and efficiency. It comprehensively upgraded the credit approval management system, with a focus on retail and inclusive finance, and approval personnel were reintegrated into the risk management function. It optimized the branch-level supervision model to establish a tight local risk control network. Regular reviews and credit re-examinations were conducted to promote issue rectification through experience gained. It comprehensively improved its risk assessment capabilities to safeguard steady development with professional expertise. It continuously refined retail credit risk procedures by establishing management standards for retail credit risk strategies and clarifying requirements for full lifecycle strategy management. It standardized eight workflow steps, including pre-loan due diligence and credit approval, with 22 functional enhancements introduced to boost digitalization and standardization. It iteratively improved the retail credit risk control strategy framework to continuously optimize risk strategies.

The third is to optimize the credit structure. The Bank established a multi-dimensional collaborative framework for risk appetite transmission and issued the China Bohai Bank 2025-2026 Credit Policy. These efforts established a four-dimensional cross-risk appetite system encompassing “Industry + Region + Customer + Product”, forming a governance mechanism that is vertically integrated and horizontally coordinated. At the industry level, the Bank enhanced comprehensive credit strategies for both emerging and traditional fields, covering ten segments and 66 sub-industries. Regarding structural adjustment, it achieved industry breakdown into 1,382 sub-segments guided by a clear four-pronged approach: “Enter, Protect, Control and Reduce Exposure”. In terms of regional development, it implemented a “One Branch, One Policy” approach, formulating differentiated policies for 34 branches to embed risk appetite directly into frontline operations and guide practical execution.

The fourth is to improve the system & model. The Bank developed and optimized 19 models, including domestic bank customer rating models and residential mortgage loan application scoring models. An enterprise-level model management platform was established, cataloging over 200 model assets across the Bank. Amendments were made to 10 model governance policies to further strengthen process management across all lifecycle stages, including development, validation, implementation, optimization and decommissioning. The Bank independently developed a customer-level model for retail banking services that integrates internal and external multi-dimensional data and incorporates all retail products. This model dynamically adapts to the current economic cycle to conduct objective and comprehensive evaluation of customer credit risk level, providing effective tools for customer approval, new product risk assessment, cross-product risk identification, cross-selling, risk warning and unified credit granting. The Bank actively explored the application of AI tools in credit approval, developing a Q&A-style retrieval function for compliance regulations to streamline information screening and improve credit decision-making capabilities.

(III) Liquidity Risk

The Bank maintains a steady and prudent liquidity risk appetite. Based on cash flow gap analysis, the Bank utilizes tools such as intraday position management, early-warning indicators and limit control, supported by stress testing and emergency drills, to strengthen market forecasting and implement dynamic risk management, ensuring liquidity risk remains within established limits. The Bank has established and continually improves a comprehensive and systematic liability management and risk control system, consistently enhancing the efficiency and quality of financial services for the real economy. All liquidity risk policies and systems of the Bank are aligned with both regulatory requirements and internal management needs.

The Bank adopts a centralized approach with respect to its liquidity risk management under the policies and guidance of the Board of Directors. Liquidity risk is managed on three levels from the Board of Directors to senior management and down to individual departments, so that the whole bank is involved in the liquidity risk management. As the leading department in managing the liquidity risk, the Assets and Liabilities Management Department is responsible for leading the formulation of liquidity risk management strategies, policies and procedures, as well as leading the identification, measurement, monitoring, analysis and control of liquidity risks. Management departments across the Bank, such as corporate banking, retail banking and financial market lines, along with subsidiaries, overseas branches and domestic branches, conduct business in compliance with the policies, risk appetites, procedures, limits and requirements set by the Board of Directors and senior management.

The Bank maintains a prudent approach to liquidity risk management. Regarding intraday liquidity risk, adhering to the principle of ensuring payment security, the Bank manages positions in an integrated manner across both domestic and foreign currencies. This involves calculating funding requirements for various transactions on a per-currency basis and rationally deploying short-term investment and financing strategies to balance liquidity with profitability, ensuring bank-wide payment security. For medium- and long-term liquidity risk, the Bank strengthens the dynamic management of asset and liability maturity structures. Through measures such as price guidance, updated investment and financing strategies and internal limits, the Bank achieves the expansion of stable funding sources and the optimization of the asset-liability maturity profile.

The Bank's core indicators of liquidity risk mainly include liquidity ratio, liquidity coverage ratio, net stable funding ratio and liquidity matching ratio. To ensure that the core indicators are in line with the Bank's risk appetite, the Bank has formulated a planning scheme with reference to the above indicator preferences and broken it down accordingly into the liquidity management scheme of each business. The Bank has set internal limits for liquidity risk. It continuously monitors, analyzes and controls regulatory indicators and internal limits, guiding operating departments to effectively manage and monitor liquidity risk in their daily operations to ensure bank-wide liquidity safety.

In order to cope with the potential impact arising from fluctuations in the capital market and changes in the macroeconomic environment, the Bank conducts daily alert monitoring for liquidity risk, quarterly liquidity risk stress tests, and annual evaluations of stress test models to update and adjust the parameters and conditions of stress tests. It also conducts liquidity emergency drills on an annual basis to ensure early detection of risk alerts and early risk prevention, comprehensive coverage of emergency scenarios, and full control of contingency procedures. The Bank's stress tests implemented the shortest lifetime management of the Bank to test the Bank's tolerance of liquidity risks. The Bank's shortest lifetime consistently exceeds the regulatory requirement of 30 days.

The Bank has formulated the Liability Quality Management Measures of CHINA BOHAI BANK CO., LTD., which establishes a liability quality management system compatible with the Bank's business strategy, risk appetite and overall business characteristics, on three levels from the Board of Directors to senior management and down to individual departments. The Bank adopts a centralized approach featuring joint monitoring and standardized statistics with respect to its internal management model. Since 2025, the Bank has formulated liability quality management strategies focusing on the stability of liability sources, the diversity of liability structures, the rationality of matching liabilities with assets, the initiative in acquiring liabilities, the appropriateness of liability costs, and the authenticity of liability items, constantly optimized the liability structure, reasonably promoted the growth of liability scale, and ensured the steady development of the Bank's liability business. During the Reporting Period, the Bank attached great importance to liability quality management, achieving an overall improvement in liability quality, with all regulatory indicators in line with regulatory requirements.

During the Reporting Period, the liquidity remained reasonably adequate with a stable and controllable liquidity risk level, all liquidity regulatory indicators met regulatory requirements, and major monitoring indicators operated smoothly. No such significant and material risk incidents occurred during the Reporting Period. As of the end of the Reporting Period, the Group's liquidity ratio indicator reached 84.62%; the liquidity coverage ratio was 156.73%; the net stable funding ratio was 115.08%; the liquidity matching ratio (on a legal person basis) was 126.90%.

According to the requirements of the Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks (《商業銀行淨穩定資金比例信息披露辦法》), the following table sets out the Group's net stable funding ratio, available stable funding for the numerator item, and required stable funding for the denominator item at the end of December and September 2025:

(Unit: RMB'000)

	December 31, 2025	September 30, 2025
Net stable funding ratio (%)	115.08	113.16
Available stable funding (in RMB)	1,129,147,934	1,079,695,740
Required stable funding (in RMB)	981,175,278	954,101,269

The following table shows the Group's liquidity coverage ratio indicator:

(Unit: RMB'000)

	December 31, 2025	September 30, 2025
Liquidity coverage ratio (%)	156.73	157.51
Qualified high-quality liquid assets (in RMB)	265,317,469	224,838,549
Net cash outflow in the next 30 days (in RMB)	169,281,180	142,742,759

The following table shows the analysis of the Group's non-derivative assets and liabilities based on the relevant remaining maturity dates:

(Unit: RMB'000)

	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Indefinite	Total
Assets	262,074,218	135,350,778	108,709,359	401,212,092	478,366,120	427,005,402	119,668,330	1,932,386,299
Liabilities	326,342,792	264,172,149	276,811,001	625,035,065	296,746,628	14,708,709	3,928,146	1,807,744,490
Net liquidity	(64,268,574)	(128,821,371)	(168,101,642)	(223,822,973)	181,619,492	412,296,693	115,740,184	124,641,809

(IV) Market Risk

The Bank has implemented new requirements under the Administrative Measures on Market Risk of Commercial Banks. It incorporates market risk into the comprehensive risk management framework, and establishes the 3-level top-down market risk management structure comprised of the Board of Directors, senior management and administrative departments. The Board of Directors assumes the ultimate responsibility for market risk management, reviews and approves market risk management policies and procedures, and determines the risk appetite and the level of market risk the Bank can tolerate. The senior management assumes the responsibility for the implementation of market risk management. The Assets and Liabilities Management Committee under the senior management is responsible for developing, regularly reviewing and overseeing the policies, procedures and workflows relating to market risk, and delineates market risk limits based on the risk appetite outlined by the Board of Directors. The business operation departments, the Assets and Liabilities Management Department at the head office and the internal audit departments form the three lines of defense for market risk management of the Bank. In particular, the Assets and Liabilities Management Department at the head office is responsible for leading the establishment of the market risk identification, measurement, monitoring, control and reporting mechanisms to ensure that the risk appetite set by the Board of Directors is met.

The Bank's market risk management is governed by a comprehensive, sound and prudent principle, and its overall goal is to control the market risk level within its tolerance, by organically combining the identification, measurement, monitoring and control of market risks with the Bank's major operational and management activities, including strategic planning, business decision-making and financial budgeting. During the Reporting Period, market risk had no significant impact on the Bank's operation and management.

The Bank has established a comprehensive market risk management system covering all aspects, including identification, measurement, monitoring and control. In respect of trading books, the Bank mainly measures, manages and controls market risk through basis point value, value at risk (VAR), position limit, duration and stop-loss limits to ensure that the anticipated income of the trading books matches the trading exposure. In response to exchange rate risk, the Bank applies exposure analysis and limit management, and effectively manages on-balance sheet foreign exchange risk exposure through derivative financial instruments, such as exchange rate swaps and exchange rate forwards, so as to keep the Bank's total foreign currency exposures to a low level. During the Reporting Period, the cumulative foreign exchange exposure ratio within the scope of consolidation of the Bank was 1.26%. In addition, the Bank conducts stress tests on a regular basis to identify and measure the potential impacts under unfavorable market condition.

The Bank's market risk-weighted assets measurement uses the simplified standardized approach, and the market risk capital provision covers interest rate risk and specific risks in the trading books, as well as all exchange rate risks and commodity risks. As the trading position is relatively small, the market risk capital occupation is low. During the Reporting Period, the Bank had no significant and material market risk incidents.

(V) Interest Rate Risk in the Banking Book

In strict compliance with relevant requirements under the Guidelines for the Management of Interest Rate Risk in the Banking Book of Commercial Banks (Revised), the Bank has established a comprehensive governance structure and management procedure for interest rate risk in the banking book, covering interest rate-sensitive banking book assets, liabilities and relevant off-balance sheet items. The Bank manages interest rate risks in the banking book primarily through measurement methods such as gap analysis, duration analysis, sensitivity analysis and scenario analysis, covering major risk sources including gap risk, basis risk and option risk. The Bank continuously optimizes its net interest margin (NIM) analysis system, which integrates both dynamic and static approaches. Based on quantitative models and qualitative analysis, it continually strengthens its forecasting and analysis of interest rate trends to provide a solid basis for decision-making regarding asset and liability structure allocation. During the Reporting Period, the interest rate risk in the banking book of the Bank remained stable and controllable, with no material impact on the operations or management of the Bank.

(VI) Operational Risk

Operational risk is the risk of losses due to problems with internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the Reporting Period, in accordance with the regulatory requirements, such as the Measures for the Administration of Operational Risks of Banking and Insurance Institutions and taking into account actual conditions, the Bank completed the optimization of its operational risk management system. It revised its operational risk management appetite and policies, and formulated specific administration measures for risk assessment, monitoring and loss data collection. The Bank established operational risk monitoring indicators covering key business and functional management areas, completed the collection of historical loss data, and implemented a routine mechanism for data collection, with a new operational risk management system rolled out across the Bank. Building on this foundation, the Bank launched an operational risk engineering project guided by an "integrated dual-perspective" work principle. This project comprehensively identified and assessed operational risks in key processes of the main businesses, which achieved a dual improvement in both risk prevention & control and process performance, thereby supporting the Bank's goal of high-quality transformation and development.

During the Reporting Period, the Bank had no material operational risk incidents.

(VII) Capital Management

1. *Capital management structure, management objectives and management measures*

The Bank has established a sound capital management system. The Board of Directors assumes the ultimate responsibility for capital management, determines the capital risk appetite, reviews and approves the capital management policies, and authorizes the senior management to exercise capital management functions. The senior management authorizes the Assets and Liabilities Management Committee to specifically exercise the capital management functions and implement the capital planning and capital adequacy ratio objective management. The Assets and Liabilities Management Department is responsible for daily capital management, building the capital management system and process, and taking the lead in implementing the requirements and objectives of the Board of Directors and the senior management on capital management, in order to ensure that the capital management of the Bank meets the risk appetite requirements.

The Bank implements comprehensive capital management, including capital planning, capital allocation and evaluation, capital monitoring and early warning, internal capital adequacy assessment, capital replenishment and emergency measures, capital measurement and reporting, information disclosure, etc. The capital management objectives of the Bank are to stabilize the capital base, enhance capital strength, promote bank value creation with economic capital as the core, achieve a beneficial balance among capital constraints, risk management, and shareholders' returns, and maintain a satisfactory level of capital adequacy, so as to effectively deal with major risks and unexpected losses faced by the Bank, and ensure the Bank's steady operation and sustainable and healthy development. The Bank calculates, manages and discloses the capital adequacy ratio based on the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulations. During the Reporting Period, the capital adequacy ratio of the Bank at all levels met regulatory requirements.

To achieve the above capital management objectives, the Bank adopted the following measures during the Reporting Period: reasonably assessed the capital supply and demand and the capital gap and formulated medium- and long-term capital planning and annual capital planning based on the principle of prioritizing capital constraint in accordance with the strategic orientation and risk appetite after fully considering the changes in the external operating environment; continued to improve the capital replenishment mechanism of "endogenous capital replenishment as the main body and exogenous capital supplementation as the support", successfully issued undated capital bonds of RMB10 billion while continuously enhancing its profitability, thereby effectively consolidating the Bank's capital strength and improving capital indicator performance; enhanced its forward-looking approach to capital budgeting. By reasonably considering various factors, including internal and external capital replenishment, risk resolution, and integrated operations, it prepared annual and quarterly capital budgets and dynamically adjusted structural allocation. It also proactively refined its risk-weighted asset allocation mechanism to strengthen the synergy and linkage between resource allocation and business development. This enabled business lines to operate with greater flexibility in resource allocation on the basis of strictly observing regulatory bottom lines, providing strong support for the sound development of key businesses of the Bank; strengthened the core concept of capital value creation, improved the capital allocation and assessment system with capital efficiency indicator as the core, promoted the in-depth application of economic capital in resource allocation, differentiated pricing and performance assessment, and conveyed the concept of paid use of capital from multiple perspectives; actively promoted the "light capital" strategic transition by proactively managing and dynamically adjusting its asset mix to appropriately regulate the allocation of capital-consuming businesses, thereby achieving capital-efficient transformation; continuously enhanced the functionality of its capital management system, ensuring seamless data connectivity and the accuracy of capital measurement rules to support effective capital management; consistently strengthened the quality of its underlying data through a full-cycle "blood source" management mechanism, enhancing traceability and analysis of data quality at the business line and product levels to minimize inefficient capital consumption at its source; continued to improve the management framework for recovery plans under crisis scenarios of the Bank, optimized the governance structure and working mechanism, and formed differentiated recovery and resolution strategies based on multi-perspective stress tests and triggering mechanism settings to ensure the sustainability and stability of core business functions under extreme scenarios; carried out annual internal capital assessment process covering all major risk categories, systematically assessed capital supply and demand under capital additions and stress scenarios, and formulated emergency plans to deal with stress situations, while optimizing the Pillar 2 capital surcharge mechanism in line with the latest regulatory requirements to improve the comprehensive risk management framework of the Bank.

2. Method and procedure for internal capital adequacy assessment

The Bank's internal capital adequacy assessment process includes key sectors such as governance structure, risk appetites, risk identification and assessment, capital adequacy ratio stress test, capital assessment, capital planning and emergency management. Based on comprehensive consideration and assessment of the main risks faced by the Bank, we measured the matching level of capital and risk and established a management system that integrated risk and capital to ensure that we maintain a capital level consistent with our risk profile in different market environments.

During the Reporting Period, based on the overall requirements of comprehensive risk management and with reference to the management requirements in relation to Pillar 2 under the Rules on Capital Management of Commercial Banks (《商業銀行資本管理辦法》), the Bank continued to improve its internal capital adequacy assessment system with comprehensive risk coverage. At present, the Bank has formed a relatively standardized governance structure, a supporting policy management system, a complete assessment process, a regular monitoring and reporting mechanism, and an internal audit system, which have met the external regulatory requirements and internal management needs. The current internal capital adequacy assessment process has a sound governance structure and clear division of responsibilities in place to control various risks effectively. The capital level is commensurate with the risk appetites and risk management level and the capital planning is compatible with the operating conditions of the Bank, risk change trends, and long-term development strategies.

3. The management plan for capital planning and capital adequacy ratio

The Bank has formulated the Capital Management Plan of CHINA BOHAI BANK CO., LTD. for 2025-2027 (《渤海銀行股份有限公司2025-2027年資本管理規劃》) in accordance with the relevant regulatory requirements. Building on prudent and sound capital management objectives, and taking into account such factors as macroeconomic situation, regulatory policies and the Bank's strategic transformation planning, risk appetites and risk assessment results, and financing capabilities, the Bank reasonably determined its internal management objective of capital adequacy ratio and prudently estimated the future capital supply and demand. Adhering to the overarching principle of "endogenous capital replenishment as the main body and exogenous capital supplementation as the support", fully considering the availability, timeliness and financing costs of various capital replenishment instruments, balancing short-term and medium-to-long-term capital needs while ensuring the long-term sustainability of different capital sources, the Bank has formulated medium- and long-term capital plans and capital replenishment plans in line with its development goals, aiming to continuously enhance its capital strength and achieve a more balanced capital structure, thereby ensuring robust risk resilience in the Bank's capital framework.

The Bank determined the annual capital adequacy ratio management target within the framework of medium- and long-term capital planning, formulated the annual management plan and incorporated it into the bank-wide operation plan to ensure its compatibility with various business plans, and kept its capital adequacy ratio at all levels in line with regulatory requirements and internal management targets through such means as dynamic monitoring, analysis and reporting of the capital adequacy ratio, optimization of the asset structure, improvement in the refined management, and timely issuance of capital instruments.

(VIII) Information Technology Risk

During the Reporting Period, in accordance with regulatory requirements such as comprehensive risk management and internal control, as well as internal requirements such as risk appetite and information technology risk management policies, the Bank implemented the digital financial transformation strategy, effectively performed its duties on the three lines of defense of information technology risk management, continuously improved information technology risk management methods and management mechanism, and continued to advance its efforts in assessing, monitoring, and responding to information technology risks. No material information system emergencies occurred. The information technology risk was controllable as a whole, and the information technology risk preference had not been broken, providing a guarantee for the realization of the financial technology strategic goals.

During the Reporting Period, the Bank had no material information technology risk incidents.

(IX) Compliance Risk

1. *Compliance risk status*

Compliance risk refers to the possibility of a financial institution or its employees bearing criminal, administrative or civil liabilities, or incurring property damage, reputation loss and other negative impacts due to violations of compliance regulations in the operation and management practices of such institution or the duty performance of such employees.

The Bank's compliance risk management organizational system is jointly composed of the Board of Directors, senior management, institutions at all levels, all departments and all employees. The Board of Directors is responsible for determining compliance management goals, reviewing and approving the basic systems of compliance management, and assumes ultimate responsibility for the effectiveness of compliance management. Senior management members are responsible for implementing compliance management goals and assume leadership responsibility for the compliance of the business in the fields they manage or oversee. Relevant committees of senior management are responsible for organizing and coordinating compliance management work and deliberating on major compliance management matters. Institutions at all levels assume the primary responsibility for the compliance management of their own institutions; according to their business scope, business scale, and compliance management work needs, they set up compliance management departments or posts, establish and improve the compliance management system, and effectively manage compliance risks. The compliance management department assumes the management responsibility for compliance, organizes, coordinates and promotes various departments and subordinate institutions to carry out compliance work, establishes and maintains the compliance management system, and provides compliance support for various departments and institutions at all levels. The internal audit department assumes the supervisory responsibility for compliance, conducts audits on the compliance of the Bank's operations and management, and establishes an effective information exchange mechanism with the compliance management department. All employees of the Bank abide by the compliance norms related to their performance of duties, actively identify and control the compliance risks of their performance of duties, proactively cooperate with the Bank and regulatory institutions to carry out compliance management, and assume responsibility for the compliance of their performance of duties.

During the Reporting Period, the Bank established an end-to-end compliance management mechanism and developed a full spectrum of management tools and methods from the internalization of external regulations, system construction, and compliance review to compliance execution and compliance supervision and accountability. This realized basic coverage of operation and management activities, highlighted compliance management in key areas and strengthened compliance reporting, thereby effectively promoting the Bank's compliant operations.

During the Reporting Period, the Bank had no material compliance risk incidents.

2. *Money laundering risk status*

The Bank comprehensively implemented the new Anti-Money Laundering Law, closely followed regulatory requirements, and timely updated internal anti-money laundering policies. The updates covered large-value and suspicious transaction reporting, regulatory coordination, publicity and training and other aspects. The Bank also organized and carried out multi-channel, multi-level awareness campaigns about the new legislation. It actively promoted the establishment of the Anti-Money Laundering Center of the Bank and completed a series of works such as organizational structure design, regulation and system formulation, system process transformation, and the drafting of an upward centralization plan, with pilot operations initiated during the year. Guided by problems discovered in regulatory inspections, the Bank further standardized product and customer management and carried out self-examination and self-correction across the Bank to ensure comprehensive rectification by drawing inferences from one case. At the same time, in active response to regulatory requirements, the Bank established a new beneficial owner inquiry management system and orderly promoted the filing work of beneficial owner information for non-natural person customers. In addition, the Bank continuously advanced the comprehensive upgrade of the anti-money laundering system by introducing artificial intelligence technology to the field of suspicious transaction screening, which effectively improved the quality of analysis reports and empowered anti-money laundering management efficiency with technology.

During the Reporting Period, the Bank had no material money laundering risk incidents.

(X) **Strategic Risk**

During the Reporting Period, remaining steadfast in the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank thoroughly studied and implemented the spirit of the 20th National Congress of the CPC and the plenary sessions of the 20th Central Committee. It accelerated strategic implementation and formulated the Fifth "Five-Year Plan" to a high standard. Strategic risks remained generally stable and under control, and no major strategic risk incidents occurred. To wrap up the Fourth "Five-Year Plan", the Bank deepened tactical execution through the advancement of ten initiatives (including for risk appetite) and the building of six specialized teams (including one categorized by industry). Efforts were centered on streamlining mechanisms, removing bottlenecks and stimulating vitality to facilitate strategy implementation. Meanwhile, the Party Committee of the Bank led a dedicated task force in steering the Fifth "Five-Year Plan" formulation with high quality, which ensured that the development direction aligned with national strategies and business priorities corresponded with industrial evolution trends. By emphasizing political consciousness, forward-looking guidance, continuity and practical implementation, the Bank was committed to "following through on a single blueprint to the end".

(XI) Reputational Risk

Reputational risk refers to the risk of forming negative evaluations of the Bank by stakeholders, the public or the media due to the Bank's behaviors, employees' behavior or external events, etc., which in turn damages the brand value, has an adverse effect on the normal operation, and even affects market stability and social stability. During the Reporting Period, the overall public opinion of the Bank was good, and no reputational risk incident occurred.

During the Reporting Period, the Bank strictly implemented the supervisory requirements by further strengthening its top-level design and consolidating its communications functions to establish a comprehensive publicity framework. It continued to refine its institutional systems and optimize workflows, continuously strengthening full-process management regarding the monitoring, screening, analysis, reporting and handling of public sentiment, which in turn continuously drove improvements in its reputation risk management capabilities. Adhering to a prevention-first approach to reputation risk management, it strove to enhance forward-looking management of reputation risks. It effectively reinforced the accountability of the party at the source of the incident and strengthened the risk prevention and control at the source. It proactively analyzed public sentiment risks and properly handled various public sentiment events under the guidance of higher authorities. It consistently reinforced bank-wide awareness of reputation risk prevention and improved its response capabilities in handling public sentiment to fully safeguard the Bank's reputation. During the Reporting Period, public sentiment risks did not result in any material negative impact on the Bank's operations. Meanwhile, the Bank actively fulfilled its mission as a state-owned joint-stock bank. Closely aligning with the theme of high-quality development in the banking industry and focusing on the "five priorities" of finance, it highlighted and publicized exemplary cases and innovative practices of the Bank, such as serving the real economy, advancing inclusive finance, promoting green finance, and fulfilling corporate social responsibility. By continuously increasing its communications efforts and reach, it strove to foster a favorable public opinion environment for business development while consistently enhancing its brand image.

(XII) Country Risk

The Bank has incorporated country risk management into its comprehensive risk management system. In accordance with the regulatory requirements, the Bank has dynamically monitored changes in country risks, formulated country risk limits in conjunction with the rating results of external international rating agencies, regularly monitored the implementation of country risk limits, continuously improved the level of automatic monitoring of country risk information, and promoted the comprehensive tracking and control of changes in the risk conditions of the countries or regions where its branches are located and their business spread across.

During the Reporting Period, in response to external uncertainties such as geopolitical tensions, the Bank comprehensively re-evaluated country risk ratings for individual countries (or regions). It issued the Country Risk Rating and Limit Management Scheme of CHINA BOHAI BANK CO., LTD. for 2025, which further regulated the identification, assessment, measurement and control of country risks. Also, the Bank intensified the monitoring of risks in key regions and conducted regular monitoring of the implementation of country risk limits. During the Reporting Period, the cross-border counterparties of the Bank were primarily concentrated in countries with low risk ratings. There were no instances of limit breaches for any single country (or region), and country risk remained under control in general.

(XIII) ESG Risk

The Bank has incorporated ESG risks into its management processes and comprehensive risk management system to effectively identify, monitor and prevent ESG risks across business activities. Addressing increasingly prominent climate and environmental risks, the Bank has strengthened the identification and monitoring of ESG risks in sectors such as high-carbon transition. It placed particular emphasis on assessing the impact of ESG risks of credit customers on the security of the Bank's credit assets and enhanced ESG risk identification of credit customers. During the Reporting Period, the Bank actively fulfilled its environmental and social responsibilities and reinforced green operations by supporting the five priorities on technology finance, green finance, inclusive finance, pension finance and digital finance to contribute to ecological civilization and promote the green transformation and sustainable development of the economy and society. The Bank strengthened communication with stakeholders and consumer rights protection, cared for the health and career development of its employees, and created social value. As of the end of the Reporting Period, no material ESG risk incidents had occurred in the Bank's operations.

XI. FUTURE DEVELOPMENT OUTLOOK

(I) Economic, Financial and Banking Industry Outlook

In 2026, the global economy faces challenges such as persistent trade protectionism. Policy directions among major economies are tending to diverge, potentially speeding up the restructuring of global supply chains. Uncertainties surrounding inflation trends and monetary policy adjustments persist with economic growth expected to remain low.

2026 marks the first year of China's 15th Five-Year Plan. Domestic policies are expected to be more robust and take effect sooner than anticipated, with the economy projected to grow steadily. Consumption may see a sustained and steady boost. Infrastructure investment growth is expected to accelerate, while manufacturing investment is projected to maintain relatively rapid growth, supported by the optimization of the national policy for large-scale equipment upgrades and consumer goods trade-in programs. With numerous favorable factors for exports, growth in exports is expected to remain stable. The rapid development of new quality productive forces will support persistently stable growth on the production side. As the state steps up efforts to rectify "involutionary" competition, supply and demand relationships are expected to continue optimizing in 2026, with commodity prices projected to stabilize and rebound.

In 2026, fiscal policy will maintain a more proactive stance, with government bond issuance expected to remain at high levels. Monetary policy will continue to be moderately accommodative, emphasizing greater flexibility and efficiency in using policy tools such as reserve requirement ratio cuts and interest rate cuts. Overall interest rate levels will remain low, and credit extension in key areas, such as expanding domestic demand, technological innovation and micro, small and medium-sized Enterprises (MSMEs), is expected to experience relatively rapid growth. As regulators deepen the rectification of disorderly competition, the competitive landscape for asset investments among commercial banks may ease, and the decline in asset yields is expected to narrow. Combined with the gradual maturity and repricing of high-interest deposits, the continuous improvement in liability costs is expected to drive interest spreads to stabilize, and the growth rate of net interest income is anticipated to improve. However, affected by factors such as a high base, the growth of non-interest income may slow down. With the state steadily mitigating risks in key areas, the overall asset quality of commercial banks is expected to remain stable. Meanwhile, although artificial intelligence improves internal operational efficiency and customer service experience for commercial banks, it also introduces challenges related to models and data. Overall, in 2026, the banking industry will fully implement the spirit of the fourth plenary session of the 20th CPC Central Committee, seize development opportunities and actively respond to various risks and challenges to strive for high-quality development.

(II) Guiding Ideology and Major Measures for the Bank's Business Development in 2026

In 2026, China Bohai Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the guiding principles from the 20th CPC National Congress and all plenary sessions, and diligently adhere to General Secretary Xi Jinping's important discourses on financial work and the spirit of the Central Economic Work Conference. Adhering to the decision and deployment of the CPC Central Committee and the State Council, we will fully comply with the work requirements of the central financial regulators and the Tianjin Committee of the CPC and Tianjin Municipal People's Government. Guided by the Party Committee, the Bank will firmly promote the operational development in the first year during the 15th Five-Year Plan period. Adhering to a problem-oriented, results-oriented, and value-oriented approach, the Bank is committed to achieving comprehensive high-quality development. The Bank will be steadfastly committed to serving the real economy as the fundamental purpose, take the initiative to promote the "five priorities" of finance, solidly implement the "Nine-Five-Three-One" strategy, striving to achieve China Bohai Bank's strategic goals of deepening reform, transformation and development.

Major work measures: Firstly, adherence to Party building guidance to promote full and rigorous Party self-governance. The Bank will deeply advance learning and education initiatives to establish and practice a correct view of political achievements. By promoting "learning, investigating, and rectifying" in an integrated manner as a key driver, we will strengthen ideological foundations, emphasize exemplary responsibility, and build a cohesive force for high-quality development. Secondly, optimized industrial allocation to enhance the quality and efficiency of serving the real economy. The Bank will accurately position itself within the strategic landscape of developing new quality productive forces, boosting domestic demand, and promoting coordinated regional development, and achieve a leap in its own development capacity by enhancing adaptability to the real economy. Thirdly, focus on cost reduction and quality improvement to enhance asset-liability management. The Bank will reduce liability costs, and coordinate comprehensive planning to explore new sources of growth for its business. Fourthly, vigorous business transformation to showcase characteristic development. The Bank will deepen methodological frameworks such as industry banking and technology finance, thereby facilitating the leap from "experience-driven" to "mechanism-driven". Fifthly, systematic enhancement of compliance and risk control to consolidate the support for transformation and development. The Bank will strengthen comprehensive risk management, reinforce the management of risk concentration, refine the portfolio management, continuously enhance the market alignment of its risk appetite and risk control strategies, continuously deepen the development of the internal control and risk prevention and operational risk management system, thus effectively fortifying a defense line for compliance and risk control. Sixthly, deepened digital transformation to empower transformation and development. The Bank will continue to advance the IT infrastructure development, focusing on value-oriented initiatives and front-line support while deepening AI applications to effectively strengthen technological support for business development and management. Seventhly, consolidated fundamental lean management to strengthen safeguards for transformation and development. The Bank will put greater efforts in management works on financial support, operating services, safety and stability to continuously improve the refined levels of basic management.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN ORDINARY SHARES

There was no change in the Bank's ordinary shares during the Reporting Period. The Bank's ordinary shares are as follows:

	December 31, 2024		Changes during the Reporting Period (shares)	December 31, 2025	
	Number (shares)	Percentage (%)		Number (shares)	Percentage (%)
Domestic Unlisted Shares	11,561,445,000	65.09	–	11,561,445,000	65.09
H Shares	6,200,555,000	34.91	–	6,200,555,000	34.91
Total ordinary shares	17,762,000,000	100.00	–	17,762,000,000	100.00

Note: As of the end of the Reporting Period, the Bank had 77 Shareholders, including 11 holders of Domestic Unlisted Shares and 66 holders of H Shares.

II. SHAREHOLDING OF TOP 10 SHAREHOLDERS OF ORDINARY SHARES

As of the end of the Reporting Period, shareholding of top 10 Shareholders of ordinary shares of the Bank was as follows:

Name of Shareholder	Nature of Shareholder	Changes during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Shareholding percentage (%)	Class of shares
TEDA Investment Holding (Group) Co., Ltd. ⁽²⁾	State-owned legal person	–	3,612,500,000	20.34	Domestic Unlisted Shares
HKSCC Nominees Limited ⁽³⁾	Overseas legal person	(1,001)	3,311,645,399	18.64	H Shares
Standard Chartered Bank (Hong Kong) Limited	Overseas legal person	–	2,888,555,000	16.26	H Shares
China Shipping Investment Co., Ltd.	State-owned legal person	–	1,975,315,000	11.12	Domestic Unlisted Shares
State Development & Investment Corp., Ltd.	State-owned legal person	–	1,686,315,000	9.49	Domestic Unlisted Shares
China Baowu Steel Group Corporation Limited	State-owned legal person	–	1,686,315,000	9.49	Domestic Unlisted Shares
Oceanwide Industry Co., Ltd.	Domestic non-state-owned legal person	–	1,370,706,739	7.72	Domestic Unlisted Shares
Tianjin Shanghui Investment Holding Company Limited	Domestic non-state-owned legal person	–	1,156,000,000	6.51	Domestic Unlisted Shares
Shine Enterprise (Tianjin) Co., Ltd.	Domestic non-state-owned legal person	–	29,424,331	0.17	Domestic Unlisted Shares
Tianjin Xianghe Enterprise Management Consulting Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Unlisted Shares
Tianjin Firstwood Co., Ltd.	Domestic non-state-owned legal person	–	14,712,166	0.08	Domestic Unlisted Shares

Notes: (1) The above information is prepared based on the share registration as of December 31, 2025 of the Bank's Share Registrar.

(2) TEDA Investment Holding Co., Ltd. was renamed as TEDA Investment Holding (Group) Co., Ltd.* (天津泰達投資控股(集團)有限公司) in September 2025. TEDA Investment Holding (Group) Co., Ltd. confirmed that, as of the end of the Reporting Period, in addition to the 3,612,500,000 Domestic Unlisted Shares of the Bank directly held, Jinlian (Tianjin) Finance Lease Co., Ltd., one of its affiliates, also held 48,438,000 H Shares of the Bank through HKSCC Nominees Limited. As such, TEDA Investment Holding (Group) Co., Ltd. and its affiliate held a total of 3,660,938,000 shares of the Bank, representing shareholding of 20.61%.

(3) The shares held by HKSCC Nominees Limited as agent are the total amount of shares in the Bank's H-share investors' accounts traded on the trading platform of HKSCC Nominees Limited.

III. INFORMATION OF SUBSTANTIAL SHAREHOLDERS UNDER THE INTERIM MEASURES FOR THE EQUITY MANAGEMENT OF COMMERCIAL BANKS

According to relevant requirements of the Interim Measures for the Equity Management of Commercial Banks, as of the end of the Reporting Period, the relevant information of substantial Shareholders of the Bank was as follows:

(I) TEDA Investment Holding (Group) Co., Ltd.

TEDA Investment Holding (Group) Co., Ltd., established on May 28, 1985, operates across three major businesses: urban comprehensive development and operations, financial equity investment and asset management, and ecological environmental protection and new energy. It is also expanding into strategic emerging sectors such as healthcare and information technology application innovation, accelerating its development of new quality productive forces and striving to become a premier state-owned capital investment enterprise. Registered capital: RMB17.67445 billion; legal representative: QU Defu; Address: 1201, No. 9 Shengda Street, Tianjin Economic-Technological Development Area; controlling shareholder: Tianjin SASAC; actual controller: Tianjin SASAC. As of the end of the Reporting Period, TEDA Investment Holding (Group) Co., Ltd. pledged 593,900,000 shares of the Bank.

(II) Standard Chartered Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited is a bank incorporated and domiciled in Hong Kong. It was established on December 12, 2003 and its registered address is 32/F, 4-4A Des Voeux Road Central, Central, Hong Kong. It is mainly engaged in the provision of banking and related financial services. Controlling shareholder: Standard Chartered PLC; actual controller: Standard Chartered PLC. As of the end of the Reporting Period, none of the shares of the Bank held by Standard Chartered Bank (Hong Kong) Limited had been pledged or frozen.

Standard Chartered PLC was established on November 18, 1969 in London, UK, mainly providing a full range of banking and financial services. Registered address: 1 Basinghall Avenue, London EC2V 5DD, United Kingdom; chairman: Maria Ramos; CEO: Bill Winters.

(III) China Shipping Investment Co., Ltd.

China Shipping Investment Co., Ltd., established on June 26, 1998, is a wholly-owned subsidiary of COSCO SHIPPING Development Co., Ltd. Its business scope: industrial investment and equity investment. Registered capital: RMB21.383 billion; legal representative: DU Haiying; Address: Room 100, 1/F, Block 6, No. 58 Rui Xing Road, Lin-Gang New Area, China (Shanghai) Pilot Free Trade Zone; controlling shareholder: COSCO SHIPPING Development Co., Ltd.; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by China Shipping Investment Co., Ltd. had been pledged or frozen.

COSCO SHIPPING Development Co., Ltd. was founded on March 3, 2004. Its business scope: shipment of domestic general cargo ships along the coast and in the middle and lower reaches of the Yangtze River and domestic coastal feeder liners for foreign trade containers, international shipping (including liner shipment of container), manufacturing, repair, leasing of containers, ship leasing, and trading of self-owned container and self-used ship. Marine management, technical management and ship repair, maintenance, trading, leasing, operation, asset management and other ship management services of domestic coastal general cargo ships (except bulk ships). For the projects that must be approved according to law, the business activities can be carried out only after the approval of relevant departments.

(IV) State Development & Investment Corp., Ltd.

State Development & Investment Corp., Ltd. was founded in 1995. The company has always adhered to serving the national strategy, regarded promoting structural optimization, building a better life, promoting technological innovation, and leading industrial upgrading as its mission, and played the leading and driving role of state-owned capital in important industries and key fields. The company targets to build a world-class capital investment company with a focus on four major business segments, namely “energy industry”, “digital/technology”, “people’s livelihood and health” and “industrial finance”. Registered capital: RMB33.8 billion; legal representative: FU Gangfeng; Address: International Investment Building, No.6-6 Fuchengmen North Street, Xicheng District, Beijing; controlling shareholder: SASAC; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by State Development & Investment Corp., Ltd. had been pledged or frozen.

(V) China Baowu Steel Group Corporation Limited

China Baowu Steel Group Corporation Limited, formerly known as “Shanghai Baosteel Group Corporation (上海寶鋼集團公司)” and “Baosteel Group Corporation (寶鋼集團有限公司)”, with its predecessor being Baoshan Iron and Steel (Group) Corporation (寶山鋼鐵(集團)公司), was founded on January 1, 1992, and is a legally established wholly state-owned corporation for which the SASAC performs the duties of investor on behalf of the State Council. Its main business scope includes permitted projects: retail of publications; wholesale of publications (Projects that are subject to approval in accordance with laws shall only be carried out upon approval by relevant authorities. The specific business projects are subject to the approval documents or permits of relevant authorities); general projects: investment activities with self-owned funds; investment management; asset management services invested with self-owned funds; corporate headquarters management; leasing of land use rights; non-residential real estate leasing; human resource services (excluding employment intermediary activities and labor dispatch services); business management consulting (Except for projects subject to approval in accordance with laws, business activities shall be conducted independently with the business licenses in accordance with laws). Registered capital: RMB52.897121 billion; legal representative: HU Wangming; Address: No.1859 Shibo Avenue, China (Shanghai) Pilot Free Trade Zone; controlling shareholder: SASAC; actual controller: SASAC. As of the end of the Reporting Period, none of the shares of the Bank held by China Baowu Steel Group Corporation Limited had been pledged or frozen.

(VI) Oceanwide Industry Co., Ltd.

Established in November 1992, Oceanwide Industry Co., Ltd. is an important investment holding and property leasing platform under China Oceanwide Holdings Group Co., Ltd. Registered capital: RMB24 billion; legal representative: SUN Houxing; Address: No. 6602 Dongfeng East Street (inside the Oceanwide City Garden (泛海城市花園)), Weifang Hi-Tech Industrial Development Zone, Shandong Province; controlling shareholder: China Oceanwide Holdings Group Co., Ltd.; actual controller: LU Zhiqiang. As of the end of the Reporting Period, 1,370,706,739 shares of the Bank held by Oceanwide Industry Co., Ltd. had been judicially frozen and on the freezing list.

China Oceanwide Holdings Group Co., Ltd., established in April 1988, mainly engages in investment in infrastructure projects and industries, capital operation & asset management, hotel & property management, among others. Registered capital: RMB20 billion; legal representative: LU Zhiqiang; Address: 23/F, Building C, Minsheng Financial Center, No. 28 Jianguomennei Avenue, Dongcheng District, Beijing.

(VII) Tianjin Shanghui Investment Holding Company Limited

Established on April 2004, Tianjin Shanghui Investment Holding Company Limited is a company mainly engaged in capital market services. Registered capital: RMB1.16 billion; legal representative: ZHANG Yunji; Address: Room B318, Building 8, East Area, Airport Business Park, No. 80 Huanhe North Road, Tianjin Pilot Free Trade Zone (Airport Economic Zone); the company has no controlling shareholder or actual controller. As of the end of the Reporting Period, none of the shares of the Bank held by Tianjin Shanghui Investment Holding Company Limited had been pledged or frozen.

Each substantial Shareholder of the Bank did not authorize any other person to or accept any other person's authorization to hold shares of the Bank, and there were no other ultimate beneficiaries. As of the end of the Reporting Period, except that TEDA Investment Holding (Group) Co., Ltd. and its affiliate, Jinlian (Tianjin) Finance Lease Co., Ltd., held in total 3,660,938,000 shares of the Bank, there is no person acting in concert among other substantial Shareholders.

The Bank has treated its substantial Shareholders and their controlling shareholders, actual controllers, persons acting in concert, ultimate beneficiaries etc., totaling 4,107 enterprises as related parties of the Bank in management in light of their relationship with the Shareholders. For details on related party transactions, please refer to "Audit Report and Financial Report: Notes to the Consolidated Financial Statements: 'Related party transactions'" in this annual report.

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

During the Reporting Period, the Bank had no controlling shareholder or actual controller.

V. INTERESTS AND SHORT POSITIONS OWNED BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE BANK'S SHARES UNDER HONG KONG LAWS AND REGULATIONS

As of the end of the Reporting Period, to the knowledge of the Directors or chief executives of the Bank, as recorded in the register required to be kept under section 336 of the SFO, the following persons (other than the Directors and chief executives of the Bank) had or were deemed to have interests and short positions in the shares or underlying shares of the Bank which would be required to be disclosed to our Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Class of shares	Long positions/ short positions	Number of shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
TEDA Investment Holding (Group) Co., Ltd.	Beneficial owner	Domestic Unlisted Shares	Long positions	3,612,500,000	20.34	31.25
	Interest in controlled corporation ⁽¹⁾	H Shares	Long positions	48,438,000	0.27	0.78
Standard Chartered PLC ⁽²⁾	Interest in controlled corporation	H Shares	Long positions	2,888,555,000	16.26	46.59
Standard Chartered Bank (Hong Kong) Limited	Beneficial owner	H Shares	Long positions	2,888,555,000	16.26	46.59
China COSCO Shipping Corporation Limited ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Group Company Limited ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,975,315,000	11.12	17.09
COSCO SHIPPING Development Co., Ltd. ⁽³⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,975,315,000	11.12	17.09
China Shipping Investment Co., Ltd.	Beneficial owner	Domestic Unlisted Shares	Long positions	1,975,315,000	11.12	17.09
State Development & Investment Corp., Ltd.	Beneficial owner	Domestic Unlisted Shares	Long positions	1,686,315,000	9.49	14.59
China Baowu Steel Group Corporation Limited	Beneficial owner	Domestic Unlisted Shares	Long positions	1,686,315,000	9.49	14.59

Name of Shareholder	Nature of interest	Class of shares	Long positions/ short positions	Number of shares directly or indirectly held	% of interest in the Bank	% of the relevant class of shares
LU Zhiqiang ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
HUANG Qiongzi ⁽⁴⁾	Interest of spouse	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
Tohigh Holdings Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
China Oceanwide Holdings Group Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
Oceanwide Industry Co., Ltd.	Beneficial owner	Domestic Unlisted Shares	Long positions	1,370,706,739	7.72	11.86
Tianjin Shanghui Investment Holding Company Limited	Beneficial owner	Domestic Unlisted Shares	Long positions	1,156,000,000	6.51	10.00
Shandong Gold Financial Holdings Group (HongKong) Co., Limited	Beneficial owner	H Shares	Long positions	327,294,500	1.84	5.28
Yichang HEC Health Pharmaceutical Co., Ltd.	Beneficial owner	H Shares	Long positions	322,920,500	1.82	5.21

- Notes: (1) The interests are held by TEDA Investment Holding (Group) Co., Ltd. through its subsidiary Jinlian (Tianjin) Finance Lease Co., Ltd.
- (2) Standard Chartered Bank (Hong Kong) Limited is wholly owned by Standard Chartered PLC, and therefore Standard Chartered PLC is deemed to be interested in all the shares held by Standard Chartered Bank (Hong Kong) Limited for the purpose of the SFO.
- (3) China Shipping Investment Co., Ltd. is wholly owned by COSCO SHIPPING Development Co., Ltd., and in turn owned by China Shipping Group Company Limited as to approximately 39.28%. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. As such, each of China COSCO Shipping Corporation Limited, China Shipping Group Company Limited and COSCO SHIPPING Development Co., Ltd. is deemed to be interested in all the shares held by China Shipping Investment Co., Ltd. for the purpose of the SFO.
- (4) Oceanwide Industry Co., Ltd. is owned by China Oceanwide Holdings Group Co., Ltd. and Oceanwide Group Co., Ltd. as to 60% and 40%, respectively. China Oceanwide Holdings Group Co., Ltd. is owned by Oceanwide Group Co., Ltd. and Tohigh Holdings Co., Ltd. as to 98% and 2%, respectively. Oceanwide Group Co., Ltd. is wholly owned by Tohigh Holdings Co., Ltd. Tohigh Holdings Co., Ltd. is owned by Mr. LU Zhiqiang as to 77.14%. As such, each of Mr. LU Zhiqiang, Ms. HUANG Qiongzi (spouse of Mr. LU Zhiqiang), Tohigh Holdings Co., Ltd., Oceanwide Group Co., Ltd. and China Oceanwide Holdings Group Co., Ltd. is deemed to be interested in all the shares held by Oceanwide Industry Co., Ltd. for the purpose of the SFO.

Save as disclosed above, the Bank is not aware of any other person (other than Directors and chief executives of the Bank) who has any interest or short position in its shares at the end of the Reporting Period which will be required to be recorded in the register kept under section 336 of the SFO.

VI. ISSUANCE AND LISTING OF EQUITY SECURITIES

During the Reporting Period, the Bank had not issued any new shares.

VII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, the Bank and its subsidiary had no purchase, sale or redemption of any listed securities (including the sale of treasury shares) of the Bank. As at the end of the Reporting Period, the Bank did not hold any treasury shares of the Bank.

Directors, Supervisors, Members of Senior Management, Employees and Branches

I. DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

(I) Basic Information and Remuneration of Directors, Supervisors and Members of Senior Management

Name	Position	Gender	Month and year of birth	Term of office	Remuneration paid (RMB ten thousand)	Employer-paid social insurance, housing funds, annuity and supplementary medical insurance (RMB ten thousand)	Remunerated by the Bank's Shareholders or their related parties during his/her term of office during the Reporting Period
WANG Jinhong	Chairman and executive Director	Male	1971.12	2023.10-2028.01	47.38	34.38	No
AU Siu Luen	Vice chairman and non-executive Director	Male	1961.05	2023.09-2028.01	-	-	Yes
YUAN Wei	Non-executive Director	Female	1974.02	2019.12-2028.01	-	-	Yes
CUI Hongqin	Non-executive Director	Female	1973.12	2026.03-2028.01	N/A	N/A	N/A
HU Aimin	Non-executive Director	Male	1973.12	2018.09-2028.01	-	-	Yes
ZHANG Yunji	Non-executive Director	Male	1954.08	2009.02-2028.01	-	-	Yes
QU Hongzhi	Executive Director President Chief compliance officer	Male	1969.08	2020.01-2028.01 2020.01-2027.08 2026.03-2027.08	172.58	34.38	No
TSE Yat Hong	Independent non-executive Director	Male	1969.10	2020.06-2028.01	19.38	-	No
SHUM Siu Hung Patrick	Independent non-executive Director	Male	1961.02	2022.10-2028.01	19.38	-	No
WANG Aijian	Independent non-executive Director	Female	1954.11	2025.01-2028.01	-	-	Yes ^(B)
LIU Junmin	Independent non-executive Director	Male	1950.01	2025.01-2028.01	-	-	No
LIU Lanbiao	Independent non-executive Director	Male	1966.10	2025.01-2028.01	-	-	No
OUYANG Yong	Independent non-executive Director	Male	1963.02	2025.05-2028.01	-	-	No
XIE Kai	Vice president	Male	1972.09	2021.07-2027.08	127.20	33.84	No
LI Jianguo	Vice president	Male	1972.10	2025.02-2027.10	30.80	27.34	No
QI Jun	Vice president Chief risk officer	Male	1974.06	2025.02-2027.10 2025.07-2028.01	30.80	28.59	No
DENG Bei	Vice president	Female	1974.04	2025.02-2027.10	30.80	29.17	No
Resigned directors, supervisors and members of senior management							
DUAN Wenwu	Non-executive Director	Male	1969.06	2023.11-2026.03	-	-	Yes
DU Gang	Executive Director Vice president Secretary to the Board of Directors	Male	1970.11	2020.01-2025.01 2019.04-2025.07 2020.10-2025.08	61.79	9.48	No
MAO Zhenhua	Independent non-executive Director	Male	1964.01	2016.06-2025.01	18.02	-	No
MU Binrui	Independent non-executive Director	Male	1956.09	2018.09-2025.01	19.38	-	No
ZHU Ning	Independent non-executive Director	Male	1973.09	2020.06-2025.01	17.74	-	No
BAI Xinyu	Chairman of the Board of Supervisors Employees' representative supervisor	Male	1972.08	2024.10-2025.05	6.91	9.26	No
HUI Yung Chris	External supervisor	Male	1968.11	2019.12-2025.12	17.50	-	No
DU Huibin	External supervisor	Female	1977.10	2024.06-2025.12	17.69	-	No
LI Chengbang	Employees' representative supervisor	Male	1975.11	2024.10-2025.12	41.90	29.10	No
ZHANG Hui	Employees' representative supervisor	Female	1973.01	2024.10-2025.12	140.95	34.39	No

- Notes: (1) For the changes in the Directors, Supervisors and members of senior management of the Bank as of the date of this annual report, please refer to “(V) Changes in Directors, Supervisors and Members of Senior Management” in this section.
- (2) Among the current Directors, Mr. WANG Jinhong was nominated by Shareholder TEDA Investment Holding (Group) Co., Ltd.; Mr. AU Siu Luen was nominated by Shareholder Standard Chartered Bank (Hong Kong) Limited; Ms. YUAN Wei was nominated by Shareholder China Shipping Investment Co., Ltd.; Ms. CUI Hongqin was nominated by Shareholder State Development & Investment Corp., Ltd.; Mr. HU Aimin was nominated by Shareholder China Baowu Steel Group Corporation Limited; and Mr. ZHANG Yunji was nominated by Shareholder Tianjin Shanghui Investment Holding Company Limited.
- (3) Ms. WANG Aijian, as an independent director of Tasly Pharmaceutical Group Co., Ltd. (a related party of Tianjin Shanghui Investment Holding Company Limited, a Shareholder of the Bank), received independent director allowances from the company.
- (4) The amounts disclosed above exclude the remuneration received from the former employer.
- (5) The deferred payment of performance remuneration policy applies to executive Directors (including the chairman), vice presidents and employees’ representative Supervisors (including the chairman of the Board of Supervisors) of the Bank in accordance with the related national requirements. The deferred payment period is generally not less than three years. The above amount includes the portion of the performance remuneration for previous years paid during the year.
- (6) During the Reporting Period, the Bank paid a director allowance to independent non-executive Directors for the period from July 2024 to January 2025, and paid a supervisor allowance to external Supervisors for the period from June 2024 to December 2024. During the Reporting Period, the employees’ representative Supervisors of the Bank did not receive a supervisory allowance for their duties as employees’ representative Supervisors.
- (7) During the Reporting Period, the Bank paid a remuneration of RMB443,900 to the Head of the Discipline Inspection and Supervision Team stationed at the Bank by the Tianjin Municipal Commission for Discipline Inspection and Supervision for the period from January 1 to December 31, 2025. Employer contributions to social insurance, housing allowances, annuity and supplementary medical insurance amounted to RMB226,400.

(II) Remuneration Management

1. *Remuneration management system*

The compensation and remuneration of our Directors and external Supervisors are determined by our Shareholders' general meeting and the compensation and remuneration of members of the senior management are determined by the Board of Directors. Our remuneration policies are formulated by the Nomination and Remuneration Committee of the Board and submitted to the Board of Directors for review. The Nomination and Remuneration Committee is a specialized agency under the Board of Directors of the Bank, which shall be responsible to the Board of Directors and consist of at least five Directors. The remuneration package for the chairman of the Board of Directors, the chairman of the Board of Supervisors and members of our senior management comprises annual basic salary, annual performance-based salary and incentive payments during the tenure. Our independent non-executive Directors and external Supervisors receive allowances from us. When reviewing and determining the Bank's remuneration packages, our Shareholders' general meeting and the Board of Directors take into consideration factors such as relevant work experience, level of education, competency and salaries paid by other comparable companies. The remuneration package for other employees of the Group comprises basic salary, performance salary and welfare income. The Bank also participates in various defined contribution plans organized by relevant government authorities and welfare schemes for our employees, including basic pension insurance, medical insurance, unemployment insurance, work-related accident insurance, maternity insurance and housing provident fund and enterprise annuity plan. For the defined contribution plans, the Bank will not use the forfeited contributions of the employees who leave the plan prior to vesting fully in such contributions.

During the Reporting Period, the aggregate amount of remuneration paid by the Group was RMB5,979.75 million.

2. *Remuneration and performance measurement, risk adjustment standards*

Performance-based remuneration is linked to performance appraisal results. During the Reporting Period, the Bank's group assessment indicators included return on net assets, return on total assets, cost-to-income ratio, operating income, pre-tax profit, net profit, return on risk-weighted assets, volume of domestic trade finance business, interest payment rate for deposits, non-performing loan ratio, capital adequacy ratio, core tier 1 capital adequacy ratio, leverage ratio, allowance to gross loan ratio and case risk loss ratio. Meanwhile, social responsibility metrics were also included in the appraisal, such as technology finance, green finance, inclusive finance, shipping finance and consumer rights protection. The Bank conducted performance assessment of branches from aspects including operating income, deposits, customers, internal control and risks, etc., according to the annual operation and management objectives.

3. *Formulation of performance appraisal methods and the completion of performance indicators*

During the Reporting Period, the Bank formulated the Measures for Comprehensive Performance Assessment of Branches of China Bohai Bank (2025 Revision), the Measures for Comprehensive Performance Assessment of Hong Kong Branch of China Bohai Bank (2025 Revision), and other systems. With stable operation as top priority, the Bank continued to follow the general principle of pursuing progress while ensuring stability, and maintained development within an appropriate range; the Bank's non-performing loan ratio, capital adequacy ratio, core tier 1 capital adequacy ratio, leverage ratio, allowance to gross loan ratio and other indicators complied with the regulatory and assessment requirements; legal compliance, regulatory evaluation and ethical standards, corporate social responsibility, customer satisfaction and other social responsibility indicators complied with the assessment requirements.

4. *Deferred payment and reclaiming of remuneration, and non-cash remuneration*

The Bank implemented a framework for the deferred payment and reclaiming of performance-based remuneration in accordance with the requirements under the Guidelines on Healthy Remuneration Supervision for Commercial Banks and the Guidance Opinions on the Establishment and Optimization of System for Reclaiming of Performance-based Remuneration for Banks and Insurance Companies. Personnel in risk-sensitive roles are subject to a remuneration deferral rate of not less than 40% over a period of not less than three years in compliance with regulatory requirements. The reclaiming includes reclaiming paid performance-based remuneration and terminating payment of unpaid performance remuneration. For relevant responsible persons who have violated regulations and disciplines, or caused significant exposure to risks within the scope of their responsibilities due to obvious negligence or failure to exercise prudent management, the Bank shall reclaim and withhold their performance-based remuneration for the corresponding periods. In 2025, the Bank reclaimed and withheld performance-based remuneration of 816 employees in an amount of RMB19.58 million.

During the Reporting Period, the Bank did not implement any equity incentive scheme.

5. *Exceptions to the original remuneration package*

During the Reporting Period, the Bank experienced no exceptions beyond the original remuneration package.

(III) The Positions of Directors and Members of Senior Management at Shareholders

Name	Employer	Position	Term of service
AU Siu Luen	Standard Chartered Bank (Hong Kong) Limited	Managing director	May 2023 to present
YUAN Wei	China Shipping Investment Co., Ltd.	Director	August 2021 to present
CUI Hongqin	State Development & Investment Corp., Ltd.	Director of financial business department	June 2025 to present
HU Aimin	China Baowu Steel Group Corporation Limited	General manager of industry and finance integrated development center	May 2025 to present
ZHANG Yunji	Tianjin Shanghui Investment Holding Company Limited	Chairman of the board of directors	September 2009 to present

(IV) Major Work Experience, Positions and Part-time Jobs of Directors and Senior Management Members

Directors

Mr. WANG Jinhong

Mr. WANG is an economist and a doctorate candidate in finance. He has served as the chairman of the Bank since October 2023. He was a vice president of Tianjin Branch of Shenzhen Development Bank, the party secretary and president of Tianjin Branch of the Bank, the party secretary and president of Binhai New District Branch of the Bank, the president of Tianjin Pilot Free Trade Zone Branch of the Bank, an assistant to president, a member of the party committee, a vice president and an executive Director of the Bank. He was chairman of Tianjin Haihe River Industry Fund Management Co., Ltd. (天津市海河產業基金管理有限公司). He currently serves as the party secretary and chairman of the Bank.

Mr. AU Siu Luen

Mr. AU has a bachelor's degree. He has served as the vice chairman of the Bank since September 2023. He served as the chief executive officer and chairman of Citibank (China) Co., Limited and Regional Co-Head of Client Coverage, Corporate, Commercial and Institutional Banking for Asia of Standard Chartered Bank. He currently serves as vice chairman of the Bank and the managing director of Standard Chartered Bank (Hong Kong) Limited.

Ms. YUAN Wei

Ms. YUAN is a senior economist with a doctoral degree. She has served as a director of the Bank since December 2019. She served as deputy general manager of financial business department of China Shipping Container Lines Co., Ltd. (中海集裝箱運輸股份有限公司), deputy general manager of financial business department of COSCO SHIPPING Development Co., Ltd. (中遠海運發展股份有限公司), and investment director of COSCO Shipping Captive Insurance Co., Ltd. (中遠海運財產保險自保有限公司). She currently serves as a non-executive Director of the Bank, chief investment officer and general manager of strategic investment department of COSCO SHIPPING Development Co., Ltd., and a director of China Shipping Investment Co., Ltd.

Ms. CUI Hongqin

Ms. CUI is a senior accountant and has a bachelor's degree. She has served as a director of the Bank since March 2026. She served as deputy director of finance and accounting department, deputy director, director and secretary of the party branch of finance department of State Development & Investment Corp., Ltd., general manager and secretary of the party branch of Rongshi International Holding Company Limited (融實國際控股有限公司), and chairperson, general manager and secretary of the party committee of SDIC Finance Co., Ltd. (國投財務有限公司). She currently serves as a non-executive Director of the Bank, director of financial business department of State Development & Investment Corp., Ltd., and chairperson and secretary of the party committee of SDIC Capital Co., Ltd. (國投資本股份有限公司).

Mr. HU Aimin

Mr. HU has a university education background. He has served as a director of the Bank since September 2018. He previously served as a deputy general manager and the general manager of the capital operation department and the general manager of the investment management department, the general manager of industry and finance integrated development center and the secretary of the party working committee of industry and finance of China Baowu Steel Group Corporation Limited, the secretary of the party committee, a director and senior vice president of Shanghai Baosteel Packaging Co., Ltd., and the general manager of Hwabao Investment Co., Ltd. He currently serves as a non-executive Director of the Bank, the secretary of the party committee and chairman of the board of directors of Hwabao Investment Co., Ltd., the general manager of industry and finance integrated development center of China Baowu Steel Group Corporation Limited, the chairman of the board of directors of Hwabao Futures Co., Ltd. (formerly known as "Sinosteel Futures Co., Ltd."), the chairman of the board of directors of Hwabao (Shanghai) Equity Investment Fund Management Co., Ltd., a director of Zhongjin Ruide (Shanghai) Shareholding Investment Management Co., Ltd., and a director of New China Life Insurance Company Ltd.

Mr. ZHANG Yunji

Mr. ZHANG has a master's degree. He has served as a director of the Bank since February 2009. He once worked in Tianjin Branch of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司天津市分行) for a long time, where he served as an assistant to the president and a vice president. In addition, he used to serve as the chairman of the board of directors and the general manager of Tianjin Rongsheng Xinye Investment and Development Co., Ltd. He currently serves as a non-executive Director of the Bank and the chairman of the board of directors of Tianjin Shanghui Investment Holding Company Limited.

Mr. QU Hongzhi

Mr. QU is a professorate senior economist with a master's degree in finance and a doctor's degree in management. He joined the Bank in December 2019. Prior to this, he once worked in China Construction Bank Corporation, where he served as the general manager of asset security department and general manager of legal affairs department of Tianjin branch, the president of Nankai sub-branch, the president of Heping sub-branch, an assistant to the president, a vice president and a member of the party committee of Tianjin branch, and the deputy secretary of the party committee and a vice president of Jiangsu branch. He currently serves as the deputy secretary of the party committee, an executive Director, the president and the chief compliance officer of the Bank.

Mr. TSE Yat Hong

Mr. TSE is a Fellow of the Hong Kong Institute of Certified Public Accountants, and a Fellow of Certified Public Accountants (FCPA) of CPA Australia with a bachelor's degree. He has served as an independent non-executive director of the Bank since June 2020. He once served as the chief financial officer and company secretary of Shenzhen International Holdings Limited, a joint company secretary and non-executive director of Shenzhen Expressway Company Limited, and an independent non-executive director of Sky Light Holdings Limited and E-Star Commercial Management Company Limited. He currently serves as an independent non-executive Director of the Bank and an independent non-executive director of China Huirong Financial Holdings Limited and Radiance Holdings (Group) Company Limited.

Mr. SHUM Siu Hung Patrick

Mr. SHUM has a bachelor's degree. He has served as an independent non-executive director of the Bank since October 2022. He served as the China chief risk officer and vice president of ABN AMRO, the senior credit approval officer and senior vice president, the professional credit approval officer of China real estate of DBS Bank (China) Limited, the director and the credit approval officer of commercial real estate (Asia, excluding Japan) of Deutsche Bank, the vice president and director of credit risk department of OCBC Wing Hang Bank (China) Limited, the director of the risk department in China and the head of credit risk in the Great China Region of Maybank. He currently serves as an independent non-executive Director of the Bank.

Ms. WANG Aijian

Ms. WANG is a professor with a doctor's degree. She has served as an independent non-executive director of the Bank since January 2025. She served as a teacher of the Department of Finance of Tianjin University of Finance and Economics, a vice dean of the School of Economics of Tianjin University of Finance and Economics, a director of the Office of Academic Development of Tianjin University of Finance and Economics and the vice president of Tianjin University of Finance and Economics. She currently serves as an independent non-executive Director of the Bank, a director of Coordinated Innovation Center For Binhai Finance in China (CICBFC) under Tianjin University of Finance and Economics, an independent director of Tasly Pharmaceutical Group Co., Ltd. (天士力醫藥集團股份有限公司), and an independent director of GuoDu Securities Co., Ltd. (國都證券股份有限公司).

Mr. LIU Junmin

Mr. LIU is a professor with a doctor's degree. He has served as an independent non-executive director of the Bank since January 2025. He served as a lecturer in Tianjin University of Finance and Economics, an associate professor and a professor in the School of Economics of Nankai University, an independent director of Sanbo Hospital Management Group Limited (三博腦科醫院管理集團股份有限公司), and an independent non-executive director of Chinese People Holdings Company Limited. He currently serves as an independent non-executive Director of the Bank, a non-executive director of Chinese People Holdings Company Limited, an independent non-executive director of China Literature Limited, and an independent director of Heng Yue Fund Management Co., Ltd. (恒越基金管理有限公司).

Mr. LIU Lanbiao

Mr. LIU is a professor with a doctor's degree. He has served as an independent non-executive director of the Bank since January 2025. He used to be engaged in teaching and scientific research at the School of Economics of Nankai University. He once served as a vice dean of the School of Finance of Nankai University, an external supervisor of Liaoshen Bank, and an external supervisor of Industrial and Commercial Bank of China Limited. He currently serves as an independent non-executive Director of the Bank, and is also engaged in teaching and scientific research in the School of Finance of Nankai University, and serves as the vice dean of the Institute of State Economy of Nankai University and an independent director of NYOCOR Co., Ltd.

Mr. OUYANG Yong

Mr. OUYANG is a senior political officer with a bachelor's degree and a master's degree. He has served as an independent non-executive director of the Bank since May 2025. He once worked for China Minsheng Bank for a long time, where he served as a member of the party committee, retail market director, and secretary of the commission for discipline inspection of the Fuzhou branch, secretary of the party committee and president of the Taiyuan branch, secretary of the party committee and president of the Shenzhen branch, director of the organization department and general manager of human resources department of the head office, secretary of the party committee and president of the Shanghai branch and Shanghai Pilot Free Trade Zone branch, and general manager of the Shanghai office of the financial markets department of the head office, assistant president of China Minsheng Bank, team leader of the preparatory group for the wealth management subsidiary, and secretary of the party committee and chairman of CMBC Wealth Management Co., Ltd. (民生理財有限責任公司). He currently serves as an independent non-executive Director of the Bank and an independent director of CZB Wealth Management Co. Ltd. (浙銀理財有限責任公司).

Senior Management Members

The detailed biography of Mr. QU Hongzhi is set out in the section headed "Directors".

Mr. XIE Kai

Mr. XIE is a senior engineer with a doctor's degree in finance. He joined the Bank in June 2021. Prior to this, he once served as a secretary at deputy-director level of the secretariat of the office, the deputy director and director of e-commerce department of electronic banking department, the director of innovation business department of electronic banking department, a member of the party committee and a vice president of Jiangsu Nantong branch, the director of mobile finance department of electronic banking department, the director of mobile finance department of internet banking department, the director of business cooperation department of internet banking department, the deputy general manager of technology and product management bureau, the deputy general manager of internet banking department, and the deputy general manager of the county area banking & inclusive finance internet finance management center of Agricultural Bank of China. He is currently a member of the party committee and a vice president of the Bank.

Mr. LI Jianguo

Mr. LI is a senior economist with a bachelor's degree and a master's degree. He joined the Bank in November 2024. Prior to this, he served as member of the Party Committee and vice president of the Sichuan Leshan Branch of Agricultural Bank of China; deputy director (on secondment) of Credit Management Division, deputy general manager of the Credit Management Department and Credit Review and Approval Center, member of the Party Committee and assistant to general manager of the Business Department of Sichuan Branch; secretary of the Party Committee and president of Luzhou Branch; member of the Party Committee and deputy general manager of the Business Department of Sichuan Branch; secretary of the Party Committee and president of Sichuan Leshan Branch; a senior expert and general manager of the Internal Control & Compliance Supervision Department of Sichuan Branch of Agricultural Bank of China. He is currently a vice president of the Bank.

Mr. QI Jun

Mr. QI is a senior economist with a master's degree. He joined the Bank in January 2025. Prior to this, he served as deputy director of the Preservation Business Division and deputy director of General Management Division of the Asset Risk Management Department, deputy director, director of General Management Division of the Risk Management Department, and director of Verification and Parameter Management Division of the Risk Management Department of Industrial and Commercial Bank of China (ICBC); deputy secretary of the Party Committee and vice president of Sichuan Mianyang Branch; secretary of the Party Committee and president of Sichuan Guang'an Branch; secretary of the Party Committee and president of Sichuan Luzhou Branch, deputy general manager (division-head level) and credit expert of Non-performing Assets Management Disposal Center of the Head Office; credit expert of ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司); credit expert of ICBC Peony Card Center and general manager (concurrent position) of Tianjin Sub-center. He is currently a vice president and chief risk officer of the Bank.

Ms. DENG Bei

Ms. DENG is a senior economist with a master's degree. She joined the Bank in March 2009. Prior to this, she worked within the systems of the People's Bank of China. She served as a deputy division director of Financial Stability Division of the People's Bank of China Tianjin Branch. She previously served as assistant to general manager of Assets and Liabilities Management Department, assistant to general manager and deputy general manager of Capital Business Department, deputy general manager and general manager of Assets and Liabilities Management Department, general manager of Financial Market Department and Financial Interbank Department, and general manager of Capital Operation Center of the Bank. She currently serves as a vice president of the Bank.

(V) Changes in Directors, Supervisors and Members of Senior Management

Changes in Directors

On June 28, 2024, Ms. WANG Aijian was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 3, 2025, her qualification as an independent director was approved by the National Financial Regulatory Administration. Ms. WANG Aijian has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank, a member of the Nomination and Remuneration Committee under the Board of Directors, and a member of the Audit and Consumer Rights Protection Committee under the Board of Directors since January 3, 2025. Ms. WANG Aijian has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that she understands her responsibilities as a director of the Bank.

On June 28, 2024, Mr. LIU Junmin was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 6, 2025, his qualification as an independent director was approved by the National Financial Regulatory Administration. Mr. LIU Junmin has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank and the chairman of the Nomination and Remuneration Committee under the Board of Directors since January 6, 2025. Mr. LIU Junmin has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that he understands his responsibilities as a director of the Bank.

On June 28, 2024, Mr. LIU Lanbiao was elected as an independent non-executive Director of the Bank at the 2023 annual general meeting of the Bank. On January 6, 2025, his qualification as an independent director was approved by the National Financial Regulatory Administration. Mr. LIU Lanbiao has served as an independent non-executive Director of the fifth session of the Board of Directors of the Bank, a member of each of the Nomination and Remuneration Committee under the Board of Directors, the Risk Management and Green Finance Committee under the Board of Directors and the Related Party Transactions Control Committee under the Board of Directors since January 6, 2025. Mr. LIU Lanbiao has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on December 5, 2024 and confirmed that he understands his responsibilities as a director of the Bank.

In order to devote more time to his other business commitments, Mr. ZHU Ning resigned as an independent non-executive Director of the Bank, a member of the Nomination and Remuneration Committee of the Board of Directors and the Audit and Consumer Rights Protection Committee of the Board of Directors, with effect from January 3, 2025.

In accordance with the requirement of "independent directors shall not hold office for over six years in total in a banking or insurance institution" under the Code of Corporate Governance of Banking and Insurance Institutions, Mr. MAO Zhenhua resigned as an independent non-executive Director of the Bank and the chairman of the Nomination and Remuneration Committee of the Board of Directors, with effect from January 6, 2025.

On January 20, 2025, the sixth session of the Board of Directors was elected at the 2025 first extraordinary general meeting of the Bank, comprising of Mr. WANG Jinhong and Mr. QU Hongzhi as executive Directors, Mr. AU Siu Luen, Mr. QU Defu, Mr. LIU Zhenyu, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji as non-executive Directors, and Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian, Mr. LIU Junmin, Mr. LIU Lanbiao and Mr. OUYANG Yong as independent non-executive Directors. Mr. DU Gang ceased to be an executive Director and a member of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank with effect from the same date due to expiry of his term of office. Mr. MU Binrui ceased to be an independent non-executive Director, the chairman of the Risk Management and Green Finance Committee, the chairman of the Related Party Transactions Control Committee, and a member of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank with effect from the same date due to expiry of his term of office. On May 22, 2025, the National Financial Regulatory Administration approved the qualification of Mr. OUYANG Yong as an independent director. Since May 22, 2025, Mr. OUYANG Yong has been an independent non-executive Director of the sixth session of the Board of Directors of the Bank, the chairman of the Risk Management and Green Finance Committee of the Board of Directors, the chairman of the Related Party Transactions Control Committee of the Board of Directors and a member of the Audit and Consumer Rights Protection Committee of the Board of Directors. Mr. OUYANG Yong has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on March 27, 2025 and confirmed that he understands his responsibilities as a director of the Bank. The qualifications of Mr. QU Defu and Mr. LIU Zhenyu are subject to the approval by the regulatory authority.

On January 20, 2025, Mr. WANG Jinhong was elected as the chairman of the sixth session of the Board of Directors of the Bank, and Mr. AU Siu Luen was elected as the vice chairman of the sixth session of the Board of Directors of the Bank at the first meeting of the sixth session of the Board of Directors of the Bank.

On November 14, 2025, Ms. CUI Hongqin was elected as a non-executive Director of the Bank at the 2025 third extraordinary general meeting of the Bank. On March 23, 2026, her qualification as a director was approved by the National Financial Regulatory Administration. Ms. CUI Hongqin has served as a non-executive Director of the sixth session of the Board of Directors of the Bank, and a member of the Development Strategy and Inclusive Finance Committee under the Board of Directors since March 23, 2026. Ms. CUI Hongqin has obtained the legal advice as set out in Rule 3.09D of the Listing Rules on February 5, 2026 and confirmed that she understands her responsibilities as a director of the Bank.

On February 3, 2026, Ms. LING Yingjie was elected as an employee Director of the Bank at the employee representative meeting of the Bank. Her qualification is subject to the approval by the regulatory authority.

Mr. DUAN Wenwu resigned as a non-executive Director of the Bank and a member of the Development Strategy and Inclusive Finance Committee of the Board of Directors due to a change in work arrangements, with effect from March 23, 2026.

Changes in Supervisors

On May 23, 2025, Mr. BAI Xinyu resigned as the chairman of the Board of Supervisors, an employees' representative supervisor and a member of the Nomination Committee under the Board of Supervisors of the Bank due to his work adjustment.

On August 18, 2025, the Bank convened the 2025 second extraordinary general meeting, at which the resolutions in respect of the amendments to the Articles of Association and the dissolution of the Board of Supervisors were considered and approved. On December 19, 2025, the amended Articles of Association was approved by the National Financial Regulatory Administration, and the Bank ceased to maintain the Board of Supervisors. Consequently, Mr. HUI Yung Chris, Ms. DU Huibin, Mr. LI Chengbang and Ms. ZHANG Hui stepped down from their roles as Supervisors.

Changes in Members of Senior Management

On October 31, 2024, the appointment of Mr. LI Jianguo, Mr. QI Jun and Ms. DENG Bei as professional managers to serve as vice presidents of the Bank was approved at the 65th meeting of the fifth session of the Board of Directors of the Bank. On February 7, 2025, the National Financial Regulatory Administration approved their qualifications as vice presidents.

On January 20, 2025, the re-appointment of Mr. DU Gang as the secretary to the Board of Directors of the Bank and the appointment of Mr. QI Jun as the chief risk management officer of the Bank were approved at the 1st meeting of the sixth session of the Board of Directors of the Bank. On July 21, 2025, the National Financial Regulatory Administration approved Mr. QI Jun's qualification as the chief risk management officer.

Mr. DU Gang resigned as a vice president (a professional manager) of the Bank for personal reasons with effect from July 25, 2025, upon the consideration and approval of the Board of Directors. Mr. DU Gang resigned as secretary to the Board of Directors of the Bank for personal reasons with effect from August 28, 2025 upon the consideration and approval of the Board of Directors.

On December 18, 2025, the appointment of Mr. XIE Kai as the chief information officer of the Bank was approved at the 12th meeting of the sixth session of the Board of Directors of the Bank, and his qualification is subject to the approval by the regulatory authority.

On March 4, 2026, the appointment of Mr. QU Hongzhi, the president, to concurrently serve as the chief compliance officer of the Bank was approved at the 13th meeting of the sixth session of the Board of Directors of the Bank.

(VI) Changes in the Information of Directors

Mr. HU Aimin, a non-executive Director of the Bank, no longer serves as a director of Hwabao Securities Co., Ltd. (華寶證券股份有限公司), and a supervisor of Xinjiang Tianshan Steel United Co., Ltd.

Save as the disclosures in this section, no information on Directors is subject to disclosure in accordance with Rule 13.51B(1) of the Listing Rules.

(VII) Directors and Chief Executives' Interests in the Bank

As of the end of the Reporting Period, none of our Directors and chief executive had any interests or short positions in the shares, underlying shares and debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be entered in the register kept by the Bank pursuant to section 352 of the SFO, or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

II. EMPLOYEES

(I) The Number and Structure of Employees

As of the end of the Reporting Period, the Group had 14,170 employees, including 6,582 male employees and 7,588 female employees. The age structure, educational background and professional post structure of the employees are as follows:

1. Age structure of employees

Age	Number of employees	Structure (%)
Aged 30 or below	3,009	21.24
Aged 31-35	2,903	20.49
Aged 36-40	3,788	26.73
Aged 41-45	2,383	16.82
Aged 46-50	1,060	7.48
Aged over 50	1,027	7.24
Total	14,170	100.00

2. Educational background of employees

Educational background/degree	Number of employees	Structure (%)
Postgraduate/Master's degree and above	4,277	30.18
Undergraduate/Bachelor's degree	9,726	68.64
College and lower	167	1.18
Total	14,170	100.00

3. Professional post structure of employees

Professional post	Number of employees	Structure (%)
Corporate banking	3,322	23.44
Retail banking	3,059	21.59
Financial markets	359	2.53
Finance and assets & liabilities	330	2.33
Risk management	1,209	8.53
Audit, legal, internal control & compliance	456	3.22
Business operation	2,349	16.58
Information technology	1,473	10.40
Others	1,489	10.50
Subsidiary	124	0.88
Total	14,170	100.00

In addition to the employees with whom the Group has entered into labor contracts, as of the end of the Reporting Period, the Group also engaged 182 dispatched workers through third-party human resources agencies and they generally held non-essential positions at the Group.

(II) Human Resource Management

During the Reporting Period, taking the opportunity of high-quality transformation and development across the board, the human resource management of the Bank focused on key tasks such as the “five priorities” put forward by the Central Financial Work Conference and the construction of “Nine Major Banks” for the Bank, and continued to deepen the Three Systems reform. The Bank continued to optimize the market-orientated talent recruitment and selection mechanism, expanded the channels for introducing professional high-end talents, facilitated the talent factory construction, enhanced the effectiveness of talent selection and cultivation, improved talent pool and organization construction, stimulated the employees’ confidence and vitality in operation and business, and enhanced the attractiveness and cohesiveness to talents. The Bank continuously improved the scientific, rational and effective allocation of human resources to strongly support and guarantee high-quality transformation and development across the board.

(III) Staff Training

During the Reporting Period, the Bank remained firmly committed to its “Nine-Five-Three-One” strategy, focusing on its operational and development goals while optimizing its training system structure, refining training course offerings, and enhancing training service quality. The Bank consistently prioritized the “Bank-wide Business Training”, which was guided by the principle of empowering front-line staff and aimed at improving practical skills. On-site training sessions were organized across the Bank with attendance figures of 3,089 and online training sessions with attendance figures of 34,000. The Bank implemented precision training for talents in a hierarchical manner, establishing a three-dimensional training framework that emphasized management for mid-level personnel, execution for front-line staff, and skills for professionals. This approach bolstered talent pipeline development, enhanced the professionalism and practical skills of its workforce, and provided robust talent support and capability assurance for the Bank’s high-quality development.

III. BRANCHES

As of the end of the Reporting Period, the Bank had established outlets in 25 provinces, municipalities and autonomous regions, 5 sub-provincial cities and the Hong Kong Special Administrative Region, covering 65 key cities nationwide, and had established 34 tier-one branches (including 3 branches in Suzhou, Qingdao and Ningbo under direct management of the head office and 1 overseas branch), 35 tier-two branches, 292 sub-branches, and 16 small and micro community sub-branches. The total number of officially opened outlets reached 377.

Name	Address	Number of employees	Tier-two branches and sub-branches (including community) under jurisdiction	Number of employees in the institutions under jurisdiction
Head Office	218 Haihe East Road, Hedong District, Tianjin	2,859	–	–
Capital Operation Center	5F, Building 1, No. 28, Jianguomennei Avenue, Dongcheng District, Beijing	87	–	–
Tianjin Branch	8-15/F, Part 1/F, Part 2/F, China Bohai Bank Tower, 218 Haihe East Road, Hedong District, Tianjin	457	1/52	1,090
Tianjin Pilot Free Trade Zone Branch	No. 3 Building, Financial Center, No. 158 West 3rd Road, Tianjin Pilot Free Trade Zone (Airport Economic Area)	26	–	–
Beijing Branch	1F-3F, East Tower C, Chemsunny World Trade Center, 28 Fuxingmennei Street, Xicheng District, Beijing	311	1/30	446
Hangzhou Branch	Bohai Bank Building, No. 117 Tiyuchang Road, Xiacheng District, Hangzhou City, Zhejiang Province	194	3/15	355
Taiyuan Branch	No. 308, Changzhi Road, Xiaodian District, Taiyuan City, Shanxi Province	199	2/11	246
Chengdu Branch	No. 87, Jinrongcheng South Road, High-Tech Zone, Chengdu City, Sichuan Province	191	1/16	223
Jinan Branch	Building 3, Lushang Olympic City, 9777 Jingshi East Road, Jinan City, Shandong Province	211	4/13	351
Shanghai Branch	No. 155 Yincheng Road, China (Shanghai) Pilot Free Trade Zone	194	0/16	211
Shanghai Pilot Free Trade Zone Branch	2/F of No. 1229 Century Avenue, Units 1-2 on 1/F, 2/F and 15/F of No. 1239 Century Avenue, China (Shanghai) Pilot Free Trade Zone	116	0/01	9
Shenzhen Branch	1B01, 1B02, 1B03, 2B01, 14/F, 23/F, 24/F, 25/F and 26/F, Block B, Aerospace Science and Technology Square, No. 1288 Hyde 3rd Road, Yuehai Street, Nanshan District, Shenzhen City, Guangdong Province	242	1/12	268
Nanjing Branch	No. 213 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province	251	6/10	363
Suzhou Branch	Jianwu Financial Center Building, No. 710 Zhongyuan Road, Suzhou Industrial Park, Jiangsu Province	168	0/04	81
Dalian Branch	Yifang Building, No. 9 Yan'an Road, Zhongshan District, Dalian City, Liaoning Province	179	1/08	145
Guangzhou Branch	Nanya Zhonghe Plaza, 57 Linjiang Avenue, Tianhe District, Guangzhou City, Guangdong Province	207	4/14	361

Name	Address	Number of employees	Tier-two branches and sub-branches (including community) under jurisdiction	Number of employees in the institutions under jurisdiction
Changsha Branch	Jiasheng Business Plaza, No. 289 Laodong West Road, Tianxin District, Changsha City, Hunan Province	178	3/13	224
Shijiazhuang Branch	18 Zhonghua South Street, Shijiazhuang City, Hebei Province	203	3/14	301
Wuhan Branch	Pan Ocean International Centre, No. 185 Yunxia Road, No. 187 Yunxia Road, No. 249 Huaihai Road, Jiangnan District, Wuhan City, Hubei Province	185	2/23	262
Hohhot Branch	No. 85 Xinhua East Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region	123	1/04	104
Fuzhou Branch	Huaban Building, No. 363 Jiangbin Middle Avenue, Taijiang District, Fuzhou City, Fujian Province	132	1/03	84
Hefei Branch	No. 269 Suixi Road, North First Ring, Luyang District, Hefei City, Anhui Province	153	0/05	73
Zhengzhou Branch	No. 88 Jinshui East Road, Zhengdong New District, Zhengzhou City, Henan Province	163	0/07	89
Xi'an Branch	1F-6F, Building 4, No. 31, Tangyan Road, High-Tech Zone, Xi'an City, Shaanxi Province	157	0/06	92
Changchun Branch	No. 2699 Xi'an Road, Lvyuan District, Changchun City, Jilin Province	110	0/02	28
Chongqing Branch	Building 2, Lifan Center, No. 6, Juxiyan Square, Jiangbei District, Chongqing	106	0/06	68
Shenyang Branch	No. 32 Yingbin Street, Shenhe District, Shenyang City, Liaoning Province	92	1/03	57
Xiamen Pilot Free Trade Zone Branch	Building A, Cross-strait Trade Center, No. 1-9 Yunan 4th Road, Xiamen Area of China (Fujian) Pilot Free Trade Zone (Bonded Area)	102	-	-
Haikou Branch	S5 Podium Building, Guorui City, No. 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province	83	0/01	14
Qingdao Branch	Office Building T8, Shangshi Center, 195 Xianggang East Road, Laoshan District, Qingdao City, Shandong Province	101	0/04	57
Ningbo Branch	1F-3F, Emeke Building, No. 188 Dazha Road, Jiangbei District, Ningbo City, Zhejiang Province	83	0/02	21
Nanning Branch	1F-5F, Podium Building, King's International Merchant Center, 59 Jinhu Road, Qingxiu District, Nanning City, Guangxi Zhuang Autonomous Region	84	0/03	38
Nanchang Branch	Cuilin Building, 1266 Fenghe Middle Avenue, Honggutan New District, Nanchang City, Jiangxi Province	97	0/06	54
Guiyang Branch	No. 1, 1F and No. 1, half B1, Building 9, Business District, One Guiyang International Finance Center, Lincheng Road, Guanshanhu District, Guiyang City, Guizhou Province	83	0/02	25
Kunming Branch	No. 391, Rixin Middle Road, Xishan District, Kunming City, Yunnan Province	87	0/02	23
Hong Kong Branch	Suites 1201-1209 and 1215-1216, 12/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	69	-	-

Note: The information in the above table does not include the subsidiary.

Corporate Governance

I. OVERVIEW OF CORPORATE GOVERNANCE

The Bank strictly complies with the laws and regulations, such as the Company Law, the Commercial Banking Law, and the Listing Rules, as well as national financial regulatory requirements, adheres to enhancing the integration of Party's leadership and corporate governance, continuously explores a modern financial enterprise system with Chinese characteristics, refines governance mechanisms, standardizes decision-making processes, and enhances governance effectiveness. During the Reporting Period, all corporate governance entities of the Bank performed their respective duties and responsibilities, coordinated operation and exercised effective checks and balances, which further improved the efficiency of discussion and level of decision-making. For the corporate governance structure of the Bank, please refer to "Organizational Structure Chart" described in this annual report.

During the Reporting Period, for the purposes of optimizing the corporate governance structure and enhancing the operational efficiency of corporate governance, in accordance with the relevant requirements of the Company Law and the National Financial Regulatory Administration on the establishment of the board of supervisors, the Bank resolved to dissolve the Board of Supervisors, and the Audit and Consumer Rights Protection Committee of the Board of Directors shall take over the duties and responsibilities of the Board of Supervisors in accordance with the law. Pursuant to the laws and regulations, the latest regulatory requirements, as well as the relevant arrangements of the reform of the Board of Supervisors, the Bank amended the Articles of Association, and simultaneously made adaptive revisions to the Rules of Procedure for the Shareholders' General Meetings and for the Board of Directors. Following sequential approval by the Board of Directors and the Shareholders' general meeting, the revised Articles of Association of the Bank were approved by the National Financial Regulatory Administration on December 19, 2025. The Bank dissolved the Board of Supervisors on the same date, and the revised Rules of Procedure for the Shareholders' General Meetings and the Rules of Procedure for the Board of Directors also took effect on the same date. Through these adjustments to the corporate governance structure and amendments to the regulations, the Bank further clarified the boundaries of authority and responsibilities among governance entities and delineated the division of decision-making authority. Therefore, the corporate governance mechanism operated in a more standardized and efficient manner, laying a solid system foundation for compliant and stable development.

II. SHAREHOLDERS' GENERAL MEETING

The Shareholders' general meeting is the organ of power of the Bank. Its principal responsibilities include: approving the rules of procedure for Shareholders' general meetings and for the Board; approving the annual financial budget plans, profit distribution plans and loss recovery plans; electing and removing Directors; approving the reports of the Board of Directors and amending the Articles of Association, etc. For detailed information on the duties of the Shareholders' general meeting of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(I) Shareholders' Rights

1. *Convening an extraordinary general meeting*

An extraordinary general meeting shall be convened within two months upon the request in writing of Shareholder(s) individually or jointly holding above 10% of the total voting shares issued by the Bank (hereinafter referred to as "proposing shareholders", with the number of shares held by them to be calculated according to their shareholdings as of the date of request made by them in writing).

If proposing shareholders require convening an extraordinary general meeting, the following procedures shall be followed:

The proposing shareholders may sign one or several written requests with the same format and contents to propose to the Board of Directors to convene an extraordinary general meeting and specify the meeting topics. The Board of Directors shall, pursuant to laws, regulations and the Articles of Association of the Bank, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the request. Where the Board agrees to convene the extraordinary general meeting, it shall serve a notice of convening such meeting within five days after the resolution is made by the Board of Directors. Any change to the original request set forth in the notice shall be subject to approval by the proposing shareholders.

Where the Board of Directors does not agree to convene the extraordinary general meeting, or fails to give any reply within 10 days after receipt of the request, the proposing shareholders shall have the right to request the Audit and Consumer Rights Protection Committee in writing to convene an extraordinary general meeting.

Where the Audit and Consumer Rights Protection Committee agrees to convene the extraordinary general meeting, it shall serve a notice of convening such meeting within five days after receipt of the request. Any change to the original proposal set forth in the notice shall be subject to approval by the proposing shareholders.

Where the Audit and Consumer Rights Protection Committee fails to serve the notice of Shareholders' general meeting within the specified period, it shall be deemed to have failed to convene and preside over the Shareholders' general meeting, and the Shareholder(s) severally or jointly holding more than 10% of the shares of the Bank for over 90 days in a row may convene and preside over such meeting on their own initiative.

Where the Board of Directors or the Audit and Consumer Rights Protection Committee fails to convene an extraordinary general meeting according to the aforesaid arrangement or decides not to convene such meeting, the proposing shareholders may convene such meeting on their own initiative within four months after the Board of Directors receives the request of convening such meeting, and the convening procedures shall to the extent possible be the same as the procedures by which the Board of Directors convenes a Shareholders' general meeting.

2. *Proposing a proposal to the Shareholders' general meeting*

Where the Bank convenes a Shareholders' general meeting, Shareholder(s) individually or jointly holding more than 1% of the total voting shares issued by the Bank may put forward an interim proposal and submit it to the Board of Directors in writing within 10 days before the Shareholders' general meeting is convened; the Board of Directors shall, within two days after receipt of the interim proposal, issue a supplementary notice of the Shareholders' general meeting and submit the interim proposal to the Shareholders' general meeting for consideration, unless such interim proposal violates the laws and regulations or the Articles of Association of the Bank, or does not fall within the terms of reference of the Shareholders' general meeting.

3. *Convening an interim Board meeting*

When the Shareholder(s) individually or jointly holding more than 10% of the total voting shares of the Bank propose to convene an interim Board meeting, the chairman of the Board of Directors shall convene the meeting within five working days.

4. *Inquiring of the Board of Directors*

Shareholders shall have the right to inspect and copy the Bank's Articles of Association, the share register, minutes of the Shareholders' general meetings, the resolutions of Board meetings, financial and accounting reports. The Shareholder(s) severally or jointly holding more than 3% of the shares of the Bank for over 180 consecutive days are entitled to inspect the Bank's account books and account documents in accordance with the Company Law. For contact details of Shareholders' inquiries to the Bank, please see "Corporate Profile" in this annual report.

For detailed information on the Shareholders' rights of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(II) Shareholders' Communication Policy

The Bank has formulated the "Shareholders' Communication Policy", which lists the purpose, general policies, communication channels, communication with the investment market and Shareholder privacy of its Shareholders' communication policy. The communication channels between the Bank and Shareholders include:

Shareholders' inquiries

- The Bank has disclosed the company's contact information on its website so that Shareholders can make inquiries about the Bank.
- Shareholders may inquire about their shareholding at the Share Registrar of the Bank.
- Shareholders may request public information of the Bank at any time.

Corporate communications

- Corporate communications (within the meaning of the Listing Rules), including but not limited to (i) directors' reports, annual accounts together with auditors' report, (ii) interim reports, (iii) notices of meetings, (iv) listing documents, (v) circulars, (vi) proxy forms, (vii) application proof, and (viii) post hearing information pack.
- Corporate communications should be made available to the Shareholders in a timely manner and should be written in plain Chinese and English.

Company website

- The "Investor Relations" column of the Bank's website (www.cbhb.com.cn) provides Shareholders with corporate information, such as corporate communications and key financial information of the Bank.
- The Bank shall publish its results announcement on the websites of the Hong Kong Stock Exchange and the Bank after the Board of Directors approves the results.
- The information submitted by the Bank to the Hong Kong Stock Exchange for publication on the Hong Kong Stock Exchange website will also be published on the Bank's website immediately. Such information includes but is not limited to annual reports, interim reports, announcements, circulars, notices of Shareholders' general meetings and information required by the Listing Rules from time to time.
- Press releases and publications issued by the Bank from time to time are also available on the Bank's website.
- The information on the Bank's website will be updated regularly.

Shareholders' general meeting

- The Bank's Shareholders' general meeting provides an opportunity for constructive communication between the Bank and the Shareholders.
- The Bank will make appropriate arrangements for Shareholders' general meetings to encourage Shareholders' participation.
- When the Bank convenes an annual general meeting, the Bank shall issue a written notice 20 days before the meeting. When the Bank convenes an extraordinary general meeting, the Bank shall issue a written notice 15 days before the meeting. The written notice shall include the matters to be considered at the meeting and the date and venue of the meeting to all Shareholders whose names appear on the share register. If the securities regulatory authority of the place where the Bank's shares are listed requires a longer notice period for the Shareholders' general meeting, such provisions shall prevail.

The Bank will issue circulars and proxy forms related to Shareholders' general meetings according to the notice period required by the Articles of Association and the Listing Rules.

- Members of the Board of Directors, especially the chairman of each committee under the Board of Directors or their representatives, appropriate senior executives and external auditors should attend the Shareholders' general meeting to answer questions from Shareholders.
- The Bank will review the procedures for the Shareholders' general meeting from time to time to ensure compliance with the Bank's Articles of Association, the Listing Rules and applicable laws as well as good corporate governance practices. Separate resolutions on substantially separate issues will be submitted to the Shareholders' general meeting for voting. Except for the presider of the meeting making a decision in good faith to allow voting on a motion purely related to procedural or administrative matters by a show of hands, any votes made by Shareholders at the Shareholders' general meeting shall be taken by way of registered poll. The Shareholders' general meeting will appoint scrutineers to count the votes. After the meeting, the voting results will be announced on the websites of the Bank and the Hong Kong Stock Exchange.

During the Reporting Period, the Bank convened an annual general meeting and 3 extraordinary general meetings in strict compliance with relevant laws and regulations as well as the Bank's Articles of Association, and actively interacted and communicated with Shareholders through Shareholders' general meetings. The Bank timely disclosed results announcements, periodic reports, announcements, circulars, notices of Shareholders' general meetings and other information in accordance with regulatory requirements, and continuously updated the Bank's website to protect investors' right to know. The Bank maintained communication with investors and responded to investor concerns in a timely manner through multiple channels. After review, the Bank's Shareholders' Communication Policy continued to be effective during the Reporting Period, and the Bank's communication with Shareholders and investors complied with relevant regulations.

(III) The Shareholders' General Meeting

During the Reporting Period, the Bank convened 4 Shareholders' general meetings. The relevant information is as follows:

The Bank convened the 2025 first extraordinary general meeting in Tianjin on January 20, 2025. Shareholders or their proxies attending the Shareholders' general meeting represented a total of 13,257,120,842 ordinary shares with voting rights of the Bank. 11 Directors of the Bank attended the meeting, and the Supervisors of the Bank were present at the meeting. The resolution on the election of Directors for the sixth session of the Board of Directors was considered and approved at the meeting. The meeting also listened to the 2023 Assessment Report on the Quality and Qualification of Major Shareholders and Relevant Matters.

The Bank convened the 2024 annual general meeting in Tianjin on June 18, 2025. Shareholders or their proxies attending the Shareholders' general meeting represented a total of 13,260,447,353 ordinary shares with voting rights of the Bank. 11 Directors of the Bank attended the meeting, and the Supervisors of the Bank were present at the meeting. 8 resolutions were considered and approved at the meeting and the matters considered included: the Report of the Board of Directors for 2024, the Report of the Board of Supervisors for 2024, the Report of Final Financial Accounts for 2024, the Profit Distribution Plan for 2024, the Financial Budget Report for 2025, the Investment Plan for 2025, the re-appointment of external auditors for 2025, the remuneration for 2023 and assessment of incentive income for 2021-2023 of chairman. The meeting also listened to 5 written reports, including the 2024 Special Report on Related Party Transactions, the 2024 Assessment Report on the Performance of Duties of the Board of Directors, Senior Management and their Members issued by the Board of Supervisors, the 2024 Report on Self-evaluation of the Board of Supervisors and Assessment of the Performance of Duties of Supervisors, the Report of the Board of Supervisors on Independent Opinions on Related Matters in 2024 and the Report on Purchase of Directors' Liability Insurance.

The Bank convened the 2025 second extraordinary general meeting in Tianjin on August 18, 2025. Shareholders or their proxies attending the Shareholders' general meeting represented a total of 13,285,857,312 ordinary shares with voting rights of the Bank. 11 Directors of the Bank attended the meeting, and the Supervisors of the Bank were present at the meeting. 4 resolutions were considered and approved at the meeting and the matters considered included: amendments to the Articles of Association, amendments to the rules of procedure for Shareholders' general meetings, amendments to the rules of procedure for the Board and dissolution of the Board of Supervisors. The meeting also listened to the 2024 Assessment Report on the Quality and Qualification of Major Shareholders and Relevant Matters.

The Bank convened the 2025 third extraordinary general meeting in Tianjin on November 14, 2025. Shareholders or their proxies attending the Shareholders' general meeting represented a total of 13,278,973,588 ordinary shares with voting rights of the Bank. 11 Directors of the Bank attended the meeting, and the Supervisors of the Bank were present at the meeting. The 2 resolutions on the proposed mandate in relation to the potential very substantial disposal through public tender and election of Ms. CUI Hongqin as a non-executive Director were considered and approved at the meeting. The meeting also listened to the report on the resignation of Mr. DUAN Wenwu as a non-executive Director.

The domestic legal advisor of the Bank witnessed the convening of the above meetings and other related matters in accordance with the law, and believed that the meetings were in compliance with relevant laws and regulations, regulatory documents and the Articles of Association. For details of the meetings, please refer to the relevant circulars, notices and the poll results announcements published on the websites of the HKEX and the Bank.

III. BOARD OF DIRECTORS

(I) Members of the Board of Directors

As of the end of the Reporting Period, the Board of Directors of the Bank had 13 Directors in total, including two executive Directors: Mr. WANG Jinhong (chairman) and Mr. QU Hongzhi, five non-executive Directors: Mr. AU Siu Luen (vice chairman), Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin and Mr. ZHANG Yunji, and six independent non-executive Directors: Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian, Mr. LIU Junmin, Mr. LIU Lanbiao and Mr. OUYANG Yong.

Recognizing the importance of board diversity in enhancing corporate governance and operational efficiency, the Bank has formulated the Board Diversity Policy, which sets out the objectives, vision, general policy, measurable objectives, review and monitoring of the Board Diversity Policy. It mainly includes: the Board is committed to continuously improving its operational efficiency and maintaining a high level of corporate governance, and recognizes that diversity at the Board level is essential to maintaining competitiveness and sustainable development. In designing the composition of the Board of Directors, the Bank has considered and undertakes to consider the diversity of the Board from various aspects, including but not limited to gender, age, cultural and educational background, ethnicity, industry and professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director, as well as any other factors which the Board may deem relevant and applicable from time to time. The Board seeks to ensure that it has the balance of skills, experience and diversity of perspectives that are necessary for the Board to execute its business strategy and function effectively. When selecting candidates for the Board, the Bank will take into account the Board Diversity Policy, and the selection will ultimately be based on the views and perspectives, skills and experience that the designated candidates can bring to the Board, the promotion of Board diversity, as well as any other contributions they may make to the Board. The Board of Directors is responsible for reviewing the Board Diversity Policy and monitoring its implementation. The Nomination and Remuneration Committee under the Board of Directors reviews the structure, size and composition of the Board (including in terms of skills, knowledge and experience) once annually, and fully considers the requirements of the Board Diversity Policy when nominating a Director candidate. At the end of the Reporting Period, there were both male and female representatives among members of the Board of the Bank. They have a relatively wide range of age, ranging from 52 to 76 years old. The Directors have a balanced mix of experience in banking, corporate management, economics and finance. The relatively diverse composition of the Board of Directors ensures that the Board of Directors of the Bank can absorb various opinions, accumulate various advantages, and make scientific and efficient decisions. The Directors express their opinions and suggestions based on their respective expertise and advantages, and contribute their wisdom and strength to the effective operation of the Board of Directors and the stable development of the Bank's business. Considering the situation of the Directors of the Bank, the Nomination and Remuneration Committee of the Board of Directors is of the view that the Board of Directors of the Bank is sufficiently diverse. For basic information about the members of the Board of Directors, please see "Directors, Supervisors, Members of Senior Management, Employees and Branches: Directors, Supervisors and Members of Senior Management" in this annual report.

(II) The Responsibility of the Board of Directors

The Board of Directors is accountable to the Shareholders' general meeting and undertakes final responsibility of operation and management of the Bank. Its principal responsibilities include convening Shareholders' general meeting and executing resolutions of Shareholders' general meeting, formulating operation and development strategies and medium and long term development plans and monitoring the implementation of strategies, determining operational plans and investment programs, formulating capital plans, formulating annual financial budget plans, profit distribution plans and loss recovery plans, etc. For detailed information on the responsibility of the Board of Directors of the Bank, please see the Articles of Association published on the websites of the HKEX and the Bank.

(III) Board Meetings and the Work of the Board

During the Reporting Period, the Board of Directors of the Bank closely followed financial regulatory policy directions and paid close attention to domestic and international economic conditions. It made decisions on major bank-wide matters in a scientific and standardized manner, and devoted all-out efforts to safeguarding the Bank's compliant operations and robust development. Focusing on pursuing the "five priorities", the Board of Directors actively implemented national strategic deployments, including inclusive finance, rural revitalization, and green finance. It guided senior management to promote the in-depth integration of business development with fulfillment of social responsibility, earnestly fulfilling its mission as a financial institution. Anchoring strategic development directions, the Board of Directors deepened research on macroeconomic and industry trends, continuously enhanced the precision of decision-making, and intensified execution supervision. It successfully concluded the Fourth "Five-Year Plan", and laid a solid foundation for formulating high-quality development plans under the Fifth "Five-Year Plan". After the completion of the re-election of the Board of Directors in compliance with laws and regulations, it further optimized the composition of the Board of Directors and senior management, thereby injecting new momentum for the Bank's high-quality development. The Board of Directors streamlined and reviewed risk management and internal control systems, formulated and revised various risk control and compliance policies to foster a solid and comprehensive risk prevention framework. It also standardized shareholder affairs management and information disclosure, urged senior management to consistently improve the efficiency of consumer protection, and persistently enhanced stakeholder protection mechanisms. With a focus on strengthening the capabilities of the Board of Directors, Directors were arranged to participate in training on financial regulatory policies and industry expertise, in a bid to elevate their capabilities to perform duties and professional competence.

During the Reporting Period, the Board of Directors of the Bank convened 12 meetings, at which 93 proposals were deliberated, and 26 reports were debriefed. The Board of Directors considered resolutions such as the annual final accounts report, annual budget report, annual profit distribution plan, annual group performance evaluation indicators, annual review of the corporate governance policy, material related party transactions, external donations, election of chairman and vice chairman, composition of special committees under the new session of the Board of Directors, change of Directors and senior management members, appraisal results of Directors and mutual evaluation of independent Directors, annual assessment and evaluation of senior management members and annual determination of their remuneration, annual appraisal indicators for professional managers, work report of senior management, report on comprehensive risk management, report on operational risk management, report on consolidated statement management, work report on consumer rights protection, report on liability quality management, work report on green finance and various information disclosure reports. It formulated the basic system of compliance management, management policies on interest rate risk in the banking book and administrative measures on the Group's partner institutions, and revised basic systems such as the Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors, administrative measures on external equity investment, market risk management policies and reputational risk management measures. The Board of Directors also debriefed reports, including the special report on related party transactions, self-assessment report on data governance, the internal control evaluation report and auditor's statement, the internal audit work report of the Audit and Consumer Rights Protection Committee of the Board of Directors, the working plans of the Board of Directors and its special committees, development plan for inclusive finance business, report on the Bank's regulatory situations and the Bank's execution report, and the regulatory evaluation report on consumer rights protection.

(IV) Particulars of Directors' Attendances at Meetings

During the Reporting Period, the particulars of Directors of the Bank attending meetings of the Board of Directors and Shareholders' general meetings are as follows:

Name	Board of Directors ⁽¹⁾				Shareholders' general meetings ⁽²⁾
	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences	
WANG Jinhong	12	11	1	–	4/4
AU Siu Luen	12	12	–	–	4/4
YUAN Wei	12	11	1	–	4/4
DUAN Wenwu	12	10	2	–	0/4
HU Aimin	12	12	–	–	4/4
ZHANG Yunji	12	12	–	–	0/4
QU Hongzhi	12	11	1	–	4/4
TSE Yat Hong	12	12	–	–	4/4
SHUM Siu Hung Patrick	12	12	–	–	4/4
WANG Aijian	12	12	–	–	4/4
LIU Junmin	12	11	1	–	4/4
LIU Lanbiao	12	11	1	–	4/4
OUYANG Yong	8	8	–	–	3/3
DU Gang	–	–	–	–	0/1
MAO Zhenhua	–	–	–	–	0/0
MU Binrui	–	–	–	–	1/1
ZHU Ning	–	–	–	–	0/0

Notes: (1) During the Reporting Period, the Board of Directors of the Bank convened 12 meetings in total, including 11 on-site meetings and 1 off-site meetings. The number of attendances in person by the above Directors included 1 off-site meeting.

(2) Represented as "Number of attendances at/number of the Shareholders' general meetings during the term of office".

(3) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(V) Directors' Training

The Bank places great importance on the continuous professional development of Directors. During the Reporting Period, the Bank further strengthened Directors' training, with a focus on enhancing Directors' comprehensive capabilities in fulfilling their duties and the competence of the Board of Directors in scientific decision-making. Through in-house specialized training, training programs by external institutions, lectures by lawyers, self-study by Directors and other forms of trainings, the Bank conducted training covering domestic and overseas laws and regulations, corporate governance, strategic management, consumer rights protection, anti-money laundering and anti-corruption. During the Reporting Period, the Bank's Directors, Mr. WANG Jinhong, Mr. AU Siu Luen, Ms. YUAN Wei, Mr. DUAN Wenwu, Mr. HU Aimin, Mr. ZHANG Yunji, Mr. QU Hongzhi, Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian, Mr. LIU Junmin, Mr. LIU Lanbiao and Mr. OUYANG Yong, participated in training on topics including analysis of financial regulatory landscape and case studies of consumer protection violations in banking, evolution of corporate governance and supervision models and governance experiences of central state-owned enterprises, strengthening strategic management and planning, and actively cultivating and practicing the financial culture with Chinese characteristics. All Directors diligently studied various materials regularly circulated by the Bank concerning regulatory policies, industry development, the Bank's corporate governance and operational management. They kept abreast of the latest regulatory updates and the Bank's development, and thoroughly studied and understood their responsibilities and obligations as directors of a commercial bank and a company listed in Hong Kong, ensuring that they continued to possess the professional knowledge and capabilities necessary to perform their duties.

(VI) Independent Opinion Mechanism, Independence and Work of Independent Non-Executive Directors

The Board of Directors of the Bank consists of executive Directors and non-executive Directors (including independent non-executive Directors). According to the Articles of Association of the Bank, there shall be no less than three independent non-executive directors and they shall represent at least one-third of the total members of the Board of Directors. The structure of the Board of Directors is scientific and balanced, and non-executive Directors (including independent non-executive Directors) account for the majority to ensure that the Board of Directors can fully obtain independent views and opinions, and independently and effectively perform decision-making functions. In order to ensure that independent non-executive Directors can effectively exercise their functions and powers, the Bank shall provide independent non-executive Directors with the following necessary working conditions: (1) The Bank shall ensure that independent non-executive Directors enjoy the same right to know as other Directors. For matters to be decided on by the Board of Directors, the Bank shall notify independent non-executive Directors in advance according to the statutory time and provide them with sufficient information. Independent non-executive Directors may request supplementary information if they consider the information insufficient. When two or more independent non-executive Directors believe that the information is insufficient or the argumentation is not clear, they may jointly propose to the Board of Directors in writing to postpone the meeting of the Board of Directors or postpone the deliberation of the matter, and the Board of Directors shall adopt such proposal; (2) The Bank shall provide the necessary working conditions for independent non-executive Directors to perform their duties. The secretary to the Board of Directors shall actively provide assistance to independent non-executive Directors in performing their duties, such as introducing the situations and providing materials. If independent opinions, proposals and written statements made by independent non-executive Directors shall be announced, the secretary to the Board of Directors shall handle the matter in relation to the announcement in a timely manner; (3) When independent non-executive Directors exercise their functions and powers, relevant personnel of the Bank shall actively cooperate and shall not refuse, hinder or hide anything or interfere in their independent exercise of functions and powers; (4) The cost of engaging an intermediary agency and other reasonable expenses required for the exercise of duties by independent non-executive Directors shall be borne by the Bank; (5) The Bank shall offer appropriate allowances to independent non-executive Directors. Standards for allowances shall be formulated by the Board of Directors and reviewed and approved by the Shareholders' general meeting. In addition to the above-mentioned allowances, independent non-executive Directors shall not obtain other additional and undisclosed benefits from the Bank, its substantial Shareholders, or interested institutions and personnel.

The Evaluation Methods on Directors' Performance of the Bank stipulates that the Bank shall annually evaluate the performance of Directors, mainly based on five dimensions including fulfilling the duty of loyalty, fulfilling the duty of diligence, professionalism in performance of duties, independence and morality in performance of duties, and compliance with regulations in performance of duties. The evaluation of the duty performance of independent non-executive Directors shall also include the following: (1) Should not be influenced by substantial Shareholders, the senior management, and other entities and individuals with interests in the Bank, and should pay attention to safeguarding the legitimate rights and interests of small and medium Shareholders and other stakeholders; (2) Express objective, impartial and independent opinions on matters discussed at the Shareholders' general meeting or the Board meeting; (3) Other matters stipulated by laws, regulations, regulatory requirements and the Articles of Association of the Bank.

For detailed information on the Bank's requirements for independent non-executive Directors, please refer to the Articles of Association of the Bank published on the websites of the HKEX and the Bank.

As of the end of the Reporting Period, there were a total of six independent non-executive Directors in the Board of Directors of the Bank, and the qualifications, number and proportion of independent non-executive Directors met the regulatory requirements. None of the independent non-executive Directors of the Bank was involved in a situation where the independence described in Rule 3.13 of the Listing Rules might be challenged. The Bank has received annual confirmations signed by each of the independent non-executive Directors in respect of their independence, confirming that each independent non-executive Director complied with the independence requirements of the Listing Rules.

During the Reporting Period, all independent non-executive Directors kept in mind their responsibilities under the laws and regulations and the Articles of Association of the Bank, fulfilled their due duty of integrity and diligence for the Bank and all its Shareholders, with an objective and prudent attitude, a clear and keen perspective and a long-term view of the overall situation, and performed their duties independently under the principle of fairness, impartiality and openness. Independent non-executive Directors actively attended the Board meetings and special committee meetings and independent non-executive Directors who serve as the chairman of the special committees under the Board of Directors presided over special committee meetings and led the special committee in conducting in-depth studies and provide professional advice on matters of concern to the Board of Directors, effectively playing the role of auxiliary decision-making and providing a strong support for the efficient operation and scientific decision-making of the Board of Directors. Independent non-executive Directors are independent, thoughtful, objective and impartial in expressing their independent opinions on the Bank's profit distribution, material related party transactions, the appointment of external auditors, assets transfer, the nomination of Directors, the appointment and remuneration of the senior management, as well as other matters which may have a significant impact on the legitimate rights and interests of the Bank, minority Shareholders, and financial consumers.

In accordance with the Working Rules for Independent Directors on the Annual Report of the Bank, the independent non-executive Directors debriefed the external auditor's report on the annual audit plan and annual financial report audit work of the Bank, carefully reviewed the annual financial statements and notes to be submitted to the Board of Directors and other meetings for deliberation, fully communicated with the external auditors, and expressed their opinions on the annual report independently and objectively at the meeting of the Board of Directors, playing the supervisory role of independent non-executive Directors in the preparation, review and disclosure of the annual report.

(VII) Appointment, Re-election and Removal of Directors

According to the Articles of Association of the Bank, Directors shall be elected or replaced at the Shareholders' general meeting. Employee Directors shall be democratically elected or replaced by the Bank's employees at the employee representative meeting. Directors shall each serve a term of three years, and may seek re-election upon expiry of the said term. Directors shall obtain approval from the banking regulatory authorities of the State Council or report in accordance with the laws and regulations, as specified in the relevant provisions of the banking regulatory authorities of the State Council. The term of Directors shall be calculated from the date of the approval of the banking regulatory authorities of the State Council. For Directors whose qualifications do not require approval according to relevant regulations and Directors who are re-elected upon expiry of their term, their term shall be calculated from the date of election. The cumulative term of office of an independent non-executive Director in the Bank shall not exceed six years.

The Shareholders' general meeting may resolve to remove a Director, and such removal shall take effect on the date of resolution. Where a Director is removed before the expiration of his/her term of office without a valid reason, such Director may request compensation from the Bank. Such removal shall also be without prejudice to any claim which such Director may have under any contract.

(VIII) Directors' Responsibility for the Preparation of Financial Statements

The Directors of the Bank acknowledge their responsibility to prepare the financial statements of the Bank for the year ended December 31, 2025. To the knowledge of the Directors, there is no major unclear event or circumstance which would significantly affect the continuous operating ability of the Bank.

(IX) Special Committees under the Board of Directors

The Bank's Board of Directors has set up the Risk Management and Green Finance Committee (and the Related Party Transactions Control Committee subordinated to it), the Audit and Consumer Rights Protection Committee, the Nomination and Remuneration Committee and the Development Strategy and Inclusive Finance Committee. During the Reporting Period, the special committees under the Board of Directors convened 36 meetings in total, at which 83 proposals were deliberated and 21 reports were debriefed, details of which are as follows:

1. Risk Management and Green Finance Committee of the Board of Directors

(1) Personnel composition

As of the end of the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank consisted of seven members, being independent non-executive Directors Mr. OUYANG Yong, Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick and Mr. LIU Lanbiao; non-executive Directors Mr. AU Siu Luen and Mr. ZHANG Yunji; executive Director Mr. QU Hongzhi, respectively, and was chaired by Mr. OUYANG Yong.

(2) Main responsibilities

The main responsibilities of the Risk Management and Green Finance Committee of the Board of Directors of the Bank include: setting the basis and method for the level of risk that the Bank can undertake; reviewing risk appetite and risk management policies, systems and basic principles; reviewing the disposal of assets and provision of external guarantees that are not within the scope of business operations; supervising the senior management's control over risks, regularly debriefing the senior management's report on risks and risk management status, timely putting forward opinions on risk management and internal control, reporting to the Board of Directors when necessary, and informing the senior management; where necessary, debriefing the senior management's reports on compliance with relevant laws and regulations, regulatory requirements, policies of the Bank, rules and regulations, anti-money laundering arrangements and self-inspection results; researching and formulating green finance strategy; debriefing the senior management's report on implementation of the green finance strategy, supervising and evaluating the implementation of the green finance strategy; reporting to the Board of Directors on the implementation of the green finance strategy and submitting comments and recommendations; authorizing the affiliated Related Party Transactions Control Committee to exercise relevant functions and powers over related party transactions control and performing other duties as assigned by the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank held a total of 9 meetings, at which 32 proposals were deliberated and 4 reports were debriefed. The Risk Management and Green Finance Committee of the Board of Directors reviewed the report on comprehensive risk management, the report on Pillar 3 disclosure of capital management, the report on liability quality management, the report on anti-money laundering management, assessment report on risk prevention and control of non-compliance cases, assessment report on internal capital adequacy, statement on risk appetite at group level, implementation of the expected credit loss method, operational risk management policy, market risk management policy and work report on green finance and other proposals, and debriefed the employee conduct assessment report and the special work report on reputational risk management. It also required the senior management to continuously consolidate and strengthen comprehensive risk management, and urged management to enhance the motivation of branches in developing green finance business.

During the Reporting Period, the attendance of the members of the Risk Management and Green Finance Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
OUYANG Yong	6	6	–	–
AU Siu Luen	9	9	–	–
ZHANG Yunji	9	9	–	–
QU Hongzhi	9	9	–	–
TSE Yat Hong	9	9	–	–
SHUM Siu Hung Patrick	9	9	–	–
LIU Lanbiao	9	9	–	–
MU Binrui	–	–	–	–

- Notes: (1) During the Reporting Period, the Risk Management and Green Finance Committee of the Board of Directors of the Bank convened seven off-site meetings.
- (2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period. Mr. QU Hongzhi and Mr. SHUM Siu Hung Patrick became members of the Risk Management and Green Finance Committee of the Board of Directors of the Bank from January 20, 2025.

2. Related Party Transactions Control Committee of the Board of Directors

(1) Personnel composition

As of the end of the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank consisted of seven members, being independent non-executive Directors Mr. OUYANG Yong, Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick and Mr. LIU Lanbiao; non-executive Directors Mr. AU Siu Luen and Mr. ZHANG Yunji; executive Director Mr. QU Hongzhi, respectively, and was chaired by Mr. OUYANG Yong.

(2) Main responsibilities

The main responsibilities of the Related Party Transactions Control Committee of the Board of Directors of the Bank include: reviewing the administrative measures on related party (connected) transactions, and preparing annual special reports on the implementation of such administrative systems and submitting them to the Board of Directors; examining related party (connected) transactions in accordance with laws and regulations, the provisions of the exchanges on which the Bank’s securities are listed and fair, impartial, compliant and necessary commercial principles; reviewing major related party transactions, as well as related party transactions between directors, senior management and their related parties and the Bank; reviewing the information disclosure matters of related party (connected) transactions and supervising the authenticity, accuracy and integrity of such disclosure; and performing other duties as assigned by the Board of Directors or the Risk Management and Green Finance Committee of the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank held a total of seven meetings, at which 9 proposals were deliberated. The Related Party Transactions Control Committee of the Board of Directors attached great importance to the management of related party (connected) transactions, and strictly examined matters in relation to material related party transactions. It reviewed the amendments to the administrative measures on related party transactions and provided its opinions and advice as a reference for the Board of Directors' decision-making. It also prepared the special report on related party transactions for the year, reviewed annual report and interim report, and expressed opinions on the authenticity, accuracy and integrity of information disclosure of related party (connected) transactions. It accepted the routine filing of general related party transactions and oversaw the compliance of general related party transactions.

During the Reporting Period, the attendance of the members of the Related Party Transactions Control Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
OUYANG Yong	4	4	–	–
AU Siu Luen	7	7	–	–
ZHANG Yunji	7	7	–	–
QU Hongzhi	6	6	–	–
TSE Yat Hong	7	7	–	–
SHUM Siu Hung Patrick	6	6	–	–
LIU Lanbiao	7	7	–	–
MU Binrui	1	1	–	–

Notes: (1) During the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors of the Bank convened seven off-site meetings.

(2) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period. Mr. QU Hongzhi and Mr. SHUM Siu Hung Patrick became members of the Related Party Transactions Control Committee of the Board of Directors of the Bank from January 20, 2025.

3. Audit and Consumer Rights Protection Committee of the Board of Directors

(1) Personnel composition

As of the end of the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank consisted of six members, being independent non-executive Directors Mr. TSE Yat Hong, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian and Mr. OUYANG Yong; non-executive Directors Mr. AU Siu Luen and Ms. YUAN Wei, respectively, and was chaired by Mr. TSE Yat Hong. All members of the Audit and Consumer Rights Protection Committee of the Board of Directors are non-executive Directors, and the majority of whom are independent non-executive Directors, which complies with the Listing Rules and the Articles of Association of the Bank.

(2) Main responsibilities

The main responsibilities of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank include: examining the Bank's financial affairs and reviewing the financial information and the disclosure thereof; supervising and evaluating the internal control, internal audit and external audit works, making recommendations to the Board of Directors on the engagement or dismissal of the accounting firm responsible for the regular statutory audit of the financial reports; supervising the conduct of Directors and senior management members when performing their duties, requiring them to make corrections when their conduct harms the interests of the Bank and proposing the dismissal of, or bringing lawsuits according to laws against Directors and senior management members who violate laws, administrative regulations, the Articles of Association of the Bank or the resolutions of Shareholders' general meetings; supervising the implementation of remuneration management system of the Bank and the scientificity and reasonableness of remuneration plan of senior management members; supervising and evaluating the performance of due diligence of the Board of Directors and senior management in data governance and the management of the conduct of employees; supervising money laundering risk management, supervising the performance of due diligence of the Board of Directors and senior management in money laundering risk management, and supervising rectification and making recommendations and opinions on money laundering risk management; supervising the performance of due diligence of the Board of Directors and senior management in reputation risk management, and including the relevant situation in its work reports; reviewing internal audit charter and medium- and long-term audit plans; organizing and leading the internal audit work as authorized by the Board of Directors; enabling communication between internal audit and external audit; reviewing and approving the appointment and removal of the head of audit department, and evaluating and supervising the performance of the head of audit department and the audit department; debriefing audit department's reports on major audit findings from internal audit, external audit and regulatory audit, and urging the senior management to make corrective actions accordingly; examining the financial position, accounting policies and procedures, and financial reporting procedures of the Bank, designating working bodies to conduct independent supervision and inspection on the implementation, and submitting review opinions to the Board of Directors when necessary, and notifying the senior management at the same time; organizing the annual audit work, designating working bodies to conduct independent review on the financial reports and making judgmental reports on the authenticity, integrity and accuracy of the information set out in the audited financial reports; designating working bodies to conduct independent assessment on the internal control and risk management system, and supervising the implementation and effectiveness of the system; organizing discussions on the internal control system and reporting to the Board of Directors on relevant issues; making recommendations to the Board of Directors on matters relating to the recruitment, renewal or dismissal of external auditors; formulating strategies, policies and objectives for the protection of consumers' rights and interests, and urging the senior management to effectively carry out relevant work; regularly debriefing special reports on the protection of consumers' rights and interests, supervising and evaluating the comprehensiveness, timeliness and effectiveness of the protection of consumer rights and interests, as well as the performance of the senior management; reviewing and making recommendations on proposals for protection of consumers' rights and interests to be submitted to the Board of Directors for deliberation; and performing other duties as assigned by the Board of Directors and required by laws and regulations.

(3) Meetings and work

During the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank held a total of 7 meetings, at which 20 proposals were deliberated and 15 reports were debriefed. The Audit and Consumer Rights Protection Committee of the Board of Directors reviewed the annual internal audit work plan, debriefed regular internal audit work reports, examined various special audit reports, continued to strengthen the supervision of internal audit work; revised the committee's procedures for reviewing annual financial reports, further clarified work responsibilities and streamlined the workflow; reviewed the 2024 annual financial report and 2025 interim financial report in strict accordance with the relevant rules and regulations, debriefed the external auditors' report on the audit objectives and scope, overall strategy, areas of focus, key audit matters, overview of pre-audit work and progress for the 2025 annual financial report, and required stronger verification of the effectiveness of internal controls in key areas; debriefed the annual management recommendations and required the management to thoroughly examine relevant business strategies and development directions based on recommendations of external auditors; designated working bodies to carry out the annual internal control evaluation, and reviewed the evaluation report and the auditors' statement; regularly reviewed and debriefed reports on consumer rights protection, and put forward work requirements in respect of the establishment of a quality and efficiency assessment mechanism for consumer protection, strengthening performance evaluations thereof and continuously enhancing the quality and efficiency of consumer protection.

During the Reporting Period, the attendance of the members of the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
TSE Yat Hong	7	7	–	–
AU Siu Luen	7	7	–	–
YUAN Wei	7	7	–	–
SHUM Siu Hung Patrick	7	7	–	–
WANG Aijian	7	7	–	–
OUYANG Yong	4	4	–	–
MU Binrui	–	–	–	–
ZHU Ning	–	–	–	–

Notes: (1) During the Reporting Period, the Audit and Consumer Rights Protection Committee of the Board of Directors of the Bank convened three off-site meetings.

(2) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(4) Audit and Consumer Rights Protection Committee of the Board reviewed the annual financial report for 2025

The Audit and Consumer Rights Protection Committee of the Board of the Bank performed the following duties during the review of the Annual Report 2025 in accordance with the relevant policies of the Bank: at the on-site auditing stage of the accountants for annual audit, the seventh meeting of the Audit and Consumer Rights Protection Committee of the sixth session of the Board was held on December 17, 2025, at which the committee listened to the work report of the external auditor for audit plan on the annual financial report for 2025 and pre-audit work progress, and put forward advices and requests. In the process of auditing, the committee strengthened the communication with the accountants for the annual audit. After the preliminary audit opinions were issued by the accountants for the annual audit, the eighth meeting of the Audit and Consumer Rights Protection Committee of the sixth session of the Board was held on March 25, 2026, at which the committee listened to the external auditor's report on the Bank's annual audit work for 2025, and put forward advice. Subsequently, a closed-door meeting was held between the members of the Audit and Consumer Rights Protection Committee of the Board of Directors and the external auditor regarding the audit work of the 2025 financial report. Before holding the annual meeting of the Board, the ninth meeting of the Audit and Consumer Rights Protection Committee of the sixth session of the Board was held on March 25, 2026, at which the committee considered and approved the Bank's annual report for 2025, and agreed to submit it to the Board of the Bank for consideration.

4. **Nomination and Remuneration Committee of the Board of Directors**

(1) Personnel composition

As of the end of the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank consisted of six members, being independent non-executive Directors Mr. LIU Junmin, Mr. SHUM Siu Hung Patrick, Ms. WANG Aijian and Mr. LIU Lanbiao; executive Director Mr. WANG Jinhong; non-executive Director Mr. HU Aimin, respectively, and was chaired by Mr. LIU Junmin. The Nomination and Remuneration Committee of the Board of Directors had a female member and was composed of independent non-executive Directors in majority, which complied with the Listing Rules and the Articles of Association of the Bank.

(2) Main responsibilities

The main responsibilities of the Nomination and Remuneration Committee of the Board of Directors of the Bank include: reviewing procedures and standards for the election and appointment of Directors and senior management personnel, and submitting comments and recommendations to the Board for its consideration; nominating Directors and senior management personnel, preliminarily examining the qualifications and conditions of Directors and senior management personnel, and making recommendations to the Board of Directors; reviewing the evaluation criteria and evaluation reports of Directors and senior management personnel, as well as the mutual evaluation reports of independent Directors; examining remuneration packages for Directors, senior management and other personnel in key positions, making suggestions and recommendations on the establishment of a formal and transparent procedure for developing remuneration policies, and submitting them to the Board for consideration; reviewing and approving matters in relation to the Bank's share scheme under Chapter 17 of the Listing Rules; reviewing the overall plan of remuneration for employees; reviewing business performance assessment indicators and performance assessment policies; and performing other duties as authorized by the Board of Directors and required by laws and regulations.

In nominating Directors to the Board of Directors, the Nomination and Remuneration Committee of the Board of Directors of the Bank will take into consideration, including but not limited to, the following:

- relevant provisions of the Company Law, Commercial Banking Law, the Code of Corporate Governance of Banking and Insurance Institutions (《銀行保險機構公司治理準則》), Measures for the Administration of the Office-holding Qualifications of the Directors (Council Members) and Senior Managers of Banking Financial Institutions, Implementation Measures on Administrative Licensing Items on Chinese-Funded Commercial Banks, Listing Rules and other laws and regulations;
- relevant provisions of the Articles of Association of the Bank and the Terms of Reference of the Nomination and Remuneration Committee of the Board of Directors and other internal governance documents;
- the actual work of the Bank;
- the Board Diversity Policy of the Bank, including but not limited to, gender, age, cultural and educational background, ethnicity, industry and professional experience, technical and professional skills and/or qualifications, knowledge, length of service and time to be devoted as a Director;
- the factors set out in Rule 3.13 of the Listing Rules that may affect the independence of an independent non-executive Director candidate; and
- any other factors which the Nomination and Remuneration Committee of the Board of Directors may deem relevant and applicable from time to time.

The Nomination and Remuneration Committee of the Board of Directors of the Bank shall nominate and review the qualifications and conditions for the appointment of Directors in accordance with the Articles of Association and the procedures and standards for the appointment of Directors and make recommendations to the Board of Directors on the nomination of such persons after identifying the suitably qualified person to serve as Director.

(3) **Meetings and work**

During the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank held a total of nine meetings, at which 16 proposals were deliberated. The Nomination and Remuneration Committee of the Board of Directors deliberated the annual group performance evaluation indicators, performance assessment contract of the chairman of the Board, the formulation of annual evaluation indicators for professional managers, the annual performance evaluation of senior management members, determination of the remuneration of senior management members for the year, the amendments to the interim measures for anti-nepotism policies among employees and other proposals. It also rigorously reviewed the qualifications and conditions for the proposed appointment of Directors, the chief risk officer and the chief information officer, and provided clear opinions to the Board of Directors.

During the Reporting Period, the attendance of the members of the Nomination and Remuneration Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
LIU Junmin	9	9	–	–
WANG Jinhong	9	9	–	–
HU Aimin	9	9	–	–
SHUM Siu Hung Patrick	9	9	–	–
WANG Aijian	9	9	–	–
LIU Lanbiao	9	9	–	–
MAO Zhenhua	–	–	–	–
ZHU Ning	–	–	–	–

Notes: (1) During the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors of the Bank convened 9 off-site meetings.

(2) Please refer to “Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management” in this annual report for the changes in the Directors of the Bank during the Reporting Period.

5. Development Strategy and Inclusive Finance Committee of the Board of Directors

(1) **Personnel composition**

As of the end of the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank consisted of 5 members, being executive Directors Mr. WANG Jinhong and Mr. QU Hongzhi; non-executive Directors Mr. AU Siu Luen, Ms. YUAN Wei and Mr. DUAN Wenwu, respectively, and was chaired by Mr. WANG Jinhong.

(2) Main responsibilities

The main responsibilities of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank include: reviewing business development strategies and medium and long-term development plans; assessing development strategies on a regular basis; reviewing the Bank's proposals for merger, division and dissolution; reviewing proposals for capital management planning, listing or other fund raising arrangements, use of proceeds, increase or reduction of registered capital and share repurchase; reviewing plans for annual financial budget, profit distribution and recovery of losses and other financial plans that materially affect our business operations and development, as well as giving opinions or making recommendations as to whether these plans are in line with our development strategies; reviewing annual operational and investment plans as well as giving opinions or making recommendations as to whether these plans are in line with our development strategies; reviewing risk management policies, capital management policies and other management policies that have a significant impact on the business operations and development of the Bank, as well as giving opinions or making recommendations as to whether they are in line with our development strategies; researching our proposals for external investments that are outside the ordinary course of business and other issues that may materially affect our development, as well as making relevant recommendations; formulating strategic plans for the development of inclusive finance business, designing basic management policy and supervising its implementation; and performing other responsibilities as authorized by the Board of Directors.

(3) Meetings and work

During the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank held a total of four meetings, at which 6 proposals were deliberated and 2 reports were debriefed. The Development Strategy and Inclusive Finance Committee of the Board of Directors reviewed the annual final accounts report, annual profit distribution plan, annual budget report, annual investment plan, administrative measures on external equity investment and other proposals. It also formulated an annual inclusive finance business development plan, debriefed reports on financial services for MSEs, the development of information technology under the Fourth "Five-Year Plan" and the results thereof, and put forward guidance on continuing to pursue inclusive finance and accelerating the application of artificial intelligence in information technology and other banking sectors.

During the Reporting Period, the attendance of the members of the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank is as follows:

Name	Number of scheduled attendances	Number of attendances in person	Number of attendances by proxy	Number of absences
WANG Jinhong	4	4	–	–
AU Siu Luen	4	4	–	–
YUAN Wei	4	4	–	–
DUAN Wenwu	4	4	–	–
QU Hongzhi	4	4	–	–
DU Gang	–	–	–	–

Notes: (1) During the Reporting Period, the Development Strategy and Inclusive Finance Committee of the Board of Directors of the Bank convened 4 off-site meetings.

(2) Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Changes in Directors, Supervisors and Members of Senior Management" in this annual report for the changes in the Directors of the Bank during the Reporting Period.

(X) Corporate Governance Functions

The Board of Directors of the Bank is responsible for performing its corporate governance functions set out in Appendix C1 of the Listing Rules, including: developing and reviewing the corporate governance policies and practices; reviewing and monitoring the training and continuous professional development of directors and senior management personnel; reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring codes of conduct and compliance manuals for employees and directors; and reviewing the Bank's compliance with the Corporate Governance Code and the disclosure of corporate governance information in the annual report.

IV. BOARD OF SUPERVISORS

(I) Members of the Board of Supervisors

Please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Directors, Supervisors and Members of Senior Management" in this annual report for the information of the members of the Bank's Board of Supervisors during the Reporting Period.

(II) The Responsibility of the Board of Supervisors

The National Financial Regulatory Administration approved the amendments to the Bank's Articles of Association on December 19, 2025. According to the Articles of Association, the Bank dissolved the Board of Supervisors, and the Audit and Consumer Rights Protection Committee of the Board of Directors took over its duties and responsibilities in accordance with the law.

(III) Work of the Board of Supervisors and External Supervisors

During the Reporting Period, the Board of Supervisors and its special committees convened 8 meetings in total and reviewed 14 proposals concerning the assessment of development strategies, financial activities, annual report, internal control, performance evaluations of Directors, Supervisors, and senior management, the issuance of independent opinions and other related areas. They also debriefed 69 special reports on, among others, comprehensive risk management, internal audit, corporate governance, related party transaction management, capital management, case prevention and control, employee conduct management, anti-money laundering, data governance, consolidated statement management, reputation risk management, liability quality management, implementation of the expected credit loss method, consumer rights protection, non-performing asset disposal, re-appointment of external auditors, performance-based compensation management, post-office audit of Directors, regulatory reporting and the implementation of the rectification and accountability results of on-site inspections.

During the Reporting Period, the Supervisors of the Bank were present at all Shareholders' general meetings and on-site meetings of the Board of Directors. They supervised the legitimacy and compliance of convening the meetings, voting procedures, the Directors' attendance of, opinions expressed at and voting results of the meetings of the Board of Directors. The Board of Supervisors further supervised the performance of duties, financial decision-making and execution, internal control and risk management by the Board of Directors, senior management and their members by means of carrying out performance evaluations, organizing special audits and dispatching representatives to attend president's office meetings and other important operational management meetings held by the senior management.

During the Reporting Period, the two external Supervisors of the Bank were able to perform their supervisory duties independently. In performing their duties, the external Supervisors actively participated in the supervision of the Bank's studies and reviews on significant matters by attending meetings of the Board of Supervisors, meetings of the special committees under the Board of Supervisors, being present at the Shareholders' general meetings and meetings of the Board of Directors and their related committees, and provided opinions and recommendations to the Board of Directors and the senior management on further improving operations and management. During the adjournment period, they diligently studied various documents, reports and other information of the Bank, and took the initiative to familiarize themselves with the Bank's operational management and strategy execution, thereby playing a positive role in the Board of Supervisors' fulfillment of its supervisory duties.

V. SENIOR MANAGEMENT

The senior management conducts operation and management activities in accordance with the Articles of Association of the Bank and the authority of the Board of Directors, and shall actively implement the resolutions of the Shareholders' general meeting and the resolutions of the Board, to ensure that the Bank's operations are consistent with the development strategies, risk appetite and other policies formulated and approved by the Board of Directors. The senior management is accountable to the Board and subject to the supervision of the Audit and Consumer Rights Protection Committee, and shall accurately and fully report the operations and management of the Bank in a timely manner and provide relevant materials as required by the Board of Directors and the Audit and Consumer Rights Protection Committee. The operation and management activities of the senior management within the scope of their functions and powers shall not be interfered improperly by Shareholders and the Board of Directors.

The president shall exercise his/her functions and powers in accordance with the relevant laws and regulations and the Articles of Association of the Bank. The vice presidents and other senior management personnel shall assist the president in his/her work and perform their duties in accordance with the relevant authorizations.

For details of the responsibilities of the senior management of the Bank, please refer to the Articles of Association published on the websites of the HKEX and the Bank.

(I) Composition and Basic Information of Senior Management

As of the end of the Reporting Period, the senior management of the Bank consisted of five members, including the president: Mr. QU Hongzhi, and the vice presidents: Mr. XIE Kai, Mr. LI Jianguo, Mr. QI Jun (chief risk officer) and Ms. DENG Bei. For basic information of senior management members, please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches: Directors, Supervisors and Members of Senior Management" in this annual report.

During the Reporting Period, under the leadership of the Party Committee of the Bank and the authorization of the Board of Directors, the senior management of the Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully studied and implemented the spirit of the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee. They deeply followed the spirit of General Secretary Xi Jinping's important discourses on financial work and his key remarks during his visit to Tianjin. In close alignment with the work deployment of central financial regulators, the Tianjin Committee of the CPC and Tianjin Municipal People's Government, they adhered to the general principle of pursuing progress while ensuring stability. By advancing "five priorities" as a key driver, they steadfastly fulfilled the fundamental purpose of serving the real economy with financial services. Meanwhile, they took solid steps to deepen internal reforms, drive transformation and revitalization, and consistently promote the high-quality development of the Bank.

During the Reporting Period, the senior management of the Bank conscientiously performed their duties in accordance with relevant laws and regulations, the Articles of Association of the Bank and the Terms of Reference of Senior Management (《高級管理層工作規則》) in an effort to elevate operational and management standards. During the year, the Bank convened 4 comprehensive meetings, 40 office meetings of the president, 34 special meetings of the president, 23 meetings of the Assets and Liabilities Management Committee, 12 meetings of the Risk Control Committee, 65 meetings of the Finance Review and Approval Committee, 35 meetings of the Information Technology Committee, 13 meetings of the Data Management and Data Security Committee, 17 meetings of the Consumer Rights Protection Working Committee, 60 meetings of the Financial Markets Business Joint Decision Making Committee, 19 meetings of the Retail Business Committee, and 26 meetings of the Corporate Business Committee. Across these meetings, senior management members actively contributed their professional insights, facilitated transparent communication, addressed issues with pragmatism, and upheld standardized and scientific decision-making, thereby ensuring the efficient and orderly execution of operations and management.

(II) Performance Assessment and Incentive and Restraint Mechanism of Senior Management Members

During the Reporting Period, the Board of Directors of the Bank conscientiously implemented the resolutions of the Shareholders' general meeting and conducted performance appraisal for senior management members in accordance with the Performance Assessment Methods for Senior Management Members, the Performance Assessment Methods for Professional Managers and the Performance Assessment and Compensation Administration Plan for the New Cohort of Professional Managers. The Board of Directors deliberated and approved the Group's performance assessment criteria for 2025, the performance assessment of senior management members closely combined with the Group's performance criteria, as well as the work duties distributed, which further strengthened the incentives and constraints on senior management members.

VI. CHAIRMAN OF THE BOARD OF DIRECTORS AND THE PRESIDENT

The Articles of Association of the Bank stipulates that the positions of the chairman and the president of the Bank shall be separated. Mr. WANG Jinhong, as the chairman of the Board of Directors, took charge of the work of the party committee and the Board of Directors of the Bank. Mr. QU Hongzhi, as the president, took charge of the operation and management of the Bank. The duties of the chairman and the president are clearly defined and comply with the requirements of the Listing Rules.

VII. COMPANY SECRETARY

The Bank engaged, externally, Ms. ZHANG Xiao of SWCS Corporate Services Group (Hong Kong) Limited as the company secretary of the Bank. Mr. ZHU Yingyu, the director of the Office of the Board of Directors of the Bank, is the main contact person of Ms. ZHANG Xiao in the Bank.

During the Reporting Period, Ms. ZHANG Xiao has complied with the relevant requirements of Rule 3.29 of the Listing Rules and has attended the relevant professional training for no less than 15 hours.

VIII. RELATIONSHIP AMONG DIRECTORS AND SENIOR MANAGEMENT

There is no financial, business, family or other material relationship among the Directors and senior management of the Bank.

IX. SECURITIES TRANSACTIONS OF DIRECTORS

The Bank has adopted the Model Code as the code of conduct for the supervision of securities transactions by the Directors of the Bank. Upon specific enquiries with all Directors, the Directors of the Bank confirmed that they have complied with the Model Code throughout the Reporting Period.

X. CONTRACTED INTERESTS AND SERVICE CONTRACTS OF DIRECTORS

To the knowledge of the Bank, the Directors of the Bank have no material interest, directly or indirectly, in any material transactions, arrangements or contracts entered into by the Bank during the Reporting Period. The Directors of the Bank did not enter into any service contract with the Bank which is liable to indemnity (other than statutory indemnity) in the event of termination of the contract by the Bank within one year.

XI. INFORMATION DISCLOSURE

The Bank always attaches great importance to information disclosure, strictly complies with the information disclosure regulations and the requirements of the Listing Rules, adheres to the principles of truthfulness, accuracy, completeness, timeliness and fairness, fulfills the obligation of information disclosure, and resolutely protects investors' and the public's right to know. During the Reporting Period, the Bank continued to improve its information disclosure management system and working mechanisms. More than 80 information disclosure documents of various types were published on the websites of the HKEX and the Bank. The Bank completed the preparation of Annual Report 2024 and Interim Report 2025 on time and regularly disclosed key information regarding the Bank's financial position, risk management, and corporate governance. It made timely disclosures of its major matters through interim announcements in accordance with regulatory requirements, ensuring that stakeholders could fully access the Bank's information in a prompt and convenient manner. The Bank continued to publish regular ESG (social responsibility) reports, presenting the Bank's fulfillment of social responsibilities in a comprehensive and objective manner.

The Bank carried out inside information management in strict accordance with the regulatory requirements of the place where the securities were listed. Through establishing and optimizing the internal information reporting mechanism, the Bank defined the information reporting route, and ensured the timely, compliant and effective transmission of material information among corporate governance entities. In case of “inside information” as referred to in the SFO, the Bank can deal with and release inside information in a timely manner in accordance with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong and other relevant regulatory requirements, and strictly keep confidential relevant information before disclosure. During the Reporting Period, the Bank strengthened compliance publicity and education and enhanced the compliance awareness of insiders by organizing staff to study the regulatory requirements, duly releasing the confidentiality notice and the notice on prohibiting securities trading, effectively preventing insider dealing risk.

XII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In 2022, in accordance with the Code of Corporate Governance of Banking and Insurance Institutions, the Provisional Measures for the Evaluation of Performance of Duties by Directors and Supervisors of Banking and Insurance Institutions, the Provisional Rules on Major Shareholders’ Conduct of Banking and Insurance Institutions, the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions and other relevant laws, regulations and regulatory documents, and based on the actual condition of the Bank, the Bank made amendments to the Articles of Association, which had been considered and approved at the Bank’s 2021 annual general meeting, the first domestic shareholders’ class meeting of 2022 and the first H shareholders’ class meeting of 2022. During the Reporting Period, pursuant to the laws and regulations, the latest regulatory requirements of the banking regulatory authorities and securities regulatory authorities, and based on the relevant arrangements of the reform of the Board of Supervisors of the Bank, the Bank made further amendments to the Articles of Association based on the 2022 revised draft, which were considered and approved at the 2025 second extraordinary general meeting of the Bank on August 18, 2025. On December 19, 2025, the National Financial Regulatory Administration approved the revised Articles of Association of the Bank. For details, please refer to the relevant announcements and circulars published by the Bank on the websites of the HKEX and the Bank.

XIII. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Bank has adopted the code provisions set out in Part 2 of Appendix C1 to the Listing Rules. Pursuant to code provision B.2.2, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. The term of the fifth session of the Board of Directors of the Bank expired on December 15, 2022. When preparing for the re-election of the Board of Directors, the re-election of the Board of Directors was postponed in order to maintain the continuity of the relevant work of the Bank. On January 20, 2025, the sixth session of the Board of Directors was elected at the 2025 first extraordinary general meeting of the Bank, and thus the re-election of the Board of Directors has been completed. The Bank has complied with code provision B.2.2.

Save and except for disclosed above, the Bank complied with the code provisions set out in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period. The Bank has also complied with certain recommended best practices set out in the Code.

XIV. APPOINTMENT OF AUDITORS

As considered and approved at the 2024 annual general meeting, the Bank re-appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively referred to as “Deloitte”) as the respective domestic and overseas auditor of the Bank for the year of 2025. This year was the third year that Deloitte provided audit services to the Bank. Pursuant to the relevant requirements in respect of the consecutive term of appointment of same accounting firm under the Administrative Measures for State-owned Financial Enterprises to Select and Engage Accounting Firms (Cai Jin [2020] No. 6) of the Ministry of Finance of the People’s Republic of China, KPMG Huazhen LLP and KPMG retired upon completion of their auditing service for the year of 2022 and the expiry of the eight-year consecutive term of appointment.

During the Reporting Period, the audit service fees for the Group’s financial report (including the financial report audit of its subsidiary) totaled RMB6.197 million, and the fees for other non-audit services (including the professional services for bond issuance, asset securitization, and sustainability report assurance) to the Group amounted to RMB3.999 million.

The certified public accountants who signed the audit report on the Bank’s financial statements under China Accounting Standards for Business Enterprises for the year were Ms. LIU Wei and Ms. ZHANG Guannan, and the certified public accountant who signed the audit report on the Bank’s financial statements under IFRS was Mr. ZHU Wei. Ms. LIU Wei had provided audit services for the Bank for three consecutive years, and Ms. ZHANG Guannan provided audit services for the Bank for the second year, while Mr. ZHU Wei provided audit services for the Bank for the first time.

XV. INTERNAL CONTROL

The Board of Directors of the Bank is responsible for ensuring the establishment and implementation of an adequate and effective risk management system, and ensuring the Bank’s prudent operation under the framework of laws and policies. The senior management is responsible for implementing the resolutions of the Board and ensuring effective performance of risk management responsibilities. The Board of Directors is responsible for risk management and internal control system, and is responsible for reviewing the effectiveness of relevant systems. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, so the Board of Directors can only provide reasonable but not absolute guarantees to avoid material misrepresentation or loss.

The institutions and functional departments of the Bank at different levels form three lines of defense under the comprehensive risk management system, each undertaking corresponding risk management responsibilities. The first line of defense of risk management is formed by various business departments, which are directly responsible for carrying out their risk management functions. The second line of defense of risk management is the risk management departments at various levels, which assume responsibilities for formulating policies and procedures, supervising and managing risk. The third line of defense of risk management is the Audit Department at different levels, which assumes audit responsibilities for the performance of business departments and risk management departments, and carries out re-supervision and evaluation of the risk management initiatives of the first and second lines of defense.

The Bank closely monitors various risks through risk appetite, risk limits, risk management information systems and a series of risk management policies and measures to respond in a timely manner, especially major risks related to daily operation, including credit risk, market risk, liquidity risk, operational risk, country risk, interest rate risk in the banking book, reputational risk, strategic risk and information technology risk. The Bank focuses on the formulation of rules, policies and implementation of measures related to major risks to optimize the effectiveness and efficiency of risk identification, analysis, assessment and mitigation. For various risks and risk events, the Bank has formulated clear communication and reporting procedures to ensure orderly and efficient risk management. The Board of Directors of the Bank regularly evaluates the effectiveness of the Bank’s risk management system. During the Reporting Period, the Bank’s risk management system was sound and effective. Please refer to “Management Discussion and Analysis: Comprehensive Risk Management” in this annual report for the details of the Bank’s risk management system.

The Bank continued to refine its internal control organization system, and adheres to the principle of “comprehensive, whole-process, and whole-workforce” in internal control management, compliance and operational risk prevention, case prevention and control, anti-money laundering management, business continuity management and other aspects, to promote compliant and orderly management and steady development of all operations.

During the Reporting Period, the Bank continued to improve the long-term mechanism of internal control and compliance management, optimized the internal control and compliance management structure, and strengthened segment management; it continuously fostered scientific, standardized and regulated management systems; it strengthened assessment and incentives to improve the accuracy and effectiveness of internal control and compliance management assessment; it strengthened case prevention management, established a grid-based employee management structure, and improved employee management efficiency; it coordinated on-site inspections across the Bank to realize the organic linkage of on-site inspection planning, execution and supervision; it strengthened rectification and supervision, reinforced accountability, and targeted on violations; it developed operational risk projects in accordance with the “integrated dual-perspective” work principle; it continued to advance the business continuity system towards compliance across branches; and it constantly prepared and published the Internal Control and Compliance Risk Alerts, and conducted diverse training on internal control and compliance, so as to continuously enhance employees’ awareness of compliance and cultivate a robust compliance culture.

The Bank has established an independent and vertical internal audit system, which independently performs audit functions as a working body under the Audit and Consumer Rights Protection Committee of the Board of Directors. The organizational structure of the audit department of the head office and the regional audit centers has been established. As the second-level department of the audit department of the head office and the regional audit agencies, the audit centers are accountable to and report to the audit department of the head office.

The internal audit of the Bank adopts risk-oriented audit strategies and audit methods. On the basis of risk assessment, the Bank arranges audit plans and audit frequency according to regulatory requirements, risk degree and importance principles, and actively performs the supervision role of audit on key businesses and major risk areas within the scope of its duties.

During the Reporting Period, the Bank’s internal audit departments continued to optimize foundational management and strengthen execution oversight, progressively enhancing the standardization, precision and intelligence of internal audit practices. Adopting risk-oriented audit strategies and audit methods, the audit department conducted various audit engagements, fulfilled its supervision responsibilities, and drove continuous improvement in the Bank’s internal controls and risk management.

The Bank has established a sound internal control system covering all major aspects of business operations and management, enabling reasonable and effective control over risks associated with various business and management activities. During the Reporting Period, the Board of Directors of the Bank conducted an annual review on the Bank’s risk management and internal control system for 2025, and no material defects have been found while individual implementation at the grassroots level needs to be strengthened. The Board of Directors considered that the Bank’s risk management and internal control system was effective.

XVI. INTERNAL AUDIT

During the Reporting Period, the Bank adhered to and continuously emphasized a risk-oriented audit principle, persistently expanded the scope and perspective of audit, increased audit and supervision efforts on principal businesses, key organizations and major risk areas. Focusing on the Bank’s central tasks, it conducted various audit projects, including special audits, regular and subsequent branch audits in accordance with the plan for internal audit work approved by the Audit and Consumer Rights Protection Committee under the Board of Directors and regulatory requirements, completed post-office audits in a timely manner according to the Bank’s actual situation, revealed the control deficiencies in various risk management of the Bank, including credit risk, compliance risk, market risk, operational risk and technology risk, continuously promoted the rectification of the problems identified in the audits and translated audits findings into governance effectiveness. It fully performed the audit duties and facilitated the establishment and continuous improvement of an effective risk management, internal control, compliance and corporate governance structure.

XVII. CORPORATE CULTURE

During the Reporting Period, the Bank vigorously cultivated a financial culture with Chinese characteristics and systematically reshaped its corporate culture. The Party Committee of the head office established the Corporate Culture Development and Steering Team, formulated the Implementation Plan of China Bohai Bank for Cultivating and Practicing a Financial Culture with Chinese Characteristics and Strengthening Corporate Culture Development to define the core values of corporate culture, and compiled a comprehensive corporate culture handbook. The Bank initiated the construction of an employee outreach and education center, which was designed to be a multimedia education and exchange hub integrating Party building guidance, the Bank's history education, corporate culture and the promotion of the spirit of model workers and craftsmen. The Bank hosted an award ceremony recognizing high-quality development and curated a series of cultural events under the theme of "My Contribution to Bohai's 20th Anniversary". Aligning closely with high-quality transformative development, the Bank took a systematic approach to strengthening its brand building. By optimizing its organizational structure and operational workflows, the Bank established a comprehensive new public relations framework. It also refined its internal policies to significantly improve management quality and efficiency. The Bank designed and launched a dolphin mascot as its IP. Promotional campaigns featuring the head office building's light show and the "Uncle Dolphin Talks Finance (海豚大叔講金融)" video channel were highly successful in boosting brand promotion. The Bank developed an in-house new media network comprehensively covering mainstream platforms, creating a strategic digital infrastructure for brand building, public education and customer engagement. In 2025, the Bank's proprietary new media channels garnered over 5.6 million views in total. The Bank transformed its head office building into a premier promotional landmark through its high-quality light shows. During the SCO Tianjin Summit and the National Day holidays, the building's illuminations were synchronized with other structures along the Haihe River to light up the city of Tianjin – an event covered by the media such as the People's Daily and China Media Group. By proactively issuing press releases focused on core business highlights, the Bank attracted widespread mainstream media attention. This successfully cultivated a brand image characterized by stable operations, innovative transformation and a strong commitment to executing the "five priorities" of finance. In 2025, authoritative media, including Xinhuanet, People's Daily Online, Economic Daily and Financial Times, published more than 100 articles about the Bank. Tianjin Daily featured a full-page report titled "Nourishing Tianjin with Actions and Visible Results, Benefiting Industry with Good Deeds – China Bohai Bank Writes a New Chapter in Serving the Real Economy and Regional High-Quality Development (《潤津沽見行見效 澤實業善作善成一渤海銀行書寫服務實體和區域高質量發展新篇章》)". Tianjin TV's Direct to SCO (《直通上合》) provided continuous coverage of the Bank's recent successes in supporting high-quality economic and social development, while Tianjin Radio's "Golden Voice of Tianjin (金彩津聲)" program invited the Bank for live broadcasts on five occasions. The Bank continuously reinforced employee conduct management by rolling out a grid-based management model for staff behavior. It intensified disciplinary education to prevent ethical risks and guide all employees to uphold the highest standards of professional ethics.

XVIII. DIVERSITY

The Bank attaches great importance to the diversity of employee groups, strictly abides by the principle of equal employment, and resolutely opposes discrimination against employees or restrictions on employment due to race, ethnicity, region, religion, gender and other personal traits. The gender ratio of the Group's employees as of the end of the Reporting Period is listed as follows:

Indicator	Unit	Male	Female
Gender ratio of employees (including senior management)	%	46.45	53.55
Gender ratio of middle and senior management	%	82.17	17.83

Report of the Board of Directors

I. PRINCIPAL BUSINESS

The Bank is mainly engaged in banking and related financial services. Please refer to the section headed "Management Discussion and Analysis: Scope of Businesses" in this annual report for the Bank's main business scope.

II. BUSINESS REVIEW

Please refer to the section headed "Management Discussion and Analysis" in this annual report for the financial performance, major risks, uncertainties and business outlook of the Bank during the Reporting Period; please refer to "Important Events" in this annual report for details of important events after the Reporting Period; please refer to "Compliance with Laws and Regulations" in this chapter for compliance with laws and regulations; please refer to "Performance of Social Responsibilities" in this chapter for environmental policies and performance, and relations with employees, customers, suppliers and other stakeholders.

III. IMPLEMENTATION OF THE RESOLUTIONS OF SHAREHOLDERS' GENERAL MEETING BY THE BOARD OF DIRECTORS

During the Reporting Period, the Board of Directors of the Bank fully implemented the resolutions of the Shareholders' general meeting, and earnestly implemented the Profit Distribution Plan for 2024, the Financial Budget Report for 2025, the Investment Plan for 2025, re-appointment of external auditors for 2025, the dissolution of the Board of Supervisors and the corresponding amendments to the Articles of Association, the proposed mandate in relation to the potential very substantial disposal through public tender and other resolutions reviewed and approved by the Shareholders' general meeting.

IV. PROFIT DISTRIBUTION

(I) Profit Distribution Policy

The Bank's Dividend Policy is as follows:

Profit after income tax paid by the Bank was distributed in the following order:

- Making up for losses of previous years;
- Setting aside 10% for statutory reserve fund;
- Setting aside for general (risk) reserve;
- Setting aside for discretionary reserve fund;
- Paying dividends to Shareholders.

The Bank shall not be entitled to any distribution of profits in respect of shares held by it. The Bank may distribute dividends in cash or by shares. After the Shareholders' general meeting of the Bank made a resolution on the profit distribution plan, the Board of Directors of the Bank shall complete the distribution of dividends (or shares) within two months upon the Shareholders' general meeting. Subject to the provisions of laws and regulations, the Bank may exercise the power of forfeiture with respect to unclaimed dividends, provided that such power may only be exercised after the expiration of the corresponding limitation period applicable to the declaration of dividends.

The Bank shall have the right to cease delivering dividend warrant to the holders of H Shares by mail, but such right can only be exercised after the dividend warrant has not been drawn twice consecutively. If a dividend warrant fails to reach the recipient in the initial mail delivery and is returned, the Bank may exercise such right promptly. Subject to the provisions of the laws and regulations, the Bank shall have the right to sell the shares of the unreachable holders of H Shares through the methods the Board deems appropriate and subject to the following conditions:

- the Bank has distributed dividends on such shares at least three times in a period of 12 years and the dividends are not claimed by anyone during this period;
- after the expiration of the twelve-year period, the Bank makes a public announcement in one or more newspapers in the place where the Bank's shares are listed, stating its intention to sell such shares and notifies the securities regulatory authority of the place where the Bank's shares are listed of such intention.

The Bank shall appoint for Shareholders holding H Shares a recipient agent. The recipient agent shall, collect on behalf of the relevant Shareholders concerned, the dividends distributed and other payables by the Bank in respect of the H Shares. The recipient agent appointed by the Bank shall comply with the laws of the locality in which the Bank's shares are listed or the relevant requirements of the stock exchange.

(II) Profit Distribution Proposal for 2025

The Bank proposes to distribute profits for 2025 in the following order:

1. The Bank will appropriate a statutory surplus reserve based on 10% of the net profit of the Bank amounting to RMB527.651 million;
2. The Bank will appropriate a general (risk) reserve amounting to RMB610.004 million;
3. The Bank will not appropriate the discretionary surplus reserve in 2025;
4. The Bank will not perform dividend distribution for 2025;
5. In 2025, the Bank will not transfer any capital reserve funds to increase its share capital.

The aforementioned profit distribution proposal is subject to the consideration and approval at the 2025 annual general meeting of the Bank.

(III) Tax on Dividends

Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), the Bank shall withhold and pay enterprise income tax at the rate of 10% for non-resident enterprise holders of H Shares (including H Shares registered in the name of HKSCC Nominees Limited).

Pursuant to the Notice on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No.045 (《關於國稅發[1993] 045 號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348), the Bank shall withhold and pay individual income tax for individual holders of H Shares.

For individual holders of H Shares who are Hong Kong or Macao residents and those whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Bank shall withhold and pay individual income tax at the rate of 10% for those shareholders.

For individual holders of H Shares whose country of domicile is the country or region which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Bank shall withhold and pay individual income tax at the rate of 10% for individual holders of H Shares. If those shareholders require a refund of the excessive amount of individual income tax payable under the tax treaty, the Bank will handle applications on their behalf for preferential treatments pursuant to the relevant tax treaties. However, in accordance with the Administrative Measures for Non-resident Taxpayers Claiming Tax Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (No. 35 Announcement of the State Taxation Administration in 2019) and the requirements of relevant tax treaties, shareholders shall promptly provide relevant papers and data. Upon the review and approval of the applicable tax authorities, the Bank will assist in refunding the excessive amount of tax withheld.

For the individual holders of H Shares whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a rate of more than 10% but less than 20%, the Bank shall withhold and pay individual income tax at the applicable tax rate stipulated in the relevant tax treaty for those shareholders.

For the individual holders of H Shares whose country of domicile is a country or region which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country or region which has not entered into any tax treaties with the PRC, or under any other circumstances, the Bank shall withhold and pay individual income tax at the rate of 20% for those shareholders.

Pursuant to the relevant requirements under the Circular on Relevant Tax Policies for the Pilot Interconnection Mechanism for Trading in the Shanghai and Hong Kong Stock Markets (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2014] No. 81) and the Circular on the Relevant Tax Policies for the Pilot Interconnection Mechanism for Trading in the Stock Markets of Shenzhen and Hong Kong (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No.127), for dividends received by mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Bank shall withhold individual income tax at the rate of 20% on behalf of the investors. Individual investors who have paid withholding tax overseas may apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax credit with valid tax payment certificates. For dividends received by mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. Dividends received by mainland corporate investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are included in their total income and subject to corporate income tax according to law. The Bank will not withhold and pay the income tax on dividends for mainland corporate investors and those mainland corporate investors shall report and pay the relevant tax themselves.

V. REASONS AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTIONS OF SIGNIFICANT ACCOUNTING ERRORS

For changes in accounting policy, accounting estimates and corrections of significant accounting errors of the Group during the Reporting Period, please refer to the "Audit Report and Financial Report: Notes to the Consolidated Financial Statements" contained in this annual report.

VI. DIRECTORS' INTERESTS IN THE BUSINESS WHICH COMPETES WITH THE BANK

None of the Directors of the Bank are interested in any business, which competes or is likely to compete, either directly or indirectly, with the business of the Bank pursuant to Rule 8.10(2) of the Listing Rules.

VII. DONATIONS

During the Reporting Period, the Group made external donations totaling RMB14.75 million.

VIII. RESERVES AND RESERVES AVAILABLE FOR DISTRIBUTION

For changes in the Group's reserves and reserves available for distribution, please refer to the "Audit Report and Financial Report: Consolidated Statement of Changes in Shareholders' Equity" contained in this annual report.

As of December 31, 2025, the Group's reserves available for distribution amounted to RMB43.947 billion¹.

IX. MAJOR CUSTOMERS

As of the end of the Reporting Period, the five largest depositors of the Group accounted for less than 30% of gross deposits from customers and the five largest borrowers accounted for less than 30% of gross loans and advances to customers.

X. EQUITY-LINKED AGREEMENT

During the Reporting Period, the Bank did not enter into any equity-linked agreement.

XI. PERMITTED PROVISION ON INDEMNITY

The Bank has purchased appropriate liability insurance for Directors and senior management members in accordance with the relevant provisions of the Articles of Association.

XII. MANAGEMENT CONTRACTS

During the Reporting Period, the Bank did not enter into any administrative or management contracts in respect of the overall or material business of the Bank, nor did such contracts exist.

¹ According to the Articles of Association, the Group's reserves available for distribution shall be subject to the lesser of the retained earnings in the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises and the IFRS.

XIII. COMPLIANCE WITH LAWS AND REGULATIONS

The Bank continued to monitor and track the introduction of and changes in regulatory laws and regulations, promptly circulate and disseminate regulatory policies through legal updates and summaries, and keep up with the implementation of regulations, so as to transform external regulation into internal rules. The Bank continued to review, formulate, evaluate and eliminate its rules and regulations, thereby constantly promoting the “establishment, amendment and abolition” of its policies. The Bank also strengthened compliance reviews with system audits as the main body to proactively identify and manage the compliance risks of new products, new businesses and major projects, in order to strictly control compliance risks at the preliminary stage and firmly uphold the bottom line of compliance.

XIV. LEGAL CONSTRUCTION EFFORTS

During the Reporting Period, the Bank stepped up its efforts in advancing the rule of law and thoroughly implemented the requirements of the Party Central Committee and the Tianjin Municipal Party Committee and Government regarding the rule of law with a focus on high-quality development objectives. It continuously strengthened organizational leadership in rule of law initiatives, improved system development, managed key risks, reinforced frontline responsibilities and enhanced synergistic effectiveness. By integrating the rule of law with the core operations across the Bank, it elevated its capacity to provide guidance and support, prevent and control risks and generate value, thereby achieving new heights in rule of law work.

The Bank reinforced the primary responsibility for law-based corporate governance, strengthened comprehensive risk management, pushed forward the Group’s overall rule-of-law development and ensured the effective implementation of legal compliance requirements. It improved the compliance systems by formulating operational procedures for internalizing external regulations and strengthening the rigid constraints of the system. Furthermore, the Bank tightened the “protective net” of legal compliance reviews to ensure full coverage for three key areas, i.e. regulations and rules, economic contracts and major decision-making. Advancing the development of the operational risk management system, the Bank strengthened compliance management in key areas, improved the early warning and monitoring system and enhanced risk prevention and control. It optimized the litigation case management mechanism, deepened the root-cause governance of litigation cases, and effectively prevented and controlled the risks associated with major cases. In order to protect its rights and recover losses, the Bank launched the “Legal Net Action” and employed diversified dispute resolution mechanisms to enhance its capabilities in resolving disputes. Committed to facilitating the successful conclusion of the “Eighth Five-Year” legal education plans, the Bank conducted multi-dimensional legal education for employees to enhance the effectiveness of rule-of-law publicity and education.

The work plans related to the rule of law are as follows: the Bank will place emphasis on integrating into core business and serving the overall interests. With a focus on key business development tasks, it will take the initiative to participate in risk mitigation in a comprehensive manner to drive development. The Bank will apply the principle that “business management must include compliance management” and strengthen the coordinated operation of the three lines of defense with active efforts to build a well-structured legal management system. It will also enhance the “forward-looking nature” of early risk warning and properly handle litigation disputes to further boost its capabilities to protect its rights and recover losses. By cultivating a culture of rule of law and carrying out tiered legal education and publicity, the Bank will safeguard high-quality development with law-based thinking and methods.

XV. PERFORMANCE OF SOCIAL RESPONSIBILITIES

(I) Serving Rural Revitalization

During the Reporting Period, the Bank strictly implemented the policy requirements set forth in the Notice of the General Office of the National Financial Regulatory Administration Regarding Solidly and Effectively Conducting the Financial Work on “Agriculture, Rural areas and Rural residents” in 2025 (Jin Ban Fa [2025] No. 44) (《國家金融監督管理總局辦公廳關於紮實做好2025年「三農」金融工作的通知》(金辦發[2025]44號)) and the Opinions of the People’s Bank of China and the Ministry of Agriculture and Rural Affairs on Strengthening Financial Services for Rural Reform and Advancing All-around Rural Revitalization (Yin Fa [2025] No. 150) (《中國人民銀行 農業農村部關於加強金融服務農村改革 推進鄉村全面振興的意見》(銀發[2025]150號)), and continued to improve the quality and efficiency of financial services for “Agriculture, Rural areas and Rural residents”. It remained committed to allocating superior financial resources to key sectors and weak links in agricultural and rural development and accelerated the construction of a modern rural industrial system, supporting the comprehensive promotion of rural revitalization and the construction of an agricultural power with Chinese characteristics.

As of the end of the Reporting Period, the Bank’s agriculture-related loan balance amounted to RMB46,665 million, which increased by RMB925 million or 2.02% from the end of the previous year. The inclusive agriculture-related loan balance amounted to RMB5,165 million, which increased by RMB973 million or 23.21% from the end of the previous year. The loan balance in regions that had been lifted out of poverty reached RMB16,889 million, representing an increase of RMB5,163 million or 44.03% as compared to the end of the previous year. Throughout the year, the Bank invested RMB65,810 million in rural revitalization bonds, representing an increase of RMB26,070 million or 65.60% as compared to the end of the previous year. Throughout the year, the Bank underwrote special financial bonds for “Agriculture, Rural areas and Rural residents” of RMB460 million and invested in rural revitalization-themed REITs amounting to RMB205 million. The number of newly issued rural revitalization-themed cards throughout the year reached 2,217, and the total number of cards issued amounted to 11,100, which grew by 24.81% as compared to the end of the previous year. The interest rate for agriculture-related loans decreased by 36 basis points or 8.93% as compared to the end of the previous year.

(II) Protection of Consumer Rights and Interests

The Bank maintains a profound understanding of the political and people-centered nature of its finance operations. Firmly committed to the principle that “financial services are rooted in our original aspiration, and consumer rights protection demonstrates our responsibility”, the Bank has established a comprehensive framework for consumer rights protection. It remains dedicated to serving the real economy, integrating consumer rights protection into every stage of its operations, and ensuring that all employees share the responsibility for consumer rights protection. It strictly enforces the “three appropriateness (三適當)” requirements regarding financial products, sales channels and target customers, strengthens end-to-end risk prevention and control and deepens the application of digital services to comprehensively enhance the ability and level in protecting consumer rights and interests.

During the Reporting Period, the Bank maintained a top-down approach led by Party building, integrating consumer rights protection into its corporate governance, corporate culture and business development strategies. The Board of Directors, Board of Supervisors and senior management continued to strengthen the strategic planning of consumer rights protection management. A total of 37 meetings were convened to consider 85 key issues, such as regulatory evaluation reports on consumer rights protection and complaint reports, at which 88 specific and clear directives were put forward to drive improvements in consumer rights protection management across the Bank.

In response to new regulatory requirements and internal management needs, the Bank took precise action to “formulate, revise and repeal” consumer rights protection policies. It formulated or revised 16 internal control policies on consumer rights protection, including the Administrative Measures for Product Suitability of China Bohai Bank, the Administrative Measures for Consumer Rights Protection Assessment of China Bohai Bank and the Administrative Measures for Customer Personal Information Protection of China Bohai Bank, which effectively laid out “four beams and eight pillars” for the Bank’s consumer rights protection practices.

The Bank continued to refine and strictly implement its review mechanism on consumer rights protection. It developed an intelligent review system based on large models to significantly improve review efficiency. The Bank reviewed a total of 7,895 documents, including agreement copies, management policies, promotional materials and marketing scripts, with 100% coverage of its products and services. This process enabled the Bank to effectively identify potential risks to consumer rights and prevent infringement on the legitimate rights and interests of consumers at the source.

The Bank continued to enhance its requirements for personal financial information protection by revising and formulating specialized policies, such as the Administrative Measures for Customer Personal Information Protection of China Bohai Bank and the Implementation Rules for Child Customer Information Protection of China Bohai Bank. Bank-wide risk assessments were conducted to identify potential vulnerabilities in consumer information protection, alongside targeted inspections at the branch level, which promoted the security management, operation and execution of personal information in all stages and throughout the entire lifecycle, including collection, transmission, processing, storage, use, provision, disclosure and deletion.

The Bank solidly promoted financial knowledge through educational and outreach initiatives by vigorously advancing the establishment of a comprehensive education and outreach matrix that integrates both “online + offline” and “centralized + localized” channels. It launched financial education activities in diverse forms, multiple levels, multiple directions and multiple scenarios, such as “Consumer Rights Protection + Party Building”, “Consumer Rights Protection + Community”, “Consumer Rights Protection + AI” and “Consumer Rights Protection + Intangible Cultural Heritage”. Leveraging channels such as the official website, mobile banking app, WeChat official account, WeCom and remote banking, the Bank delivered distinct and targeted financial knowledge to various groups. The Bank engaged a total of 123 million financial consumers through online and offline activities and its own official channels, representing a 2.5-fold increase as compared to the previous year.

The Bank optimized its complaint handling procedures and enhanced accessibility to its complaint channels. It continuously implemented improvements across product development, marketing management and operational procedures, seeking solutions throughout the full product and service lifecycle to enhance the quality and efficiency of complaint resolution. The Bank advanced the development of a resolution mechanism for diversified financial disputes by establishing the Fengqiao Mediation Workstation of China Bohai Bank, which actively explored new pathways for conflict resolution. During the Reporting Period, the Bank received and processed a total of 24,957¹ consumer complaints, consisting of 24,333 personal complaints and 624 corporate complaints, achieving a 100% settlement rate within 15 days of receipt of complaints. Of the personal complaints of the Bank, 44.09% related to personal loans, 34.05% to credit cards, 6.23% to personal financial information, and 4.59% to debit cards. Geographically, complaints were mainly concentrated in five regions: Tianjin (including consumer complaints involving the head office), Shanghai, Guangdong, Hebei and Jiangsu, accounting for 66.91%, 5.91%, 5.10%, 2.97% and 2.53% respectively, for a combined total of 83.42%.

During the Reporting Period, the Bank established a normalized internal audit mechanism for consumer rights protection and conducted annual audits on consumer rights protection focusing on key areas such as the establishment of the consumer rights protection system, marketing and promotion of products and services, suitability management, sales conduct management and personal information protection. These audits provided oversight of the performance of consumer rights protection duties, which promoted improvements in the quality and efficiency of consumer protection efforts across both the head office and branches.

¹ The statistical basis is the number of complaints from all channels after deducting duplicates.

(III) Development of Green Financial Business

During the Reporting Period, the Bank actively implemented green development concepts, advanced the construction of a Beautiful China, and comprehensively served the strategic goals of carbon peaking and carbon neutrality. Anchoring low-carbon economy, circular economy and ecological economy, the Bank leveraged its dynamic role in serving the real economy. As of the end of the Reporting Period, the Bank's green loan balance was RMB59,335 million, representing an increase of RMB15,951 million or 36.77% as compared to the beginning of the year.

The Bank enhanced strategic guidance and implemented multiple measures simultaneously to improve the quality and efficiency of green financial services, in a bid to excel in the field of green finance. Firstly, it placed emphasis on key sectors and target customers, and focused its efforts on developing green credit businesses in, among others, new energy, green computing, AIDC and automobile industries. Through a model combining "headquarters-led expertise with branch-level local cultivation", the Bank provided comprehensive and customized financial solutions for green industry leaders, driving the quality and scale of the green finance business. Secondly, the Bank issued green financial bonds to broaden low-cost funding sources for green credit, with the proceeds used in supporting green industrial projects in the energy conservation and environmental protection sector, the clean energy sector, and green infrastructure upgrades. Thirdly, the Bank refined its green financial product system, flexibly applied products to fully utilize carbon reduction support tools and deepen cooperation with green and low-carbon enterprises. Fourthly, the Bank effectively linked green finance with transition finance. Aligning with low-carbon trends, it formulated the Bank's first transition finance plan, further enhancing the quality and efficiency of financial support for green and low-carbon development. Fifthly, the Bank facilitated fully digital operations, put smart control measures in place, reinforced digital operations, and thus improving environmental, social and risk management levels.

The Bank's green finance achieved significant development and has been recognized by the industry. Thanks to its outstanding performance in green finance, it was honored as a "2025 Excellent Case of Financial Competitiveness in the 21st Century" and was included in the list of "Annual Leading Green Financial Institutions".

For more information on the fulfillment of social responsibilities by the Bank during the Reporting Period, please refer to the 2025 Social Responsibility Report published on the websites of the HKEX and the Bank.

XVI. OTHER MATTERS

Please refer to "Important Events" in this annual report for bond issuance of the Bank during the Reporting Period; please refer to "Directors, Supervisors, Members of Senior Management, Employees and Branches" for the list of Directors.

By order of the Board of Directors
Chairman
WANG Jinhong
March 26, 2026

Important Events

I. MATERIAL LITIGATIONS AND ARBITRATIONS

As of the end of the Reporting Period, the Bank was involved in certain litigations and arbitrations in the ordinary course of business, most of which were routine litigations and settlements initiated by the Bank. Currently, no provisions will be made.

As of the end of the Reporting Period, the Bank as the defendant or respondent was involved in a total of 6 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case was closed. Currently, no provisions will be made.

As of the end of the Reporting Period, the Bank as the third party was involved in a total of 3 litigations with the amount in dispute of over RMB10 million each. Among them, 1 case was closed. Currently, no provisions will be made.

The Bank considers that the above-mentioned litigations and arbitrations will not have any material impact on its operating activities and financial position.

II. INCREASE OR REDUCTION IN THE REGISTERED CAPITAL AND BUSINESS MERGER

During the Reporting Period, there was no change in the registered capital of the Bank, and there was no business merger.

III. IMPLEMENTATION OF EQUITY INCENTIVE PLANS

During the Reporting Period, the Bank did not implement any equity incentive plans.

IV. PRE-EMPTIVE RIGHT

The Articles of Association of the Bank have no mandatory provisions on pre-emptive right.

V. PUBLIC FLOAT

Based on publicly available information and to the knowledge of our Directors, as of the date of this annual report, the Bank had maintained the public float as required by the Listing Rules and the relevant waivers granted by the Hong Kong Stock Exchange.

VI. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Reporting Period, all related party transactions of the Bank were conducted in accordance with relevant laws and regulations as well as relevant provisions of domestic and overseas regulatory authorities and the Bank's rules for related party transactions. These transactions were conducted in adherence to the general business principles, and based on conditions which were not superior to those granted to an independent third party, and their terms were fair and reasonable and in the interests of the Bank and its Shareholders as a whole.

The related party transactions of the Bank were mainly the credit-granting related party transactions with the members of the Shareholders' group. Please refer to the "Audit Report and Financial Report: Notes to the Consolidated Financial Statements: 'Related party transactions'" of this annual report for specific data.

(I) Related Party Transactions Relating to Daily Operation

According to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the material related party transactions of the Bank were credit-granting related party transactions and related party transactions on financial product transactions, and were conducted in accordance with relevant laws and regulations, external regulatory requirements and the Bank's review procedures. During the Reporting Period, the Board of Directors of the Bank approved five resolutions on material related party transactions, including the related party transactions on financial product transactions with Standard Chartered Bank (China) Limited considered and approved at the third meeting of the sixth session of the Board of Directors, the related party transactions on credit business of Tianjin Bohai State-owned Assets Administration Co., Ltd. and the related party transactions on credit business of Standard Chartered Bank (China) Limited considered and approved at the seventh meeting of the sixth session of the Board of Directors, the related party transactions on credit business of Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) considered and approved at the ninth meeting of the sixth session of the Board of Directors, and the related party transactions on credit business of Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) considered and approved at the 11th meeting of the sixth session of the Board of Directors.

As of the end of the Reporting Period, the Bank's net credit amount granted to all related parties were RMB19.408 billion according to the standards of the National Financial Regulatory Administration. Specifically, the net credit amount granted to TEDA Investment Holding (Group) Co., Ltd. and its related parties was RMB13.588 billion, that granted to Standard Chartered Bank (Hong Kong) Limited and its related parties was RMB8 million, that granted to China Shipping Investment Co., Ltd. and its related parties was RMB614 million, that granted to State Development & Investment Corp., Ltd. and its related parties was RMB313 million, that granted to China Baowu Steel Group Corporation Limited and its related parties amounted to RMB1,669 million, and that granted to Oceanwide Industry Co., Ltd. and its related parties was RMB231 million, and that granted to other related parties reached RMB2,985 million.

According to the standards of Hong Kong Stock Exchange, the Bank's net credit amount granted to all connected persons amounted to RMB14.210 billion. Specifically, the Bank extended RMB13.588 billion of net credits to TEDA Investment Holding (Group) Co., Ltd. and its connected persons, RMB8 million to Standard Chartered Bank (Hong Kong) Limited and its related parties, and RMB614 million to China Shipping Investment Co., Ltd. and its connected persons. The abovementioned transactions are transactions conducted by the Bank with its connected persons in the ordinary course of business on general commercial terms or better terms for the Bank, which are fully exempted in accordance with Chapter 14A of the Listing Rules.

During the Reporting Period, non-credit related party transactions between the Bank and related parties, such as deposits, service, leasing, agency sales and custody, and other daily related party transactions, are subject to general commercial terms and conditions no superior to those granted to independent third parties. The above-mentioned transactions are connected transactions meeting the full exemption or the minimum exemption level under Chapter 14A of the Listing Rules.

(II) Related Party Transactions Involving Disposal and Acquisition of Assets or Equity

During the Reporting Period, the Bank was not engaged in any related party transactions involving disposal and acquisition of assets or equity.

(III) Related Party Transactions in Joint External Investment

During the Reporting Period, the Bank was not engaged in any related party transactions in joint external investment.

VII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Material Custody, Contracting or Leasing Matters

During the Reporting Period, the Bank had no material custody, contracting or leasing matters which were required to be disclosed.

(II) Material Guarantees

During the Reporting Period, besides the normal business scope, the Bank had no material guarantees which were required to be disclosed.

(III) Other Material Contracts

During the Reporting Period, besides the normal business scope, the Bank had no other material contracts which were required to be disclosed.

VIII. SIGNIFICANT INVESTMENT AND MAJOR INVESTMENT PLAN

During the Reporting Period, the Bank had no significant equity investment and major equity investment plans.

IX. PENALTIES IMPOSED ON THE BANK AND ITS DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

During the Reporting Period, the Bank was not subject to any investigation due to suspected crimes according to law, or any criminal penalty. The Bank was not subject to any investigation or administrative penalty by the CSRC due to suspected violations of laws and regulations, or any major administrative penalty by other competent authorities that has a significant impact on the operation and management of the Bank. During the Reporting Period, none of the Directors and members of the senior management of the Bank were subject to any coercive measures due to suspected crimes according to law, any criminal penalty, any investigation or administrative penalty by the CSRC and other competent authorities due to suspected violations of laws and regulations in their performance of duties in the Bank, any confinement measures by disciplinary inspection authorities due to suspected serious violations of discipline, law or duty crimes which affect their performance of duties, or any coercive measures by other competent authorities due to suspected violations of laws and regulations which affect their performance of duties in the Bank. During the Reporting Period, neither the Bank nor any of its Directors or members of the senior management was subject to any administrative and regulatory measures and disciplinary actions taken by the CSRC, other competent authorities or stock exchanges.

X. INTEGRITY OF THE BANK

During the Reporting Period, the Bank has not experienced circumstances in which it fails to fulfill the obligations determined by legal documents in effective judgment of the court, and is not liable for a relatively large amount of debts that are overdue.

XI. OTHER MATERIAL EVENTS

(I) Obtaining Business Qualification

During the Reporting Period, the Bank obtained the qualification of Trial Forward Swap Market Maker of Interbank RMB Foreign Exchange Market for 2025-2026.

During the Reporting Period, the Bank obtained the qualification to issue third-generation social security cards in Tianjin. As of the end of the Reporting Period, the Bank issued a total of 59,100 cards throughout the year.

(II) Issuance of Bonds

The Bank issued three-year green financial bonds with a face value of RMB5 billion on February 26, 2025, with a coupon rate of 1.89% per annum. The proceeds from the issue of the bonds will be, according to applicable laws and regulatory approvals, used for green industrial projects specified in the Green Finance Endorsed Projects Catalogue (2025 Edition).

The Bank issued three-year financial bonds with a face value of RMB10 billion on April 25, 2025, with a coupon rate of 1.88% per annum. The proceeds from the issue of the bonds will be used for supplementing medium- and long-term stable funds, optimizing the liability structure, and promoting the sound development of businesses.

The Bank issued three-year sci-tech innovation bonds with a face value of RMB5 billion on May 12, 2025, with a coupon rate of 1.75% per annum. The proceeds from the issue of the bonds will be, according to applicable laws and approvals from competent authorities, designated for supporting sci-tech innovation businesses through various means such as loans and bonds.

The Bank issued undated capital bonds with a face value of RMB10 billion on November 18, 2025. The coupon rate is 2.37% during the first 5 years, with a coupon rate adjustment period every 5 years. The issuer shall have a conditional redemption right on every interest payment date from the fifth year onwards. The proceeds from the issue of the bonds will be entirely used to replenish the Bank's additional tier 1 capital.

The Bank issued financial bonds with a total issue size of RMB3.5 billion on December 17, 2025, which comprised two types of bonds, namely fixed rate bonds and floating rate bonds. In particular, the fixed rate bonds have an issue size of RMB1.5 billion with a term of 3 years and a coupon rate of 1.86% per annum. The floating rate bonds have an issue size of RMB2 billion with a term of 3 years. Its coupon rate is determined by the benchmark rate plus a fixed spread of -1.10%, where the benchmark rate is the 1-year Loan Prime Rate (LPR). The coupon rate adjustment period occurs every three months, and the coupon rate for the first adjustment period is 1.90%. The proceeds from the issue of the bonds will be used for expanding funding sources, optimizing the maturity structure of liabilities, and promoting the sound development of businesses.

(III) Rating

During the Reporting Period, the Bank actively carried out follow-up rating work of international ratings, and delivered positive information of the Bank to rating companies objectively and accurately. As of the end of the Reporting Period, Moody's rated the Bank as Baa3, and Standard & Poor's rated the Bank as BBB-, maintaining the "investment grade" rating. The rating results objectively and comprehensively reflected the operating conditions, market image and industry status of the Bank.

XII. SUBSEQUENT EVENTS

As of the date of this annual report, the Bank had no material subsequent events for disclosure.

XIII. REVIEW OF ANNUAL RESULTS

The Bank's external auditors Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu have audited the financial reports prepared by the Group in accordance with the requirements set out in the China Accounting Standards for Business Enterprises and the IFRS, and standard unqualified audit reports have been issued. The Audit and Consumer Rights Protection Committee under the Board of the Bank has reviewed and approved the Group's results and financial reports for the year ended December 31, 2025.

XIV. PUBLICATION OF THE ANNUAL REPORT

The English and Chinese versions of the annual report prepared by the Bank pursuant to the IFRS and the Listing Rules are available on the websites of the HKEX and the Bank.

Audit Report and Financial Report

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Independent Auditor's Report

Deloitte.

德勤

Independent Auditor's Report to the Shareholders of CHINA BOHAI BANK CO., LTD.

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

OPINION

We have audited the consolidated financial statements of CHINA BOHAI BANK CO., LTD. (the "Bank") and its subsidiary (the "Group") set out on pages 119 to 263 which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with *International Financial Reporting Standards* ("IFRS") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with *International Standards on Auditing* ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including *International Independence Standards*) ("IESBA Code"), as applicable to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost	
Key audit matter	How the matter was addressed in our audit
<p>The Group uses the expected credit loss ("ECL") model to calculate the loss allowance in accordance with <i>International Financial Reporting Standard 9, Financial instruments</i> ("IFRS 9").</p> <p>The Group's loans and advances to customers measured at amortised cost (excluding interests accrued) as at 31 December 2025 amounted to RMB828,693 million, with loss allowances amounted to RMB24,566 million; and financial investments measured at amortised cost (excluding interests accrued) as at 31 December 2025 amounted to RMB264,077 million, with loss allowances amounted to RMB7,447 million.</p> <p>The Group classifies loans and advances to customers and financial investments measured at amortised cost into three stages. A financial asset is classified as stage one when its credit risk has not increased significantly since its initial recognition; while its credit risk has increased significantly since its initial recognition, it is classified as stage two. Stage three applies when a financial asset is credit-impaired. The loss allowance for stage one financial assets is measured at an amount equal to a 12-month ECL. The loss allowance for stage two and stage three financial assets is measured at an amount equal to a lifetime ECL.</p> <p>Other than credit-impaired corporate loans and advances to customers and financial investments measured at amortised cost, the loss allowances are measured using the risk parameter approach based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), discount rate and forward-looking information which take into account the historical overdue data, historical loss ratios, internal credit gradings and other adjustment factors.</p>	<p>Our audit procedures for the loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost mainly included the following:</p> <ul style="list-style-type: none"> • Internal controls: <ul style="list-style-type: none"> – understood and assessed the key internal controls of ECL model, including the selection, approval, and application of ECL model parameter updates and periodic verification for models, input of underlying data and parameters, and loan staging based on customer asset quality, cash flow projection used in the discounted cash flow method, and the review and approval of forward-looking information; – understood, assessed and tested the information technology system and design and operating effectiveness of the related controls, including general information technology controls, data transmission between systems, mapping of parameters of ECL model, and system calculation of loss allowance for loans and advances to customers measured at amortised cost and financial investments measured at amortised cost.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost <i>(Continued)</i>	
Key audit matter <i>(Continued)</i>	How the matter was addressed in our audit <i>(Continued)</i>
<p>The loss allowances for credit-impaired corporate loans and advances measured at amortised cost and financial investments measured at amortised cost are principally measured using the discounted cash flow method. Management exercises judgement in determining recoverable cash flows based on a range of factors. These factors include available remedies for recovery, the financial situation of the borrowers, collateral valuation, the seniority of the claim, the existence of other creditors, and disposals.</p> <p>ECLs for loans and advances to customers and financial investments is a subjective area due to the degree of judgement applied by management in determining loss allowances. From the Group's perspective, the determination of the loss allowances for loans and advances to customers and financial investments is heavily dependent on the external macro economy and the Group's internal credit risk management strategy.</p> <p>We identified the assessment for the ECL allowance as a key audit matter because of the inherent uncertainty and management judgements involved, and because the loss allowance is significant to the financial results and capital of the Group.</p>	<ul style="list-style-type: none"> • ECL model <ul style="list-style-type: none"> – assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters; – verified, on a sample basis, the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method; – verified, on a sample basis, the calculation logic of ECL model, and tested whether the model reasonably reflected management's modelling methodology.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Loss allowances of loans and advances to customers measured at amortised cost and financial investments measured at amortised cost <i>(Continued)</i>	
Key audit matter <i>(Continued)</i>	How the matter was addressed in our audit <i>(Continued)</i>
<p>Refer to the accounting policies in "Note 4 (6) to the Consolidated Financial Statements: Financial instruments", "Note 5 to the Consolidated Financial Statements: Significant accounting judgements and estimates", "Note 22 to the Consolidated Financial Statements: Loans and advances to customers" and "Note 23 to the Consolidated Financial Statements: Financial investments" for related disclosures.</p>	<ul style="list-style-type: none"> • Risk-based sample selection for credit review performed on corporate loans and financial investments measured at amortised cost <ul style="list-style-type: none"> – selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, and loans with other high-risk characteristics such as non-performing loans, overdue performing loans, rescheduled loans and borrowers with negative publicity; – analysed the borrower's or the debtor's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; – performed credit assessments on borrower's or debtor's and guarantor's financial information, collaterals and pledges valuation, disposal values, the recoverable cash flow through assignment of debt and other sources of repayment for the selected stage 3 credit-impaired loans and advances measured at amortised cost and financial investments measured at amortised cost, tested the recalculation of impairment provision based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Fair value of level 3 financial instruments	
Key audit matter	How the matter was addressed in our audit
<p>The Group mainly adopts active market quotations and valuation techniques to conduct valuation on the financial instruments measured at fair value. Valuation techniques are adopted by the Group to determine the fair value of level 3 financial instruments without active market quotations. The selection of valuation techniques and significant unobservable inputs requires significant accounting judgement and estimation by management.</p> <p>At 31 December 2025, the carrying value of financial assets classified as level 3 due to the use of significant unobservable inputs was RMB19,345 million.</p> <p>We identified fair value assessment of level 3 financial instruments as a key audit matter because the amount involved is significant and the valuation requires significant judgement and estimation.</p> <p>Refer to the accounting policies in "Note 4 (6) to the Consolidated Financial Statements: Financial instruments", "Note 5 to the Consolidated Financial Statements: Significant accounting judgements and estimates" and "Note 50 to the Consolidated Financial Statements: Fair value" for related disclosures.</p>	<p>Our audit procedures in respect of fair value assessment of level 3 financial instruments mainly included the following:</p> <ul style="list-style-type: none"> • Understood, assessed and tested the design and operating effectiveness of internal controls relating to validation of valuation models, the use and updating of parameters, the input of underlying data, valuation calculations, reviews and approvals related to the fair value assessment of financial instruments. • Selected samples to perform the following audit procedures: <ul style="list-style-type: none"> – assessed the appropriateness of the valuation models, inputs and assumptions used by the Group; – assessed and verified the valuation techniques used in the valuation of complex financial instruments valuation based on the work done by the internal valuation specialists, selected samples to perform independent valuation and compared the results with the Group's valuation.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with *IFRS Accounting Standards* issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Zhu Wei.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 March 2026

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTES	2025	2024
Interest income		51,505,054	54,881,845
Interest expenses		(34,084,409)	(39,339,375)
Net interest income	6	17,420,645	15,542,470
Fee and commission income		3,050,511	3,995,271
Fee and commission expenses		(757,480)	(1,021,212)
Net fee and commission income	7	2,293,031	2,974,059
Net trading gains	8	548,902	941,146
Net gains arising from financial investments	9	5,664,246	5,972,326
Other operating income	10	42,779	51,588
Operating income		25,969,603	25,481,589
Operating expenses	11	(10,391,049)	(10,488,740)
Impairment losses on assets	14	(10,005,950)	(9,659,819)
Profit before taxation		5,572,604	5,333,030
Income tax expenses	15	(74,398)	(77,215)
Net profit		5,498,206	5,255,815

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTE	2025	2024
Net profit		5,498,206	5,255,815
Other comprehensive income, net of income tax:			
Item that will not be reclassified to profit or loss:			
Changes and transfer-out in fair value of investments in equity instruments designated as at fair value through other comprehensive income ("FVTOCI")		1,358,423	(1,007,715)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments at FVTOCI		(1,730,789)	1,384,041
Allowance for credit losses on debt instruments at FVTOCI		162,317	107,981
Translation differences of financial statements of foreign operation		76,381	(64,155)
Other comprehensive income, net of income tax		(133,668)	420,152
Total comprehensive income		5,364,538	5,675,967
Attributable to:			
Net profit of shareholders of the parent company		5,498,206	5,255,815
Net profit of non-controlling interests		–	–
Attributable to:			
Total comprehensive income of shareholders of the parent company		5,364,538	5,675,967
Total comprehensive income of non-controlling interests		–	–
Earnings per share			
– Basic and diluted (in RMB Yuan)	16	0.29	0.24

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTES	31 December	
		2025	2024
Assets			
Cash and deposits with the central bank	17	129,722,705	148,162,149
Deposits with banks and other financial institutions	18	18,278,682	11,405,462
Placements with banks and other financial institutions	19	3,958,672	4,885,299
Derivative financial assets	20	2,023,233	2,448,184
Financial assets purchased under resale agreements	21	54,105,030	18,531,145
Loans and advances to customers	22	949,747,965	925,361,742
Financial investments:	23		
Financial investments measured at fair value through profit or loss ("FVTPL")		215,700,905	192,864,991
Financial investments measured at FVTOCI		268,060,545	177,376,537
Financial investments measured at amortised cost		259,998,948	330,196,792
Investment in associate	25	–	–
Property and equipment	26	2,927,826	3,217,544
Deferred tax assets	27	12,436,872	12,362,922
Right-of-use assets	28	3,286,036	3,606,436
Other assets	29	14,162,113	13,422,925
Total assets		1,934,409,532	1,843,842,128
Liabilities and shareholders' equity			
Liabilities			
Borrowings from the central bank	30	72,741,786	121,378,473
Deposits from banks and other financial institutions	31	152,751,045	150,561,544
Placements from banks and other financial institutions	32	18,089,549	23,144,745
Financial liabilities at FVTPL	33	621,527	171,916
Derivative financial liabilities	20	1,438,089	1,799,883
Financial assets sold under repurchase agreements	34	74,809,396	57,818,338
Deposits from customers	35	1,138,775,385	1,067,561,795
Income tax payable		(531,560)	(621,775)
Debt securities issued	36	330,593,371	290,863,182
Lease liabilities	37	3,400,319	3,722,824
Other liabilities	38	16,493,672	17,316,375
Total liabilities		1,809,182,579	1,733,717,300

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTES	31 December	
		2025	2024
Shareholders' equity			
Equity attributable to shareholders of the parent company			
Share capital	39	17,762,000	17,762,000
Other equity instruments	40	21,000,000	11,000,000
Capital reserve	41(a)	10,689,228	10,689,841
Surplus reserve	41(b)	8,456,784	7,929,133
General reserve	41(c)	21,752,539	21,106,229
Other reserves	41(d)	1,599,256	1,732,924
Retained profits	42	43,967,146	39,904,701
Sub-total		125,226,953	110,124,828
Non-controlling interests		–	–
Total shareholders' equity		125,226,953	110,124,828
Total liabilities and shareholders' equity		1,934,409,532	1,843,842,128

Wang Jinhong
Legal Representative,
Chairman of the
Board

Qu Hongzhi
President,
Executive Director

Deng Bei
In-charge of
Financial and
Accounting Affairs

Zhang Hui
In-charge of
Accounting
Department

(Company stamp)

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Shareholders' equity attributable to the parent company								Non-controlling interests	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Sub-total		
Balance at 1 January 2025		17,762,000	11,000,000	10,689,841	7,929,133	21,106,229	1,732,924	39,904,701	110,124,828	-	110,124,828
Changes in equity for the year:											
Net profit		-	-	-	-	-	-	5,498,206	5,498,206	-	5,498,206
Other comprehensive income		-	-	-	-	-	(133,668)	-	(133,668)	-	(133,668)
Total comprehensive income		-	-	-	-	-	(133,668)	5,498,206	5,364,538	-	5,364,538
Capital contribution from other equity instruments holders	40	-	10,000,000	(613)	-	-	-	-	9,999,387	-	9,999,387
Appropriation to surplus reserve	41	-	-	-	527,651	-	-	(527,651)	-	-	-
Appropriation to general reserve	41	-	-	-	-	646,310	-	(646,310)	-	-	-
Other comprehensive income transferred to retained earnings	23(b)	-	-	-	-	-	-	-	-	-	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(261,800)	(261,800)	-	(261,800)
Balance at 31 December 2025		17,762,000	21,000,000	10,689,228	8,456,784	21,752,539	1,599,256	43,967,146	125,226,953	-	125,226,953

	Notes	Shareholders' equity attributable to the parent company								Non-controlling interests	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Sub-total		
Balance at 1 January 2024		17,762,000	19,961,604	10,732,077	7,828,688	20,678,511	(2,718,089)	40,157,910	114,402,701	-	114,402,701
Changes in equity for the year:											
Net profit		-	-	-	-	-	-	5,255,815	5,255,815	-	5,255,815
Other comprehensive income		-	-	-	-	-	420,152	-	420,152	-	420,152
Total comprehensive income		-	-	-	-	-	420,152	5,255,815	5,675,967	-	5,675,967
Reduction in capital of other equity instruments holders	40	-	(19,961,604)	(38,396)	-	-	-	-	(20,000,000)	-	(20,000,000)
Capital contribution from other equity instruments holders	40	-	11,000,000	(3,840)	-	-	-	-	10,996,160	-	10,996,160
Appropriation to surplus reserve	41	-	-	-	568,595	-	-	(568,595)	-	-	-
Appropriation to general reserve	41	-	-	-	-	427,718	-	(427,718)	-	-	-
Other comprehensive income transferred to retained earnings	23(b)	-	-	-	(468,150)	-	4,030,861	(3,562,711)	-	-	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(950,000)	(950,000)	-	(950,000)
Balance at 31 December 2024		17,762,000	11,000,000	10,689,841	7,929,133	21,106,229	1,732,924	39,904,701	110,124,828	-	110,124,828

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	2025	2024
Cash flows from operating activities		
Profit before taxation	5,572,604	5,333,030
<i>Adjustments for:</i>		
Impairment losses on assets	10,005,950	9,659,819
Depreciation and amortisation	1,645,885	1,745,140
Net gains arising from financial investments	(5,664,246)	(5,972,326)
Interest expenses on debt securities issued	6,627,926	6,766,843
Net trading gains	360,620	(288,204)
Interest income arising from financial investments	(15,057,270)	(13,108,738)
Interest expenses on lease liabilities	113,705	142,038
Net gains from disposal of property and equipment and other long-term assets	(8,969)	(12,039)
	3,596,205	4,265,563
<i>Changes in operating assets</i>		
Net (increase)/decrease in deposits with the central bank	(2,887,456)	6,665,665
Net decrease in deposits with banks and other financial institutions with the original maturity date of more than three months	-	200,000
Net decrease in placements with banks and other financial institutions with the original maturity date of more than three months	1,062,258	8,144,862
Net increase in loans and advances to customers	(30,637,108)	(11,149,156)
Net increase in held-for-trading financial assets	(1,710,835)	(3,793,296)
Net (increase)/decrease in other operating assets	(2,998,707)	1,012,168
	(37,171,848)	1,080,243
<i>Changes in operating liabilities</i>		
Net decrease in borrowings from the central bank	(47,825,911)	(12,145,000)
Net increase/(decrease) in deposits from banks and other financial institutions	2,549,084	(7,970,494)
Net decrease in placements from banks and other financial institutions	(4,919,555)	(11,454,728)
Net increase/(decrease) in financial assets sold under repurchase agreements	16,932,687	(8,813,262)
Net increase in deposits from customers	68,369,416	130,926,815
Net decrease in other operating liabilities	(878,349)	(2,316,221)
	34,227,372	88,227,110
Net cash flows generated from operating activities before taxation	651,729	93,572,916
Income tax paid	(594,504)	(663,738)
Receipts of tax refunds	609,066	-
Net cash flows generated from operating activities	666,291	92,909,178

The accompanying notes to the financial statements form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	NOTES	2025	2024
Cash flows from investing activities			
Proceeds from sale and redemption of investments		749,909,420	765,126,414
Proceeds received from investment activities		24,000,781	17,223,546
Proceeds from disposal of property and equipment and other long-term assets		12,052	95,621
Purchases of investments		(794,453,620)	(825,189,687)
Purchases of property and equipment, intangible assets and other long-term assets		(433,254)	(562,926)
Net cash flows used in investing activities		(20,964,621)	(43,307,032)
Cash flows from financing activities			
Proceeds from debt securities issued		565,060,824	422,032,323
Proceeds from other equity instruments issued		10,000,000	11,000,000
Repayment of debt securities issued		(525,325,008)	(400,723,591)
Interest paid on debt securities issued		(6,633,553)	(5,135,760)
Repayment of other equity instruments		–	(20,000,000)
Payments for distribution to other equity instruments holders		(261,800)	(950,000)
Repayment of lease liabilities		(1,114,468)	(1,106,039)
Other cash payments relating to financing activities		(613)	(3,840)
Net cash flows generated from financing activities		41,725,382	5,113,093
Effect of foreign exchange rate changes on cash and cash equivalents		(121,709)	72,153
Net increase in cash and cash equivalents	46(a)	21,305,343	54,787,392
Cash and cash equivalents as at 1 January		122,169,996	67,382,604
Cash and cash equivalents as at 31 December	46(b)	143,475,339	122,169,996
Net cash flows generated from operating activities include:			
Interest received		35,742,836	40,022,856
Interest paid		(29,053,030)	(33,795,767)

The accompanying notes to the financial statements form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

CHINA BOHAI BANK CO., LTD. (the “Bank”) is a national joint-stock commercial bank established in Tianjin on 30 December 2005.

The Bank has been approved by the former China Banking and Insurance Regulatory Commission (the “CBIRC”) to hold financial business permit (No. B0017H112000001) and approved by the Market Supervision Administration of Hedong District, Tianjin for the business license (No. 911200007109339563).

On 16 July 2020, the Bank’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 9668).

The Bank commenced its operation on 16 February 2006. As of 31 December 2025, the Bank has established 34 tier-one branches, 35 tier-two branches, 292 sub-branches and 16 small and micro community sub-branches. The total number of outlets reached 377.

The principal activities of the Bank include absorbing public deposits; offering short-term, medium term and long-term loans; arranging settlement of domestic and international accounts; handling accept and discount of bill; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds and proprietary trading bonds issued by financial institutions and government; inter-bank borrowing and lending; trading of foreign currencies on behalf of its customers; selling and purchasing foreign exchange, bank card business; letters of credit and financial guarantees; acting as agent on inward and outward payments; acting as an insurance agent, safe-deposit facilities, derivative trading, securities investment custody, insurance fund custody, selling securities investment fund and other business approved by the banking regulatory institutions of the State Council.

According to the *Approval from the China Banking and Insurance Regulatory Commission on the Opening of CBHB Wealth Management Co., Ltd.* (渤海理財有限責任公司), the subsidiary of the Bank, the Bank established its wholly owned subsidiary CBHB Wealth Management Co., Ltd. with a registered capital of RMB2 billion on 6 September 2022. The approved business scope of CBHB Wealth Management Co., Ltd. includes public issuance of financial products to the non-specific public, investment and management of entrusted investor property, non-public issuance of wealth management products to qualified investors, investment and management of entrusted investor property, consultancy and advisory services and other business as approved by the banking regulatory body of the State Council. The Bank and its subsidiary are collectively referred to as the “Group”.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards issued by the International Accounting Standards Board as well as the disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Basis of preparation

Other items in the consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs and relevant regulatory requirements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

3 APPLICATION OF IFRSs AND AMENDMENTS

(1) IFRSs and amendments mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to IAS 21 *Lack of Exchangeability*

The amendments clarify the specific criteria for assessing exchangeability and specify how to determine the spot exchange rate when a currency lacks exchangeability, and also require an entity to provide additional disclosure information to enable users of its financial statements to assess how the currency’s lack of exchangeability affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The directors of the Bank believe that the application of the above amendments has no material impact on the financial position and the financial performance for the current and prior years and the disclosures set out in these consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

3 APPLICATION OF IFRSs AND AMENDMENTS *(Continued)*

(2) Issued but not yet effective amendments to IFRSs

The Group has not applied the following amendments to IFRSs that have been issued but are not yet effective in the consolidated financial statements:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7 – <i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7 – <i>Electricity Contract Linked to Natural Conditions</i>	1 January 2026
Amendments to IFRS Accounting Standards – <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	1 January 2026
IFRS 18 – <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to IAS 21 – <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to IFRS 10 and Amendments to IAS 28 – <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date Deferred indefinitely

The Group is assessing the impact of applying the above new standards and amendments. Currently, it is expected that the application of the above standards (except for IFRS 18) will have no material impact on the consolidated financial statements of the Group. The application of IFRS 18 is expected to affect the presentation and disclosure of the statement of profit or loss in the future financial statements. The Group is assessing the detailed impact of IFRS 18 on the consolidated financial statements of the Group.

4 MATERIAL ACCOUNTING POLICY INFORMATION

(1) Subsidiary

A subsidiary is an entity (including a structured entity) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual or other arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(1) Subsidiary *(Continued)*

In the Bank's statement of financial position, long-term equity investment in subsidiary is accounted for using the cost method for subsequent measurement. Dividends declared by subsidiary are recognised in profit or loss except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments. In the Bank's statement of financial position, interest in subsidiary is accounted for using the cost less impairment losses.

(2) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable to the parent company directly or indirectly.

Non-controlling interests are presented in the consolidated statement of financial position under shareholders' equity, separately from equity attributable to the shareholders of the parent company. The net profit and comprehensive income attributable to the non-controlling interests and the shareholders of the parent company are presented separately in the consolidated statement of profit or loss and other comprehensive income.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within the consolidated statement of shareholders' equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

(3) Associate

An associate is an entity over which the Group has significant influence but not control or joint control. The significant influence refers to the power to be involved in making decisions on financial and operational policies of the investee, but control or joint control with other parties to formulate these policies is not allowed.

Investments in associates are recognised in the consolidated financial statements using the equity method, and the cost is used as initial recorded value. An adjustment is made to the excess (if any) of the fair value of the net identifiable asset of the investee over the investment cost at the acquisition date. Subsequently, adjustments will be made based on the changes in the Group's share of net assets of the associate upon acquisition. Any excess of the Group's share of the fair value of net identifiable asset of the associate over the investment cost is recognised in profit or loss for the period upon acquisition of investments in the associate.

When the Group's share of losses of the associate is in excess of its share of the equity, the equity held by the Group will be reduced to zero without recognition of additional losses, except that the Group has to fulfil statutory or presumed obligations or pay on behalf of the associate. In this regard, the Group's equity held in the associate is the carrying amount of investments calculated under the equity method, as well as the substantial portion of the Group's equity of net investment in the associate.

Notes to the Consolidated Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(3) Associate *(Continued)*

Unrealised profit or loss arising from transactions between the Group and its associates is offset against the ratio of equity held by the Group in the associates. However, where there is evidence that the transferred assets have become impaired, the unrealised losses will be recognised in profit or loss immediately.

When the Group ceases to have significant influence over the associates, the selling of all equities of the relevant investee will be accounted for with resulting gains or losses recognised in the consolidated statement of profit or loss, and the portion previously recognised in comprehensive income will be transferred to profit or loss for the period. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition.

(4) Translation of foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are translated to RMB at the spot exchange rate at the date of the statement of financial position.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rate at the date on which the fair value is determined. Foreign currency differences arising on translation are generally recognised in profit or loss. Monetary items classified as at FVTOCI are recognised in profit or loss, except for exchange differences arising from changes in gross carrying amounts other than amortised cost, which are recognised in other comprehensive income. However, foreign currency differences arising from equity instruments in respect of which an election has been made to present subsequent changes in fair value in other comprehensive income are recognised in other comprehensive income.

As at the end of each reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Group at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the spot rate or an approximation of the spot rate on the date of the transaction. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents refer to monetary assets, which are short-term, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash on hand, deposits with the central bank other than restricted deposits, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements with the original maturity date of less than three months.

Notes to the Consolidated Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement of financial instruments

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at 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.

(ii) 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 FVTOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

An investment in debt instrument is measured at FVTOCI 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.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(ii) Classification of financial assets (Continued)

On initial recognition of an investment in equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

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

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group 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 Group's key management personnel.

The Group assesses the characteristics of contractual cash flow of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a particular date are only payments for principal and interest based on the outstanding principal amount. 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 Group 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.

(iii) 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 unless the financial assets are part of a hedging relationship.

– Financial assets measured 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 and is not part of a hedging relationship 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(iii) Subsequent measurement of financial assets (Continued)

– **Investments in debt instruments at FVTOCI**

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.

– **Investments in equity instruments at FVTOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss for the period. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iv) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as at FVTPL and other financial liabilities.

– **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 expenses) are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

– **Other financial liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(v) Impairment of financial instruments

The Group estimates impairment losses and recognises loss allowances for ECL on:

- financial assets measured at amortised cost;
- investments in debt instruments at FVTOCI;
- credit commitments and financial guarantee contracts, etc.

Financial assets measured at fair value, including financial assets at FVTPL, investments in equity instruments designated at FVTOCI and derivative financial assets, are not subject to the ECL assessment.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(v) Impairment of financial instruments (Continued)

Measurement of ECLs

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

The Group's method of measuring ECLs of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group 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 date of the statement of financial position (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into three stages and makes provisions for ECLs, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance. Refer to Note 49 (a) credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance. Please refer to Note 49 (a) credit risk for the criteria to determine credit impairment that has occurred.

ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the date of the statement of financial position.

Please refer to Note 49 (a) credit risk for the measurement of ECLs of the Group.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(v) *Impairment of financial instruments (Continued)*

Presentation of allowance for ECL

ECLs are re-measured at each date of statement of financial position to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal in profit or loss. The Group 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 investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income. For credit commitments and financial guarantee contracts, the Group recognises loss allowance in other liabilities (loss allowance for credit commitments).

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 Group 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 Group'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.

(vi) *Determination of fair value of financial assets and financial liabilities*

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. The quoted price in the active market should be readily and regularly available from independent sources (e.g. the exchange, broker, industry group or pricing service agency) with prudent utilisation of purchase price, selling price and middle price. The Group should use market valuation method for fair value assessment as much as is feasible, which represents the prices in actual and regularly market transactions on an arm's length basis.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(vi) Determination of fair value of financial assets and financial liabilities (Continued)

If there is no active market for a financial instrument, appropriate valuation techniques will be used to establish the fair value. Valuation techniques include referencing the price of recent market transactions between well-informed voluntary parties; reference to the current fair value of other instruments that are substantially the same; discounted cash flow model and referencing the valuation results of the third-party valuation agencies. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value is truly and effectively reflected. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each of the reporting periods. When referring to the valuation results of third-party valuation agencies, the authority, independence and professionalism of the agencies should be assessed. Where other pricing models are used, inputs are based on market data at the end of each of the reporting periods.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, which are likely to affect the fair value of the financial asset and financial liability.

The Group uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The Group makes use of all factors that market participants would consider in setting a price as much as possible, and incorporates these into its chosen valuation technique and tests for validity using prices from any observable current market transactions in the same instruments. Observable data is given priority to unobservable data unless it is unpractical or unavailable.

(vii) Derecognition of financial assets and financial liabilities

Financial asset of the Group is derecognised when one of the following conditions is met:

- the contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Financial instruments *(Continued)*

(vii) Derecognition of financial assets and financial liabilities (Continued)

Where the Group has transferred its rights to receive cash flows from an asset, or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to eventual recipients while meeting the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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 an investment in debt instruments at FVTOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

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

(viii) Offsetting

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

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

(7) Perpetual bonds

At initial recognition, the Group classifies the perpetual bonds issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(8) Derivative financial instruments and hedge accounting

Derivative financial instruments

A derivative financial instrument is a financial instrument or financial contract that meets the following criteria:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in those market factors; and
- it is settled at a future date.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives with a positive fair value are reflected in the balance sheet as derivative financial instrument assets and those with a negative fair value as derivative financial instrument liabilities.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss immediately.

Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedge instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group will rebalance the hedging relationship.

Certain derivative financial instrument transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss for the period.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(9) Embedded derivative financial instruments

An embedded derivative financial instrument is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

For hybrid instrument where the host contract is a financial asset, the Group classifies and measures the instrument as financial asset as a whole. For hybrid instrument where the host contract is a non-financial asset, the Group separates the embedded derivative from the hybrid instrument and treats it as a standalone derivative if all the following conditions are satisfied:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combine) instrument related to derivative instrument is not measured at fair value with changes recognised in profit or loss.

The separated embedded derivative financial instruments are measured at fair value, with subsequent changes recognised in profit or loss. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial instrument at FVTPL.

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under resale agreements are bonds, loans and bills purchased by the Group at certain prices from the sellers under agreements with the commitment to resell these instruments to the original sellers in the future at predetermined prices. Financial assets sold under repurchase agreements refer to bonds, loans and bills sold by the Group at certain prices under agreements with the commitment to buy back these instruments in the future at predetermined prices.

The assets purchased under resale agreements are not recognised, and the payments (including interests accrued) are recognised as receivables on the statement of financial position and are carried at amortised cost. Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statements of financial position and measured in accordance with their original measurement principles. The proceeds (including interests accrued) from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expenses over the life of each agreement using the effective interest method.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(11) Property and equipment

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment, except for construction in progress, are stated in the statements of financial position at cost less accumulated depreciation and impairment loss. Construction in progress is stated in the statements of financial position at cost less impairment loss.

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment 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.

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated net residual value rate	Depreciation rate
Premises	20 years	5.00%	4.75%
Leasehold improvements	Shorter of useful life or remaining lease term	–	–
Operating equipment	5 years	–	20.00%
Motor vehicles	5 years	5.00%	19.00%

Useful lives, residual values and depreciation methods of the Group are reviewed at least at the end of each reporting period.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if a party of the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability of a lease 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 expenses 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 4 (16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Generally, the Group uses the incremental borrowing rate as the discount rate.

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4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases *(Continued)*

(a) *As a lessee (Continued)*

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the lessee to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate, which are determined based on the index or the rate at the commencement date of the lease term when initially measured;
- the exercise price of a purchase option, if the lessee reasonably determines that the option will be exercised;
- payments of penalties for terminating a lease, if the lease term reflects the lessee exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the lessee.

The Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognises such expenses in profit or loss or cost of related assets. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

After the commencement date of the lease, the Group re-measures lease liabilities based on the present value of revised lease payments in following cases:

- 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 Group 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 re-measured, 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. However, if the lease liability still needs to be further reduced, the Group will record the remaining amount into the current profit and loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(12) Leases *(Continued)*

(a) *As a lessee (Continued)*

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) *As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

When lease and non-lease components are contained in a contract, the Group allocates the consideration under the contract to each component in accordance with the IFRS 15.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term, as a portion of "Other operating income".

(13) Land use rights

Land use rights are initially recognised at costs and amortised using the straight-line basis over the legal term of use through profit and loss. Impaired land use rights are amortised net of accumulated impairment losses.

Impairment losses on land use rights are accounted for in accordance with the accounting policies as set out in Note 4 (16).

(14) Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss. The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets of the Group are as follows:

Computer software and system development expenses	3 – 5 years
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(15) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, guarantors or third parties following the enforcement of its creditor's rights. Repossessed assets are recorded at fair value of assets not retained, related expenses paid to acquire the repossessed assets are recognised in carrying value of the repossessed assets, and subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, an impairment loss is provided.

(16) Allowance for impairment losses on non-financial assets

The carrying amounts of the following assets are assessed at the end of each of the reporting periods based on the internal and external sources of information to determine whether there is any indication of impairment:

- Property and equipment
- Construction in progress
- Land use rights
- Intangible assets
- Right-of-use assets
- Investments in associates and joint ventures, etc.

Non-financial assets of the Group that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit ("CGU") 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. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called "asset") is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belong.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(16) Allowance for impairment losses on non-financial assets *(Continued)*

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. 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 a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods.

(17) Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

Short-term employee benefits include employee salaries, bonuses, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. Short-term employee benefits are recognised as liabilities in the accounting period in which the service is rendered by the employees based on the amounts paid or the statutory provisioning basis or ratio, with corresponding amounts charged to the profit or loss.

The Group's post-employment benefit plans are defined contribution plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the reporting period, the Group's post-employment benefits mainly include the social pension schemes, unemployment insurance and annuity plan. The social pension schemes and unemployment insurance are calculated according to the base and proportion stipulated by the nation, and the annuity plan is calculated according to a certain proportion of the employees' total salaries in the prior year. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with corresponding amounts charged to the profit or loss for the period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(18) Income tax

Income tax for the reporting period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of prior years.

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. Deferred tax assets also arise from unused tax losses and unused tax credits.

Except for certain limited exceptions, all deferred tax liabilities and deferred tax assets are recognised. However, for deductible temporary differences, the Group recognises the relevant deferred tax assets to the extent that it is likely to obtain the taxable income to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred tax assets are recognised to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained. The same criterion will be applied in determining whether the existing taxable temporary differences are sufficient to support the recognition of deferred tax assets arising from unutilised deductible losses and tax credits, i.e. whether the differences are relevant to the same tax authority and the same taxing entity, and whether they are expected to be reversed in the same period in which the unutilised deductible losses and tax credits can be reversed.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction (other than a business combination), and the transaction does not affect either taxable profits or accounting profits and does not result in an equivalent amount of tax and deductible temporary differences at the time of the transaction. In addition, if the temporary difference is due to the initial recognition of goodwill, the deferred tax liability is not recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(18) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

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

(19) Financial guarantees, provisions and contingent liabilities

(i) Financial guarantees

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in other liabilities. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The amount of the liability is subsequently measured at the higher of the amount of the provision for losses determined in accordance with the principles of impairment of financial instruments or the amount initially recognised less accumulated amortisation of the gain related to the financial guarantee contract. The increase in the financial guarantee liability is recognised in the profit and loss statement.

In terms of off-balance sheet credit commitments, the Group applies ECL model to measure the loss caused by particular debtors incapable of paying due debts, which is presented in provisions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(19) Financial guarantees, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group 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. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

(20) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowance for impairment loss is made for entrusted loans.

(21) Income recognition

Income is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in an increase in shareholder's equity, other than an increase relating to contributions from shareholders.

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(21) Income recognition *(Continued)*

The following is the description of accounting policies regarding income from the Group's principal activities:

(i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the reporting 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 asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call 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, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognised based on the amortised cost of the loan (i.e., the gross carrying amount net of the allowance for ECLs) and the effective interest rate.

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance or;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(21) Income recognition *(Continued)*

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently are recognised in profit or loss over the useful life of the asset.

(22) Recognition of interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(23) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each of the reporting periods are not recognised as a liability at the end of the reporting periods but disclosed separately in the notes to the financial statements.

(24) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's major shareholders.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(24) Related parties *(Continued)*

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(25) Segment reporting

The Group determines its operating segments based on its internal organisational structure, management requirements and internal reporting systems. If two or more operating segments have similar economic characteristics and meet certain conditions, they are combined into one operating segment for disclosure. Based on the operating segments, the Group determines the reporting segment after considering the materiality principle and discloses the operating segments that meet the conditions by taking into account various factors such as the products and services involved in the management's organisational management, as well as the geographical region. In preparing segment reports, revenue from intersegment transactions is measured on the basis of actual transaction prices. The accounting policies used in the preparation of segment reports are consistent with those used in the preparation of the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 and underlying assumptions 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.

(1) Measurement of ECLs

The measurement of the ECL allowance for the investment in financial assets and debt instruments measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECLs is further detailed in Note 49 (a).

A number of significant judgements are required in applying the accounting requirements for measuring ECLs, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECLs;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECLs.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 49 (a) credit risk.

(2) Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions by referring to the current fair value of similar instruments, discounted cash flow analysis, and option pricing models. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

(3) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(4) Consolidation of structured entities

The Group applies its judgement to determine whether the control indicators set out in Note 4 (1) indicate that the Group controls a non-principal guaranteed wealth management product, trust plan or a designated asset management plan.

The Group manages or invests in non-principal guaranteed wealth management products, trust plans and designated asset management plans. To determine whether the Group controls such structured entities, the Group mainly evaluates factors such as its decision-making scope as a manager, rights enjoyed by other parties, remuneration for providing management services and exposure to variable return risks, and determines whether the Group is the principal or agent, and then determines whether the structured entities should be consolidated.

6 NET INTEREST INCOME

	2025	2024
Interest income arising from		
Deposits with the central bank	922,973	968,083
Deposits with banks and other financial institutions	523,678	328,482
Placements with banks and other financial institutions	385,580	605,490
Loans and advances to customers		
– Corporate loans and advances	26,164,550	27,486,177
– Personal loans	7,511,662	10,783,079
– Discounted bills	487,193	1,107,269
Financial assets purchased under resale agreements	452,148	494,527
Financial investments	15,057,270	13,108,738
Sub-total	51,505,054	54,881,845
Interest expenses on		
Borrowings from the central bank	(1,941,624)	(3,216,085)
Deposits from banks and other financial institutions	(3,251,028)	(4,825,991)
Placements from banks and other financial institutions	(906,155)	(1,568,431)
Deposits from customers	(20,151,087)	(22,162,919)
Financial assets sold under repurchase agreements	(1,206,589)	(799,106)
Debt securities issued	(6,627,926)	(6,766,843)
Sub-total	(34,084,409)	(39,339,375)
Net interest income	17,420,645	15,542,470

The above interest income does not include interest income from financial instruments at FVTPL.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

7 NET FEE AND COMMISSION INCOME

	2025	2024
Fee and commission income		
Agency and asset management services	1,169,719	1,835,317
Settlement and clearing business	888,982	997,376
Guarantees and commitments	606,489	614,786
Custodian services	200,979	279,383
Consulting and advisory services	79,817	127,014
Bank card business	58,989	96,237
Others	45,536	45,158
Sub-total	3,050,511	3,995,271
Fee and commission expenses	(757,480)	(1,021,212)
Net fee and commission income	2,293,031	2,974,059

8 NET TRADING GAINS

	2025	2024
Exchange losses	(399,795)	(993,330)
Net (losses)/gains from investments in derivative financial instruments	(205,435)	68,918
Net gains from bond investments at FVTPL	163,712	1,102,315
Net gains from trading of precious metals	155,568	4,193
Net gains from loans and advances at FVTPL	763,371	574,228
Net gains from equity investments	71,092	185,738
Net gains/(losses) on changes in fair value of financial liabilities at FVTPL	389	(916)
Total	548,902	941,146

9 NET GAINS ARISING FROM FINANCIAL INVESTMENTS

	2025	2024
Net gains from financial assets measured at FVTPL	4,150,234	4,814,424
Net gains from disposal of financial assets measured at FVTOCI	1,182,190	819,074
Net gains from disposal of financial assets at amortised cost	293,062	304,148
Dividend income	38,760	34,680
Total	5,664,246	5,972,326

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

10 OTHER OPERATING INCOME

	2025	2024
Government grants	15,719	12,176
Income from long-term suspended accounts	9,854	3,092
Rental income	2,756	9,771
Others	14,450	26,549
Total	42,779	51,588

11 OPERATING EXPENSES

	2025	2024
Staff costs		
– Salaries, bonuses and allowances	3,902,128	3,754,029
– Social insurance and annuity	1,082,640	1,114,388
– Housing funds	637,756	629,940
– Staff welfare	230,284	242,938
– Employee education expenses and labour union expenses	123,172	112,325
– Others	3,774	101,256
Sub-total	5,979,754	5,954,876
Depreciation and amortisation	1,645,885	1,745,140
Taxes and surcharges	398,972	417,533
Interest expenses on lease liabilities	113,705	142,038
Auditor's remuneration	6,197	6,207
Other general and administrative expenses	2,246,536	2,222,946
Total	10,391,049	10,488,740

For the year ended 31 December 2025, rental expenses relating to short-term leases and leases of low-value assets amounted to RMB50 million (for the year ended 31 December 2024: RMB62 million).

For the year ended 31 December 2025, expensed research and development expenditure incurred by the Group amounted to RMB660 million (for the year ended 31 December 2024: RMB656 million).

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid before individual income tax in respect of the directors and supervisors who held office during the period are as follows:

Year ended 31 December 2025								
	Notes	Fees	Salaries	Housing funds and social insurances	Annuities	Others	Discretionary bonuses for prior years	Total
Executive directors								
Wang Jinhong		-	246	222	118	4	228	818
Qu Hongzhi		-	420	222	118	4	1306	2070
Du Gang	(1)	-	112	54	39	1	506	712
Non-executive directors								
Au Siu Luen		-	-	-	-	-	-	-
Yuan Wei		-	-	-	-	-	-	-
Duan Wenwu		-	-	-	-	-	-	-
Hu Aimin		-	-	-	-	-	-	-
Zhang Yunji		-	-	-	-	-	-	-
Independent non-executive directors								
Tse Yat Hong		194	-	-	-	-	-	194
Shum Siu Hung Patrick		194	-	-	-	-	-	194
Wang Aijian	(2)	-	-	-	-	-	-	-
Liu Junmin	(3)	-	-	-	-	-	-	-
Liu Lanbiao	(4)	-	-	-	-	-	-	-
Ouyang Yong	(5)	-	-	-	-	-	-	-
Mao Zhenhua	(6)	180	-	-	-	-	-	180
Mu Binrui	(7)	194	-	-	-	-	-	194
Zhu Ning	(8)	177	-	-	-	-	-	177
Employee supervisors								
Bai Xinyu	(9)	-	69	74	18	1	-	162
Li Chengbang	(10)	-	419	222	65	4	-	710
Zhang Hui	(11)	-	1109	222	118	4	301*	1,754
External supervisors								
Hui Yung Chris	(12)	175	-	-	-	-	-	175
Du Huibin	(13)	177	-	-	-	-	-	177
Total		1,291	2,375	1,016	476	18	2,341*	7,517

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

Year ended 31 December 2024								
	Notes	Fees	Salaries	Housing funds and social insurances	Annuities	Others	Discretionary bonuses for prior years	Total
Executive directors								
Wang Jinhong		–	244	214	121	3	–	582
Qu Hongzhi		–	930	214	121	3	1,316	2,584
Du Gang	(1)	–	744	160	121	3	988	2,016
Zhao Zhihong	(14)	–	474	111	61	2	199	847
Non-executive directors								
Au Siu Luen		–	–	–	–	–	–	–
Yuan Wei		–	–	–	–	–	–	–
Duan Wenwu		–	–	–	–	–	–	–
Hu Aimin		–	–	–	–	–	–	–
Zhang Yunji		–	–	–	–	–	–	–
Independent non-executive directors								
Tse Yat Hong		350	–	–	–	–	–	350
Shum Siu Hung Patrick		350	–	–	–	–	–	350
Wang Aijian	(2)	–	–	–	–	–	–	–
Liu Junmin	(3)	–	–	–	–	–	–	–
Liu Lanbiao	(4)	–	–	–	–	–	–	–
Mao Zhenhua	(6)	350	–	–	–	–	–	350
Chi Guotai	(15)	320	–	–	–	–	–	320
Mu Binrui	(7)	350	–	–	–	–	–	350
Zhu Ning	(8)	350	–	–	–	–	–	350
Employee supervisors								
Bai Xinyu	(9)	–	55	55	18	1	–	129
Li Chengbang	(10)	–	112	55	30	1	323	521
Zhang Hui	(11)	–	281	55	30	–	1,012*	1,378
Wang Chunfeng	(16)	–	200	177	42	2	104	525
Ma Shuming	(17)	–	964	177	101	–	126*	1,368
External supervisors								
Hui Yung Chris	(12)	525	–	–	–	–	–	525
Du Hui bin	(13)	–	–	–	–	–	–	–
Qi Ershi	(18)	523	–	–	–	–	–	523
Diao Qinyi	(19)	493	–	–	–	–	–	493
Total		3,611	4,004	1,218	645	15	4,068*	13,561

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

There was no amount paid during the year to the directors in connection with their retirement from employment or compensation for loss of office, or inducement to join the Bank.

According to relevant regulations of the state, the discretionary bonuses of the executive directors and some supervisors of the Bank shall implement the deferred payment policy of performance salary, and the deferred payment period shall be no less than three years. The above amount includes the discretionary bonuses paid in the current year that relate to the prior years.

- * For the year ended 31 December 2025, the discretionary bonus of Zhang Hui included RMB220 thousand for the current year and RMB81 thousand for prior years.
- * The total discretionary bonus for 2025 was RMB220 thousand and that for prior years was RMB2,121 thousand.
- * For the year ended 31 December 2024, the discretionary bonus of Ma Shuming included RMB91 thousand for the current year and RMB35 thousand for prior years; the discretionary bonus of Zhang Hui included RMB82 thousand for the current year and RMB930 thousand for prior years.
- * The total discretionary bonus for 2024 was RMB173 thousand and that for prior years was RMB3,895 thousand.

Notes:

- (1) On 20 January 2025, Mr. Du Gang resigned as an executive director of the Bank.
- (2) On 3 January 2025, Ms. Wang Aijian was appointed as an independent non-executive director of the Bank.
- (3) On 6 January 2025, Mr. Liu Junmin was appointed as an independent non-executive director of the Bank.
- (4) On 6 January 2025, Mr. Liu Lanbiao was appointed as an independent non-executive director of the Bank.
- (5) On 22 May 2025, Mr. Ouyang Yong was appointed as an independent non-executive director of the Bank.
- (6) On 6 January 2025, Mr. Mao Zhenhua resigned as an independent non-executive director of the Bank.
- (7) On 20 January 2025, Mr. Mu Binrui resigned as an independent non-executive director of the Bank.
- (8) On 3 January 2025, Mr. Zhu Ning resigned as an independent non-executive director of the Bank.
- (9) On 14 October 2024, Mr. Bai Xinyu was appointed as an employee supervisor of the Bank; on 21 October 2024, Mr. Bai Xinyu was appointed as the chief supervisor of the Bank. On 23 May 2025, Mr. Bai Xinyu resigned as the chief supervisor and an employee supervisor of the Bank.
- (10) On 14 October 2024, Mr. Li Chengbang was appointed as an employee supervisor of the Bank; on 19 December 2025, Mr. Li Chengbang resigned as an employee supervisor of the Bank.
- (11) On 14 October 2024, Ms. Zhang Hui was appointed as an employee supervisor of the Bank; on 19 December 2025, Ms. Zhang Hui resigned as an employee supervisor of the Bank.
- (12) On 19 December 2025, Mr. Xu Yong resigned as an external supervisor of the Bank.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

Notes: *(Continued)*

- (13) On 28 June 2024, Ms. Du Huibin was appointed as an external supervisor of the Bank; on 19 December 2025, Ms. Du Huibin resigned as an external supervisor of the Bank.
- (14) On 19 July 2024, Mr. Zhao Zhihong resigned as an executive director of the Bank.
- (15) On 30 May 2024, Mr. Chi Guotai resigned as an independent non-executive director of the Bank.
- (16) On 19 July 2024, Mr. Wang Chunfeng resigned as the chief supervisor of the Bank; on 14 October 2024, Mr. Wang Chunfeng resigned as an employee supervisor of the Bank.
- (17) On 14 October 2024, Mr. Ma Shuming resigned as an employee supervisor of the Bank.
- (18) On 28 June 2024, Mr. Qi Ershi resigned as an external supervisor of the Bank.
- (19) On 28 May 2024, Mr. Diao Qinyi resigned as an external supervisor of the Bank.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2025, the five individuals with highest emoluments paid did not include any directors or supervisors of the Bank (for the year ended 31 December 2024: None).

The emoluments paid to the five highest paid individuals for the year ended 31 December 2025 are as follows:

	2025	2024
Salaries and other emoluments	6,588	3,185
Discretionary bonuses	8,742	13,060
Housing funds and social insurances	901	870
Annuities	298	470
Others	152	43
Total	16,681	17,628

The number of these individuals whose emoluments are within the following bands is set out below:

	2025	2024
HKD3,000,001 – 3,500,001	2	–
HKD3,500,001 – 4,000,000	2	4
HKD4,000,001 – 4,500,000	1	1
HKD4,500,001 – 5,000,000	–	–
HKD5,000,001 – 5,500,000	–	–

None of these individuals received any inducement to join or upon joining the Group or compensation for loss of office, or waived any emoluments during the year.

14 IMPAIRMENT LOSSES ON ASSETS

	2025	2024
Deposits with banks and other financial institutions	343	4,134
Placements with banks and other financial institutions	113,342	(4,559)
Financial assets purchased under resale agreements	5,730	(1,249)
Loans and advances to customers	5,481,133	6,756,971
Financial investments	885,973	269,624
Credit commitments	103,682	130,785
Other assets and others	3,415,747	2,504,113
Total	10,005,950	9,659,819

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

15 INCOME TAX EXPENSES

(a) Income tax expenses

	Note	2025	2024
Current tax		75,653	(807,170)
Deferred tax	27(b)	(1,255)	884,385
Total		74,398	77,215

(b) Reconciliations between income tax expenses and accounting profit are as follows:

	2025	2024
Profit before taxation	5,572,604	5,333,030
PRC statutory income tax rate	25%	25%
Income tax calculated at PRC statutory income tax rate	1,393,151	1,333,258
Non-deductible expenses	258,307	360,002
Non-taxable income (i)	(1,263,370)	(1,140,724)
Deductible interest expenses on undated capital bonds	(65,450)	(237,500)
Others	(248,240)	(237,821)
Income tax expenses	74,398	77,215

(i) The non-taxable income mainly represents the interest income arising from the People's Republic of China ("PRC") government bonds, municipal government debts, and dividend income from funds.

16 BASIC AND DILUTED EARNINGS PER SHARE

	2025	2024
Net profit for the period attributable to shareholders of the parent company	5,498,206	5,255,815
Less: Interest on undated capital bonds declared	(261,800)	(950,000)
Net profit for the period attributable to ordinary shareholders of the parent company	5,236,406	4,305,815
Weighted average number of ordinary shares in issue (in thousands)	17,762,000	17,762,000
Basic and diluted earnings per share (in RMB Yuan)	0.29	0.24

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

17 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Notes	31 December	
		2025	2024
Cash		458,812	470,357
Deposits with the central bank			
– Statutory deposit reserves	(a)	59,045,501	56,354,745
– Surplus deposit reserves	(b)	69,638,785	90,955,021
– Fiscal deposits and others		550,089	353,389
Sub-total		129,234,375	147,663,155
Interests accrued		29,518	28,637
Total		129,722,705	148,162,149

- (a) The Bank places statutory deposit reserves with the People's Bank of China ("PBOC") in accordance with relevant regulations. The statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December	
	2025	2024
Reserve ratio for RMB deposits	5.50%	6.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The statutory deposit reserves are not available for the Group's daily business.

- (b) The surplus deposit reserves include funds maintained with the PBOC for the purpose of clearing.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

18 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2025	2024
Deposits in Chinese mainland		
– Banks	13,538,531	6,077,852
Sub-total	13,538,531	6,077,852
Deposits outside Chinese mainland		
– Banks	4,757,615	5,351,959
Sub-total	4,757,615	5,351,959
Interests accrued	13,961	6,739
Less: Allowances for impairment losses	(31,425)	(31,088)
Total	18,278,682	11,405,462

19 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2025	2024
Placements in Chinese mainland		
– Banks	562,085	601,261
– Other financial institutions	2,631,440	3,740,000
Sub-total	3,193,525	4,341,261
Placements outside Chinese mainland		
– Banks	763,215	490,070
Sub-total	763,215	490,070
Interests accrued	11,277	122,454
Less: Allowances for impairment losses	(9,345)	(68,486)
Total	3,958,672	4,885,299

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

20 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including forwards, swaps and option contracts.

The notional amount of a derivative represents the amount of the underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables:

	31 December 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	400,738,896	13,406	(7,889)
Exchange rate swaps	259,341,039	1,321,562	(737,919)
Exchange rate forwards	42,813,952	170,434	(153,114)
Precious metal swaps	5,603,939	492,244	(519,588)
Option contracts	3,554,504	25,587	(19,579)
Total	712,052,330	2,023,233	(1,438,089)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate swaps	254,969,033	32,172	(11,129)
Exchange rate swaps	139,026,375	1,318,613	(922,071)
Exchange rate forwards	30,687,855	919,113	(847,959)
Precious metal swaps	4,010,073	168,443	(9,620)
Option contracts	1,912,240	9,843	(9,104)
Total	430,605,576	2,448,184	(1,799,883)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

21 FINANCIAL ASSETS PURCHASED UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty:

	31 December	
	2025	2024
Financial assets purchased under resale agreements		
– Banks in Chinese mainland	9,536,650	9,407,700
– Other financial institutions in Chinese mainland	44,571,086	9,120,914
Sub-total	54,107,736	18,528,614
Interests accrued	5,567	5,074
Less: Allowances for impairment losses	(8,273)	(2,543)
Total	54,105,030	18,531,145

(b) Analysed by asset types

	31 December	
	2025	2024
Bonds	54,107,736	18,528,614
Interests accrued	5,567	5,074
Less: Allowances for impairment losses	(8,273)	(2,543)
Total	54,105,030	18,531,145

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December	
	2025	2024
Loans and advances to customers at amortised cost:		
Corporate loans and advances	624,684,855	614,895,270
Personal loans		
– Residential and commercial housing loans	141,185,852	149,664,942
– Personal consumption loans	29,095,174	37,512,214
– Personal business loans	33,726,977	34,849,935
Sub-total	204,008,003	222,027,091
Interests accrued	12,581,529	13,115,173
Less: Allowances for loans and advances to customers at amortised cost	(24,565,805)	(24,244,122)
Sub-total	816,708,582	825,793,412
Loans and advances to customers at FVTOCI:		
Corporate loans and advances	7,772,416	2,959,772
Discounted bills	45,312,150	59,727,587
Loans and advances to customers at FVTPL:		
Corporate loans and advances	79,954,817	36,880,971
Net loans and advances to customers	949,747,965	925,361,742

As at 31 December 2025, the balance of allowances for loans and advances to customers at FVTOCI amounted to RMB1,251 million (31 December 2024: RMB1,330 million), as described in Note 22 (f).

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector

	31 December 2025		
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	253,067,229	26.31%	49,265,712
Real estate	89,569,238	9.31%	62,922,379
Manufacturing	87,286,198	9.08%	3,964,207
Wholesale and retail	84,983,974	8.84%	16,793,488
Water conservancy, environment and public facilities management	68,167,177	7.09%	9,241,447
Finance	27,285,850	2.84%	4,187,418
Construction	27,175,247	2.83%	10,731,256
Transportations, storage and post	16,315,628	1.70%	4,780,260
Production and supply of electricity, heat, gas and water	13,044,170	1.36%	1,152,291
Information transmission, software and IT services	12,742,261	1.32%	2,134,896
Mining	10,831,222	1.12%	737,605
Scientific research and technical services	8,463,565	0.88%	4,198,350
Agriculture, forestry, animal husbandry and fishery	4,045,502	0.42%	755,919
Others	9,434,827	0.98%	4,770,524
Sub-total of corporate loans and advances	712,412,088	74.08%	175,635,752
Personal loans	204,008,003	21.21%	157,068,064
Discounted bills	45,312,150	4.71%	45,312,150
Gross loans and advances to customers	961,732,241	100.00%	378,015,966

Notes to the Consolidated Financial Statements

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22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Loans and advances to customers (excluding interests accrued) analysed by industry sector *(Continued)*

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collaterals
Leasing and commercial services	239,347,741	25.56%	54,705,862
Real estate	93,339,050	9.97%	68,096,721
Manufacturing	87,787,078	9.37%	17,680,869
Wholesale and retail	51,153,524	5.46%	14,912,204
Water conservancy, environment and public facilities management	68,171,356	7.28%	4,907,660
Finance	26,074,303	2.78%	3,892,199
Construction	28,175,257	3.01%	10,026,561
Transportations, storage and post	14,239,861	1.52%	4,689,990
Production and supply of electricity, heat, gas and water	13,886,782	1.48%	1,054,099
Information transmission, software and IT services	7,776,105	0.83%	1,461,374
Mining	6,463,006	0.69%	796,382
Scientific research and technical services	6,650,275	0.71%	1,249,784
Agriculture, forestry, animal husbandry and fishery	2,744,227	0.29%	516,459
Others	8,927,448	0.96%	4,266,602
Sub-total of corporate loans and advances	654,736,013	69.91%	188,256,766
Personal loans	222,027,091	23.71%	167,870,841
Discounted bills	59,727,587	6.38%	59,727,587
Gross loans and advances to customers	936,490,691	100.00%	415,855,194

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(c) Analysed by geographical sector (excluding interests accrued)

31 December 2025			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeastern China	389,500,753	40.51%	159,521,903
Eastern China	268,752,599	27.94%	85,366,510
Central and Southern China	224,982,779	23.39%	106,568,749
Western China	78,496,110	8.16%	26,558,804
Gross loans and advances to customers	961,732,241	100.00%	378,015,966

31 December 2024			
	Amount	Percentage	Loans and advances secured by collaterals
Northern and Northeastern China	394,668,711	42.14%	176,092,973
Eastern China	260,038,530	27.77%	94,784,509
Central and Southern China	198,630,819	21.21%	107,202,979
Western China	83,152,631	8.88%	37,774,733
Gross loans and advances to customers	936,490,691	100.00%	415,855,194

The geographical areas are categorised as follows:

Northern and Northeastern China includes Head Office, Beijing Branch, Tianjin Branch, Tianjin Pilot Free Trade Zone Branch, Dalian Branch, Hohhot Branch, Taiyuan Branch, Shijiazhuang Branch, Changchun Branch and Shenyang Branch.

Eastern China includes Nanjing Branch, Hangzhou Branch, Jinan Branch, Shanghai Branch, Shanghai Pilot Free Trade Zone Branch, Hefei Branch, Suzhou Branch, Qingdao Branch, Ningbo Branch and Nanchang Branch.

Central and Southern China includes Guangzhou Branch, Shenzhen Branch, Hong Kong Branch, Changsha Branch, Wuhan Branch, Fuzhou Branch, Zhengzhou Branch, Xiamen Pilot Free Trade Zone Branch, Haikou Branch and Nanning Branch.

Western China includes Chengdu Branch, Xi'an Branch, Chongqing Branch, Guiyang Branch and Kunming Branch.

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22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(d) Analysed by type of collateral (excluding interests accrued)

	31 December	
	2025	2024
Unsecured loans	231,196,448	191,228,822
Guaranteed loans	352,519,827	329,406,675
Collateralised loans	270,987,197	286,551,232
Pledged loans	107,028,769	129,303,962
Gross loans and advances to customers	961,732,241	936,490,691

(e) Overdue loans analysed by overdue period (excluding interests accrued)

	31 December 2025				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	347,458	1,663,993	2,264,414	821,902	5,097,767
Guaranteed loans	3,025,475	582,113	376,334	560,080	4,544,002
Collateralised loans	6,814,895	2,694,634	2,628,401	849,384	12,987,314
Pledged loans	19,390	31,772	38,393	208,258	297,813
Total	10,207,218	4,972,512	5,307,542	2,439,624	22,926,896
As a percentage of gross loans and advances to customers	1.06%	0.52%	0.55%	0.25%	2.38%

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22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(e) Overdue loans analysed by overdue period (excluding interests accrued)

(Continued)

	31 December 2024				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	1,162,089	2,071,707	2,335,720	637,938	6,207,454
Guaranteed loans	3,899,757	1,428,034	597,872	710,596	6,636,259
Collateralised loans	4,894,612	2,590,774	3,392,803	1,206,701	12,084,890
Pledged loans	954,881	5,000	48,206	217,538	1,225,625
Total	10,911,339	6,095,515	6,374,601	2,772,773	26,154,228

As a percentage of gross loans

and advances to customers

	1.16%	0.65%	0.68%	0.30%	2.79%
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Overdue loans represent loans of which the whole or part of the principal or interest were overdue for one day or more.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(f) Movements in allowance for impairment losses of loans

(i) *Movements in allowance for impairment losses of loans and advances to customers at amortised cost:*

	Year ended 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	6,080,413	5,156,951	13,006,758	24,244,122
Transferred:				
– to Stage 1	–	–	–	–
– to Stage 2	(281,653)	573,865	(292,212)	–
– to Stage 3	(87,843)	(2,640,634)	2,728,477	–
(Reversal)/Charge for the year	(380,821)	3,136,988	2,803,894	5,560,061
Transfer out	–	–	(3,378,589)	(3,378,589)
Recoveries	–	–	607,587	607,587
Write-offs	–	–	(2,466,231)	(2,466,231)
Exchange rate changes and others	(873)	–	(272)	(1,145)
As at 31 December	5,329,223	6,227,170	13,009,412	24,565,805

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	5,647,264	7,041,337	11,911,201	24,599,802
Transferred:				
– to Stage 1	38,880	(38,880)	–	–
– to Stage 2	(715,792)	735,839	(20,047)	–
– to Stage 3	(251,736)	(3,425,000)	3,676,736	–
Charge for the year	1,361,942	843,655	4,607,993	6,813,590
Transfer out	–	–	(6,781,602)	(6,781,602)
Recoveries	–	–	1,968,349	1,968,349
Write-offs	–	–	(2,355,890)	(2,355,890)
Exchange rate changes and others	(145)	–	18	(127)
As at 31 December	6,080,413	5,156,951	13,006,758	24,244,122

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(Expressed in thousands of Renminbi, unless otherwise stated)

22 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(f) Movements in allowance for impairment losses of loans *(Continued)*

(ii) *Movements in allowance for impairment of loans and advances to customers at FVTOCI:*

	Year ended 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	36,455	–	1,293,763	1,330,218
Charge/(Reversal) for the year	28,307	–	(107,235)	(78,928)
As at 31 December	64,762	–	1,186,528	1,251,290

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	18,847	–	1,367,990	1,386,837
Charge/(Reversal) for the year	17,608	–	(74,227)	(56,619)
As at 31 December	36,455	–	1,293,763	1,330,218

Carrying amount of loans and advances to customers at FVTOCI is measured at fair value, allowance for impairment losses on loans and advances to customers at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of loans and advances to customers presented in the consolidated statement of financial position, and charge or reversal of impairment loss is recognised in profit or loss for the current period.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS

	Notes	31 December	
		2025	2024
Financial investments measured at FVTPL	(a)	215,700,905	192,864,991
Financial investments measured at FVTOCI	(b)	268,060,545	177,376,537
Financial investments measured at amortised cost	(c)	259,998,948	330,196,792
Total		743,760,398	700,438,320

(a) Financial investments measured at FVTPL

Financial investments held for trading:

	31 December	
	2025	2024
Bond investments – Unlisted (i)		
– Government and central bank	6,155,310	5,055,172
– Policy banks	6,426,580	4,922,198
– Commercial banks and other financial institutions	426,006	1,507,368
– Corporates	17,182,799	8,651,973
Sub-total	30,190,695	20,136,711
Interbank certificates of deposits – Unlisted	1,622,226	10,222,539
Total financial investments held for trading	31,812,921	30,359,250

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23 FINANCIAL INVESTMENTS *(Continued)*

(a) Financial investments measured at FVTPL *(Continued)*

Other financial investments measured as at FVTPL:

	31 December	
	2025	2024
Fund investments – Unlisted	59,001,409	70,852,301
Equity investments		
– Listed outside Hong Kong	266,670	500,699
– Unlisted	3,315,672	3,588,068
Trust plans and asset management plans – Unlisted	121,304,233	87,564,673
Total other financial investments measured at FVTPL	183,887,984	162,505,741
Total financial investments measured at FVTPL	215,700,905	192,864,991

Note:

- (i) As at 31 December 2025 and 2024, certain financial investments measured at FVTPL were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(b) Financial investments measured at FVTOCI

	31 December	
	2025	2024
Bond investments – Unlisted (i)		
– Government	76,062,939	54,859,456
– Policy banks	90,462,157	70,764,845
– Commercial banks and other financial institutions	13,569,647	10,423,057
– Corporates	81,723,274	37,868,134
Interests accrued	2,217,891	1,610,592
Sub-total	264,035,908	175,526,084
Interbank certificates of deposits – Unlisted	1,995,795	1,620,920
Interests accrued	17,586	29,507
Sub-total	2,013,381	1,650,427
Equity investments – Unlisted (ii)	2,011,256	200,026
Total	268,060,545	177,376,537

Notes:

- (i) As at 31 December 2025 and 2024, certain financial investments measured at FVTOCI were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).
- (ii) Dividend income from investments in equity instruments designated as at FVTOCI for the year ended 31 December 2025 was RMB38.76 million (for the year ended 31 December 2024: RMB34.68 million), which was included in profit or loss.

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(b) Financial investments measured at FVTOCI *(Continued)*

Movements in allowance for impairment losses of financial investments measured at FVTOCI are as follows:

	Year ended 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	348,107	–	10,000	358,107
Charge for the year	231,462	75,000	–	306,462
Write-offs	–	–	(10,000)	(10,000)
Exchange rate changes and others	(72)	–	–	(72)
As at 31 December	579,497	75,000	–	654,497

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	148,805	–	10,000	158,805
Charge for the year	199,248	–	–	199,248
Exchange rate changes and others	54	–	–	54
As at 31 December	348,107	–	10,000	358,107

Carrying amount of financial investments measured at FVTOCI is measured at fair value, allowance for impairment on financial investments measured at FVTOCI is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statement of financial position, and charge or reversal of impairment loss is recognised in profit or loss for the current period.

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(c) Financial investments measured at amortised cost

	31 December	
	2025	2024
Bond investments – Unlisted (i)		
– Government and central bank	70,141,213	86,748,389
– Policy banks	48,567,962	71,919,092
– Commercial banks and other financial institutions	6,152,264	7,789,129
– Corporates	28,742,648	57,474,426
Interests accrued	2,221,566	3,171,369
Sub-total	155,825,653	227,102,405
Trust plans and asset management plans – Unlisted		
Interests accrued	110,472,537	110,296,478
	1,147,439	1,269,127
Sub-total	111,619,976	111,565,605
Less: Allowances for impairment losses	(7,446,681)	(8,471,218)
Total	259,998,948	330,196,792

Note:

- (i) As at 31 December 2025 and 2024, certain financial investments measured at amortised cost were pledged for borrowings from the central bank and financial assets sold under repurchase agreements (Note 52 (e)).

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(Expressed in thousands of Renminbi, unless otherwise stated)

23 FINANCIAL INVESTMENTS *(Continued)*

(c) Financial investments measured at amortised cost *(Continued)*

Movements in allowances for impairment losses of financial investments measured at amortised cost are as follows:

Year ended 31 December 2025				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	1,412,263	609,943	6,449,012	8,471,218
Transferred:				
– to Stage 1	2,147	(2,147)	–	–
– to Stage 2	(4,392)	4,392	–	–
– to Stage 3	(113,497)	(480,446)	593,943	–
Charge/(Reversal) for the year	450,952	(16,929)	145,488	579,511
Transfer out	–	–	(1,552,384)	(1,552,384)
Recoveries	–	–	149	149
Write-offs	–	–	(50,880)	(50,880)
Exchange rate changes and others	(933)	–	–	(933)
As at 31 December	1,746,540	114,813	5,585,328	7,446,681

Year ended 31 December 2024				
	Stage 1	Stage 2	Stage 3	Total
As at 1 January	772,484	727,652	7,216,463	8,716,599
Transferred:				
– to Stage 1	–	–	–	–
– to Stage 2	–	–	–	–
– to Stage 3	(65,185)	(86,499)	151,684	–
Charge/(Reversal) for the year	705,257	(31,210)	(603,671)	70,376
Write-offs/transfer out	–	–	(315,464)	(315,464)
Exchange rate changes and others	(293)	–	–	(293)
As at 31 December	1,412,263	609,943	6,449,012	8,471,218

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(Expressed in thousands of Renminbi, unless otherwise stated)

24 INVESTMENT IN SUBSIDIARY

	31 December	
	2025	2024
CBHB Wealth Management Co., Ltd.	2,000,000	2,000,000

Details of the subsidiary are as follows:

Name	Date of incorporation/ establishment	Place of incorporation/ registration	Legal form	Paid-in capital	Percentage of equity interest/ voting rights	Business scope
CBHB Wealth Management Co., Ltd	6 September 2022	Tianjin, China	Limited liability company	RMB2 billion	100%	Wealth management

25 INVESTMENT IN ASSOCIATE

	31 December	
	2025	2024
Investment in associate	-	-

The Group invested in Hawtai Motor Finance Co., Ltd. ("Hawtai") in 2015, and the proportion of equity interest in the investment and the proportion of voting rights are both 10%. The Group accounts for its investment in Hawtai under the equity method. As at 31 December 2025 and 2024, accumulated losses of Hawtai assumed by the Group in proportion to equity interest in the investment exceeded the Group's share of the equity interest, and as the Group had no obligation to assume additional losses, the carrying amount of the Group's investment in the associate was reduced to RMB0.

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(Expressed in thousands of Renminbi, unless otherwise stated)

26 PROPERTY AND EQUIPMENT

	Premises	Leasehold improvements	Operating equipment	Motor vehicles	Construction in progress	Total
Cost						
As at 1 January 2024	3,875,984	1,225,684	2,069,712	87,087	568,793	7,827,260
Additions and transfer in	199,089	82,644	234,627	3,404	32,224	551,988
Disposals and transfer out	–	(16,380)	(73,297)	(10,271)	(231,761)	(331,709)
Foreign currency translation differences	–	240	367	12	–	619
As at 31 December 2024	4,075,073	1,292,188	2,231,409	80,232	369,256	8,048,158
As at 1 January 2025	4,075,073	1,292,188	2,231,409	80,232	369,256	8,048,158
Additions and transfer in	–	95,563	188,710	6,351	908	291,532
Disposals and transfer out	(8,305)	(22,905)	(51,880)	(13,513)	–	(96,603)
Foreign currency translation differences	–	(347)	(534)	(17)	–	(898)
As at 31 December 2025	4,066,768	1,364,499	2,367,705	73,053	370,164	8,242,189
Accumulated depreciation						
As at 1 January 2024	(1,727,772)	(971,106)	(1,467,876)	(73,833)	–	(4,240,587)
Charged for the year	(191,796)	(165,055)	(224,710)	(3,717)	–	(585,278)
Eliminated on disposals	–	16,038	68,790	8,984	–	93,812
Foreign currency translation differences	–	(240)	(305)	(11)	–	(556)
As at 31 December 2024	(1,919,568)	(1,120,363)	(1,624,101)	(68,577)	–	(4,732,609)
As at 1 January 2025	(1,919,568)	(1,120,363)	(1,624,101)	(68,577)	–	(4,732,609)
Charged for the year	(195,325)	(138,219)	(234,055)	(3,410)	–	(571,009)
Eliminated on disposals	2,256	21,285	50,880	11,997	–	86,418
Foreign currency translation differences	–	347	479	16	–	842
As at 31 December 2025	(2,112,637)	(1,236,950)	(1,806,797)	(59,974)	–	(5,216,358)
Allowance for impairment						
As at 1 January 2024	–	–	–	–	–	–
Charged for the year	–	–	–	–	(98,005)	(98,005)
As at 31 December 2024	–	–	–	–	(98,005)	(98,005)
As at 1 January 2025	–	–	–	–	(98,005)	(98,005)
Charged for the year	–	–	–	–	–	–
As at 31 December 2025	–	–	–	–	(98,005)	(98,005)
Net book value						
As at 31 December 2024	2,155,505	171,825	607,308	11,655	271,251	3,217,544
As at 31 December 2025	1,954,131	127,549	560,908	13,079	272,159	2,927,826

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 DEFERRED TAX ASSETS

(a) Analysed by nature

	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets				
– Allowances for impairment losses	47,018,439	11,754,610	46,582,679	11,645,670
– Changes in fair value	2,991,171	747,793	3,010,740	752,685
– Accrued staff costs	4,958,009	1,239,502	4,863,511	1,215,878
– Provisions	562,925	140,731	501,793	125,448
– Tax losses	1,346,424	336,606	3,069,000	767,250
– Others	4,021,164	1,005,291	4,581,954	1,145,489
	60,898,132	15,224,533	62,609,677	15,652,420
Deferred tax liabilities				
– Changes in fair value	(7,389,132)	(1,847,283)	(9,054,443)	(2,263,611)
– Others	(3,761,513)	(940,378)	(4,103,549)	(1,025,887)
	(11,150,645)	(2,787,661)	(13,157,992)	(3,289,498)
Net amount	49,747,487	12,436,872	49,451,685	12,362,922

The Group incurred tax losses in 2024. As at 31 December 2025, the Group estimated the future taxable income and recognised the balance of deferred tax assets of RMB337 million, to the extent of the taxable income expected to be available within the periods prescribed by the applicable tax laws in the future estimated based on the current economic environment and the actual operating conditions of the Group.

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(Expressed in thousands of Renminbi, unless otherwise stated)

27 DEFERRED TAX ASSETS (Continued)

(b) Movements in deferred tax

	Allowances for impairment losses	Net losses/ (gains) from changes in fair value	Others	Net balance of deferred tax assets
As at 1 January 2024	12,604,137	720,859	1,434,055	14,759,051
Recognised in profit or loss	(923,765)	(754,743)	794,123	(884,385)
Recognised in other comprehensive income	(34,702)	(1,477,042)	–	(1,511,744)
As at 31 December 2024	11,645,670	(1,510,926)	2,228,178	12,362,922
Recognised in profit or loss	164,085	283,596	(446,426)	1,255
Recognised in other comprehensive income	(55,145)	127,840	–	72,695
As at 31 December 2025	11,754,610	(1,099,490)	1,781,752	12,436,872

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28 RIGHT-OF-USE ASSETS

	Premises	Others	Total
Cost			
As at 1 January 2024	7,348,834	13,565	7,362,399
Additions	1,191,666	81	1,191,747
Disposals	(1,273,367)	(308)	(1,273,675)
Foreign currency translation differences	1,835	4	1,839
As at 31 December 2024	7,268,968	13,342	7,282,310
As at 1 January 2025	7,268,968	13,342	7,282,310
Additions	1,138,833	717	1,139,550
Disposals	(1,582,740)	(383)	(1,583,123)
Foreign currency translation differences	(2,660)	(5)	(2,665)
As at 31 December 2025	6,822,401	13,671	6,836,072
Accumulated depreciation			
As at 1 January 2024	(3,468,248)	(7,381)	(3,475,629)
Charge for the year	(1,035,718)	(1,093)	(1,036,811)
Eliminated on disposals	838,031	90	838,121
Foreign currency translation differences	(1,552)	(3)	(1,555)
As at 31 December 2024	(3,667,487)	(8,387)	(3,675,874)
As at 1 January 2025	(3,667,487)	(8,387)	(3,675,874)
Charge for the year	(929,235)	(1,541)	(930,776)
Eliminated on disposals	1,053,626	383	1,054,009
Foreign currency translation differences	2,600	5	2,605
As at 31 December 2025	(3,540,496)	(9,540)	(3,550,036)
Net book value			
As at 31 December 2024	3,601,481	4,955	3,606,436
As at 31 December 2025	3,281,905	4,131	3,286,036

Notes to the Consolidated Financial Statements

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29 OTHER ASSETS

	Notes	31 December	
		2025	2024
Settlement receivable		5,949,901	6,263,025
Interest receivable	(a)	2,358,783	2,840,447
Guarantee deposits		794,604	710,345
Land use rights		355,811	370,536
Fees receivable		415,234	395,529
Prepayments		146,101	200,454
Intangible assets		259,523	287,596
Precious metals		857,894	359,345
Others		4,368,107	2,957,129
Sub-total		15,505,958	14,384,406
Less: Allowances for impairment losses	(b)	(1,343,845)	(961,481)
Total		14,162,113	13,422,925

(a) Interest receivable

	31 December	
	2025	2024
Interest receivable arising from:		
Loans and advances to customers	861,198	1,075,461
Financial investments	1,497,585	1,764,986
Total	2,358,783	2,840,447

As at 31 December 2025 and 2024, interest receivable only includes interest that has been due for the relevant financial instruments but not yet received. Interest on financial instruments based on the effective interest method has been reflected in the gross carrying amount of corresponding financial instruments.

(b) Movements in allowance for impairment losses of other assets are as follows:

	2025	2024
As at 1 January	961,481	804,119
Charge for the year	3,415,747	2,456,843
Write-offs and transfer out	(3,033,383)	(2,299,481)
As at 31 December	1,343,845	961,481

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30 BORROWINGS FROM THE CENTRAL BANK

	31 December	
	2025	2024
Medium-term lending facility	70,574,903	118,100,000
Re-lending	1,472,186	1,773,000
Interests accrued	694,697	1,505,473
Total	72,741,786	121,378,473

31 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2025	2024
Deposits in Chinese mainland		
– Banks	60,790,498	79,667,880
– Other financial institutions	88,254,463	67,061,876
Sub-total	149,044,961	146,729,756
Deposits outside Chinese mainland		
– Other financial institutions	3,111,575	2,877,696
Sub-total	3,111,575	2,877,696
Interests accrued	594,509	954,092
Total	152,751,045	150,561,544

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32 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty:

	31 December	
	2025	2024
Placements in Chinese mainland		
– Banks	16,358,271	12,441,557
Sub-total	16,358,271	12,441,557
Placements outside Chinese mainland		
– Banks	1,572,739	10,409,008
Sub-total	1,572,739	10,409,008
Interests accrued	158,539	294,180
Total	18,089,549	23,144,745

33 FINANCIAL LIABILITIES AT FVTPL

	31 December	
	2025	2024
Financial liabilities at FVTPL		
– Structured notes	621,527	171,916
Total	621,527	171,916

The Group has designated the issued structured notes as financial liabilities at FVTPL. As at 31 December 2025, the amount of change in fair value of financial liabilities at FVTPL due to changes in credit risk was not significant.

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34 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty:

	31 December	
	2025	2024
Financial assets sold under repurchase agreements in Chinese mainland		
– Banks	74,730,953	57,798,266
Sub-total	74,730,953	57,798,266
Interests accrued	78,443	20,072
Total	74,809,396	57,818,338

(b) Analysed by type of collateral held

	31 December	
	2025	2024
Bonds	74,730,953	51,635,100
Acceptances	–	6,163,166
Sub-total	74,730,953	57,798,266
Interests accrued	78,443	20,072
Total	74,809,396	57,818,338

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35 DEPOSITS FROM CUSTOMERS

	31 December	
	2025	2024
Demand deposits		
– Corporate customers	194,569,089	238,497,466
– Individual customers	28,058,206	36,293,255
Sub-total	222,627,295	274,790,721
Time deposits		
– Corporate customers	502,214,516	416,936,133
– Individual customers	207,585,943	175,982,215
Sub-total	709,800,459	592,918,348
Pledged deposits		
– Acceptances	65,552,208	89,373,241
– Letters of credit and guarantees	104,077,064	60,270,878
– Letters of guarantees	1,931,469	2,532,115
– Others	10,258,721	23,838,062
Sub-total	181,819,462	176,014,296
Fiscal deposits	167,509	159,715
Inward and outward remittances	43,484	2,205,715
Interests accrued	24,317,176	21,473,000
Total	1,138,775,385	1,067,561,795

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36 DEBT SECURITIES ISSUED

	Notes	31 December	
		2025	2024
Interbank certificates of deposits issued	(a)	252,799,572	213,027,589
Financial bonds issued	(b)	48,491,057	49,987,676
Tier 2 capital bonds issued	(c)	22,990,656	22,986,594
Certificates of deposit issued	(d)	4,853,547	3,567,867
Asset-backed securities issued	(e)	170,710	–
Sub-total		329,305,542	289,569,726
Interests accrued		1,287,829	1,293,456
Total		330,593,371	290,863,182

Notes:

(a) Interbank certificates of deposits issued

For the year ended 31 December 2025, the Group issued a number of interbank certificates of deposits with total face value of RMB546,560 million with duration between 1 to 12 months. The effective interest rates ranged from 1.48% to 2.20% per annum. As at 31 December 2025, the balance of the above interbank certificates of deposits issued but not yet due was RMB252,800 million (31 December 2024: RMB213,028 million).

(b) Financial bonds issued

(i) On 17 December 2025, the Group issued three-year financial bonds with nominal value of RMB1,500 million. The coupon interest rate per annum was 1.86%. As at 31 December 2025, the balance of the financial bonds issued above was RMB1,500 million.

(ii) On 17 December 2025, the Group issued three-year financial bonds with nominal value of RMB2,000 million. The coupon interest rate includes a benchmark rate plus a fixed spread. The benchmark rate is the 1-year Loan Prime Rate (LPR), with a fixed spread of -110 BP. The coupon interest rate is adjusted every three months. For the initial interest rate adjustment period, the coupon interest rate is 1.90%. As at 31 December 2025, the balance of the financial bonds issued above amounted to RMB2,000 million.

(iii) On 12 May 2025, the Group issued three-year financial bonds with nominal value of RMB5,000 million. The coupon interest rate per annum was 1.75%. As at 31 December 2025, the balance of the financial bonds issued above was RMB4,999 million.

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36 DEBT SECURITIES ISSUED *(Continued)*

Notes: *(Continued)*

(b) Financial bonds issued *(Continued)*

- (iv) On 25 April 2025, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 1.88%. As at 31 December 2025, the balance of the financial bonds issued above was RMB9,998 million.
- (v) On 26 February 2025, the Group issued three-year financial bonds with nominal value of RMB5,000 million. The coupon interest rate per annum was 1.89%. As at 31 December 2025, the balance of the financial bonds issued above was RMB4,999 million.
- (vi) On 24 June 2024, the Group issued three-year financial bonds with nominal value of RMB5,000 million. The coupon interest rate per annum was 2.05%. As at 31 December 2025, the balance of the financial bonds issued above was RMB4,998 million.
- (vii) On 25 July 2023, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 2.72%. As at 31 December 2025, the balance of the financial bonds issued above was RMB9,999 million.
- (viii) On 12 May 2023, the Group issued three-year financial bonds with nominal value of RMB10,000 million. The coupon interest rate per annum was 2.88%. As at 31 December 2025, the balance of the financial bonds issued above was RMB9,999 million.

(c) Tier 2 capital bonds issued

- (i) On 18 April 2024, the Group issued ten-year fixed interest rate tier 2 capital bonds with nominal value of RMB14,000 million. The coupon interest rate per annum was 2.77%. According to the issuance terms, the Group has an option to redeem all the bonds at face value on the last day of the fifth year. As at 31 December 2025, the balance of the financial bonds issued above was RMB13,995 million.
- (ii) On 15 January 2021, the Group issued ten-year fixed interest rate tier 2 capital bonds with nominal value of RMB9,000 million. The coupon interest rate per annum was 4.40%. According to the issuance terms, the Group has an option to redeem all the bonds at face value on the last day of the fifth year. As at 31 December 2025, the balance of the financial bonds issued above was RMB8,995 million.

(d) Certificates of deposit issued

For the year ended 31 December 2025, the Group issued a number of certificates of deposit with total face value of RMB6,673 million and duration between 2 to 12 months. The effective interest rates ranged from 1.31% to 4.63% per annum. As at 31 December 2025, the balance of the above certificates of deposit issued but not yet due was RMB4,854 million (31 December 2024: RMB3,568 million).

(e) Asset-backed securities issued

- (i) On 15 September 2025, the Group issued asset-backed securities with nominal value of RMB320 million and maturity date of 26 June 2026. The coupon interest rate per annum was 1.77%. As at 31 December 2025, the balance of the asset-backed securities issued above was RMB108 million.
- (ii) On 15 September 2025, the Group issued asset-backed securities with nominal value of RMB63 million and maturity date of 26 July 2026. The coupon interest rate per annum was 2.06%. As at 31 December 2025, the balance of the asset-backed securities issued above was RMB63 million.

As at 31 December 2025 and 2024, there were no defaults of principal and interest or other breaches with respect to these bonds. None of the above bonds were secured.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

37 LEASE LIABILITIES

	31 December	
	2025	2024
Less than one year (inclusive)	918,450	959,866
One to two years (inclusive)	756,177	779,883
Two to three years (inclusive)	607,543	654,359
Three to five years (inclusive)	868,045	921,302
More than five years	528,492	768,131
Total undiscounted lease liabilities	3,678,707	4,083,541
Lease liabilities	3,400,319	3,722,824

38 OTHER LIABILITIES

	Notes	31 December	
		2025	2024
Accrued staff costs	(a)	5,123,028	5,078,974
Agency account payables		517,731	6,200,113
Settlement and clearing payable		6,824,582	3,108,938
Other taxes payable		648,789	712,534
Provisions	(b)	571,010	509,685
Contract liabilities	(c)	346,825	415,092
Others		2,461,707	1,291,039
Total		16,493,672	17,316,375

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

38 OTHER LIABILITIES *(Continued)*

(a) Accrued staff costs

	31 December	
	2025	2024
Salaries, bonuses and allowances payable	4,693,928	4,652,508
Pension and annuity payable	18,497	18,872
Other social insurances payable	6,420	6,764
Housing funds payable	5,158	5,857
Others	399,025	394,973
Total	5,123,028	5,078,974

(b) Provisions

	31 December	
	2025	2024
Provision for credit commitment losses	570,530	466,961
Expected litigation losses	–	42,244
Others	480	480
Total	571,010	509,685

Movements in provisions for credit commitment losses are as follows:

	31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	464,456	708	1,797	466,961
Charge/(Reversal) for the year	103,808	(86)	(40)	103,682
Exchange rate changes and others	(113)	–	–	(113)
As at 31 December 2025	568,151	622	1,757	570,530

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	333,398	851	1,778	336,027
Charge/(Reversal) for the year	130,909	(143)	19	130,785
Exchange rate changes and others	149	–	–	149
As at 31 December 2024	464,456	708	1,797	466,961

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

38 OTHER LIABILITIES *(Continued)*

(c) Contract liabilities

As at 31 December 2025 and 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts were approximately RMB347 million and RMB415 million, respectively. This amount represents income expected to be recognised in the future from agency, custody, guarantee and other services. The Group will recognise the expected income in future as the services are provided.

39 SHARE CAPITAL

Share capital issued

Share capital of the Bank as at 31 December 2025 and 2024 represented share capital of the Bank, which was fully paid.

	31 December	
	2025	2024
Number of shares issued and fully paid at par value of RMB1 each (in thousand)	17,762,000	17,762,000

40 OTHER EQUITY INSTRUMENTS

Undated capital bonds

(a) Outstanding undated capital bonds ("Bonds") at 31 December 2025

Financial instrument outstanding	Issue date	Accounting classification	Initial interest rate	Issue price	Units (million)	In RMB	Maturity date	Conversion conditions	Conversion status
Undated capital bonds	13 September 2024	Equity instruments	2.38%	RMB 100/Unit	110	11,000,000	Perpetual	None	None
Undated capital bonds	20 November 2025	Equity instruments	2.37%	RMB 100/Unit	100	10,000,000	Perpetual	None	None

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

40 OTHER EQUITY INSTRUMENTS *(Continued)*

Undated capital bonds *(Continued)*

(b) Main clauses

(i) Issue size

The issue size of the undated capital bonds for 2025 is RMB10 billion (2024: RMB11 billion).

(ii) Term of the Bonds

The Bonds for the period will continue to be outstanding so long as the Issuer's business continues to operate.

(iii) Coupon rate

The coupon rate of the Bonds will be adjusted at defined intervals, with a coupon rate adjustment period every 5 years since the payment settlement date. In any coupon rate adjusted period, the interest payments on the Bonds will be paid at a prescribed fixed coupon rate.

The coupon rate of the Bonds for the period includes a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China government Notes (rounded to 0.01%) published on www.ChinaBond.com.cn (or other websites approved by the China Central Depository & Clearing Co., Ltd.). The fixed spread is the difference between the coupon rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

The Bonds will not have any elevation in interest rates nor any other incentive to redeem.

(iv) Conditional redemption rights of the issuer

The Bonds issuance sets conditional redemption rights for the issuer. From the fifth anniversary since the issuance of the Bonds, the issuer may redeem the Bonds in whole or in part on each interest payment date (including the fifth interest payment date since the issuance). If, after the issuance, the Bonds no longer qualify as Additional Tier 1 Capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the issuer may redeem all but not part of the Bonds.

(v) Subordination

The claims in respect of the Bonds, in the event of the liquidation of the issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to the Bonds; shall rank in priority to all classes of shares held by the issuer's shareholders and rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the issuer that rank pari passu with the Bonds.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

40 OTHER EQUITY INSTRUMENTS *(Continued)*

Undated capital bonds *(Continued)*

(b) Main clauses (Continued)

(vi) Interest payment

The interest of the Bonds will be payable annually. The interest payment date of the Bonds shall be 19 September of each year and 20 November of each year. The issuer shall have the right to cancel, in whole or in part, interests on the Bonds and any such cancellation shall not constitute an event of default. When exercising such right, the issuer will take into full consideration the interest of the Bonds' holders. The issuer may, at its sole discretion, use the proceeds from the cancelled interests to meet other obligations as they fall due. Cancellation of any interests on the Bonds, no matter in whole or in part, will not impose any other restriction on the issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. The Issuer shall give notice to the investors on such cancellation in a timely manner.

(vii) Resale

The holders of the Bonds do not have any option to sell back the Bonds to the issuer.

(viii) Write-down/write-off clauses

Upon the occurrence of a Non-viability Trigger Event, the issuer has the right, without the need for the consent of the Bond holders, to write down part or all of the principal of the Bonds. The Bonds shall be written down according to proportion of corresponding outstanding par value in the total outstanding nominal value of all other Additional Tier 1 Capital instruments with the same trigger event. A Non-viability Trigger Event refers to the earlier of the following events: (a) the National Financial Regulatory Administration ("NFRA") having decided that the issuer would become non-viable without a write-off; (b) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the issuer would become non-viable. The portion written down will not be restored.

(c) Movements in outstanding undated capital bonds

	1 January 2025		Increase for the year		31 December 2025	
	Units (million)	Carrying amount	Units (million)	Carrying amount	Units (million)	Carrying amount
Outstanding financial instruments						
Undated capital bonds for 2024	110	11,000,000	-	-	110	11,000,000
Undated capital bonds for 2025	-	-	100	10,000,000	100	10,000,000
Total		11,000,000		10,000,000		21,000,000

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

41 RESERVES

(a) Capital reserve

	31 December	
	2025	2024
Share premium	10,689,228	10,689,841

(b) Surplus reserve

Pursuant to the *Company Law of the PRC* and the Articles, the Group is required to appropriate 10% of its net profit in accordance with the Accounting Standards for Business Enterprises and other relevant regulations to the statutory surplus reserve until the balance reaches 50% of its registered capital.

(c) General reserve

Pursuant to the *Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. Pursuant to the *Interim Measures for the Supervision and Administration of the Risk Reserves of Publicly Offered Securities Investment Funds*, the Bank is required to set aside a risk reserve for custody services of publicly offered securities investment funds on an annual basis from its net profit as profit distribution, at a rate of 2.5% of the total custody income generated from publicly offered securities investment funds during the year.

The Bank's subsidiary accrues risk reserves in accordance with the *Measures for the Administration of Wealth Management Subsidiary Companies of Commercial Banks* until the balance of risk reserve reaches 1% of the balance of wealth management products.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RESERVES (Continued)

(d) Other reserves

	Years ended 31 December	
	2025	2024
Items that will not be reclassified to profit or loss:		
<i>Changes in fair value of investments in equity instruments designated as at FVTOCI</i>		
As at 1 January	–	(3,023,146)
Transfer to retained profits from changes in fair value recognised in other comprehensive income	–	4,030,861
Changes in fair value recognised in other comprehensive income	1,811,230	–
Less: Income tax effect	(452,807)	(1,007,715)
As at 31 December	1,358,423	–
Items that may be reclassified subsequently to profit or loss:		
<i>Changes in fair value of debt instruments at FVTOCI</i>		
As at 1 January	545,989	(838,052)
Changes in fair value recognised in other comprehensive income	(1,066,446)	1,989,721
Changes in fair value transferred to profit or loss upon disposal	(1,244,990)	(136,353)
Less: Income tax effect	580,647	(469,327)
As at 31 December	(1,184,800)	545,989
<i>Allowance for credit losses on debt instruments at FVTOCI</i>		
As at 1 January	1,267,503	1,159,522
Allowance for credit losses recognised in other comprehensive income	217,462	142,683
Less: Income tax effect	(55,145)	(34,702)
As at 31 December	1,429,820	1,267,503
Translation differences of financial statements of foreign operation	(4,187)	(80,568)
Total	1,599,256	1,732,924

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

42 APPROPRIATION OF PROFITS

Dividend on ordinary shares

In accordance with the resolution at the Bank's Annual General Meeting on 18 June 2025, the Bank paid no dividend on ordinary shares for 2024.

In accordance with the resolution at the Bank's Annual General Meeting on 28 June 2024, the Bank paid no dividend on ordinary shares for 2023.

Interests on undated capital bonds

The Bank declared and distributed the interest on the undated capital bonds for 2024 amounting to RMB262 million on 19 September 2025.

The Bank declared and distributed the interest on the undated capital bonds for 2023 amounting to RMB950 million on 16 September 2024.

43 STRUCTURED ENTITIES

(1) Structured entities that are not included in consolidated financial statements

(a) *The Group's interests in structured entities sponsored by third party institutions:*

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include trust plans and asset management plans issued by securities company or trust company and investment funds. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third-party investors. These vehicles are financed through the issue of units to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group in structured entities that are not included in consolidated financial statements, as well as an analysis of the line items relevant to assets and liabilities in the Group's financial statements as at 31 December 2025 and 2024:

	31 December 2025				
	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments at amortised cost	Total carrying amount	Maximum exposure
Trust plans and asset management plans	120,819,051	–	104,529,303	225,348,354	225,348,354
Funds	59,001,409	–	–	59,001,409	59,001,409
Total	179,820,460	–	104,529,303	284,349,763	284,349,763

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(Expressed in thousands of Renminbi, unless otherwise stated)

43 STRUCTURED ENTITIES *(Continued)*

(1) Structured entities that are not included in consolidated financial statements *(Continued)*

(a) *The Group's interests in structured entities sponsored by third party institutions: (Continued)*

	31 December 2024				
	Financial investments at FVTPL	Financial investments at FVTOCI	Financial investments at amortised cost	Total carrying amount	Maximum exposure
Trust plans and asset management plans	87,042,916	–	103,603,204	190,646,120	190,646,120
Funds	70,852,301	–	–	70,852,301	70,852,301
Total	157,895,217	–	103,603,204	261,498,421	261,498,421

(b) *Interests in structured entities that are sponsored by the Group but not included in the consolidated financial statements:*

The types of structured entities that are sponsored by the Group but not included in the consolidated financial statements mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes fees charged by providing management services.

For the year ended 31 December 2025, the amount of fee and commission income from the abovementioned structured entities recognised by the Group amounted to RMB372 million (for the year ended 31 December 2024: RMB1,024 million).

As at 31 December 2025, the balance of non-principal-guaranteed wealth management products that were sponsored by the Group but not included in the consolidated financial statements of the Group was RMB248,932 million (as at 31 December 2024: RMB173,549 million).

(c) *Unconsolidated structure entities sponsored by the Group during the year in which the Group does not have an interest as at 31 December:*

For the year ended 31 December 2025, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2025 but matured before 31 December 2025 was RMB10,679 million. For the year ended 31 December 2024, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB26,409 million.

(2) Structured entities that are included in consolidated financial statements

As at 31 December 2025, the structured entities included in the consolidation scope of the Group are the trust plans invested by the Group.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

44 TRANSFER OF FINANCIAL ASSETS

In the ordinary course of business, the Group enters into certain transactions that result in the transfer of recognised financial assets to third parties or special-purpose entities, and the related financial assets are derecognised if the conditions for derecognition are met. When the Group retains substantially all the risks and rewards of the transferred assets, the transfer of related financial assets does not meet the conditions for derecognition and the Group continues to recognise the said assets.

The Group enters into transactions in the normal course of business by which it sells financial assets to special purpose trust and issues trust shares to investors through the special purpose trusts. The Group assessed among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the year ended 31 December 2025, the Group transferred credit assets with total outstanding amount of RMB53,515 million to independent third party, and the transfer price was RMB36,401 million. These assets were all fully derecognised. For the year ended 31 December 2024, the Group transferred credit assets with total outstanding amount of RMB35,537 million to independent third party, and the transfer price was RMB25,024 million. These assets were all fully derecognised.

45 CAPITAL MANAGEMENT

The Group implements a comprehensive capital management framework, covering the management of the regulated capital, economic capital and book capital, particularly the capital compliance management, capital planning, allocation and evaluation.

In setting its capital adequacy objective, the Group considers regulatory requirements, external rating objective and its own risk appetite, so as to protect the interest of its customers and creditors, maximise the value of shareholders and meet all regulatory requirements on capital management.

Since 1 January 2024, the Group measures capital adequacy ratios in accordance with related regulatory requirements in the *Administrative Measures for the Capital of Commercial Banks* issued by the NFRA. In calculating its capital adequacy ratios, the Group considers all its domestic and overseas branches and sub-branches and financial institution subsidiary (excluding insurance companies).

The Group uses the weighting method to measure credit risk weighted assets, in which on-balance sheet business determines risk weights based on asset type, counterparty, collateral status and other relevant risk elements, considering the impact of qualified risk mitigation; and off-balance sheet business calculates risk-weighted assets using the same methodology as that used for on-balance sheet business, adjusted for contingent loss characteristics. Counterparty credit risk for over-the-counter derivatives is calculated using the current exposure method; market risk is measured using the simplified standard method; and operational risk is measured using the standard method.

The NFRA requires commercial banks to meet the requirements for capital indicators at all levels in the *Administrative Measures for the Capital of Commercial Banks*. For non-systemically important banks, the minimum ratios for core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively. During the report disclosure period, the Group has complied fully with the capital requirements stipulated by the regulatory authorities.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

45 CAPITAL MANAGEMENT *(Continued)*

The Group calculates its capital adequacy ratios as at 31 December 2025 and 2024 in accordance with the *Administrative Measures for the Capital of Commercial Banks* issued by the NFRA. The Group calculates the capital adequacy ratios at all levels on the basis of the statutory financial statements and related data prepared in accordance with *China Accounting Standards*.

The Group's capital adequacy ratios at 31 December 2025 and 2024 are as follows:

	31 December	
	2025	2024
Core tier 1 capital		
– Share capital	17,762,000	17,762,000
– Qualifying portion of capital reserve	10,709,228	10,709,841
– Surplus reserve	8,456,784	7,929,133
– General risk reserve	21,752,539	21,106,229
– Retained profits	43,947,146	39,884,701
– Other reserves	1,599,256	1,732,924
Core tier 1 capital	104,226,953	99,124,828
Adjustments for core tier 1 capital	(2,299,653)	(2,766,797)
Net core tier 1 capital	101,927,300	96,358,031
Other tier 1 capital	21,000,000	11,000,000
Net tier 1 capital	122,927,300	107,358,031
Tier 2 capital		
– Qualifying portion of instruments issued and share premium	22,990,656	22,986,595
– Surplus provision for loan impairment	5,488,469	3,871,197
Tier 2 capital deductions	–	–
Net tier 2 capital	28,479,125	26,857,792
Net total capital	151,406,425	134,215,823
Total risk weighted assets	1,213,258,131	1,154,443,220
Core tier 1 capital adequacy ratio	8.40%	8.35%
Tier 1 capital adequacy ratio	10.13%	9.30%
Capital adequacy ratio	12.48%	11.63%

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(Expressed in thousands of Renminbi, unless otherwise stated)

46 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Net change in cash and cash equivalents

	31 December	
	2025	2024
Cash and cash equivalents as at 31 December	143,475,339	122,169,996
Less: Cash and cash equivalents as at 1 January	122,169,996	67,382,604
Net increase in cash and cash equivalents	21,305,343	54,787,392

(b) Cash and cash equivalents

	31 December	
	2025	2024
Cash on hand	458,812	470,357
Deposits with the central bank other than restricted deposits	69,638,785	90,955,021
Deposits with banks and other financial institutions (Original maturity within 3 months)	18,296,146	11,429,811
Placements with banks and other financial institutions (Original maturity within 3 months)	973,860	786,193
Financial assets purchased under resale agreements (Original maturity within 3 months)	54,107,736	18,528,614
Total	143,475,339	122,169,996

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47 RELATED PARTIES

Related parties of the Bank

(a) *The Bank's major shareholders*

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	31 December	
	2025	2024
TEDA Investment Holding (Group) Co., Ltd. (天津泰達投資控股(集團)有限公司)	20.34%	20.34%
Standard Chartered Bank (Hong Kong) Limited (渣打銀行(香港)有限公司)	16.26%	16.26%
China Shipping Investment Co., Ltd. (中海集團投資有限公司)	11.12%	11.12%
State Development & Investment Corp., Ltd. (國家開發投資集團有限公司)	9.49%	9.49%
China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司)	9.49%	9.49%
Oceanwide Industry Co., Ltd. (泛海實業股份有限公司)	7.72%	7.72%
Tianjin Shanghui Investment Holding Company Limited (天津商匯投資(控股)有限公司)	6.51%	6.51%

(b) *Subsidiary of the Bank*

The detailed information of the Bank's subsidiary is set out in Note 24.

(c) *Associate of the Bank*

The detailed information of the Bank's associate is set out in Note 25.

(d) *Other related parties*

Other related parties can be natural person or legal person, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; entities (and their subsidiary) controlled or jointly controlled by members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 47 (a) or their controlling shareholders.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

47 RELATED PARTIES *(Continued)*

Related party transactions

(a) Pricing policy

Transactions between the Group and related parties are conducted in the normal course of its business and under normal commercial terms. The pricing policies are no more favourable than those offered to independent third parties.

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

(i) Transactions with major shareholders:

	Years ended 31 December	
	2025	2024
Transactions during the year		
Interest income	167,467	176,742
Interest expenses	26	33
Operating expenses	23,416	26,325
	31 December	
	2025	2024
Balances at the end of the year		
Deposits with banks and other financial institutions	695,561	407,747
Loans and advances to customers	3,362,885	3,375,563
Deposits from customers	805	3,296
Lease liabilities	60,295	13,412

(ii) Transactions with subsidiary:

	Years ended 31 December	
	2025	2024
Transactions during the year		
Other operating income	720	–
Interest expenses	4,149	2,720
Fee and commission expenses	–	10

Notes to the Consolidated Financial Statements

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47 RELATED PARTIES (Continued)

Related party transactions (Continued)

(b) Transactions with related parties other than key management personnel (Continued)

(ii) Transactions with subsidiary: (Continued)

	31 December	
	2025	2024
Balances at the end of the year		
Deposits from banks and other financial institutions	486,936	60,173

(iii) Transactions with associate:

	Years ended 31 December	
	2025	2024
Transactions during the year		
Interest expenses	9	35

	31 December	
	2025	2024
Balances at the end of the year		
Deposits from banks and other financial institutions	–	4,382

(iv) Transactions with other related parties:

	Years ended 31 December	
	2025	2024
Transactions during the year		
Interest income	648,479	717,240
Fee and commission income	70,139	76,463
Net trading gains	823	–
Net gains arising from financial investments	162	482
Interest expenses	125,026	321,495
Operating expenses	19,994	48,479

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47 RELATED PARTIES *(Continued)*

Related party transactions *(Continued)*

(b) Transactions with related parties other than key management personnel (Continued)

(iv) Transactions with other related parties: (Continued)

	31 December	
	2025	2024
Balances at the end of the year		
Deposits with banks and other financial institutions	1,785,532	1,651,019
Derivative financial assets	3,871	315
Loans and advances to customers	12,912,613	14,634,479
Financial investments	4,634,701	2,484,743
Deposits from banks and other financial institutions	1,932,930	4,662,406
Derivative financial liabilities	–	325
Deposits from customers	4,346,744	7,757,546
Debt securities issued	269,065	–
Lease liabilities	25,654	34,427
Off-balance sheet items		
Derivative financial instruments – notional principal	188,287	280,000
Bank acceptances	1,173,474	1,140,276
Letters of guarantees	40,475	24,389
Letters of credit	425,527	498,055

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47 RELATED PARTIES *(Continued)*

Related party transactions *(Continued)*

(c) Key management personnel

The key management personnel are those persons who have the authority to plan, direct and control the activities of the Bank, directly or indirectly, including members of the Board of Directors and the Board of Supervisors and senior management.

(i) Transactions with key management personnel:

	Years ended 31 December	
	2025	2024
Transactions during the year		
Interest income	26	37
Interest expenses	59	44

	31 December	
	2025	2024
Balances at the end of the year		
Loans and advances to customers	640	695
Deposits from customers	5,039	5,513

(ii) Compensation of key management personnel:

The aggregate compensation of key management personnel is listed as follows:

	Years ended 31 December	
	2025	2024
Compensation of key management personnel	10,901	16,202

(d) Loans and advances to directors, supervisors and officers

	31 December	
	2025	2024
Aggregate amount of relevant loans outstanding at the end of the year	639	693
Maximum aggregate amount of relevant loans to customers granted during the year	639	693

There was no amount due but unrepaid as at 31 December 2025 and 2024.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING

(a) Operating segment

The Group manages its business by business lines. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing, deposit taking activities, agency services, wealth management services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, personal wealth management services and remittance services.

Financial market business

This segment covers the Group's financial market business. The financial markets business enters into inter-bank money market transactions, repurchases transactions, interbank investments, and bond investments and trading. The financial market business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses which cannot directly attributable or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intra-group balances and intra-group transactions are eliminated by segment income, expenses, assets and liabilities as part of the consolidation process. Segment capital expenditure is the total cost incurred during 2025 and 2024 to acquire property and equipment, intangible assets and other long-term assets.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(a) Operating segment (Continued)

Others (Continued)

	Year ended 31 December 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income/(expenses)	17,089,005	(261,182)	(1,767,740)	2,360,562	17,420,645
Internal net interest (expenses)/income	(4,601,837)	2,804,198	2,962,319	(1,164,680)	–
Net interest income	12,487,168	2,543,016	1,194,579	1,195,882	17,420,645
Net fee and commission income/(expenses)	2,056,048	(137,786)	414,664	(39,895)	2,293,031
Net trading gains/(losses)	729,235	–	(180,333)	–	548,902
Net gains arising from financial investments	2,105,493	854	3,519,139	38,760	5,664,246
Other operating income	2,574	9,882	51	30,272	42,779
Operating income	17,380,518	2,415,966	4,948,100	1,225,019	25,969,603
Operating expenses	(4,874,294)	(2,639,196)	(616,308)	(2,261,251)	(10,391,049)
Impairment losses on assets	(7,426,154)	(1,308,041)	(897,903)	(373,852)	(10,005,950)
Profit/(Loss) before taxation	5,080,070	(1,531,271)	3,433,889	(1,410,084)	5,572,604
Other segment information					
– Depreciation and amortisation	767,781	431,293	90,638	356,173	1,645,885
– Capital expenditure	173,310	160,457	20,096	36,528	390,391
	31 December 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	1,062,989,141	189,419,963	601,443,820	68,119,736	1,921,972,660
Deferred tax assets					12,436,872
Total assets					1,934,409,532
Segment liabilities	945,843,207	250,522,987	611,440,322	1,376,063	1,809,182,579
Total liabilities					1,809,182,579
Credit commitments	447,414,066	8,196,103	–	–	455,610,169

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(Expressed in thousands of Renminbi, unless otherwise stated)

48 SEGMENT REPORTING (Continued)

(b) Geographical segment

Geographically, the Group mainly conducts its business in the four areas listed below, as described in Note 22 (c).

	Year ended 31 December 2025					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Operating income						
External net interest income	8,897,687	5,268,132	1,443,561	1,811,265	-	17,420,645
Internal net interest (expenses)/ income	(752,892)	(631,030)	1,886,443	(502,521)	-	-
Net interest income	8,144,795	4,637,102	3,330,004	1,308,744	-	17,420,645
Net fee and commission income	1,232,261	478,822	416,034	165,914	-	2,293,031
Net trading (losses)/gains	(32,053)	298,072	319,695	(36,812)	-	548,902
Net gains arising from financial investments	5,562,530	43,581	52,845	5,290	-	5,664,246
Other operating income	10,413	13,076	13,603	5,687	-	42,779
Operating income	14,917,946	5,470,653	4,132,181	1,448,823	-	25,969,603
Operating expenses	(6,012,050)	(1,990,178)	(1,755,256)	(633,565)	-	(10,391,049)
Impairment losses on assets	(7,417,651)	(1,757,948)	(437,508)	(392,843)	-	(10,005,950)
Profit before taxation	1,488,245	1,722,527	1,939,417	422,415	-	5,572,604
Other segment information						
- Depreciation and amortisation	843,023	352,873	343,364	106,625	-	1,645,885
- Capital expenditure	304,805	43,862	36,498	5,226	-	390,391
	31 December 2025					
	Northern and Northeastern China	Eastern China	Central and Southern China	Western China	Elimination	Total
Segment assets	1,491,647,897	359,815,269	320,521,788	86,528,857	(336,541,151)	1,921,972,660
Deferred tax assets						12,436,872
Total assets						1,934,409,532
Segment liabilities	1,383,337,834	357,578,577	318,702,439	86,104,880	(336,541,151)	1,809,182,579
Total liabilities						1,809,182,579
Credit commitments	167,260,803	119,184,751	125,702,878	43,461,737	-	455,610,169

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49 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks: credit risk, market risk, liquidity risk and operational risk.

The Group develops and continually improves risk management policies, limit system, control procedures and IT systems based on the latest changes in regulatory policies, market conditions and business development to analyse, identify, monitor and report various risks.

This note presents information about the Group's exposure to each of the above risks and their sources, and the Group's objectives, policies and procedures for measuring and managing these risks.

Risk management system

The Board of Directors of the Bank is responsible for the ultimate responsibility for comprehensive risk management. The Risk Management and Green Finance Committee of the Bank is set up under the Board of Directors, which is responsible to the Board of Directors. The senior management shall assume the responsibilities for implementing comprehensive risk management and implementing the resolutions of the Board of Directors.

The institutions and functional departments of the Bank at all levels constitute the three lines of defense of the comprehensive risk management system, each bearing corresponding risk management responsibilities. Business departments at all levels are the first line of defence in risk management, bearing the direct responsibility for risk management. Risk management departments at all levels are the second line of defence, bearing the responsibility for formulating policies and procedures, and monitoring and managing risks. Audit departments at all levels are the third line of defence, bearing the responsibility for auditing the performance of the business departments and risk management departments, and for conducting further supervision and evaluation of the risk management activities of the first and second lines of defence.

(a) Credit risk

Credit risk is one of the most important risks faced by the business operations of the Group. The Group may be exposed to significant risks when all counterparties are concentrated in a single industry or region. This is mainly because the counterparties' concentration risk is subject to the same impact by the economic development of the region or industry in which they operate.

The Board of Directors of the Bank undertakes the ultimate responsibility for credit risk management and could authorise the Risk Management and Green Finance Committee to execute some of its functions. The Group continues to improve the credit risk management system, credit risk management policies and tools, and the management process is gradually online and digital. The efficiency of credit approval is further improved, providing strategic support for bank-wide business development.

Notes to the Consolidated Financial Statements

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(1) Measurement of credit risk

Loans and advances to customers and off-balance sheet credit commitments

The Group's Risk Management Department, Credit Approval Department, Asset Monitoring Department and Asset Resolution Department are jointly responsible for the credit risk management of various types of credit business and financial investments. For wholesale credit business, the Group measures the default risk and loss given default of customers in accordance with the risk measurement requirements of the internal rating method, and continuously improves them through continuous data monitoring, objective validation and performance evaluation, enriches the practical application of risk measurement results in the credit risk management system, and actively explores the construction of the Group's internal rating system. For the retail credit business, the Group, taking into account its own business characteristics and customer structure, rationally applies financial technology to continuously improve its credit scoring model and data mining and risk analysis of customers' historical behavioural performance, so as to progressively enhance the effectiveness of credit access, inventory asset management, asset classification and impairment calculation.

Deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements

The Group adopts a centralised underwriting process in relation to approving credit limits for financial institution counterparties engaged in interbank placements, investment securities and securities under repurchase and resale agreements. Based on the internal ratings and customer classifications of interbank financial institution customers, the Group conducts qualitative and quantitative analysis and comprehensive evaluation on such aspects as their scale and strength, management capabilities, industry position, development prospects, external environment, regulatory indicators, cooperative relationship with the Group and financial status, and carries out credit approval on such basis.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(I) *Measurement of credit risk (Continued)*

Bond investments and derivative financial instruments

Before making investment in bonds issued by financial institutions or corporate bonds or before any dealing in financial derivatives with clients, the Group conducts credit assessment on the issuers and the potential clients for dealing in derivative financial instruments (excluding customers who pay full margin). The Group is also appropriately using external credit rating in assessing risk.

The credit risks in financial derivatives engaged by the Group are mitigated mainly through margin deposits, government bonds, pledge of time deposit certificates recognised by the Group and credit facilities from banks.

The Credit Monitor Department is responsible for reviewing the specific business, specific operations are carried out in accordance with the business administrative measures.

(II) *Credit risk limit management*

Loans and advances to customers and off-balance sheet credit commitments

The Group generates credit scheme amount for the customers in accordance with the approval opinions. Meanwhile, the Group reviews the approved conditions for the credit line, and monitors the use of the credit limit. Where clients provide collateral, credit limits shall be frozen or adjusted in a timely manner in responding to the change in value of the collateral in order to meet the approved conditions for the credit lines.

Deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements

The Group activates the credit line for financial institutions interbank customers based on the credit approval, and monitors the quotas of deposits and placements with banks and other financial institutions and financial assets purchased under resale agreements based on the relevant information such as the credit approval and risk exposure.

Bond investment and derivative trading

The Group activates the credit line for financial institutions based on the credit approval, and monitors the bond investment and derivative trading quotas of interbank customers or bond investment quota of non-interbank customers based on the relevant information such as the credit approval and risk exposure.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) *Credit risk mitigation measures*

Collaterals and pledges

The credit policies of the Group provide specific requirements on the acceptable collaterals and pledges, and set different rates for different collaterals and pledges based on their nature and extent of realisation. The Group sets out specific requirements for the qualifications of professional evaluation agencies. In addition, through credit risk management system, the Group implements strict management on the collaterals and pledges and their ownership certificates to prevent the occurrence of operational risks.

The acceptable collaterals and pledges include financial collateral, real estate properties, accounts receivable and other collateral, mainly consisting of cash and cash equivalents, stock, state-owned construction land use right, residential real estate, commercial real estate and accounts receivable.

If the decrease in value or quantity of collateral makes it insufficient for the actual value of the collateral to meet collateral (pledge) rate, the Group shall freeze the underlying credit program amounts, require the client to provide additional collateral or security deposit or return the corresponding credit lines.

Master netting arrangements

The Group and its counterparties enter into master netting arrangements for derivatives transactions to further reduce credit risk. Master netting arrangements may not lead to the offsetting between assets and liabilities on the statement of financial position, because the transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts are terminated and settled on a net basis.

The financial derivatives are mainly settled in accordance with the provisions of the International Swaps and Derivatives Association and the features of the products, using, in principle, the method that involves the lowest settlement risk.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Credit commitments

The main objective of credit commitments is to ensure that clients obtain the funds they need. The Group makes irrevocable guarantee when it issues letters of guarantees, letters of credit and Group's acceptance bill, i.e., the Group shall make repayments on behalf of the client if the client cannot meet its repayment obligations to a third party, and the Group assumes the same credit risks as those of a loan, review should be done in strict compliance with the Group's relevant requirements in conducting such business.

The Group defines margin deposit as one of the risk mitigations and receives certain margin deposits from clients when conducting relevant credit extension business, with the exception of certain creditworthy clients, to reduce the credit risk involved in providing this service. The margin deposit is collected at a certain percentage of the committed amount based on the credibility of the client.

Impairment and provisioning policies

(1) *Stages of risks in financial assets*

The financial assets are categorised by the Group into the following stages to manage its financial assets' credit risk:

- Stage 1: Financial assets have not experienced a significant increase in credit risk since initial recognition and impairment recognised on the basis of 12 months ECLs.
- Stage 2: Financial assets have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime ECLs.
- Stage 3: Financial assets that are in default and considered credit-impaired and impairment is recognised on the basis of lifetime ECLs.

(2) *Significant increase in credit risk*

The Group evaluates whether the credit risk of related financial instruments at least on each date of statement of financial position has increased significantly since initial recognition. The Group makes full use of all reasonable and supportable information, including forward-looking information, to reflect the significant changes in its credit risk when it conducts the classification of losses of financial instruments. Criteria include regulation and operation environment, internal and external credit ratings, solvency, ability to continue as a going concern, provisions of loan contract, and repayment activities. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group compares the risk of default of financial instruments on the date of statement of financial position to determine the change in default risk during the expected duration of financial instruments. The Group judges whether the credit risk of a financial instrument has significantly increased since initial recognition from the risk classification, risk overdue days, internal and external ratings, probability of default, and market price etc.

Notes to the Consolidated Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Impairment and provisioning policies *(Continued)*

(3) Definition of "default" and "credit-impaired assets"

When a financial asset is impaired, the Group identifies the financial asset as a default. Generally speaking, if the financial asset is overdue for more than 90 days, it is considered as a default.

At each date of the statement of financial position, the Group assesses whether financial assets carried at amortised cost and debt instruments at FVTOCI 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 Group having granted to the borrower a concession that would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- purchase or source a financial asset at significant discount, which reflects that the financial asset is credit-impaired; or
- overdue more than 90 days.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Impairment and provisioning policies *(Continued)*

(4) Measurement of ECLs

The Group adopts ECL model to measure provision for loss of financial assets based on the stages categorised above.

The ECL is principally the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the EAD which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

The Group determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). For the purpose of calculating the lifetime ECL, the Group calculated the ECL of each period, and the results of calculation are then discounted to the date of statement of financial position and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.

As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method, and obtained from multiplying the nominal amount of the off-balance sheet items on the date of statement of financial position by the credit conversion factor.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(III) Credit risk mitigation measures *(Continued)*

Impairment and provisioning policies *(Continued)*

(4) Measurement of ECLs *(Continued)*

The Group determines the 12-month loss given default (LGD) and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.

As to financial assets classified as guarantees, the Group determines the loss given default (LGD) according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.

As to credit-based financial assets, the Group usually determines loss given default (LGD) at the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, EAD and loss given default.

The Group quarterly monitors and reviews assumptions related to the calculation of ECLs, including the changes in PD and the value of collaterals under the different time limits.

Forward-looking information included in the ECL model is as follows:

The calculation of ECLs involves forward-looking information. After the historical analysis, the Group identified the key economic indicators related to ECL, such as gross domestic product (GDP), consumer price index (CPI), Broad money supply (M2), and Industrial Added Value. The Group carried out regression analysis to determine the relationship between these economic indicators and PD as well as LGD, so as to ascertain the impact of historical changes in these indicators on PD and LGD. The Group forecasts these economic indicators at least annually and provides the best estimates of the economic conditions for the coming year.

The important macroeconomic assumptions used by the Group in various macroeconomic scenarios include broad money supply, consumer price index, gross domestic product, export amount, Industrial Added Value, price index of second-hand housing in 70 large and medium-sized cities, and Gross Consumption of Social Retail Goods (GCSR).G).

The Group established measurement models to identify the three risk weights, i.e. optimistic, neutral and pessimistic. As of 31 December 2025, the Group's optimistic scenario weight is 20%, neutral scenario weight is 60%, and pessimistic scenario weight is 20%, both of which are consistent with 2024.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) *Maximum credit risk exposure*

	31 December	
	2025	2024
Credit risk exposures relating to on-balance sheet items:		
Deposits with the central bank	129,263,893	147,691,792
Deposits with banks and other financial institutions	18,278,682	11,405,462
Placements with banks and other financial institutions	3,958,672	4,885,299
Derivative financial assets	2,023,233	2,448,184
Financial assets purchased under resale agreements	54,105,030	18,531,145
Loans and advances to customers	949,747,965	925,361,742
Financial investments		
– Financial investments measured at FVTPL	212,118,563	188,776,224
– Financial investments measured at FVTOCI	266,049,289	177,176,511
– Financial investments measured at amortised cost	259,998,948	330,196,792
Other assets	5,143,880	5,918,024
Sub-total	1,900,688,155	1,812,391,175
Credit commitments	455,610,169	402,262,191
Total	2,356,298,324	2,214,653,366

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49 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Financial assets (excluding interests accrued) analysed by credit quality

	31 December 2025							
	Gross carrying amount				Allowances for ECLs			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Deposits with the central bank	129,234,375	-	-	129,234,375	-	-	-	-
Deposits with banks and other financial institutions	18,296,146	-	-	18,296,146	(31,425)	-	-	(31,425)
Placements with banks and other financial institutions	3,956,740	-	-	3,956,740	(9,345)	-	-	(9,345)
Financial assets purchased under resale agreements	54,107,736	-	-	54,107,736	(8,273)	-	-	(8,273)
Loans and advances to customers	772,767,154	35,769,451	20,156,253	828,692,858	(5,329,223)	(6,227,170)	(13,009,412)	(24,565,805)
Financial investments	240,320,841	1,242,331	22,513,452	264,076,624	(1,746,540)	(114,813)	(5,585,328)	(7,446,681)
Other assets	1,727,732	754,166	4,003,684	6,485,582	(19,215)	(151,947)	(1,170,540)	(1,341,702)
Total	1,220,410,724	37,765,948	46,673,389	1,304,850,061	(7,144,021)	(6,493,930)	(19,765,280)	(33,403,231)
Financial assets measured at FVTOCI								
Loans and advances to customers	53,084,566	-	-	53,084,566	(64,762)	-	(1,186,528)	(1,251,290)
Financial investments	263,310,749	503,063	-	263,813,812	(579,497)	(75,000)	-	(654,497)
Total	316,395,315	503,063	-	316,898,378	(644,259)	(75,000)	(1,186,528)	(1,905,787)
Credit commitments	455,596,327	10,328	3,514	455,610,169	(568,151)	(622)	(1,757)	(570,530)

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(ii) *Financial assets (excluding interests accrued) analysed by credit quality (Continued)*

	31 December 2024							
	Gross carrying amount				Allowances for ECLs			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Deposits with the central bank	147,663,155	-	-	147,663,155	-	-	-	-
Deposits with banks and other financial institutions	11,429,811	-	-	11,429,811	(31,088)	-	-	(31,088)
Placements with banks and other financial institutions	4,631,331	-	200,000	4,831,331	(8,486)	-	(60,000)	(68,486)
Financial assets purchased under resale agreements	18,528,614	-	-	18,528,614	(2,543)	-	-	(2,543)
Loans and advances to customers	773,198,893	45,308,985	18,414,483	836,922,361	(6,080,413)	(5,156,951)	(13,006,758)	(24,244,122)
Financial investments	293,505,980	7,093,538	33,627,996	334,227,514	(1,412,263)	(609,943)	(6,449,012)	(8,471,218)
Other assets	3,945,472	1,071,141	1,860,749	6,877,362	(265,080)	(109,874)	(584,384)	(959,338)
Total	1,252,903,256	53,473,664	54,103,228	1,360,480,148	(7,799,873)	(5,876,768)	(20,100,154)	(33,776,795)
Financial assets measured at FVTOCI								
Loans and advances to customers	62,687,359	-	-	62,687,359	(36,455)	-	(1,293,763)	(1,330,218)
Financial investments	175,536,412	-	-	175,536,412	(348,107)	-	(10,000)	(358,107)
Total	238,223,771	-	-	238,223,771	(384,562)	-	(1,303,763)	(1,688,325)
Credit commitments	402,239,294	19,303	3,594	402,262,191	(464,456)	(708)	(1,797)	(466,961)

As at 31 December 2025 and 2024, the fair value of collaterals held against loans and advances that are overdue but not credit-impaired and assessed for lifetime ECLs amounted to RMB2,883 million and RMB5,553 million. The fair value of collaterals held against loans and advances that are credit-impaired amounted to RMB8,050 million and RMB9,657 million. The collaterals mainly include land, buildings, machinery and equipment. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Restructured loans and advances to customers

Restructured loans refer to those loans that relevant borrowers are not capable of repaying due to financial difficulties and therefore certain clauses on the loan contract are adjusted as stipulated in the *Measures for the Risk Classification of Financial Assets of Commercial Bank*. As at 31 December 2025 and 2024, the Group's restructured loans amounted to RMB2,257 million and RMB1,621 million.

(iv) Credit rating

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments (excluding interests accrued) analysed by the rating agency designations as at 31 December 2025 and 2024 are as follows:

	31 December	
	2025	2024
Neither overdue nor impaired		
Ratings		
– AAA	398,352,524	334,641,811
– AA- to AA+	48,684,489	94,734,342
Sub-total	447,037,013	429,376,153
Unrated	2,193,807	450,545
Total	449,230,820	429,826,698

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk

Market risk refers to the risk of losses to the Group's on-balance sheet and off-balance sheet activities arising from unfavourable changes in market prices, mainly including interest rates and exchange rates, commodity price risk and equity price risks. The interest rate risk in the banking book refers to the risk of losses on the economic value and the overall income of the banking book resulted from unfavourable changes in interest rate levels and the maturity structure. The Group is exposed to market risks in its trading book and banking book. Financial instruments and commodity position recorded in the trading book are those held by the Group for the purpose of trading or avoiding risks in other items of trading book and which can be traded freely. The assets and liabilities of long-term positions held for the purpose of managing the liquidity of the Group, regulatory reserve or profit maximisation are included in the banking book. Generally, the assets and liabilities recorded in the banking book are mainly held-to-maturity.

The Board is responsible for approving management strategies of market risk, policy and procedure, determining the level of market risk tolerance, urging senior management to undertake necessary measures to identify, measure, monitor and control market risk, obtaining periodic reports associated with nature and level of market risk, monitoring and evaluating the comprehensiveness, effectiveness of market risk management, and performance of senior management under market risk management. The Group's senior management has set up the Asset and Liability Management Committee which is in charge of formulating, reviewing and supervising market risk policy and procedure, and process execution. The committee sets market risk limit according to the Board's risk appetite.

The Group sets up the market risk management team under the Asset and Liability Management Department. The team is independent of trading department, and responsible for leading the market risk identification, measurement, monitoring, and control, ensuring that the market risk of the Group is in compliance with the requirements of internal limits and external supervision according to Group's market risk management policies and procedures.

Trading book market risk

Limits management

In order to control trading book market risk, the Group sets Value-at-Risk limits, Basis Point Value limits and stop loss limits.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk *(Continued)*

Trading book market risk *(Continued)*

Stress testing

Stress testing is used to assess the loss sustainability under extremely adverse conditions when significant market changes take place, including the extreme fluctuations of market risk elements, such as interest rates and exchange rates, unexpected political or economic events, or a combination of the above situations. The market risk of the Group goes through stress testing on a regular basis.

Assessment of fair value

Assessment of the fair value of financial instruments is based on the quantitative analysis of the financial products that takes into consideration the specific characteristics of the financial products, market situation of trading strategy, risk factors and the quality and qualification of counterparties. The Group assesses the fair value of its financial instruments on a regular basis.

Interest rate risk of banking book

Interest rate risk of the banking book is measured and managed mainly through gap management, sensitivity analysis and duration analysis to ensure the interest rate risk of the banking book are controlled within the scope set by the risk appetite.

The Group calculates the interest rate sensitivity gap based on repricing cash flow of the interest-earning assets and interest-bearing liabilities, and conducts scenario analysis, to assess the impact on the Group of changes in interest rates. The impact on the market value of assets or liabilities of one basis point movement in interest rate was assessed through calculation of Basis Point Value.

Interest rate risk of the Group's banking book goes through stress testing on a regular basis. In such stress testing, basic interest rate and market rate is treated as a prime factor, and other factors such as political and economic contingency or several contingencies happened at the same time are included.

Interest rate risk

The Group operates its business predominantly in Chinese mainland under the interest rate scheme regulated by PBOC.

The Group manages its interest rate risks through gap analysis, duration analysis and sensitivity analysis of its assets and liabilities. The Group has set limits to the rate gap, duration and interest rate sensitivity, and monitors regularly to ensure that the exposures are within the Group's limit.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk *(Continued)*

Interest rate risk (Continued)

- (i) The tables below summarise the Group's exposures to interest rate risks. They present the Group's assets and liabilities on the statement of financial position at carrying amounts, by the earlier of the contractual re-pricing date or the maturity date.

	31 December 2025					
	Total	Non-interest-bearing	Within three months	Three months to one year	One year to five years	More than five years
Assets						
Cash and deposits with the central bank	129,722,705	488,330	129,234,375	-	-	-
Deposits with banks and other financial institutions	18,278,682	13,961	18,264,721	-	-	-
Placements with banks and other financial institutions	3,958,672	11,277	2,174,454	1,772,941	-	-
Derivative financial assets	2,023,233	2,023,233	-	-	-	-
Financial assets purchased under resale agreements	54,105,030	5,567	54,099,463	-	-	-
Loans and advances to customers (Note (i))	949,747,965	12,581,529	418,919,882	400,261,664	106,472,357	11,512,533
Financial investments (Note (ii))	743,760,398	28,881,464	228,365,441	78,518,381	237,819,039	170,176,073
Others	32,812,847	32,812,847	-	-	-	-
Total assets	1,934,409,532	76,818,208	851,058,336	480,552,986	344,291,396	181,688,606
Liabilities						
Borrowings from the central bank	72,741,786	694,697	31,190,000	40,857,089	-	-
Deposits from banks and other financial institutions	152,751,045	594,509	99,541,785	52,614,751	-	-
Placements from banks and other financial institutions	18,089,549	158,539	9,807,125	8,123,885	-	-
Financial liabilities at FVTPL	621,527	-	-	550,167	71,360	-
Derivative financial liabilities	1,438,089	1,438,089	-	-	-	-
Financial assets sold under repurchase agreements	74,809,396	78,443	64,860,953	9,870,000	-	-
Deposits from customers	1,138,775,385	24,361,110	488,629,721	362,885,071	262,899,483	-
Debt securities issued	330,593,371	1,287,829	139,422,263	147,394,091	42,489,188	-
Others	19,362,431	15,962,112	288,444	619,932	2,048,475	443,468
Total liabilities	1,809,182,579	44,575,328	833,740,291	622,914,986	307,508,506	443,468
Asset-liability gap	125,226,953	32,242,880	17,318,045	(142,362,000)	36,782,890	181,245,138

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Interest rate risk (Continued)

(i) (Continued)

	31 December 2024					
	Total	Non-interest-bearing	Within three months	Three months to one year	One year to five years	More than five years
Assets						
Cash and deposits with the central bank	148,162,149	498,994	147,663,155	-	-	-
Deposits with banks and other financial institutions	11,405,462	6,739	11,398,723	-	-	-
Placements with banks and other financial institutions	4,885,299	122,454	2,508,159	2,254,686	-	-
Derivative financial assets	2,448,184	2,448,184	-	-	-	-
Financial assets purchased under resale agreements	18,531,145	5,074	18,526,071	-	-	-
Loans and advances to customers (Note (i))	925,361,742	13,115,173	421,399,353	372,918,579	104,888,354	13,040,283
Financial investments (Note (ii))	700,438,320	37,443,070	191,904,092	111,585,726	248,495,356	111,010,076
Others	32,609,827	32,609,827	-	-	-	-
Total assets	1,843,842,128	86,249,515	793,399,553	486,758,991	353,383,710	124,050,359
Liabilities						
Borrowings from the central bank	121,378,473	1,505,473	52,080,000	67,793,000	-	-
Deposits from banks and other financial institutions	150,561,544	954,092	68,382,218	81,225,234	-	-
Placements from banks and other financial institutions	23,144,745	294,180	15,378,046	7,472,519	-	-
Financial liabilities at FVTPL	171,916	-	-	-	171,916	-
Derivative financial liabilities	1,799,883	1,799,883	-	-	-	-
Financial assets sold under repurchase agreements	57,818,338	20,072	57,605,208	193,058	-	-
Deposits from customers	1,067,561,795	23,683,016	507,046,136	281,988,390	254,521,253	323,000
Debt securities issued	290,863,182	1,293,456	112,326,361	129,265,095	47,978,270	-
Others	20,417,424	16,694,600	307,976	637,979	2,148,821	628,048
Total liabilities	1,733,717,300	46,244,772	813,125,945	568,575,275	304,820,260	951,048
Asset-liability gap	110,124,828	40,004,743	(19,726,392)	(81,816,284)	48,563,450	123,099,311

Notes:

- (i) As at 31 December 2025 and 2024, for loans and advances to customers, the category "Within three months" includes overdue amounts (net of allowances for impairment losses) of RMB9,274 million and RMB13,626 million, respectively.
- (ii) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI, and financial investments measured at amortised cost.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk *(Continued)*

Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the potential impact of changes in interest rate on the Group's profit before tax and shareholders' equity (without tax effect). The following table sets forth the results of the Group's interest rate sensitivity analysis on profit before tax and equity (without tax effect) with an assumption that all other variables held remain constant.

	31 December	
	2025 (Decrease)/ Increase	2024 (Decrease)/ Increase
Change in profit before tax		
100 bps parallel upward shift in yield curves	(1,370,756)	(1,417,378)
100 bps parallel downward shift in yield curves	1,370,756	1,417,378

	31 December	
	2025 (Decrease)/ Increase	2024 (Decrease)/ Increase
Change in equity (without tax effect)		
100 bps parallel upward shift in yield curves	(2,241,979)	(2,346,466)
100 bps parallel downward shift in yield curves	2,241,979	2,346,466

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the changes in interest rates within one year, showing how profit before tax and shareholders' equity (without tax effect) would have been affected by repricing of the Group's assets and liabilities within the one-year period on an annualised basis.

Due to possible inconsistencies between reality and assumptions, actual changes in the Group's profit before tax and shareholders' equity (without tax effect) caused by changes in interest rates might vary from estimated results of this sensitivity analysis.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk *(Continued)*

Foreign exchange risk

Foreign exchange risk refers to the risk of losses arising from the negative changes in the rate of exchange. The Group conducts the majority of its business in RMB, with certain foreign transactions in United States dollars ("USD"), Hong Kong dollars ("HKD") and, to a much lesser extent, other currencies.

The Group's principle in controlling foreign exchange risk is to match its assets and liabilities by currency and to maintain foreign exchange risk within established limits. The Group has set foreign exchange risk limits which are consistent with the guidelines established by the Asset and Liability Management Committee of the Group and are in accordance with relevant regulatory requirements and the management's assessment of current circumstances. The Group also manages its sources and uses of foreign currencies to minimise potential mismatches.

The Group monitors and controls the foreign exchange risk through the limit management, and mainly uses the foreign exchange exposure analysis, scenario analysis and stress testing to measure and analyse the foreign exchange risk. Besides, the Group monitors and controls the foreign exchange risk through the limit management. The Asset and Liability Management Department's market risk team performs independent monitoring, reporting, and management for the entire Group's foreign exchange risk. Meanwhile, the Group managed the on-balance sheet and off-balance sheet foreign exchange risk exposures through derivative financial instruments such as foreign exchange swaps and foreign exchange forwards, and kept the Group's total exposures of on-balance sheet and off-balance sheet to a low level. Therefore, the foreign exchange exposure at the end of the period is not sensitive to exchange rate fluctuations, and the potential impact on the Group's net profit and shareholders' equity is not significant.

The following tables summarise the Group's foreign exchange rate exposures of assets and liabilities at reporting date. Included in the tables are the carrying value of assets and liabilities, and the off-balance sheet credit commitments in RMB equivalent, categorised by the original currency.

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49 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Market risk *(Continued)*

Foreign exchange risk (Continued)

The Group's foreign exchange rate exposures as at 31 December 2025 and 2024 are as follows:

	31 December 2025			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets				
Cash and deposits with the central bank	126,182,904	2,248,355	1,291,446	129,722,705
Deposits with banks and other financial institutions	10,808,525	5,806,288	1,663,869	18,278,682
Placements with banks and other financial institutions	2,278,572	771,974	908,126	3,958,672
Derivative financial assets	1,990,203	–	33,030	2,023,233
Financial assets purchased under resale agreements	54,105,030	–	–	54,105,030
Loans and advances to customers	931,660,664	10,488,645	7,598,656	949,747,965
Financial investments (Note (i))	687,666,969	52,765,140	3,328,289	743,760,398
Others	30,965,417	913,056	934,374	32,812,847
Total assets	1,845,658,284	72,993,458	15,757,790	1,934,409,532
Liabilities				
Borrowings from the central bank	72,741,786	–	–	72,741,786
Deposits from banks and other financial institutions	146,929,024	4,517,136	1,304,885	152,751,045
Placements from banks and other financial institutions	10,373,398	5,542,297	2,173,854	18,089,549
Financial liabilities at FVTPL	621,527	–	–	621,527
Derivative financial liabilities	1,424,994	–	13,095	1,438,089
Financial assets sold under repurchase agreements	72,904,750	1,904,646	–	74,809,396
Deposits from customers	1,092,190,877	35,230,205	11,354,303	1,138,775,385
Debt securities issued	330,016,006	577,365	–	330,593,371
Others	18,405,889	832,338	124,204	19,362,431
Total liabilities	1,745,608,251	48,603,987	14,970,341	1,809,182,579
Net position	100,050,033	24,389,471	787,449	125,226,953
Off-balance sheet credit commitments	419,905,101	33,393,058	2,312,010	455,610,169

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(b) Market risk (Continued)

Foreign exchange risk (Continued)

	31 December 2024			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets				
Cash and deposits with the central bank	144,047,662	1,702,803	2,411,684	148,162,149
Deposits with banks and other financial institutions	4,435,648	5,641,679	1,328,135	11,405,462
Placements with banks and other financial institutions	3,793,541	596,927	494,831	4,885,299
Derivative financial assets	2,447,857	–	327	2,448,184
Financial assets purchased under resale agreements	18,531,145	–	–	18,531,145
Loans and advances to customers	888,911,258	27,331,842	9,118,642	925,361,742
Financial investments (Note (i))	652,338,074	44,736,838	3,363,408	700,438,320
Others	31,992,766	219,084	397,977	32,609,827
Total assets	1,746,497,951	80,229,173	17,115,004	1,843,842,128
Liabilities				
Borrowings from the central bank	121,378,473	–	–	121,378,473
Deposits from banks and other financial institutions	140,034,111	8,872,663	1,654,770	150,561,544
Placements from banks and other financial institutions	3,901,792	11,952,734	7,290,219	23,144,745
Financial liabilities at FVTPL	171,916	–	–	171,916
Derivative financial liabilities	1,736,795	–	63,088	1,799,883
Financial assets sold under repurchase agreements	57,818,338	–	–	57,818,338
Deposits from customers	1,033,215,256	31,804,974	2,541,565	1,067,561,795
Debt securities issued	289,263,278	1,186,926	412,978	290,863,182
Others	19,707,858	608,865	100,701	20,417,424
Total liabilities	1,667,227,817	54,426,162	12,063,321	1,733,717,300
Net position	79,270,134	25,803,011	5,051,683	110,124,828
Off-balance sheet credit commitments	368,892,578	31,231,231	2,138,382	402,262,191

(i) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI, and financial investments measured at amortised cost.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group adopts a centralised approach with respect to its liquidity risk management, in which the head office centrally manages liquidity risk under the policies and guidance of the Board of Directors. Liquidity risk is managed on three levels from the Board of Directors to senior management and down to individual departments and subsidiaries, so that all the Group is involved in the liquidity risk management. The Asset and Liability Management Department is the leading department in managing the liquidity risk, and takes the lead in formulating liquidity risk management strategies, policies and procedures, and identifying, measuring, monitoring, analysing and controlling liquidity risk of the Bank, etc. The corporate business lines, retail business line and financial market line, among others at the head office, and subsidiaries, overseas branch and domestic sub-branches engage in their business activities in compliance with the liquidity risk management policies, appetite, processes, limits and other requirements as set down by the Board of Directors and senior management. The Group adheres to a sound and prudent liquidity risk appetite, and ensures the Group's overall liquidity risk is controlled within the Group's risk tolerance based on cash flow gap analysis, with the help of intraday position management, early-warning indicators and limit control, among other means and methods, and by conducting stress testing and crisis response exercises, strengthening market prejudgement and maintaining liquidity risk of the Bank within the limit of the risk appetite. The Group's current liquidity risk management policies and systems are in line with regulatory requirements and its own management needs.

In addition to effectively managing intraday positions, the Group managed cash flows, balancing liquidity and profitability and ensuring safety payment, adhering to a prudent concept of liquidity risk management, and implementing integration management of local and foreign currency. For medium – and long-term liquidity risk management, the Group strengthened management measures on dynamic arrangement concerning maturity structure of assets and liabilities, price guidance, investment and financing strategy update and internal limit, implemented initiative supplementing of liabilities and adjustments to asset structure, realised an expanded stable source of capital and improved the maturity structure of assets and liabilities.

The Group's core indicators of liquidity risk mainly include liquidity proportion, liquidity coverage ratio, net stable funding ratio and liquidity matching rate. To ensure that the core indicators are in line with the Group's risk appetite, the Group has formulated a planning scheme with reference to the above indicator preferences and broken it down accordingly into the liquidity management scheme of each business. The Group sets internal limits to guide all operating departments to control liquidity risks in daily operations. The limits on liquidity risk serve to manage and adjust maturity mismatches of assets and liabilities arising from relevant businesses. Enforcing the establishment and analysis of customer behaviour models, leveraging liquidity management models that use prudent assumptions on the Group's cash inflows and outflows from its assets and liabilities, and by continuously monitoring, analysing and controlling its compliance with regulatory indicators and internal limits, the Group has been able to maintain a sound liquidity position.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The Group's overall objective in liquidity risk management is to meet funding obligations across all business lines, ensure compliance with liquidity regulatory index. The Group focuses on the adjustment and optimisation of asset structure. It has established a three-tier liquidity reserve system based on cash, excess reserve and highly liquid assets such as bonds and open-ended funds, which can effectively respond to liquidity risk management needs in day-to-day scenarios and contingencies, and satisfy all payment needs. In addition, the Group continues to expand its various debt channels, actively strengthens the degree of participation in the issuance of financial bonds, inter-bank customer relationship management, and open market operations of the PBOC, expands interbank credit, builds up emergency fund reserves, attempts to expand the Group's medium and long-term stable sources of liabilities, so as to improve the Group's financing ability under high liquidity pressure.

In order to cope with its potential impact arising from fluctuation of capital market and changes of macro-economic environment, the Group modifies stress testing scenarios and performs liquidity risk stress tests on a regular basis, including the test of cash flow gaps in the future 7 days, 30 days and 90 days and implementation of shortest lifetime management of the Group by introducing the internal and external factors to test the tolerance of liquidity risks under different stress scenarios through stimulation of decline in the price of marketable securities and outflow of deposits. Also, the Group monitors early-warning indicators daily, in consideration of its business size, complexity, level of risk and organisational structure, the Group has emergency plans in place and explicit internal labour division and emergency procedures, and organises involved departments of the Group and branches to launch crisis response exercises to ensure early detection and prevention of risk signals, full coverage of emergency scenarios, and complete mastery of emergency procedures, thereby safeguarding the Group's liquidity under a crisis situation.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

Maturity date analysis

The following tables provide an analysis of non-derivative assets and liabilities of the Group based on the remaining maturity date at 31 December 2025 and 2024:

	31 December 2025							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank (Note (i))	59,595,590	70,127,115	-	-	-	-	-	129,722,705
Deposits with banks and other financial institutions	-	18,278,682	-	-	-	-	-	18,278,682
Placements with banks and other financial institutions	-	-	1,415,182	412,331	1,779,591	351,568	-	3,958,672
Financial assets purchased under resale agreements	-	-	54,105,030	-	-	-	-	54,105,030
Loans and advances to customers	10,380,740	5,631,810	67,875,455	71,882,196	317,430,024	230,998,137	245,549,603	949,747,965
Financial investments (Note (ii))	22,829,054	162,086,710	11,955,111	36,414,832	82,002,477	247,016,415	181,455,799	743,760,398
Others	26,862,946	5,949,901	-	-	-	-	-	32,812,847
Total assets	119,668,330	262,074,218	135,350,778	108,709,359	401,212,092	478,366,120	427,005,402	1,932,386,299
Liabilities								
Borrowings from the central bank	-	-	18,350,140	13,396,135	40,995,511	-	-	72,741,786
Deposits from banks and other financial institutions	-	65,146,746	11,350,892	23,638,656	52,614,751	-	-	152,751,045
Placements from banks and other financial institutions	-	-	2,306,046	7,640,118	8,143,385	-	-	18,089,549
Financial liabilities at FVTPL	-	-	-	-	550,167	71,360	-	621,527
Financial assets sold under repurchase agreements	-	-	54,633,918	10,288,529	9,886,949	-	-	74,809,396
Deposits from customers	-	254,371,464	111,187,635	147,570,750	362,746,053	262,899,483	-	1,138,775,385
Debt securities issued	-	-	66,160,123	73,656,308	147,700,123	28,811,576	14,265,241	330,593,371
Others	3,928,146	6,824,582	183,395	620,505	2,398,126	4,964,209	443,468	19,362,431
Total liabilities	3,928,146	326,342,792	264,172,149	276,811,001	625,035,065	296,746,628	14,708,709	1,807,744,490
Net position	115,740,184	(64,268,574)	(128,821,371)	(168,101,642)	(223,822,973)	181,619,492	412,296,693	124,641,809

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Maturity date analysis (Continued)

	31 December 2024							Total
	Indefinite Note (i)	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank (Note (i))	56,708,134	91,454,015	-	-	-	-	-	148,162,149
Deposits with banks and other financial institutions	-	11,405,462	-	-	-	-	-	11,405,462
Placements with banks and other financial institutions	140,000	-	1,946,322	466,288	2,332,689	-	-	4,885,299
Financial assets purchased under resale agreements	-	-	18,531,145	-	-	-	-	18,531,145
Loans and advances to customers	10,580,451	5,695,826	66,813,616	95,970,950	292,071,756	229,371,460	224,857,683	925,361,742
Financial investments (Note (ii))	24,109,618	71,516,347	78,754,166	28,675,693	112,690,241	260,964,814	123,727,441	700,438,320
Others	26,346,802	6,263,025	-	-	-	-	-	32,609,827
Total assets	117,885,005	186,334,675	166,045,249	125,112,931	407,094,686	490,336,274	348,585,124	1,841,393,944
Liabilities								
Borrowings from the central bank	-	-	20,488,889	32,757,170	68,132,414	-	-	121,378,473
Deposits from banks and other financial institutions	-	35,108,050	14,680,273	18,992,345	81,780,876	-	-	150,561,544
Placements from banks and other financial institutions	-	-	10,754,092	4,850,937	7,539,716	-	-	23,144,745
Financial liabilities at FVTPL	-	-	-	-	-	171,916	-	171,916
Financial assets sold under repurchase agreements	-	-	50,118,712	7,506,787	192,839	-	-	57,818,338
Deposits from customers	-	295,357,422	85,437,697	138,115,332	285,721,207	262,598,756	331,381	1,067,561,795
Debt securities issued	-	-	28,691,484	83,886,353	129,308,386	48,976,959	-	290,863,182
Others	2,734,047	3,108,938	3,665,565	2,841,518	2,098,930	5,340,378	628,048	20,417,424
Total liabilities	2,734,047	333,574,410	213,836,712	288,950,442	574,774,368	317,088,009	959,429	1,731,917,417
Net position	115,150,958	(147,239,735)	(47,791,463)	(163,837,511)	(167,679,682)	173,248,265	347,625,695	109,476,527

Notes:

- (i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans and advances, as well as those overdue more than one month. Indefinite amount of financial investments represents impaired investments or those overdue more than one month. Equity investments are listed in the category of indefinite. Loans and advances to customers and financial investments with no impairment but overdue within one month are classified into the category of repayable on demand.
- (ii) Financial investments include financial investments measured at FVTPL, financial investments measured at FVTOCI, and financial investments measured at amortised cost.

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For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities of the Group at 31 December 2025 and 2024:

	31 December 2025								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	72,741,786	73,359,043	-	-	18,374,142	13,449,571	41,535,330	-	-
Deposits from banks and other financial institutions	152,751,045	153,332,741	-	65,248,426	11,350,892	24,118,671	52,614,752	-	-
Placements from banks and other financial institutions	18,089,549	18,199,212	-	-	2,308,470	7,681,065	8,209,677	-	-
Financial liabilities at FVTPL	621,527	640,004	-	-	-	-	562,504	77,500	-
Financial assets sold under repurchase agreements	74,809,396	75,257,013	-	-	54,999,856	10,311,339	9,945,818	-	-
Deposits from customers	1,138,775,385	1,149,621,097	-	254,371,464	111,229,232	147,845,636	365,947,917	270,226,848	-
Debt securities issued	330,593,371	336,421,960	-	-	66,235,194	73,867,288	148,761,704	30,025,320	17,532,454
Other financial liabilities	18,444,596	18,722,984	3,010,311	6,824,582	184,299	621,067	2,406,735	5,147,499	528,491
Total non-derivative financial liabilities	1,806,826,655	1,825,554,054	3,010,311	326,444,472	264,682,085	277,894,637	629,984,437	305,477,167	18,060,945
Credit commitments	455,610,169	455,610,169	-	164,639,307	61,447,144	91,746,477	126,192,620	11,544,621	40,000

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49 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Analysis on contractual undiscounted cash flows of non-derivative financial liabilities (Continued)

	31 December 2024								
	Carrying amount	Contractual undiscounted cash flow	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities									
Borrowings from the central bank	121,378,473	122,628,875	-	-	20,509,722	32,895,800	69,223,353	-	-
Deposits from banks and other financial institutions	150,561,544	151,583,271	-	35,108,050	14,695,118	19,065,305	82,714,798	-	-
Placements from banks and other financial institutions	23,144,745	23,334,363	-	-	10,768,397	4,887,743	7,678,223	-	-
Financial liabilities at FVTPL	171,916	195,699	-	-	-	-	-	195,699	-
Financial assets sold under repurchase agreements	57,818,338	59,666,053	-	-	51,946,775	7,524,888	194,390	-	-
Deposits from customers	1,067,561,795	1,079,194,996	-	295,357,422	85,500,749	138,489,296	288,204,160	271,227,126	416,243
Debt securities issued	290,863,182	299,885,446	-	-	28,719,785	84,180,620	130,827,567	56,157,474	-
Other financial liabilities	19,492,648	19,853,365	1,809,271	3,108,938	3,665,785	2,842,151	2,111,988	5,547,102	768,130
Total non-derivative financial liabilities	1,730,992,641	1,756,342,068	1,809,271	333,574,410	215,806,331	289,885,803	580,954,479	333,127,401	1,184,373
Credit commitments	402,262,191	402,262,191	-	12,173,257	58,713,451	95,914,223	222,054,500	13,406,760	-

This analysis on contractual undiscounted cash flows of non-derivative financial liabilities might diverge from actual results.

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

Analysis on contractual undiscounted cash flow of derivative financial instruments

The Group's derivative financial instruments that will be settled on a net basis include interest rate swaps, precious metal swaps and interest rate option contracts. The Group's derivative financial instruments that will be settled on a gross basis are exchange rate swaps, exchange rate forwards and foreign exchange option contracts.

The following tables analyse the contractual undiscounted cash flow of derivative financial instruments that will be settled on net amounts and gross amounts basis held by the Group:

	31 December 2025				
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on a net basis					
Interest rate swaps	38	337	3,404	1,738	5,517
Precious metal swaps	(309,072)	279,439	2,289	-	(27,344)
Derivative financial instruments settled on a gross basis					
Exchange rate swaps					
– Cash inflow	60,782,352	38,616,401	58,452,206	14,997,135	172,848,094
– Cash outflow	(60,654,018)	(38,561,883)	(58,177,200)	(14,620,130)	(172,013,231)
Exchange rate forwards					
– Cash inflow	520,287	2,629,973	29,291,501	10,235,640	42,677,401
– Cash outflow	(520,434)	(2,630,519)	(29,252,247)	(10,169,633)	(42,572,833)
Foreign exchange option contracts					
– Cash inflow	1,015,600	794,706	633,969	1,108,620	3,552,895
– Cash outflow	(1,015,600)	(794,706)	(633,969)	(1,108,620)	(3,552,895)

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

Analysis on contractual undiscounted cash flow of derivative financial instruments (Continued)

	31 December 2024				
	Within one month	One month to three months	Three months to one year	One year to five years	Total
Derivative financial instruments settled on a net basis					
Interest rate swaps	70	3,179	7,647	10,147	21,043
Precious metal swaps	63,274	(5,218)	99,218	1,549	158,823
Interest rate option contracts	–	–	–	–	–
Derivative financial instruments settled on a gross basis					
Exchange rate swaps					
– Cash inflow	45,342,358	28,859,658	53,983,855	9,576,552	137,762,423
– Cash outflow	(45,374,499)	(28,682,524)	(53,852,250)	(9,304,029)	(137,213,302)
Exchange rate forwards					
– Cash inflow	5,783,790	12,366,927	9,146,893	2,447,952	29,745,562
– Cash outflow	(5,770,047)	(12,324,814)	(9,134,170)	(2,430,440)	(29,659,471)
Foreign exchange option contracts					
– Cash inflow	–	–	1,910,932	–	1,910,932
– Cash outflow	–	–	(1,910,932)	–	(1,910,932)

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(Expressed in thousands of Renminbi, unless otherwise stated)

49 FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Operational risk

Operational risk is the risk of losses due to flawed internal processes, staff and IT systems, and external events. It includes legal risk but excludes strategic risk and reputational risk.

During the reporting period, the Bank completed the optimisation of its operational risk management system, revised its operational risk management preferences and policies, and formulated special management systems for the three major tools of operational risk management. Dedicated operational risk management roles were established within major departments of the head office, and a monitoring indicator system covering major business and functional management areas was put in place. The collection of historical operational risk loss data since 2014 was completed, and the collection of loss data has been normalised. The new operational risk management system was successfully built and put into operation. Concurrently, the Bank undertook an operational risk engineering project, focusing on the "Four Keys" to conduct operational risk assessments, effectively balancing control capabilities and process efficiency. A new round of business impact analysis was completed, and the business continuity emergency plan system was continuously improved. Emphasis was placed on enhancing the authenticity and effectiveness of drills, advancing the standardised construction of the branches' business continuity management systems towards compliance. Management of outsourcing risks was standardised across all aspects, leading to a steady enhancement of operational resilience.

50 FAIR VALUE

(a) Methods and assumptions for determination of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) *Debt securities, interbank certificates of deposits, funds and equity investments*

The fair values of debt securities, interbank certificates of deposits, funds and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of reporting period. If quoted market prices are not available, then fair values are estimated on the basis of valuation models, such as discounted cash flows model.

(ii) *Other non-derivative financial assets*

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of reporting period (taking into account market liquidity and credit spread adjustments).

(iii) *Debt securities issued and other non-derivative financial liabilities*

Fair values of debt securities issued are based on their quoted market prices at the end of reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are the market interest rates at the end of reporting period (taking into account market liquidity and credit spread adjustments).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE *(Continued)*

(a) Methods and assumptions for determination of fair value *(Continued)*

(iv) *Derivative financial instruments*

Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency forwards, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and the Black Scholes model which is a common model in the industry. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, and interest rate yield curves.

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions, derivative financial assets, financial assets purchased under resale agreements, loans and advances to customers, and financial investments.

Deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets purchased under resale agreements are mostly carried interest at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the LPR rates. Accordingly, the carrying amounts approximate the fair values.

Derivative financial assets, financial investments measured at FVTOCI and financial investments measured at FVTPL are presented at fair value. Financial investments measured at amortised cost are the approximations of their fair values because, for example, they are short-term or repriced at current market rates frequently.

(ii) *Financial liabilities*

The Group's financial liabilities mainly include deposits from banks and other financial institutions, financial liabilities at FVTPL, placements from banks and other financial institutions, derivative financial liabilities, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

Derivative financial liabilities are presented at fair value. The fair value of debt securities issued are disclosed in Note 50 (c). The carrying amounts of other financial liabilities approximate their fair value.

Notes to the Consolidated Financial Statements

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50 FAIR VALUE *(Continued)*

(c) Fair value hierarchy

The following table presents the fair value of financial instruments, which include financial instruments continuously measured at fair value at the end of the reporting period and those not measured at fair value, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and
- Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments that measured at fair value, the fair value of which is based on quoted market prices. When quoted prices on open market are not available, the Group will determine the fair value of financial instruments by using appropriate valuation model, enquiry or by reference to the valuation results of third-party valuation institution. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value is truly and effectively reflected. When referring to valuation results of third-party valuation agencies, the authority, independence and professionalism of the agencies should be assessed.

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Continuously measured at fair value				
Assets				
<i>Derivative financial assets</i>	–	2,023,233	–	2,023,233
<i>Loans and advances to customers at FVTPL</i>				
– Corporate loans and advances	–	79,954,817	–	79,954,817
<i>Loans and advances to customers at FVTOCI</i>				
– Corporate loans and advances	–	7,772,416	–	7,772,416
– Discounted bills	–	45,312,150	–	45,312,150
<i>Financial investments measured at FVTPL</i>				
– Bonds	–	29,724,364	466,331	30,190,695
– Interbank certificates of deposits	–	1,622,226	–	1,622,226
– Fund investments	–	59,001,409	–	59,001,409
– Trust plans and asset management plans	–	107,752,657	13,551,576	121,304,233
– Equity investments	266,670	–	3,315,672	3,582,342
<i>Financial investments measured at FVTOCI</i>				
– Bonds (excluding interests accrued)	–	261,818,017	–	261,818,017
– Interbank certificates of deposits (excluding interests accrued)	–	1,995,795	–	1,995,795
– Equity investments	–	–	2,011,256	2,011,256
Total	266,670	596,977,084	19,344,835	616,588,589
Liabilities				
<i>Derivative financial liabilities</i>	–	(1,438,089)	–	(1,438,089)
<i>Financial liabilities at FVTPL</i>	–	(621,527)	–	(621,527)
Total	–	(2,059,616)	–	(2,059,616)
Not measured at fair value				
Liabilities				
<i>Debt securities issued</i>	–	(328,787,468)	–	(328,787,468)
Total	–	(328,787,468)	–	(328,787,468)

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Continuously measured at fair value				
Assets				
<i>Derivative financial assets</i>	–	2,448,184	–	2,448,184
Loans and advances to customers at FVTPL				
– Corporate loans and advances	–	36,880,971	–	36,880,971
<i>Loans and advances to customers at FVTOCI</i>				
– Corporate loans and advances	–	2,959,772	–	2,959,772
– Discounted bills	–	59,727,587	–	59,727,587
<i>Financial investments measured at FVTPL</i>				
– Bonds	–	19,686,166	450,545	20,136,711
– Interbank certificates of deposits	–	10,222,539	–	10,222,539
– Fund investments	–	70,852,301	–	70,852,301
– Trust plans and asset management plans	–	74,182,672	13,382,001	87,564,673
– Equity investments	500,699	204,849	3,383,219	4,088,767
<i>Financial investments measured at FVTOCI</i>				
– Bonds (excluding interests accrued)	–	173,915,492	–	173,915,492
– Interbank certificates of deposits (excluding interests accrued)	–	1,620,920	–	1,620,920
– Equity investments	–	–	200,026	200,026
Total	500,699	452,701,453	17,415,791	470,617,943
Liabilities				
<i>Derivative financial liabilities</i>	–	(1,799,883)	–	(1,799,883)
<i>Financial liabilities at FVTPL</i>	–	(171,916)	–	(171,916)
Total	–	(1,971,799)	–	(1,971,799)
Not measured at fair value				
Liabilities				
<i>Debt securities issued</i>	–	(289,531,894)	–	(289,531,894)
Total	–	(289,531,894)	–	(289,531,894)

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE (Continued)

(c) Fair value hierarchy (Continued)

Movements during the year ended 31 December 2025 in the balance of Level 3 fair value hierarchy are as follows:

	1 January 2025	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year	Included in profit or loss	Included in other comprehensive income	Additions	Issues	Sales	Settlements	31 December 2025		Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
											Additions, issues, sales and settlements		
Assets													
Financial assets at FVTPL													
– Bonds	450,545	-	-	13,799	-	-	1,987	-	-	-	-	466,331	13,799
– Trust plans and asset management plans	13,382,001	-	-	176,021	-	-	-	-	-	(6,446)	-	13,551,576	176,021
– Equity investments	3,383,219	-	-	(67,547)	-	-	-	-	-	-	-	3,315,672	(67,547)
Sub-total	17,215,765	-	-	122,273	-	-	1,987	-	-	(6,446)	-	17,333,579	122,273
Financial investments measured at FVTOCI													
– Equity investments	200,026	-	-	-	-	1,811,230	-	-	-	-	-	2,011,256	-
Total	17,415,791	-	-	122,273	-	1,811,230	1,987	-	-	(6,446)	-	19,344,835	122,273

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50 FAIR VALUE (Continued) (c) Fair value hierarchy (Continued)

Movements during the year ended 31 December 2024 in the balance of Level 3 fair value hierarchy are as follows:

	1 January 2024	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the year	Included in profit or loss	Included in other comprehensive income	Additions	Issues	Sales	Settlements	31 December 2024	Unrealised gains or losses for the year included in profit or loss for assets held at the end of the year
Assets												
Financial assets at FVTPL												
– Bonds	715,619	–	–	(265,074)	–	–	–	–	–	–	450,545	(265,074)
– Trust plans and asset management plans	13,063,378	–	–	80,172	80,172	–	250,682	–	–	(12,231)	13,382,001	80,172
– Equity investments	3,366,940	–	–	16,279	16,279	–	–	–	–	–	3,383,219	16,279
Sub-total	17,145,937	–	–	(168,623)	(168,623)	–	250,682	–	–	(12,231)	17,215,765	(168,623)
Financial investments measured at FVTOCI												
– Equity investments	3,262,738	–	–	–	–	–	26	–	(3,062,738)	–	200,026	–
Total	20,408,675	–	–	(168,623)	(168,623)	–	250,708	–	(3,062,738)	(12,231)	17,415,791	(168,623)

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(Expressed in thousands of Renminbi, unless otherwise stated)

50 FAIR VALUE *(Continued)*

(c) Fair value hierarchy *(Continued)*

The valuation techniques used for the Group's financial instruments at fair value in Level 3 are the discounted cash flow method, comparable company method, and the net asset value method, using unobservable inputs such as risk-adjusted discount rate, cash flows, liquidity discount, and net assets, respectively. For the years ended 31 December 2025 and 31 December 2024, there were no significant transfers of financial instruments between levels.

51 ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entruster and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statements of financial position. Surplus funding is accounted for as deposits from customers.

	31 December	
	2025	2024
Entrusted loans	28,482,318	26,773,799
Entrusted loan funds	28,482,318	26,773,799

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52 COMMITMENTS AND CONTINGENCIES

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card commitments, acceptances, letters of credit and financial guarantees.

The Group's loan and credit card commitments include commitments for the approved and signed loan limit but not yet drawdown and credit card overdraft limit. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	31 December	
	2025	2024
Irrevocable loan commitments		
Original contractual maturity within one year	1,065,449	463,020
Original contractual maturity of one year or more	81,795	19,764
Credit card overdraft commitments	8,196,103	10,500,375
Sub-total	9,343,347	10,983,159
Bank acceptances	203,946,168	206,160,264
Letters of credit		
– Sight letter of credit	350,670	638,600
– Usance letter of credit	208,137,777	146,709,867
Letters of guarantees		
– Financing letter of guarantee	20,718,607	24,668,521
– Non-financing letter of guarantee	11,506,600	9,534,500
Credit risk guarantee	1,607,000	3,567,280
Total	455,610,169	402,262,191

The Group may be exposed to credit risk in all the above credit businesses. Bank management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows. As at 31 December 2025 and 2024, provisions for credit commitments were RMB571 million and RMB467 million, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

52 COMMITMENTS AND CONTINGENCIES *(Continued)*

(b) Credit risk-weighted amount for credit commitments

	31 December	
	2025	2024
Credit risk-weighted amount for credit commitments	91,885,611	89,201,282

As at 31 December 2025, the Group's amount of risk-weighted assets for credit commitments is calculated in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA.

(c) Capital commitments

As at 31 December 2025 and 2024, the Group's authorised capital commitments are as follows:

	31 December	
	2025	2024
Contracted but not paid for	280,285	282,702
Authorised but not contracted for	55,372	34,253
Total	335,657	316,955

(d) Outstanding litigations and disputes

As at 31 December 2025 and 2024, the Group has several outstanding litigations and disputes in its normal business operations. Provision for litigation losses is estimated based on the court process and the opinion of the external legal counsel. After consulting with external professional legal counsel, management believes that the final outcome of such legal proceedings and claims will not have a material impact on the financial position or operating results of the Group.

During the year ended 31 December 2021, the Group had a dispute with individual corporate customers over the business of bank acceptance bills pledged by certificates of deposit. The Group had reported the case to the policy department. During the year ended 31 December 2022, the Group filed a related lawsuit to the court. As of the approval date of the Group's financial statements, the case was in the judicial process. The outcome of the case is subject to the judgement of the court. As at 31 December 2025 and 2024, the Group recognised an impairment loss by assessing case developments and referring to external legal advice.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

52 COMMITMENTS AND CONTINGENCIES *(Continued)*

(e) Pledged assets

Assets pledged as collateral

	31 December	
	2025	2024
Investment securities	151,617,890	177,295,744
Discounted bills	–	6,163,166
Total	151,617,890	183,458,910

Certain assets are pledged as collateral under repurchase agreements, and borrowings from the central bank.

As at 31 December 2025 and 2024, the Group did not sell or repledge any pledged assets.

53 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK

(a) Statement of financial position of the Bank

	31 December	
	2025	2024
Assets		
Cash and deposits with the central bank	129,722,705	148,162,149
Deposits with banks and other financial institutions	18,278,528	11,385,354
Placements with banks and other financial institutions	3,958,672	4,885,299
Derivative financial assets	2,023,233	2,448,184
Financial assets purchased under resale agreements	54,105,030	18,531,145
Loans and advances to customers	949,747,965	925,361,742
Financial investments:		
Financial investments measured at FVTPL	214,639,203	191,666,916
Financial investments measured at FVTOCI	267,451,828	177,376,537
Financial investments measured at amortised cost	259,609,602	329,091,530
Investment in associate	–	–
Property and equipment	2,918,498	3,206,466
Investment in subsidiary	2,000,000	2,000,000
Deferred tax assets	12,417,356	12,351,560
Right-of-use assets	3,271,451	3,587,476
Other assets	13,992,104	13,291,203
Total assets	1,934,136,175	1,843,345,561

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK *(Continued)*

(a) Statement of financial position of the Bank *(Continued)*

	31 December	
	2025	2024
Liabilities and equity		
Liabilities		
Borrowings from the central bank	72,741,786	121,378,473
Deposits from banks and other financial institutions	153,237,981	150,621,717
Placements from banks and other financial institutions	18,089,549	23,144,745
Financial liabilities at FVTPL	621,527	171,916
Derivative financial liabilities	1,438,089	1,799,883
Financial assets sold under repurchase agreements	74,809,396	57,818,338
Deposits from customers	1,138,775,385	1,067,561,795
Income tax payable	(549,728)	(634,618)
Debt securities issued	330,593,371	290,863,182
Lease liabilities	3,383,115	3,699,357
Other liabilities	16,402,449	17,234,045
Total liabilities	1,809,542,920	1,733,658,833
Equity		
Share capital	17,762,000	17,762,000
Other equity instruments	21,000,000	11,000,000
Capital reserve	10,689,228	10,689,841
Surplus reserve	8,456,784	7,929,133
General reserve	21,648,184	21,038,180
Other reserves	1,625,351	1,732,924
Retained profits	43,411,708	39,534,650
Total equity	124,593,255	109,686,728
Total liabilities and equity	1,934,136,175	1,843,345,561

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK *(Continued)*

(b) Statement of Changes in Shareholders' Equity of the Bank

	Notes	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Total
Balance at 1 January 2025		17,762,000	11,000,000	10,689,841	7,929,133	21,038,180	1,732,924	39,534,650	109,686,728
Net profit		-	-	-	-	-	-	5,276,513	5,276,513
Other comprehensive income		-	-	-	-	-	(107,573)	-	(107,573)
Sub-total of comprehensive income		-	-	-	-	-	(107,573)	5,276,513	5,168,940
Capital contribution from other equity instruments holders		-	10,000,000	(613)	-	-	-	-	9,999,387
Appropriation to surplus reserve	41	-	-	-	527,651	-	-	(527,651)	-
Appropriation to general reserve	41	-	-	-	-	610,004	-	(610,004)	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(261,800)	(261,800)
Balance at 31 December 2025		17,762,000	21,000,000	10,689,228	8,456,784	21,648,184	1,625,351	43,411,708	124,593,255

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

53 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK *(Continued)*

(b) Statement of Changes in Shareholders' Equity of the Bank *(Continued)*

	Notes	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained profits	Total
Balance at 1 January 2024		17,762,000	19,961,604	10,732,077	7,828,688	20,632,499	(2,718,089)	39,986,330	114,185,109
Net profit		-	-	-	-	-	-	5,685,947	5,685,947
Other comprehensive income		-	-	-	-	-	(230,488)	-	(230,488)
Sub-total of comprehensive income		-	-	-	-	-	(230,488)	5,685,947	5,455,459
Reduction in capital of other equity instruments holders		-	(19,961,604)	(38,396)	-	-	-	-	(20,000,000)
Capital contribution from other equity instruments holders		-	11,000,000	(3,840)	-	-	-	-	10,996,160
Appropriation to surplus reserve	41	-	-	-	568,595	-	-	(568,595)	-
Appropriation to general reserve	41	-	-	-	-	405,681	-	(405,681)	-
Other comprehensive income transferred to retained earnings		-	-	-	(468,150)	-	4,681,501	(4,213,351)	-
Distribution to other equity instruments holders	42	-	-	-	-	-	-	(950,000)	(950,000)
Balance at 31 December 2024		17,762,000	11,000,000	10,689,841	7,929,133	21,038,180	1,732,924	39,534,650	109,686,728

54 SUBSEQUENT EVENT

On 15 January 2021, the Group issued ten-year fixed-rate tier 2 capital bonds with nominal value of RMB9,000 million. The coupon rate is 4.40% per annum. According to the issuance terms, the Group has the option to redeem all of the bonds at nominal value on the last day of the fifth interest-bearing year. On 19 January 2026, the Group redeemed all of the bonds.

Except for the above, the Group had no other material events for disclosure subsequent to 31 December 2025 and up to the date of approval of this report.

Unaudited Supplementary Financial Information

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

In accordance with the Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO

(a) Liquidity coverage ratio

	31 December 2025	Average for the year ended 31 December 2025
Liquidity coverage ratio (RMB and foreign currency)	156.73%	147.59%

	31 December 2024	Average for the year ended 31 December 2024
Liquidity coverage ratio (RMB and foreign currency)	158.70%	145.84%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall be no less than 100%.

(b) Leverage ratio

	31 December	
	2025	2024
Leverage ratio	5.42%	5.01%

Pursuant to the Administrative Measures for the Capital of Commercial Banks issued by the NFRA effective from 1 January 2024, a minimum leverage ratio 4% is required.

Unaudited Supplementary Financial Information

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO *(Continued)*

(c) Net stable funding

	31 December	
	2025	2024
Available stable funding	1,129,147,934	1,073,032,883
Required stable funding	981,175,278	932,440,310
Net Stable Funding Ratio	115.08%	115.08%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio 100% is required.

The above liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the formula promulgated by the former CBRC and based on the financial information prepared in accordance with China Accounting Standards.

2 CURRENCY CONCENTRATIONS

	31 December 2025			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	72,993,458	6,112,496	9,645,294	88,751,248
Spot liabilities	(48,603,987)	(5,686,272)	(9,284,069)	(63,574,328)
Net position	24,389,471	426,224	361,225	25,176,920

	31 December 2024			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	80,229,173	7,730,774	9,384,230	97,344,177
Spot liabilities	(54,426,162)	(4,491,442)	(7,571,879)	(66,489,483)
Net position	25,803,011	3,239,332	1,812,351	30,854,694

Unaudited Supplementary Financial Information

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Chinese mainland, and regards all claims on third parties outside Chinese mainland as international claims.

International claims include loans and advances to customers, deposits with the central bank, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

31 December 2025			
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	2,921,675	61,449,145	64,370,820
Europe	1,758,302	1,622,954	3,381,256
North and South America	3,646,516	5,110,179	8,756,695
Others	1,250,698	741,534	1,992,232
Total	9,577,191	68,923,812	78,501,003

31 December 2024			
	Banks	Non-bank financial institutions	Total
Asia Pacific (excluding North and South America)	4,021,166	46,289,810	50,310,976
Europe	1,504,157	2,739,783	4,243,940
North and South America	3,801,298	4,534,525	8,335,823
Others	107,811	361,801	469,612
Total	9,434,432	53,925,919	63,360,351

Unaudited Supplementary Financial Information

For the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	31 December	
	2025	2024
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	1,078,573	2,532,594
– between 6 months and 1 year (inclusive)	3,893,939	3,562,921
– between 1 year and 3 years (inclusive)	5,307,542	6,374,601
– over 3 years	2,439,624	2,772,773
Total	12,719,678	15,242,889
As a percentage of gross loans and advances		
– between 3 and 6 months (inclusive)	0.11%	0.27%
– between 6 months and 1 year (inclusive)	0.41%	0.38%
– between 1 year and 3 years (inclusive)	0.55%	0.68%
– over 3 years	0.25%	0.30%
Total	1.32%	1.63%

Organizational Structure Chart

As of the date of this annual report, the principal organizational and management structure of the Bank are as follows:

