华夏银行
HUAXIA BANK

2025 ANNUAL REPORT

HUA XIA BANK CO., LIMITED

IMPORTANT NOTICE

i. The Board of Directors, directors and senior management members of Hua Xia Bank Co., Limited (the "Bank") undertake that the information in this report is authentic, accurate and complete and contains no false record, misleading statement or material omission, and assume joint and several liability thereto.

ii. The *Annual Report 2025 of Hua Xia Bank Co., Limited* and its Summary were reviewed and approved at the 17th Meeting of the Ninth Board of Directors of the Bank on 27 March 2026. 16 of the 16 directors that should attend the meeting were present actually. There were 16 valid votes. Senior management members were present as non-voting attendees.

iii. Profit distribution plan for the reporting period that was reviewed by the Board of Directors:

With 15,914,928,468 ordinary shares outstanding of the Bank at the end of 2025 as the base number, it is proposed to distribute a cash dividend of RMB3.20 (before tax) per 10 shares for 2025. With a cash dividend of RMB1.00 (before tax) distributed per 10 shares for the first half of 2025, a total of RMB4.20 (before tax) per 10 shares of cash dividend are distributed for the year 2025.

For details, please see "Section IV Corporate Governance, Environmental and Social".

iv. The 2025 Financial Statements of the Bank have been audited by Ernst & Young Hua Ming LLP in accordance with Chinese auditing standards, with standard unqualified auditor's report being issued.

v. Yang Shujian, Chairman of the Board of Directors, Yang Wei, Principal of Financial Affairs and Liu Yue, Head of the Financial and Accounting Function of the Bank, hereby warrant that the Financial Statements contained in the Annual Report are authentic, accurate and complete.

vi. Expressions related to the future business plan herein may constitute forward-looking statements, but they are not the Bank's actual commitment to investors. Investors and relevant parties should be fully aware of the risks and properly understand the differences between plan, forecast and commitment.

vii. Important risk notice: The Bank has described the risks that may adversely affect the fulfillment of the Bank's future development strategies and business objectives. Please refer to risk-related part in "Section III Management Discussion and Analysis".

Should there be any discrepancy between the English version and the Chinese version, the latter shall prevail.

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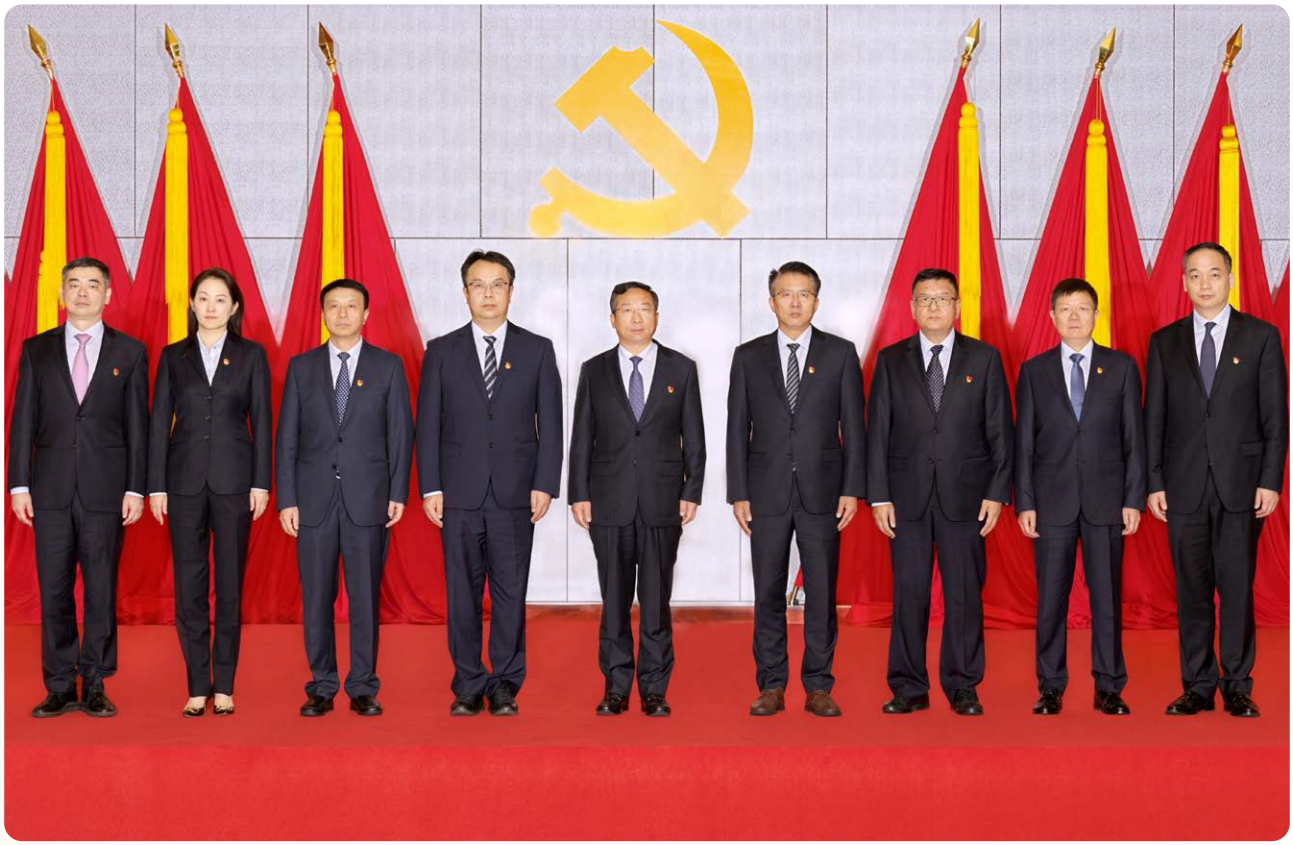
LIST OF DOCUMENTS FOR INSPECTION:

1. Accounting Statements Bearing Seals and Signatures of the Legal Representative, Principal of Financial Affairs and the head of the financial and accounting function.
2. Original of the Auditor's Report Bearing Common Seal of the Accounting Firm and Seals and Signatures of CPAs.
3. Original of the Annual Report Bearing the Signature of Chairman of the Bank.
4. Originals of All Documents and Announcements Disclosed by the Bank on the *China Securities Journal, Shanghai Securities News, Securities Times* and *Securities Daily* during the Reporting Period.

MESSAGE FROM CHAIRMAN AND PRESIDENT



The year 2025 marked the final year for achieving the objectives and tasks laid down in the 14th Five-Year Plan. It was also a pivotal year to build on our past achievements and open up a new future. Under the strong leadership of the Party Committee and the Board of Directors, Hua Xia Bank remained steadfast in pursuing high-quality development. In the year, we overcame difficulties with a rock-solid resolve and forged ahead with an enterprising spirit. We firmly and thoroughly implemented the macro-economic policies of the State and the work requirements of the CPC Beijing Municipal Committee, the Beijing Municipal Government and the State-owned Assets Supervision and Administration Commission of Beijing. We stayed true to our original missions as a financial institution and remained dedicated to our major responsibilities and core businesses. While deepening business reforms and fulfilling responsibilities, the Bank accomplished the tasks laid down in the 14th Five-Year Plan and the annual business objectives set by the Board of Directors. In the year, the Bank showed a remarkable trend of growth, and wrote an encouraging chapter of Hua Xia Bank in the financial practice of Chinese modernization.

We promoted stability through progress, presenting a new prospect for business development. We upheld the overarching principle of seeking progress while maintaining stability, promoting stability through progress and improving quality through stability. Fast-tracking the business development on all fronts, the Bank delivered impressive results for the year. **The business data has been continued to improve.** The balance sheet showed a strong growth momentum. Total assets increased by 8.25% from the end of the previous year to RMB4.74 trillion. Both deposits and loans recorded a five-year high in either volume or rage of growth. The business structure became better, with the share of technology finance increased by 2.93 percentage points and that of green finance by 2.60 percentage points from the end of the previous year. The asset quality steadily improved, with the ratio of non-performing loans down 0.05 percentage points from the end of the previous year. **The brand influence continued to rise.** In the Top 1000 World Banks of the UK magazine *The Banker*, Hua Xia Bank ranks 47th in terms of tier-1 capital, up two notches compared to the previous year. A new Hua Xia Bank became increasingly recognized for "maintaining political integrity, creating value and assuming responsibility".

We stuck to our founding mission, exhibiting new glamour of financial services. We stayed true to our original mission of serving the real economy, striving to write an exciting chapter of the Five Priorities of technology finance, green finance, inclusive finance, pension finance and digital finance. **Technology finance and green finance became**

two increasingly distinctive features. The balances of technology finance and green finance loans increased by 53.74% and 30.99% respectively compared to the end of the previous year. The Bank made the first batch of investments in sci-tech innovation bonds in the inter-bank market. We collaborated with the Asian Development Bank in carrying out major projects including "Promoting Green and Low-Carbon Development of Industrial Parks Project". The brand concept of "Green and Beautiful Hua Xia" has been consolidated and deepened. **Inclusive finance saw a higher service level.** Through persistent digital empowerment, the inclusive credit business process was fully digitalized, providing micro and small businesses with greater flexibility, convenience and efficiency of financial services. **Pension finance saw an innovative service system taking shape.** The number of private pension accounts increased by 30.80% compared to the end of the previous year. Stronger financial support was provided for the elderly care industry. We became of the first banks to connect with the Ministry of Civil Affairs' advance charges supervision system for elderly care service organizations. **Digital finance made solid progress in innovative business.** The balance of loans to core sectors of the digital economy was close to RMB100 billion, up 29.89% over the end of the previous year.

We deepened reforms to unleash new internal forces driving development. We insisted on seeking impetus from reform and efficiency from management. With the spirit of self-revolution, we made solid and steady progress in internal reforms, unleashing the sustainable internal drivers of development. **We upheld the overall leadership of the Party.** Through the study programs on thoroughly implementing the central Party leadership's eight-point decision on improving work conduct, we devoted sustained and consistent efforts to improving conduct. In addition, we carried out self-revolution through the education programs themed by studying and implementing General Secretary Xi Jinping's important discourses on reform and development of state-owned enterprises and Party building. **We carried out the "Ten Actions" to enhance business management.** Intensive crackdown campaigns were launched against formalism and bureaucracy to tackle pain points in business development head-on. The organizational structure was streamlined and expenses were significantly reduced under the guiding principle of "keeping our belts tightened". All employees at the Bank were motivated to work together, continue to forge ahead and take on responsibilities, laying a solid foundation for the steady and sustained development of the Bank. **The Group-wide coordinated development advanced steadily.** All subsidiaries made concerted efforts and moved forward in step with each other. Working together and moving forward simultaneously. Hua Xia Bank further leveraged its advantages of nationwide presence, diversification and internationalization to shape a sound landscape of coordinated and diversified development.

Looking back to 2025, each of our achievements was hard-won and truly remarkable. Every step left behind was a testament to our perseverance and dedication. Our achievements in the past year would not have been possible without the strong leadership of the Party Committee and the Board of Directors, without the hard work of our employees, or without the generous support of our shareholders and investors. On behalf of the Party Committee and the management of Hua Xia Bank, I would like to express my most sincere gratitude to all friends from all walks of life who have cared for, supported and contributed to the long-term development of Hua Xia Bank.

Looking ahead to 2026, the 15th Five-Year Plan is kicking off. The global economic landscape undergoes profound adjustments, key industries accelerate their rise, and technological transformations are poised for breakthroughs. Opportunities and challenges coexist, along with hope and responsibility. We will continue to follow the guidance of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, further study and implement the guiding principles from the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee. We will, with greater confidence, solidarity and endeavoring spirit, uphold the overarching principle of seeking progress while maintaining stability, stay true to our original mission and aspirations and deliver even better results for our shareholders and the whole society who have trusted and supported us.

We will follow the guidance of the Party building theory to consolidate the root and soul of high-quality development. We will unswervingly strengthen the guidance of the Party building theory, ensuring that the Party leadership runs through every respect and the entire process of business development. We will fully exert the leading role of the Party Committee in charting the course, crafting overall plans and ensuring their implementation, thereby shouldering the political responsibility for Party administration and governance. **We will arm ourselves with new theories.** The Bank will thoroughly implement all the decisions and plans of the CPC Central Committee and the State Council, strengthen the guidance of theories, carry out in-depth learning and education on establishing and practicing the right view on performance, and insist on serving the public, benefiting the people, making science-based decisions and taking concrete actions. **We will make persistent efforts to ensure full and rigorous Party self-governance.** Disciplinary inspections will continue to unleash their role as "sharp swords" to foster a healthy political atmosphere of integrity. The Party's political and organizational advantages will be translated into an edge in competition, innovation and development, providing a strong political guarantee for high-quality development.

We will adhere to our major responsibilities and core businesses, and take on new responsibilities in serving national strategies. We will remain steadfast in serving the real economy, which is the original mission of financial services. By focusing on the "Five Priorities", our financial services will empower the real economic development in a targeted manner. By taking concrete actions, we will fulfill the mission and demonstrated our commitment as a financial institution. **We will further leverage the home-court advantage of Beijing.** The Bank will be deeply engaged in building the capital into "four centers". We will adhere to the service mechanism of "coordination by the Head Office,

direct operation by branches and support by sub-branches", continuously tapping the resources of municipal and district state-owned enterprises, and resolutely accomplishing the tasks assigned by the municipal government. **We will actively integrate into the national development strategies.** Focused on the four key regions, namely, the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing economic circle, our "leading-goose" branches will grasp the key few and integrate into the mainstream regional economy, and take concrete actions to fulfill the requirement of supporting major provincial economies in assuming greater responsibility. In this way, these branches will develop their own home-court advantage and sharpen their competitive edge.

We will keep to the right path while making innovations, activating the new engine of self-revolution. Reform and innovation will be leveraged to address difficulties and challenges in development. The Bank will continue to strengthen management, intensify benchmarking and leapfrogging, learn from outstanding peers and enhance our competitiveness and service capabilities through self-reflection, catch-up and surpassing. We will persist in value creation, deepen comprehensive cost reduction and efficiency improvement, and seek higher efficiency from better cost management. The credit risk costs will be better managed and the asset quality management better coordinated, securing a victory in the battle for asset quality. **We will enhance the quality and efficiency of development through fine-grained management.** The organizational performance will be further refined, the performance management system will be reengineered, and assessment indicators will be simplified. By encouraging outperformers and spurring on underperformers, we will fully unleash competitive vitality to enhance the overall performance. The Bank's organizational structure will be systematically streamlined to implement the service philosophy of "Head Office serving branches, branches serving sub-branches, and Bank-wide support for frontline workers".

Putting the people first, we will write a new chapter of financial services. Digital technology will provide stronger underpinning. We will fast-track major projects including the new-generation core system, the enterprise-level digital and intelligent platform for credit, investment and financing and the mobile banking. We will strengthen the "customer-centric" approach. By providing comprehensive financial services, we will enhance customer acquisition through ecosystem scenarios, customer retention through digital operations and customer upselling through professional services, in a bid to provide full-lifecycle financial services for small, medium-sized and large enterprises of various types. **Focusing on technology finance and green finance as two distinctive features,** we will strengthen the innovation of the systems and mechanisms for technology finance, create a "technology finance service ecosystem", work harder to build the green finance system, establish a professional green finance team, and strive to set up demonstration projects for the World Bank's energy storage projects and the Asian Development Bank's low-carbon park projects. **We will enhance service collaboration across the Group,** build an open and collaborative ecosystem, strengthen coordination and integration, and enhance the Group's service capabilities and competitive advantages. By doing so, Hua Xia Bank will burnish its five hallmarks of digital bank, ecological bank, distinctive bank, benchmark bank and respected bank.

Starting with a solid foundation, we can achieve a lot over a long journey. With the trust and support from our shareholders and all sectors of society, we at Hua Xia Bank will forge ahead with reforms and innovations to achieve higher-quality development, and strive to contribute more to the Chinese modernization.

Chairman: Yang Shujian President: Qu Gang

27 March 2026

SECTION I DEFINITIONS

In this Annual Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

The Group	Hua Xia Bank Co., Limited and its subsidiaries
The Bank, Hua Xia Bank	Hua Xia Bank Co., Limited
CBRC, CBIRC	China Banking Regulatory Commission, China Banking and Insurance Regulatory Commission
CSRC	China Securities Regulatory Commission
MOF	Ministry of Finance of the People's Republic of China
RMB yuan	Renminbi, the lawful currency of PRC
Beijing-Tianjin-Hebei Region	Region where the Head Office and following tier-one branches of the Group are located: Beijing, Tianjin, Shijiazhuang and Beijing Municipal Administrative Center
Yangtze River Delta	Region where the following tier-one branches of the Group are located: Nanjing, Hangzhou, Shanghai, Wenzhou, Ningbo, Shaoxing, Changzhou, Suzhou, Wuxi, Hefei and Shanghai FTZ
Guangdong-Hong Kong-Macao Greater Bay Area	Region where the following tier-one branches of the Group are located: Shenzhen, Guangzhou, Haikou and Hong Kong
Central and Eastern China	Region where the following tier-one branches of the Group are located: Jinan, Wuhan, Qingdao, Taiyuan, Fuzhou, Changsha, Xiamen, Zhengzhou and Nanchang
Western China	Region where the following tier-one branches of the Group are located: Kunming, Chongqing, Chengdu, Xi'an, Urumqi, Hohhot, Nanning, Yinchuan, Guiyang, Xining and Lanzhou
Northeastern China	Region where the following tier-one branches of the Group are located: Shenyang, Dalian, Changchun and Harbin
Subsidiaries	Huaxia Financial Leasing Co., Ltd. and Huaxia Wealth Management Co., Ltd.
Huaxia Financial Leasing	Huaxia Financial Leasing Co., Ltd.
Huaxia Wealth Management	Huaxia Wealth Management Co., Ltd.

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SECTION II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2.1 COMPANY PROFILE

2.1.1 **Legal name in Chinese:** 华夏银行股份有限公司

Chinese abbreviation: 华夏银行

Legal name in English: HUA XIA BANK CO., Limited

2.1.2 **Legal representative:** Yang Shujian

2.1.3 **Secretary to the Board:** Yang Wei

Securities affairs representative: Yu Guoqing

Address: Hua Xia Bank Mansion, 22 Jianguomennei Street, Dongcheng District, Beijing

Postal code: 100005

Investment relationships management telephone: 010-85238570, 85239938

Fax: 010-85239605

Email: zhdb@hxb.com.cn

2.1.4 **Place of registration** 22 Jianguomennei Street, Dongcheng District, Beijing

Business address: Hua Xia Bank Mansion, 22 Jianguomennei Street, Dongcheng District, Beijing

Postal code: 100005

Website: www.hxb.com.cn

Email: zhdb@hxb.com.cn

Historical change of registered address: In April 2005, the Bank's registered address was changed from No. 111, Xidan Beidajie, Xicheng District, Beijing to 22 Jianguomennei Street, Dongcheng District, Beijing.

2.1.5 **Newspapers and website for disclosure of the annual report:** *China Securities Journal* (www.cs.com.cn)

Shanghai Securities News (www.cnstock.com)

Securities Times (www.stcn.com)

Securities Daily (www.zqrb.cn)

Website of the stock exchange for disclosure of annual report: www.sse.com.cn

Locations where copies of the annual report are kept: Office of the Board of Directors of the Bank

2.1.6 **Place where share is listed:** Shanghai Stock Exchange

Stock name of ordinary A-share: 华夏银行

Stock code of ordinary A-share: 600015

2.1.7 **Other relevant information:**

Name of depositary of shares of the Bank: Shanghai Branch of China Securities Depository and Clearing Corporation Limited

Name of accounting firm the Bank engaged: Ernst & Young Hua Ming LLP

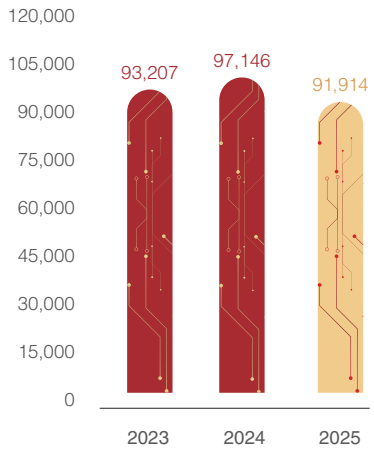
Business address: 17/F, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, China

Signed CPAs: Zhang Fan, Yin Xiaolin

2.2 MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

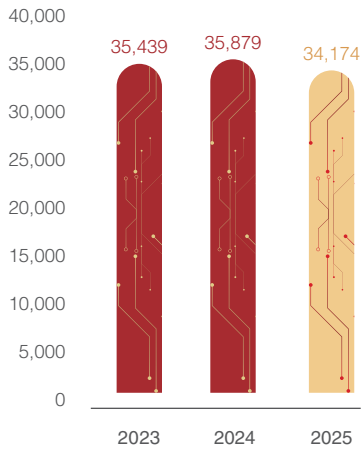
Operating income

(Unit: RMB1 million)



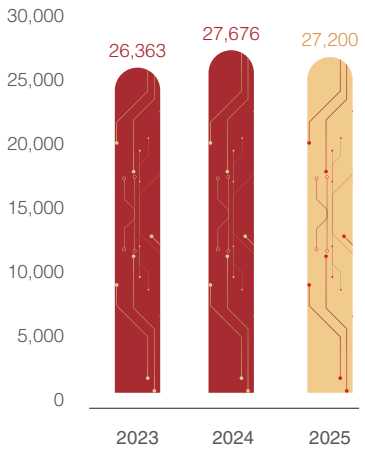
Total profit

(Unit: RMB1 million)



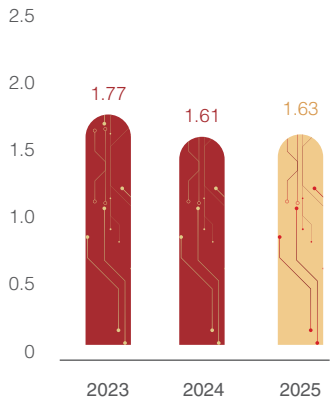
Net profit attributable to shareholders of the listed company

(Unit: RMB1 million)



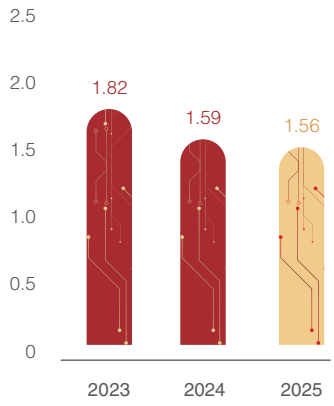
Net interest spread

(Unit: %)



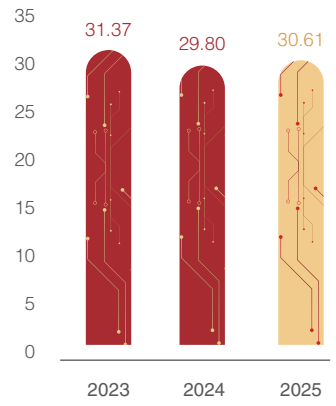
Net interest margin

(Unit: %)



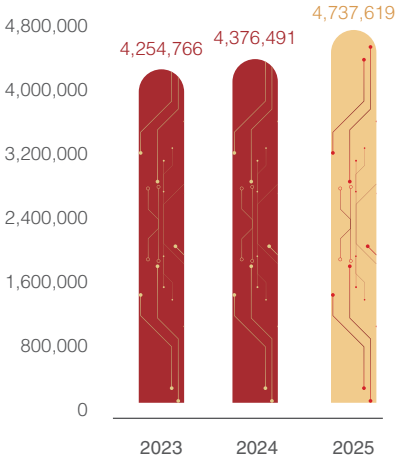
Cost-to-income ratio

(Unit: %)



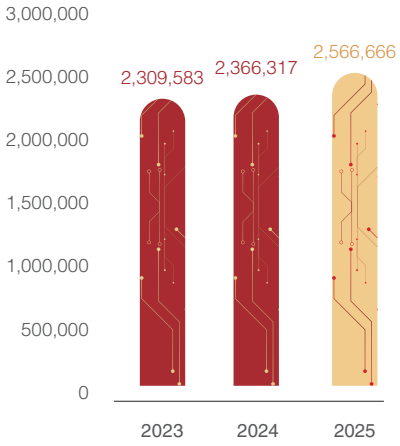
Total assets

(Unit: RMB1 million)



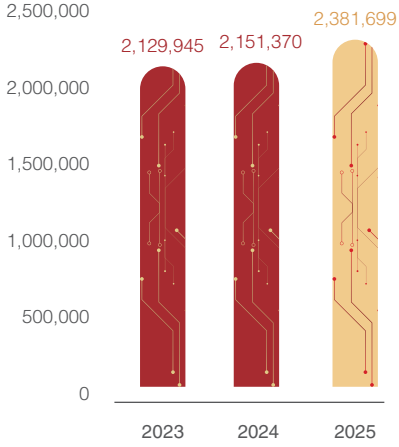
Total loans

(Unit: RMB1 million)



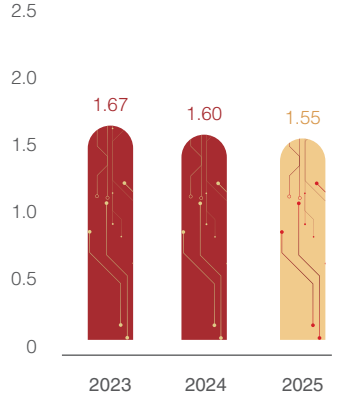
Total deposits

(Unit: RMB1 million)



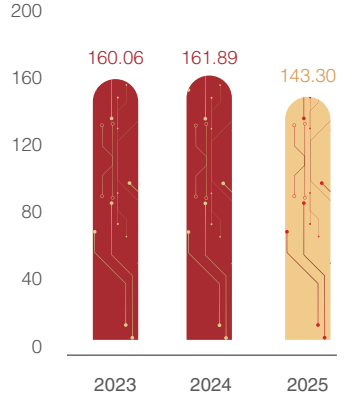
NPL ratio

(Unit: %)



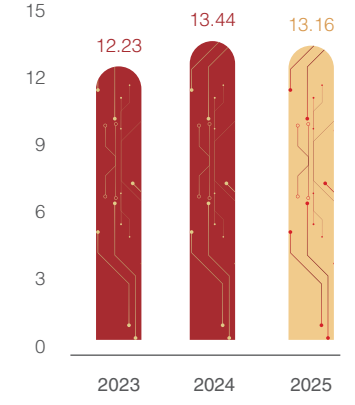
Allowance to NPLs

(Unit: %)



Capital adequacy ratio

(Unit: %)



(Unit: RMB1 million)

Item	2025	2024	Increase/decrease compared with previous year (%)	2023
Main accounting data				
Operating income	91,914	97,146	-5.39	93,207
Operating profit	34,289	35,942	-4.60	35,443
Total profit	34,174	35,879	-4.75	35,439
Net profit attributable to shareholders of the listed company	27,200	27,676	-1.72	26,363
Net profit attributable to shareholders of the listed company after deduction of extraordinary profit and loss	27,153	27,678	-1.90	26,273
Net cash flows from operating activities	69,063	42,495	62.52	253,177
Major financial indicators (RMB/share)				
Basic earnings per share	1.62	1.62	Flat	1.48
Diluted earnings per share	1.62	1.62	Flat	1.48
Basic earnings per share after deduction of extraordinary profit and loss	1.62	1.62	Flat	1.47
Net cash flows from operating activities per share	4.34	2.67	62.55	15.91
Profitability (%)				
Weighted average return on equity	8.32	8.84	Down 0.52 percentage points	8.71
Weighted average return on net assets after deduction of extraordinary profit and loss	8.31	8.84	Down 0.53 percentage points	8.68
Return on assets	0.61	0.65	Down 0.04 percentage points	0.66
Return on capital	7.25	8.20	Down 0.95 percentage points	8.32
Net interest spread	1.63	1.61	Up 0.02 percentage points	1.77
Net interest margin	1.56	1.59	Down 0.03 percentage points	1.82
Cost-to-income ratio	30.61	29.80	Up 0.81 percentage points	31.37

(Unit: RMB1 million)

Item	End of 2025	End of 2024	Increase/decrease compared with the end of previous year (%)	End of 2023
Scale indicators				
Total assets	4,737,619	4,376,491	8.25	4,254,766
Of which: Total loans	2,566,666	2,366,317	8.47	2,309,583
Total liabilities	4,337,819	4,010,807	8.15	3,933,004
Of which: Total deposits	2,381,699	2,151,370	10.71	2,129,945
Net assets attributable to shareholders of the listed company	395,746	361,982	9.33	318,579
Net assets attributable to ordinary shareholders of the listed company	315,746	301,982	4.56	278,586
Net assets per share attributable to ordinary shareholders of the listed company (in RMB)	19.84	18.97	4.59	17.50
Asset quality indicators (%)				
NPL ratio	1.55	1.60	Down 0.05 percentage points	1.67
Allowance to NPLs	143.30	161.89	Down 18.59 percentage points	160.06
Allowance to total loans ratio	2.23	2.59	Down 0.36 percentage points	2.67

Notes:

1. Relevant indicators are calculated according to the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss (2023 Revision)* and the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share (2010 Revision)*. In June and September 2025, the Bank made interest payments of RMB984 million and RMB446 million to holders of perpetual bonds restrictively, totaling RMB1,430 million. While calculating the basic earnings per share and the weighted average return on equity (ROE), the Bank takes into account the payment of interest on perpetual bonds.

2. Return on assets is calculated as net profit divided by the average of total assets at the beginning and end of the period.

3. Return on capital is calculated as net profit divided by the average of the total equity at the beginning and end of the period.

4. Net interest spread is the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.

5. Net interest margin is calculated by dividing net interest income by the average balance of interest-generating assets.

6. According to the former CBRC's *Notice on Adjusting the Regulatory Requirements on Allowances for Loan Impairment Losses of Commercial Banks* (Y.J.F. [2018] No. 7), the regulatory policy of differentiated dynamic adjustment of allowances was practiced for joint-stock banks. As at the end of the reporting period, the Group's allowance to NPLs and allowance to total loans ratio meet regulatory requirements.

2.3 MAJOR FINANCIAL DATA IN 2025 BY QUARTER

(Unit: RMB1 million)

Item	Q1	Q2	Q3	Q4
Operating income	18,194	27,328	19,359	27,033
Net profit attributable to shareholders of the listed company	5,063	6,407	6,512	9,218
Net profit attributable to shareholders of the listed company after deduction of extraordinary profit and loss	4,904	6,393	6,525	9,331
Net cash flows from operating activities	36,743	95,135	-43,007	-19,808

2.4 OTHER MAIN REGULATORY INDICATORS

Item (%)	Regulatory value	End of 2025	End of 2024	End of 2023
Core tier-1 capital adequacy ratio	≥7.75	9.38	9.77	9.16
Tier-1 capital adequacy ratio	≥8.75	11.75	11.70	10.48
Capital adequacy ratio	≥10.75	13.16	13.44	12.23
Leverage ratio	≥4.125	6.93	6.95	6.16
Liquidity coverage ratio	≥100	154.93	149.16	129.43
Net stable funding ratio	≥100	103.16	105.24	105.14

Item (%)		Regulatory value	End of 2025	End of 2024	End of 2023
Loan-to-deposit ratio	RMB		90.60	92.17	90.24
	RMB equivalent		72.27	77.98	64.15
	RMB and foreign currency		89.79	91.61	89.24
Liquidity ratio	RMB	≥25	85.21	81.87	68.72
	RMB equivalent	≥25	164.28	175.34	162.92
	RMB and foreign currency	≥25	88.92	86.46	72.83
Percentage of loans to single largest borrower		≤10	3.12	2.51	2.80
Percentage of loans to top 10 borrowers			15.67	14.08	14.12

Notes:

1. Data on the capital adequacy ratios as at the ends of 2025 and 2024 are calculated pursuant to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023). Data on the capital adequacy ratios as at the ends of 2023 are calculated pursuant to the *Rules on Capital Management of Commercial Banks (Provisional)* (CBRC No. 1 Decree in 2012).
2. Core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio, capital adequacy ratio, liquidity coverage ratio and net stable funding ratio were calculated on a consolidated basis under regulatory criteria.
3. The leverage ratio at the end of 2025 and 2024 is under the consolidated regulatory standard, while the leverage ratios at the end of 2023 are under the non-consolidated regulatory standard.
4. Loan-to-deposit ratio, liquidity ratio, percentage of loans to single largest borrower and percentage of loans to top 10 borrowers were calculated on an unconsolidated basis under the regulatory standards.
5. Percentage of loans to single largest borrower = Total loans to the largest borrower/total capital, net x 100%

   Percentage of loans to top 10 borrowers = Total loans to top 10 borrowers/total capital, net x 100%

2.5 HONORS AND AWARDS

On 24 January 2025

the Bank won the "Outstanding Participant in Collateral Business (Medium-term Lending Facility)" award at the centralized clearing business and issuance, registration, custody and settlement business development review for the year 2024 conducted by the Interbank Market Clearing House Co., Ltd.

On 21 March 2025

the Bank won the "Best Bank in Supply Chain Finance Innovation" at the "2025 10th China Supply Chain Finance Industry Benchmark Enterprise Award" event sponsored by the China Supply Chain Finance Annual Conference and the China Industrial Digital Finance 50 Forum (CIDF50).

On 3 April 2025

the Bank was assigned "Grade A" at the 2024 national review of credit report compliance and information security of data furnishers (headquarters) conducted by the Credit Information System Bureau of PBOC.

On 12 February 2025

the Bank was awarded the "Market Influence of the Year" and the "Market Innovation of the Year" by the China Foreign Exchange Trading System (CFETS), also known as the National Interbank Funding Center (NIFC), in its 2024 high-quality business development evaluation of inter-bank RMB market members.

On 31 March 2025

the Bank was named the "Outstanding Municipal Financial Enterprise" in the 2024 review of financial reporting work of Beijing-based financial enterprises announced by the Beijing Municipal Finance Bureau.

On 22 May 2025

the Bank was awarded the "Progressive Foreign Exchange Market Maker for RMB", "Outstanding Member in Interbank Foreign Currency Lending" and "Outstanding Member in Foreign Currency Interest Rate Swap" at the 2024 annual market making and trading performance review of interbank foreign exchange market members by the China Foreign Exchange Trade System.

On 13 June 2025

the Bank won the "Outstanding Wealth Management Bank Award" and "Outstanding Private Banking Award" at the 2025 Fifth "Golden Reputation Award" ceremony organized by Pystandard.

On 22 September 2025

at the third RBA Top 100 Private Banking Centers selection event held by the *Retail Banking* magazine, the private banking centers of Beijing Branch and Zhengzhou Branch were honored as "Top 100 Private Banking Centers in China".

On 6 June 2025

the Bank won the "Ten Typical Cases of Innovative Models of Financial Support for Agriculture in 2024" for its project "Huaxia Financial Leasing Co., Ltd. integrating financial leasing and fishery insurance services to support offshore fishing" at the Ministry of Agriculture and Rural Affairs' initiative on innovative financial support for agriculture.

On 22 July 2025

the Company's cloud computing platform got certified for the advanced level of the "Single-cloud Multi-core PaaS Capacity Requirements at the 2025 Trusted Cloud Conference hosted by the China Communications Standards Association (CCSA). To date, the platform has secured the highest-level certifications in functionality, performance, stability, cloud management capabilities and PaaS capacity.

On 26 September 2025

the Bank was named an "Outstanding Organization in Credit Reporting System Data Quality Work 2024" in the selection of outstanding organizations in the national banks' credit reporting system data quality work organized by the Credit Reference Center of the People's Bank of China.

On 29 September 2025

the Bank received "Grade A" and a public commendation in the 2024 annual review of key tasks for deepening and upgrading the reform of state-owned enterprises organized by the State-owned Assets Supervision and Administration Commission (SASAC) of Beijing Municipality.

On 14 October 2025

in the 2024-2025 information disclosure evaluation of Shanghai-listed companies on the Shanghai Stock Exchange, the Bank was given a Grade A (excellent) evaluation result.

On 18 November 2025

the Bank won the "Best Practice Case of the Board of Directors of Listed Companies" at the "Solicitation on Best Practices of Board of Directors of Listed Companies 2025" event held by China Association of Listed Companies.

In October 2025

at the "2025 Banking Industry ESG Typical Cases" event organized by CFMC, the Bank won the "2025 Banking Industry ESG Typical Case" award.

On 13 November 2025

the Bank was honored as the "Best Bank in Industrial Digital Finance" at the 11th China Industrial Digital Finance Annual Conference jointly held by the *Trade Finance* magazine and China Industrial Digital Finance 50 Forum (CIDF50).

On 2 December 2025

the Bank won the "Outstanding Achievement" award at the 2025 Intelligent Supervision Business Model Innovation event organized by the State-owned Assets Supervision and Administration Commission of the State Council.

On 3 December 2025

the Bank won the "Most Innovative Private Bank" at the "Stars of China" awards event organized by *Global Finance*.

On 19 December 2025

at the 2025 High-Quality Development Conference of the Banking Industry and the 6th Banking Wealth Management Golden Bull Awards Ceremony held by *China Securities Journal*, Huaxia Wealth Management Co., Ltd. was awarded "Golden Bull Wealth Management Company" and the "Golden Bull Award for Sustainable Investment".

On 4 January 2026

in the ChinaBond members' business development quality evaluation results released by China Central Depository & Clearing Co., Ltd (CCDC), the Bank won the "Top 100 Proprietary Settlement Members" in 2025.

On 9 December 2025

at the 2025 Beijing Financial Workers' LLM Technology Application Innovation Skills Competition Finals organized by the Beijing Federation of Trade Unions, the Bank won the first prize, second prize and innovative solution award for its "AI Survey Report", "Exploration and Practice of Data-driven Intelligent Analysis Application Based on LLM Agents", and "Innovation and Practice of LLM-Assisted Software Testing in Commercial Banks" respectively.

On 26 December 2025

the Bank won the "Outstanding Asset Custody Service Award" at the 14th "Jinzhi Awards" annual awards event organized by JRJ.com.

On 17 January 2026

at the 10th Asia-Pacific Wealth Forum organized by the Wealth Plus and the 2025 International Private and Family Wealth Management Industry Awards, the Bank was awarded the "Jinzhen Awards – 2025 Best Private Bank in the Chinese Mainland – Best Wealth Management Award".

SECTION III

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

3.1 BUSINESS OVERVIEW OF THE COMPANY

The Bank was founded in October 1992 in Beijing and reorganized into a joint-stock company in April 1996. The Company launched its IPO and went public in September 2003 as China's fifth listed company. As at the end of the reporting period, the Bank had set up 43 tier one branches, 79 tier two branches and 943 outlets with 36,200 employees in 120 Chinese cities at prefecture level and above, forming a nationwide service network based on presence in economically central cities. The Bank has defined its ultimate goal as serving the real economy and creating value for customers and shareholders. The Bank provides corporate and institutional customers with professional, distinctive and comprehensive financial services, including deposits, loans, investment banking, transactional banking, technology finance, green finance and inclusive finance. The Bank provides individual customers with diverse financial products and services, including deposits, loans, debit card, credit card, wealth management, private banking, electronic banking and pension finance, to meet individuals' demand for comprehensive financial services. Aiming at operational compliance and innovative development, the Company has continuously pursued coordinated, stable development of financial market, asset management and asset custody, and improved the ability to serve the real economy and customers. Among the Top 1000 World Banks published by *The Banker* (UK) in July 2025, the Bank ranked 47th by tier-1 capital and 57th by total assets.

3.2 DEVELOPMENT STRATEGIES

3.2.1 Implementation of development strategies and core competitiveness analysis

In 2025, with complex changes unfolding in the economic and financial landscape at home and abroad, the Group remained guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully acted on the guiding principles from the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee, thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, and followed through the work requirements of the CPC Beijing Municipal Committee, Beijing Municipal Government and regulatory authorities. In the year, the Group forged ahead against all odds, delivered better performance and pursued high-quality development with greater confidence.

Corporate banking showed higher quality and efficiency of transition to fully serve the real economy. The Bank upheld the "customer-centric" core philosophy of operation and development across the board, continued to enhance the categorized customer management system, implemented the "Customer Base Doubling Initiative", strengthened the customer engagement and loyalty for basic settlement services, and enhanced the overall marketing and comprehensive services for the Head Office-level strategic clients and key clients. Marketing efforts were redoubled for the low-cost deposits and demand deposits, leading to rapid growth in corporate deposits with gradual structural improvements and continuous cost reduction. Technology finance and green finance were vigorously developed as two distinctive features. Ongoing improvements were made in the regular financial service mechanism for key areas and weak links of the national economy. Robust support was provided for the new models of real estate development. Remarkable progress was made in innovative development of digital supply chain finance. New breakthroughs were made in building the cross-border financial services. The corporate digital service channels and experiences were upgraded. The Bank further unleashed the synergy between commercial banking and investment banking, built a product matrix, aligned the bond underwriting business with major strategies, assisted enterprises in cross-border direct financing and kept improving the corporate wealth management system. The Bank recorded a 6.72% increase in number of corporate customers from the end of the previous year, a 11.43% rise in balance of corporate deposits from the end of the previous year and a 13.88% growth in corporate loans (excluding discounted bills) from the end of the previous year.

Retail finance underwent in-depth transformation, with its ecosystem-based services continuously upgraded. The Bank continued to build a comprehensive management system for retail customers, enhanced the service efficiency across all channels, developed full-lifecycle customer service strategies tailored to needs of individual customers, and created locality-specific retail ecosystems. For high-quality growth of personal deposits, the Bank deepened the customer-centric deposit management system, enhanced the empowering role of product innovation and upgraded marketing management. To accelerate the launch of the private banking center, the mechanism for investment research, asset allocation, product selection and customer service was implemented. The first "Long e-Loan" scenario project was successfully launched. City-specific credit policies were introduced. The policy for subsidized consumer loans was quickly implemented. The Bank continued to refine the payment and settlement service system, build the "Huaxia e Cashier" brand, accelerated the "Digital Acquiring" initiative, and stepped up efforts for replacement of the third-generation social security cards in Beijing and promotion of the "Inclusive Health Insurance". The credit card business followed through the State's requirements for boosting consumption, created "financial + living" services under retail scenarios, and expanded the policy coverage of interest confessions to consumers. As at the end of the reporting period, the Bank recorded a 9.01% year-on-year increase in balance of personal deposits, a 0.40% year-on-year increase in balance of personal consumption loans and a 3.20% year-on-year growth in cumulative number of credit cards issued.

Financial market business steadily increased its contribution to earnings through intensive operations. Based on in-depth analysis of the economic and financial developments, the Bank dynamically adjusted trading strategies, increased trading frequency and investment intensity, flexibly rebalanced the portfolio, and strictly controlled exposure limits in pursuit of robust income growth and profit generation. The inter-bank investment business model was innovated to expand the credit coverage for target customers, maintain steady growth in assets and stabilize the profit level. The bills product lineup and the bills system functions were continuously improved, and the digital operation capabilities were steadily enhanced. The bills business saw steady growth in both number of customers and business volume. The structure of interbank liabilities was continuously improved, with the demand deposits taking up a steadily growing share and the financing costs moving lower. The asset custody business, centered around the goal of high-quality development, promoted ecosystem-based customer acquisition and chain development. The inaugural QDII custody transaction was conducted. The intelligent management

platform and the intelligent customer service platform were upgraded. Huaxia Wealth Management upheld the philosophy of innovation-driven development and value creation. It has boosted the influence of its "fixed income +" product series, further increased the concentration of equity investment, and enhanced the multi-channel marketing system. The number of third-party distribution agencies increased by 48 from the end of the previous year. The Group recorded a 45.82% growth in balance of wealth management products from the end of the previous year, and an 18.89% increase of custody size from the end of the previous year.

Digital transformation advanced with upgrades, manifesting remarkable technological empowerment. The digital and intelligent transformation gained pace and efficiency. Digital products and services became more popular. The customer management system became increasingly complete. In addition, the Bank reengineered the wealth management and private banking system across the board, upgraded the mobile banking app and upgraded the treasury cloud platform. The efficiency of smart operations was continuously enhanced. Branches were further digitally transformed, and the digital cockpit for operations management was upgraded. For the appointment service for corporate account opening, the information identification and collection process were automated. The accounting management was further digitalized. The digital transformation of accounting supervision and verification processes was advanced. The technological support capabilities were steadily enhanced. The Bank created the IT Business Partner (ITBP) mechanism, built the "Huaxia Online" unified office platform, established the local dual-active architecture cluster for the intermediary business cloud platform of branches, and completed the enterprise-level cloud platform featuring "one cloud with dual stacks, and one cloud with multiple cores". The value of data assets was effectively unleashed. Data management campaigns and security control were systematically carried out. The intelligent data service ecosystem was upgraded and reengineered. The data analysis and modeling system fully empowered core business areas. Efforts were intensified for the centralized operation of external data resources and the development of the data middle-office. The Bank's customers in core sectors of the digital economy increased by 3.40% compared with the end of the previous year. The balance of loans to core sectors of the digital economy rose by 29.89% over the end of the previous year.

Serving the capital economy and fostering the "home-court advantage" of Beijing. The Bank launched the "Jinghua Initiative". Aligning with Beijing's strategic position as "four centers" and its "five key initiatives", the Bank actively integrated into the capital's new paradigm of high-quality development, and continuously expanded the service support for development of capital city in the new era. The Bank strengthened the overall marketing and development of key customer groups in Beijing. Focusing on the financing needs of key enterprises and major projects in the capital city, the Bank innovated service models, optimized service mechanisms and fully mobilize resourced to enhance the comprehensive service capabilities for state-owned enterprises in Beijing. In addition, the Bank moved faster to qualify for business with municipal and district-level government agencies in Beijing, increased support for major projects of the capital, furthered the cooperation in key areas, promoted the in-depth integration of finance and industry, and secured a growing share of deposits and loans in the Beijing market. The Bank ranked one notch higher among peers by market share of deposits and loans in Beijing compared to the end of last year.

Risk compliance was further deepened, consolidating the foundation of business operations. The Bank refined the enterprise risk management system, improved the credit cost sharing mechanism and created a model risk management mechanism. The risk accountability culture was fostered. A quick financial penalty mechanism for non-performing assets was created together with a primary personal responsibility mechanism, ensuring the fulfillment of risk control responsibilities. The Bank improved the management mechanism for full-time approvers, optimized the industry grouping, strengthened professional research and established a dedicated liaison model for branches. The stationed risk officer management system was implemented, and the risk management mechanisms were improved for inclusive finance, retail credit and digital supply chains. The Bank advanced the compliance officer system development, enhanced the foundation of performance management and reporting mechanisms, systematically established a compliance officer team and put it into operation.

The institutions and mechanisms were continuously improved to fully unleash the development vitality. The corporate governance framework was further improved. The Articles of Association was revised, and the boards of supervisors of the Head Office and subsidiaries were eliminated. The organizational framework was further streamlined, with a systematic integration and optimization carried out based on four categories of departments: Party and Mass Affairs, Governance, Business, and Support. Audit played a stronger supervisory role, and the digital audit outcomes won the "Outstanding Achievements" award in the model innovation initiative of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. Diversified operation made progress, with all urban banking subsidiaries restructured ahead of peers.

From 2021 through 2025, the Group completed a five-year journey of forging ahead in a complex environment and delivering tangible results in pursuit of high-quality development. The Group demonstrated the political and people-oriented nature of financial work and took solid steps for the "Five Priorities", focusing work the four transformations and eight major projects. It maintained strategic resolve, steadily implemented plans and brought the five-year plan to a successful conclusion, achieved remarkable results in strategic transformation. As one of the first group of domestic systemically important banks, the Group entered the list of top 50 global banks for the first time, making strides forward in comprehensive strength and brand influence. Specifically, **the Group enhanced the quality and efficiency of serving the real economy.** Its corporate finance business advanced steadily, with the hierarchical and categorized management system for corporate clients refined, the technology finance and green finance built into distinctive features, and a pension finance service system set up. The retail finance business gained pace, with a customer-centric operation system established, the wealth management system upgraded, and the credit card business transitioning faster towards ecosystem-based operation. The financial market business made greater contributions, with bonds, bills and interbank investment gaining momentum, and the size of wealth management exceeded RMB1 trillion. **The digital technology provided stronger support.** The integration of industry and technology was comprehensively strengthened, the digital customer management system became more complete, the intelligent risk control and compliance system was upgraded, and a full-stack industrial digital finance model was created. The technological underpinning was reinforced, with the new-generation core system developed at a faster pace and, and the enterprise-level cloud platform featuring "one cloud with dual stacks, and one cloud with multiple cores" completed. The digital infrastructure was continuously consolidated and the digital talent team expanded, enhancing the data governance capability. **The business development achieved tangible results.** Over the past five years, the total assets and net profit of the Group achieved a compound annual growth rate (CAGR) of 6.86% and 5.17% respectively. The share of non-interest income significantly increased, and the capital position was strengthened. **The asset quality continuously improved.** The NPL ratio declined for five consecutive years, down 0.25 percentage points compared to the beginning of the 14th Five-Year Plan period. All risk indicators met regulatory requirements.

3.2.2 Development plan for 2026-2030

The year 2026 marks the beginning of the 15th Five-Year Plan. The Group will follow the guidelines from the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee, and formulate the *Hua Xia Bank Development Plan for 2026-2030* in alignment with the 15th Five-Year Plans of the State and the Beijing Municipality, taking account of the internal and external situations. The plan will set forth the development objectives and paths for the Group over the next five years.

In the five years ahead, the Group will apply the new development philosophy in full, in the right way, and in all fields of endeavor, fully understand the political and people-oriented nature of financial work and guide the work through Party building. Under the theme of high-quality development, the Group will adhere to the principle of seeking progress while maintaining stability, deepen reforms and enhance the quality and efficiency. The Group will systematically implement the "12345" overall strategy: upholding a social image of "maintaining political integrity, creating value and assuming responsibility", striving to develop technology finance and green finance as two distinctive business features, fully leveraging the three advantages of nationwide presence, diversification and internationalization, focusing on the four regions of the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing Economic Circle, and endeavoring to build the five hallmarks of digital bank, ecosystem bank, featured bank, model bank and respected bank.

Following the above strategic guidelines, the Group will implement ten strategic tasks: (1) deepen Party building and corporate culture development, stay the course of development through high-quality Party building, and turn the advantages of Party building into governance efficiency and development strengths by strengthening political advancement and organizational safeguards; (2) work hard on the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance, strive to build a distinctive bank, focus on technology finance and green finance to foster differentiated competitiveness, and consolidate the foundation for serving the real economy; (3) strengthen customer service, solidify the customer base across the board, and enhance the comprehensive service capabilities and customer value by building a "one bank" coordination system and a tiered customer management model; (4) carry out the "leading goose" initiative, tap deeply into the four key regions, cause branches in key regions to play a pillar role, take the lead in implementing national strategies and conducting business innovation, and foster drivers of the Bank's high-quality development; (5) enhance the Group-wide synergy, develop a new pattern of integrated development, and unlock the Group's potential in overall value creation by improving the collaboration mechanism, strengthening license interplay and comprehensive services; (6) accelerate digital empowerment, build a first-class digital bank, and leverage the data as a production factor and the artificial intelligence technology to reengineer the business process, link ecosystems and unleash innovation vitality; (7) reinforce the lines of defense for risk control and compliance, take on new responsibilities in improving quality and efficiency, and ensure sustainability of stable operations and achieve leapfrog advances in the quality of assets by deepening enterprise risk management, strengthening asset quality control, improving the compliance system and refining the long-term mechanism for consumer protection; (8) deepen fine-grained management, fully promote cost reduction and income increase, and enhance the value creation ability by strengthening capital management, optimizing the structure of assets and liabilities, and enhancing the fee-based income contribution; (9) enhance governance capabilities, comprehensively deepen the reform of institutions and mechanisms, benchmark against leading players, streamline the organizational structure and performance management system, and stimulate organizational vitality; and (10) adhere to the talent-driven strategy, hone new skills with dedication and creativity, and build a high-caliber professional team supporting high-quality development through well-conceived planning, targeted cultivation and smooth career path. Over the next five years, the Group will pool efforts of its workforce to deepen reform and innovation, strengthen the strategy management system, integrate strategy execution into day-to-day business and management, clearly define the implementation roadmap and blueprint, and bring its high-quality development to a new height through strategic guidance and concrete action.

3.3 DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

3.3.1 External environment and industry developments

In 2025, the world's major economies showed divergences in recovery and increasingly intertwined risks, posing continuous disturbances to the global financial stability. China's economy forged ahead against headwinds, manifesting innovation-led and high-quality development. The industrial and consumption structures showed notable signs of upgrade, the investment structure was further improved, and foreign trade exports became significantly diversified. Overall, the domestic economy demonstrated strong resilience and vitality. The domestic and international economic flows became more unimpeded, showing progress while ensuring overall stability. The macro policies adhered to the principle of maintaining stability while pursuing progress, aiming for higher quality and efficiency. The fiscal policy was proactive and effective, the monetary policy was appropriately accommodative, and the cross- and counter-cyclical adjustments were continuously strengthened. The financial policies strengthened financial support for major strategies, key industries and weak links. Banks were guided to further implement the "Five Priorities" of technology finance, green finance, inclusive finance, pension finance and digital finance. In addition, Sector-wide campaigns were launched to crack down on rat race competition and improve the order of fair competition. In a complex development environment, China's banking sector took "improving quality and enhancing efficiency" as its strategic anchor point. It firmly seized the opportunities brought by economic transformation, continuously increased support for the development of new quality productive forces and strengthened risk prevention and control in key areas, showing strong development resilience. The entire sector saw a steady growth in total assets, kept the asset quality generally stable, maintained a basically stable ability to cover risks and improved the profit structure.

3.3.2 Overview of the Bank's operating results

In 2025, the Group adhered to the overarching principle of seeking progress while maintaining stability. Centering on the requirements of high-quality development, the Group continued to strengthen policy implementation towards strategic goals. Overall, the Group manifested stable progress and sound momentum in its business operations, and delivered positive results on all fronts of work.

The balance sheet expanded faster. At the end of the reporting period, the Group's total assets reached RMB4,737,619 million, an increase of RMB361,128 million or 8.25% over the end of the previous year; total loans increased by RMB200,349 million or 8.47% to RMB2,566,666 million; and deposit balance increased by RMB230,329 million or 10.71% to RMB2,381,699 million.

The profit decline eased. During the reporting period, the operating income stood at RMB91,914 million, a year-on-year decrease of RMB5,232 million or 5.39%, an improvement of 3.40 percentage points compared with the first three quarters of the year. The net profit attributable to shareholders of the listed company was RMB27,200 million, a year-on-year decrease of RMB476 million or 1.72%, an improvement of 1.14 percentage points compared with the first three quarters of the year.

The structures continued to improve.

First, the asset mix was improved. The Group stayed focused on its major responsibilities and core businesses, enhanced the quality and efficiency of serving the real economy, expanded support for key areas and weak links of the national economy and took solid actions for the "Five Priorities". The business weights of key fields increased, with technology finance and green finance becoming two defining features. At the end of the reporting period, the Group's share of loans reached 54.18%, up 0.11 percentage points from the end of the previous year. The Bank's loans to technology enterprises and green loans grew by 53.74% and 30.99% respectively from the end of the previous year, outpacing the average growth of total loans of the Bank by 45.02 percentage points and 22.27 percentage points respectively.

Second, the structure of liabilities was improved. The Group continued to step up its deposit-taking efforts, work harder to build a customer grouping and classification system, and intensified the settlement funds management services. Deposits became an increasingly robust underpinning, showing improved quality and efficiency of liability growth. At the end of the reporting period, the Group's share of deposits reached 50.27%, an increase of 1.11 percentage points over the end of the previous year. RMB10.0 billion of sci-tech innovation bonds and RMB20.0 billion of green finance bonds were issued in the year to boost the development of technology finance and green finance with the Bank's own features.

Third, the profit structure was improved. The Group actively expanded intermediary businesses such as asset management, wealth management, investment banking and custody services, further diversifying the fee and commission income. For the reporting period, the Group realized net fee and commission income of RMB5,576 million, up RMB133 million or 2.44% year-on-year, which accounted for 6.07% of operating income, up 0.47 percentage points year-on-year. Cost and expense control has been comprehensively strengthened. General and administrative expenses stood at RMB28.133 billion, down RMB821 million or 2.84% year-on-year.

The asset quality remained stable. As at the end of the reporting period, the Group's NPL ratio was 1.55%, down 0.05 percentage points from the end of the previous year. Allowance to NPLs was 143.30%, down 18.59 percentage points from the end of the previous year.

3.3.3 Enhancing the intensity and efficiency of work on the "Five Priorities"

Technology finance

The Group included technology finance in its medium- and long-term development plan and the annual key tasks. Special action plans were formulated and the policy support, resource allocation and assessment incentive mechanisms were further refined to fast-track development of the specialized technology finance system and technology-oriented sub-branches. The "whitelist-based" marketing was enhanced, placing focus on key customer groups such as small and medium-sized tech firms, high-tech firms, Specialization, Refinement, Differentiation and Innovation ("SRDI") enterprises, and individual manufacturing champions that are located in clusters of tech firms and key industrial clusters. For these target customers, the Group increased credit supply and differentiated pricing support, making its financial services more targeted and effective. In addition, the Group offered an increasing variety of technology finance products and services, promoted special products such as R&D loans, investment-linked loans and option loans and strengthened "debt-equity combination" and Group-wide collaboration, providing comprehensive financial services throughout the entire lifecycle of enterprises. By strengthening cooperation with government agencies, sci-tech parks, research institutes and investment organizations, the Group established a multi-party collaborative technology finance ecosystem to empower the development of new quality productive forces. As at the end of the reporting period, the Bank had 8,762 customers with outstanding tech firm loans, up 47.38% from the end of the previous year. The balance of tech firm loans reached RMB244,622 million, up 53.74% from the end of the previous year.

Box 1: Empowering High-Quality Development of New Quality Productive Forces through Technology Finance

Centering on the major contemporary proposition of developing new quality productive forces, the Bank, setting our sights on serving sci-tech innovation and industrial upgrading, continued to explore effective paths for supporting the development of new quality productive forces.

Specialization: The Bank fortified the specialized foundation for serving the new quality productive forces. Guided by the principle of "specialized personnel for specialized tasks", the Bank moved faster to build the "9+16+N" specialized technology finance system, worked harder to build a team of technology finance specialists and a network of technology-oriented sub-branches, boosted the specialization of personnel, products, management and assessment, and continuously enhanced the capacity of serving technological innovation and emerging industries.

Refinement: The Bank became more capable of providing targeted services for new quality productive forces. Taking account of the characteristics of tech firms, namely, technology-intensive, asset-light, high-growth and high-uncertainty, the Bank persistently the evaluation model and credit assistance tools for tech firms. By better recognizing the innovation capabilities, growth potential and comprehensive value of tech firms, the Bank conducted risk pricing and resource allocation more reasonably and provided targeted support for new quality productive forces.

Differentiation: The Bank provided a wider range of financial services to empower new quality productive forces. Focusing on strategic emerging industries and industries of the future, the Bank continued to improve the technology finance product system centered on debt-equity combination. It actively provided comprehensive financial services such as "loans + warrants" and "debt + equity", supporting tech firms in accelerating technological breakthroughs, commercialization of sci-tech advances and large-scale development.

Innovation: The Bank introduced new models and paths for serving new quality productive forces. The Bank devoted itself to building a technology finance ecosystem involving the government, enterprises, research institutes, investment institutions and financial institutions, promoted the in-depth integration of "finance, technology, industry, and capital", and provided continuous, stable and diverse financial support for the development of new quality productive forces through relay-style and ecosystem-based financial services.

Green finance

The Bank deepened the green finance strategy, formulated the green finance implementation plan, and improved the mechanisms for resource allocation, credit support and performance evaluation and incentives. Improvements were made in such products and services as green loans, green investment, underwriting of green debt financing instruments, green leasing, green wealth management and green consumption. Continuous breakthroughs were made in the product and service model innovation, and the green finance service capabilities were continuously enhanced. Focusing on the "carbon peak and carbon neutrality" goal, the Beautiful China initiative, transition finance, and zero/low-carbon industrial parks, the Group made stronger efforts to build professional teams and actively developed new marketing models for green finance. The green loans achieved a growth rate of over 30% for energy conservation and carbon reduction, resource recycling, environmental protection equipment manufacturing, clean energy equipment manufacturing, green transportation, and urban and rural energy infrastructures. To implement the national strategy of zero-carbon industrial parks, the Group entered into its inaugural collaboration with the Asian Development Bank in the "Promoting Green and Low-Carbon Development of Industrial Parks Project", and launched a comprehensive service plan for low-carbon transition of industrial parks. The Group developed the transition finance framework and took part in formulating the local standards for transition finance. Huaxia Wealth Management applied the transition-linked debt instruments to support the transition to a low-carbon steel industry. Huaxia Financial Leasing, deeply engaged in the renewable energy sector, made persistent efforts in residential solar PV systems, offshore wind power, wind turbine installation, new energy vessels, new energy vehicles and new energy storage. As at the end of the reporting period, the balance of green finance of the Group stood at RMB531,352 million, up 31.42%[1] from the end of the previous year. The balance of green loans of the Bank was RMB373,357 million, up 30.99% from the end of the previous year, showing a continued rise in the share of green loans.

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[1] Calculated according to the *Green Finance Endorsed Projects Catalogue (Version 2025)* (Y.F. [2025] No. 132) issued by the People's Bank of China, the National Financial Regulatory Administration and the China Securities Regulatory Commission. The base data for the previous year has been adjusted accordingly.

Inclusive finance

The Group reach new heights in the quality and efficiency of inclusive financial services, which focuses on key groups of micro and small businesses (MSBs). The process reengineering was deepened. Inclusive finance was merged into the corporate banking business line, enhancing the integration and coordination of resources. The Group strengthened marketing empowerment, established a working group for inclusive credit, and built a three-level responsibility transmission system involving the Head Office, branches and sub-branches, putting in place safeguards regarding credit limit, performance assessment, and the mechanism for ensuring no one who has fulfilled their duties is held liable. The Group adhered to the principle of prioritizing the real economy. It deepened the "Support Micro Businesses" initiative, granted more loan renewals without principal repayments and increased supply of unsecured loans, met the financing needs of SMEs that are SRDI enterprises, or players in the strategic emerging industries in a targeted manner, refined the financing coordination mechanism and established a regular mechanism for addressing the needs of enterprises. The Group strengthened innovation-driven development by building a "standardized + specialized" product matrix, launching scenario-based products such as inclusive supply chain loans, improving residential mortgage services for real estate, and upgrading the "Long Business Loan" digital inclusive finance product to enable full-process online processing. Making profit concessions to the people, the Bank standardized the management of charges, granted fee reductions or exemptions to MSBs for 20 charge items. This effectively reduced the financing costs of enterprises. As at the end of the reporting period, the Bank's balance of MSBs loans recorded RMB685,405 million, an increase of RMB83,879 million or 13.94% over the end of the previous year. The balance of inclusive MSBs loans stood at RMB193,611 million, up RMB10,978 million or 6.01% over the end of the previous year. The Group had 423,800 MSBs loan customers, including 320,200 inclusive MSBs loan customers. The inclusive MSBs loans had an annualized interest rate of 4.10%, down 0.59 percentage points year-on-year, and recorded a non-performing ratio of 1.64%, indicating generally stable and controlled risks.

Pension finance

The Group intensified its push for private pension business. Offering an increasing range of pension products, the Group diversified its product portfolio across four categories, namely, pension savings, pension funds, pension wealth management and pension insurance, thereby meeting the risk appetites and demands of more investors. Stronger efforts were made to promote the private pension business, continuously attracted clients from leading internet platforms and strengthen the service promotion among the pre-retirement customer group. The Group moved faster to enhance the pension finance service level. The "Elderly VCare" pension asset allocation service promotion salon was held to disseminate the concept of pension asset allocation. The mobile banking launched a smart pre-retirement investment planning service, employing the AI algorithms and recommendation models to provide pension planning for customers. The "FireEye" risk control platform enhanced the efficiency of fraud detection and collaborative response, frustrating cyber fraud attempts targeting the elderly that involved a total amount of over RMB800 million in the year. The mobile banking refined its "My Home" family financial service model, enhancing the synergy of services for elderly customers and their family members in terms of accounts, services and care. The Group vigorously supported development of the elderly care industry. It increased the financial support for the elderly care industry and formulated marketing guidelines and special credit policies, giving priority to geriatric rehabilitation and nursing, elderly care infrastructure and age-friendly retrofitting, R&D and manufacturing of smart elderly assistance devices, and smart elderly care services. For the elderly care industry, the Group offered FTP discounts on loans, created an expedited approval channel for credit granting, established a professional approval team, and continuously increased the investment and financing support. As of the end of the reporting period, the Bank had cumulatively opened 775,900 individual pension fund accounts, an increase of 30.80% over the end of the previous year.

Digital finance

Towards the goal of "Digital and Intelligent Hua Xia", the Group kicked off the planning for digital banking, strengthened the digital and intelligent transformation of business and the development of technological capabilities, and promoted the in-depth integration and large-scale application of digital technology in key business areas. Digital customer management was consolidated in support of industrial digitalization. The corporate customer data regarding deposits, loans, transactions and products were used to build multi-scenario customer marketing models. In addition, the Group created links to public resource trading data of government agencies, state-owned enterprises and listed companies to offer high-value business opportunities in a targeted fashion, thereby effectively driving the growth of deposit and loans. The Group expanded digital financial services, integrated into the process of industrial digitalization and further developed digital finance scenarios. Customized supply chain financing solutions were promoted with a focus on intelligent manufacturing. In a push for intelligent education, the Group created comprehensive services including "Intelligent Campus", "Digital Canteen", and "School-Home Smart Pay" to form a closed-loop ecosystem. Empowering the digital commerce, the Group leveraged such services as cash pooling to join the ecosystems of local large companies. Replicable scenario-based service models were developed, enabling branches to participate in the regional industrial digitalization process. As of the end of the reporting period, the Bank served 96,845 customers in core sectors of the digital economy, an increase of 3.40% compared with the end of the previous year. The balance of loans to core sectors of the digital economy was RMB97,054 million, up 29.89% over the end of the previous year[2].

[2] Calculated according to the *Statistical Policy for Loans to the Digital Economy Industry (Trial))* (Y.T.F. [2025] No. 3) issued by the People's Bank of China in 2025. The base data for the previous year has been adjusted accordingly.

3.4 INCOME STATEMENT ANALYSIS

During the reporting period, the Group realized net profit of RMB27,751 million, down RMB445 million or 1.58% year-on-year.

(Unit: RMB1 million)

Item	2025	2024	Increase/ (decrease)	Growth (%)
Operating income	91,914	97,146	-5,232	-5.39
– Net interest income	62,948	62,063	885	1.43
– Net non-interest income	28,966	35,083	-6,117	-17.44
Operating expenses	57,625	61,204	-3,579	-5.85
– Tax and surcharges	1,084	1,069	15	1.40
– General and administrative expenses	28,133	28,954	-821	-2.84
– Impairment losses on credit and other assets	25,416	28,791	-3,375	-11.72
– Other business costs	2,992	2,390	602	25.19
Net non-operating income and expenditure	-115	-63	-52	N/A
Total profit	34,174	35,879	-1,705	-4.75
Income tax	6,423	7,683	-1,260	-16.40
Net profit	27,751	28,196	-445	-1.58

Extraordinary profit and loss items and amounts

(Unit: RMB1 million)

Item	2025	2024	2023
Profit/loss from the disposal of assets	191	24	39
Government subsidies recorded in profit or loss	49	63	159
Other net operating income and expenses	-109	-48	-44
Total extraordinary profit and loss	131	39	154
Less: Income tax influence of extraordinary profit and loss	79	34	60
Extraordinary profit and loss, net	52	5	94
Less: Influence of extraordinary profit and loss attributable to minority shareholders of the Company, net (after-tax)	5	7	4
Extraordinary profit and loss attributable to ordinary shareholders of the Company	47	-2	90

Note: The extraordinary profit and loss are identified and calculated in accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss (2023 Revision)*.

3.4.1 Operating revenue

During the reporting period, the Group recorded RMB91,914 million in operating revenue, of which net interest income accounted for 68.49% and net non-interest income accounted for 31.51%. The table below sets out the composition of operating income of the Group in the past three years.

Item (%)	2025	2024	2023
Net interest income	68.49	63.89	75.58
Net fee and commission income	6.07	5.60	6.87
Other net incomes	25.44	30.51	17.55
Total	100.00	100.00	100.00

Breakdown of operating income by geography

(Unit: RMB1 million)

Regions	Operating income	Increase/decrease compared with previous year (%)	Operating profit	Increase/decrease compared with previous year (%)
Beijing-Tianjin-Hebei Region	38,059	-12.37	17,054	6.63
Yangtze River Delta	19,888	1.97	10,148	-10.54
Guangdong-Hong Kong-Macao Greater Bay Area	6,501	6.85	-1,255	N/A
Central and Eastern China	9,716	-7.44	1,321	-67.46
Western China	8,300	-5.31	4,206	9.90
Northeastern China	690	-29.38	-1,244	N/A
Subsidiaries	9,437	19.79	4,734	15.13
Offset among segments	-677	-6,870.00	-675	-5,292.31
Total	91,914	-5.39	34,289	-4.60

During the reporting period, there were no major changes in profit composition, principal operation and structure, or profitability of principal operation from the previous reporting period.

3.4.2 Net interest income

During the reporting period, the Group realized net interest income of RMB62,948 million. The table below sets out the average balances and average interest rates of the Group's interest-generating assets and interest-bearing liabilities.

Interest-generating assets, interest-bearing liabilities and average interest rates

(Unit: RMB1 million)

	2025			2024		
Item	Average balance	Interest	Average interest rate (%)	Average balance	Interest	Average interest rate (%)
Interest-generating assets:						
Loans and advances to customers	2,410,914	93,426	3.88	2,320,206	101,727	4.38
Balances with central banks	154,047	2,113	1.37	155,465	2,173	1.40
Peer assets	216,166	4,047	1.87	195,240	4,510	2.31
Financial investments	1,246,735	35,565	2.85	1,222,486	38,073	3.11
Total interest-generating assets	4,027,862	135,151	3.36	3,893,397	146,483	3.76
Interest-bearing liabilities:						
Deposits taking	2,265,345	36,223	1.60	2,059,471	40,357	1.96
Due to central banks	161,434	3,285	2.03	161,966	4,041	2.49
Debt obligations payable	630,010	13,172	2.09	596,163	14,854	2.49
Peer liabilities and others	1,114,109	19,523	1.75	1,113,369	25,168	2.26
Total interest-bearing liabilities	4,170,898	72,203	1.73	3,930,969	84,420	2.15
Net interest income		62,948			62,063	
Net interest spread			1.63			1.61
Net interest margin			1.56			1.59

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

(Unit: RMB1 million)

Item	2025 over 2024		
	Scale change	Interest rate change	Total
Interest-generating assets:			
Loans and advances to customers	3,977	-12,278	-8,301
Balances with central banks	-20	-40	-60
Peer assets	483	-946	-463
Financial investments	755	-3,263	-2,508
Change of interest income	**5,195**	**-16,527**	**-11,332**
Interest-bearing liabilities:			
Deposits taking	4,034	-8,168	-4,134
Due to central banks	-13	-743	-756
Debt obligations payable	843	-2,525	-1,682
Peer liabilities and others	17	-5,662	-5,645
Change of interest expenses	**4,881**	**-17,098**	**-12,217**
Change of net interest income	**314**	**571**	**885**

3.4.2.1 Interest income

For the reporting period, the Group realized net interest income of RMB135,151 million, a decrease of RMB11,332 million or 7.74% year-on-year.

(Unit: RMB1 million)

Item	2025	Percentage (%)	Increase/ decrease compared with previous year (%)	2024
Interest income from loans and advances to customers	93,426	69.13	-8.16	101,727
Interest income from financial investments	35,565	26.32	-6.59	38,073
Interest income on due from central banks	2,113	1.56	-2.76	2,173
Interest income on peer assets	4,047	2.99	-10.27	4,510
Total	**135,151**	**100.00**	**-7.74**	**146,483**

Interest income from loans and advances to customers

The Group realized RMB93,426 million of interest income from loans and advances to customers for the reporting period, a decrease of RMB8,301 million or 8.16% from last year, primarily because of a lower average rate of return on loans and advances to customers. The table below sets out the average balances and average interest rates of the Group's interest income from loans and advances to customers by business type and maturity structure.

By business type

(Unit: RMB1 million)

	2025			2024		
Category	Average balance	Interest income	Average interest rate (%)	Average balance	Interest income	Average interest rate (%)
Corporate loans	1,727,627	58,258	3.37	1,624,557	61,719	3.80
Personal loans	683,287	35,168	5.15	695,649	40,008	5.75
Total	2,410,914	93,426	3.88	2,320,206	101,727	4.38

Note: Corporate loans include discounted bills.

By maturity structure

(Unit: RMB1 million)

	2025			2024		
Category	Average balance	Interest income	Average interest rate (%)	Average balance	Interest income	Average interest rate (%)
General short-term loans	858,256	36,790	4.29	826,938	38,482	4.65
Medium and long-term loans	1,552,658	56,636	3.65	1,493,268	63,245	4.24
Total	2,410,914	93,426	3.88	2,320,206	101,727	4.38

Note: General short-term loans include discounted bills.

Interest income from financial investments

During the reporting period, the Group recorded RMB35,565 million in interest income from financial investments, down RMB2,508 million or 6.59% year-on-year, mainly due to the expansion of financial investments.

Interest income on due from central banks

The Group's interest income on due from central banks for the reporting period stood at RMB2,113 million, a drop of RMB60 million or 2.76% from last year, mainly due to the decrease in balances with central banks and average rate of return.

Interest income on peer assets

During the reporting period, the Group recorded RMB4,047 million in interest income from interbank assets, down RMB463 million or 10.27% year-on-year, mainly due to the lower average rate of return on interbank assets.

3.4.2.2 Interest expenses

During the reporting period, the Group recorded RMB72,203 million in interest expenses, a decrease of RMB12,217 million or 14.47% from the previous year, mainly due to the decline in average cost ratio of interest-bearing liabilities.

Interest expenses on deposits taken

During the reporting period, the Group's interest expenses on deposits taken were RMB36,223 million, a decrease of RMB4,134 million or 10.24% year-on-year, mainly because of a lower average cost ratio of deposits taken.

(Unit: RMB1 million)

	2025			2024		
Category	Average balance	Interest expense	Average interest rate (%)	Average balance	Interest expense	Average interest rate (%)
Corporate demand deposits	529,941	2,783	0.53	517,123	4,536	0.88
Corporate time deposits	1,153,271	24,105	2.09	1,014,724	25,854	2.55
Personal demand deposits	159,131	98	0.06	148,150	234	0.16
Personal time deposits	423,002	9,237	2.18	379,474	9,733	2.56
Total	2,265,345	36,223	1.60	2,059,471	40,357	1.96

Interest expenses on due to central banks

During the reporting period, the Group's interest expenses on amounts due to central banks were RMB3,285 million, a decrease of RMB756 million or 18.71% year-on-year, mainly because of a lower average cost ratio of due to central banks.

Interest expenses on debt obligations payable

During the reporting period, the Group recorded RMB13,172 million in interest expenses on debt obligations payable, a decrease of RMB1,682 million or 11.32% year-on-year, mainly due to a lower average cost ratio of debt obligations payable.

Peer liabilities and other interest expenses

During the reporting period, the Group recorded RMB19,523 million in interest expenses on peer liabilities and others, a decrease of RMB5,645 million or 22.43% year-on-year, mainly due to the decline in average cost ratio of interbank liabilities.

3.4.3 Net non-interest income

(Unit: RMB1 million)

Item	2025	2024	Increase/ (decrease)	Growth (%)
Net fee and commission income	5,576	5,443	133	2.44
Investment gains	20,073	15,700	4,373	27.85
Profit/loss on changes in fair value	-3,535	7,912	-11,447	-144.68
Exchange gains	370	770	-400	-51.95
Other operating income	6,236	5,156	1,080	20.95
Profit/loss from the disposal of assets	191	24	167	695.83
Other income	55	78	-23	-29.49
Total	28,966	35,083	-6,117	-17.44

3.4.3.1 Net fee and commission income

For the reporting period, the Group realized net fee and commission income of RMB5,576 million, an increase of RMB133 million or 2.44% year-on-year, primarily because of the increase in fee and commission income on agency services.

(Unit: RMB1 million)

Item	2025			2024	
	Amount	Percentage (%)	Increase/decrease compared with previous year (%)	Amount	Percentage (%)
Bank card business	3,959	34.69	-12.04	4,501	40.31
Agency business	3,394	29.74	24.14	2,734	24.49
Credit commitments	1,441	12.63	3.59	1,391	12.46
Custody and other fiduciary services	916	8.02	3.27	887	7.94
Other business	1,703	14.92	3.02	1,653	14.80
Total fee and commission income	11,413	100.00	2.21	11,166	100.00
Less: Fee and commission expenses	5,837	–	1.99	5,723	–
Net fee and commission income	5,576	–	2.44	5,443	–

3.4.3.2 Investment income, and profits/losses on changes in fair value and exchange gain

For the reporting period, the Group recorded RMB16,908 million in investment income, profits or losses on changes in fair value, and exchange gain, down RMB7,474 million or 30.65% year-on-year, mainly due to changes in fair value triggered by capital market volatility.

3.4.4 General and administrative expenses

During the reporting period, the Group recorded RMB28,133 million in general and administrative expenses, a year-on-year decrease of RMB821 million or 2.84%. The decrease was mainly attributable to the Group's ongoing efforts to reduce costs and increase efficiency through fine-grained management of expenses. Resources were used more efficiently.

(Unit: RMB1 million)

	2025			2024	
Item	Amount	Percentage (%)	Increase/decrease compared with previous year (%)	Amount	Percentage (%)
Staff remuneration and welfare	16,219	57.65	-1.27	16,428	56.74
Business expenses	6,850	24.35	-8.72	7,504	25.92
Depreciation and amortization	5,064	18.00	0.84	5,022	17.34
Total	**28,133**	**100.00**	**-2.84**	**28,954**	**100.00**
Cost-to-income ratio, %	30.61		Up 0.81 percentage points	29.80	

3.4.5 Impairment losses on credit and other assets

During the reporting period, the Group's impairment losses on credit and other assets totaled RMB25,416 million, a decrease of RMB3,375 million or 11.72% from the previous year, mainly due to the drop in allowance for impairment losses on financial investments. The table below sets forth the composition of the Group's impairment losses on credit and other assets and the changes.

(Unit: RMB1 million)

Item	2025	2024	Increase/ (decrease)	Growth (%)
Loans and advances to customers	22,726	25,833	-3,107	-12.03
Financial investments	628	1,037	-409	-39.44
Interbank business	22	-140	162	N/A
Projected liabilities	25	258	-233	-90.31
Others	2,015	1,803	212	11.76
Total	**25,416**	**28,791**	**-3,375**	**-11.72**

3.4.6 Income tax expense

(Unit: RMB1 million)

Item	2025	2024
Pre-tax profit	34,174	35,879
Income tax at statutory tax rate of 25%	8,544	8,970
Plus: Tax effect of non-deductible expense	2,136	2,624
Less: Tax effect of tax-exempt income	3,885	3,911
Less: Effect of different tax rates applicable to subsidiaries	372	–
Total	6,423	7,683

3.5 BALANCE SHEET ANALYSIS

3.5.1 Analysis of assets

As at the end of the reporting period, the Group recorded total assets of RMB4,737,619 million, an increase of RMB361,128 million or 8.25% from the end of the previous year, mainly due to increase in the Group's loans and advances to customers, financial investments and financial assets purchased under agreements to resell.

(Unit: RMB1 million)

	End of 2025		End of 2024	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Loans and advances to customers	2,518,416	53.16	2,313,356	52.86
Financial investments	1,718,039	36.26	1,651,055	37.73
Cash on hand and balances with central banks	180,748	3.82	167,699	3.83
Due from and placements with banks and other financial institutions	111,312	2.35	85,517	1.95
Financial assets purchased under agreements to resell	88,681	1.87	31,389	0.72
Others	120,423	2.54	127,475	2.91
Total	4,737,619	100.00	4,376,491	100.00

Note: Including derivative financial assets, fixed assets, right-of-use assets, intangible assets, deferred income tax assets and other assets.

Overseas assets

At the end of the reporting period, the Group had RMB117,931 million of overseas assets, accounting for 1.81% of total assets.

3.5.1.1 Loans and advances to customers

At the end of the reporting period, the Group recorded RMB2,566,666 million in total loans and advances to customers, up RMB200,349 million or 8.47% over the end of the previous year. For details of the Group's loans and advances to customers, please refer to the "3.8 Loan Quality Analysis".

3.5.1.2 Financial investments

As at the end of the reporting period, the Group recorded RMB1,714,446 million total financial investments, growing by RMB69,285 million or 4.21% over the end of the previous year, mainly due to increase in bond investment. The table below shows the proportional mix of the Group's financial investments by product.

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Bond investment	1,300,611	75.86	1,165,453	70.84
Fund investments	281,342	16.41	297,975	18.11
Asset management plan of financial institutions	76,100	4.44	119,813	7.28
Beneficiary rights of assets and others	43,233	2.52	32,820	2.00
Certificates of deposit with banks and other financial institutions	7,006	0.41	7,439	0.45
Equity investment	5,954	0.35	6,233	0.38
Debt financing plans	200	0.01	15,428	0.94
Total	1,714,446	100.00	1,645,161	100.00
Plus: Accrued interest	13,720	–	17,620	–
Less: Allowances for impairment losses on debt investments	10,127	–	11,726	–
Total	1,718,039	–	1,651,055	–

Financial bonds held

(Unit: RMB1 million)

Item	End of 2025	
	Amount	Percentage (%)
Financial bonds of policy banks	286,327	74.62
Financial bonds of commercial banks	82,440	21.48
Non-banking financial bonds	14,948	3.90
Total	383,715	100.00

Of which, material financial bonds:

(Unit: RMB1 million)

Bond Name	Par value	Annual interest rate (%)	Maturity date	Allowance for impairment losses
Bond 1	11,000	1.78	15 May 2035	–
Bond 2	8,640	1.80	2 April 2035	–
Bond 3	6,930	1.65	18 June 2035	–
Bond 4	6,520	1.54	2 April 2026	–
Bond 5	6,440	1.27	6 January 2030	–
Bond 6	5,970	2.35	6 May 2034	–
Bond 7	5,200	1.47	14 February 2028	–
Bond 8	4,980	1.60	14 February 2032	–
Bond 9	4,660	2.64	8 January 2031	–
Bond 10	4,410	1.67	13 September 2027	–

3.5.1.3 Derivative financial instruments

(Unit: RMB1 million)

Item	End of 2025			End of 2024		
	Contractual/ nominal amount	Fair value		Contractual/ nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Foreign exchange forwards	29,714	136	239	25,955	473	192
Foreign exchange swaps	779,009	4,795	4,672	1,273,325	18,207	18,046
Interest rate swaps	979,831	1,241	1,080	245,633	1,084	1,352
Option contracts	287,980	474	432	175,469	293	259
Credit risk mitigation warrants	320	–	5	500	–	5
Total		6,646	6,428		20,057	19,854

3.5.1.4 Financial assets purchased under agreements to resell

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	69,339	77.94	25,898	81.76
Bills	19,621	22.06	5,779	18.24
Total	88,960	100.00	31,677	100.00
Plus: Accrued interest	28	–	19	–
Less: Allowance for impairment losses	307	–	307	–
Total	88,681	–	31,389	–

3.5.1.5 Cash on hand and balances with central banks

At the end of the reporting period, the Group recorded RMB180,748 million in cash on hand and balances with central banks, an increase of RMB13,049 million or 7.78% from the end of the previous year, mainly due to appropriate increase in excess reserves to meet the liquidity security and normal payment and clearing needs.

3.5.1.6 Due from and placements with banks and other financial institutions

At the end of the reporting period, the Group registered RMB111,312 million in due from banks and placements with banks and other financial institutions, an increase of RMB25,795 million or 30.16% from the end of the previous year, mainly due to the increase in placements with banks and other financial institutions.

3.5.2 Liability analysis

As at the end of the reporting period, the Group recorded total liabilities of RMB4,337,819 million, up RMB327,012 million or 8.15% from the end of the previous year, primarily due to the increase in deposits taken, due to banks and other and placements from banks, and financial assets sold under agreements to repurchase. The table below shows the proportional mix of the Group's main liability items.

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Due to central banks	144,251	3.33	171,587	4.28
Deposits taking	2,409,626	55.55	2,184,137	54.46
Due to and placements from banks and other financial institutions	869,438	20.04	803,231	20.03
Financial assets sold under agreements to repurchase	226,412	5.22	155,414	3.87
Debt obligations payable	638,290	14.71	636,989	15.88
Others	49,802	1.15	59,449	1.48
Total	4,337,819	100.00	4,010,807	100.00

Note: Others include derivative financial liabilities, staff remunerations payable, tax and fee payable, lease liabilities, projected liabilities and other liabilities.

Liability quality management system and quality of liabilities

The Bank attaches great importance to liability quality management and has in place a liability quality management system appropriate for the Bank's size and complexity of liabilities. First, the organizational structure has been improved. The Board of Directors takes the ultimate responsibility for liability quality management and supervises the senior management to effectively manage and control the quality of liabilities. The Senior Management organizes the implementation of liability quality management. Line management departments and branches perform the functions of decision-making, execution and supervision of liability quality management within their respective sphere of responsibility. Second, a system of policies and procedures encompassing strategies, policies, processes, limits and contingency plans, and covering the parent bank, subsidiaries and domestic and overseas branches has been established to clarify management responsibilities, procedures and methods. The liability quality metrics are in place to monitor and manage the liability business with a full range of factors, under multiple dimensions and throughout the process. Third, the internal control system for liability quality management has been refined. The Bank strictly follows relevant laws and regulations and internal policies and procedures, and optimizes the performance assessment system, intensifies internal auditing of liability quality management, highlights the compliance management and risk management requirements and ensures the effective operation of the liability quality management system. Fourth, an information management system is continuously improved and an intelligent asset and liability management system is promoted to provide strong support and guarantee for day-to-day monitoring, measurement, control, analysis and reporting.

During the reporting period, the Bank actively implemented the development plan and the asset and liability management strategy to keep stabilizing and diversifying the sources of liabilities. The organization of deposit taking was enhanced, the customer base further consolidated, the proportion of deposits increased and the structure of deposits improved. Various funding channels were used to replenish funds with various maturities by issuing bonds, certificates of deposit with banks and other financial institutions, etc. and maturities of liability products were reasonably distributed in alignment with the structured monetary policy instruments, diversifying the sources of funds. Policy and market developments were closely watched to ensure well-timed adjustments to the structure and maturity of liabilities. The cost management of liabilities was enhanced by developing an incentive policy for low-cost funds and setting limits on high-cost deposits. The structural matching of assets and liabilities was strengthened to strike a balance between safety, liquidity and profitability. The management information system was improved for a higher digital and intelligent level, effectively supporting liability quality management. Laws and regulations were strictly followed to ensure authenticity and compliance of the liability business. During the reporting period, the Bank saw solid growth of total liabilities with an improved structure, reasonable costs and steady liquidity, manifesting compliance with regulatory requirements.

Next, the Bank will continue to strengthen the liability quality management and enrich management tools to boost the quality and efficiency of the liability business and ensure its compliance and robustness in development.

3.5.2.1 Deposits taken

As at the end of the reporting period, the total deposits with the Group stood at RMB2,381,699 million, an increase of RMB230,329 million or 10.71% over the end of the previous year.

(Unit: RMB1 million)

	End of 2025		End of 2024	
Item	Amount	Percentage (%)	Amount	Percentage (%)
Corporate demand deposits	587,429	24.67	544,903	25.33
Corporate time deposits	924,587	38.82	909,961	42.30
Personal demand deposits	162,475	6.82	151,909	7.06
Personal time deposits	437,306	18.36	399,705	18.58
Other deposits	269,902	11.33	144,892	6.73
Total	**2,381,699**	**100.00**	**2,151,370**	**100.00**
Plus: Accrued interest	27,927	–	32,767	–
Total	**2,409,626**	**–**	**2,184,137**	**–**

Note: Other deposits include security deposit received, outward remittance, remittances outstanding and others.

3.5.2.2 Financial assets sold under agreements to repurchase

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Bonds	226,065	99.98	154,641	99.55
Bills	50	0.02	704	0.45
Total	226,115	100.00	155,345	100.00
Plus: Accrued interest	297	–	69	–
Total	226,412	–	155,414	–

3.5.3 Changes in shareholders' equity

(Unit: RMB1 million)

Item	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Minority entity	Total shareholders' equity
1 January 2025	15,915	60,000	60,730	4,774	26,549	50,106	143,908	3,702	365,684
Increase in the reporting period	–	20,000	1	97	2,469	960	27,200	556	51,283
Decrease in the reporting period	–	–	–	5,561	–	–	11,402	204	17,167
31 December 2025	15,915	80,000	60,731	-690	29,018	51,066	159,706	4,054	399,800

Reasons for changes in shareholders' equity:

1. Increase in "other equity instruments" was due to issuance of perpetual bonds during the reporting period.

2. Increase in "Capital reserve" was due to restructuring of Kunming Chenggong Hua Xia Rural Bank LLC and Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. by acquiring minority interests in the reporting period.

3. "Other comprehensive income" increased mainly due to the sales of other equity instrument investments transferred to retained earnings during the reporting period, and decreased due to changes in fair value of financial assets measured at fair value through other comprehensive income during the reporting period.

4. According to the profit distribution plan, the Bank set aside surplus reserve and general risk reserve, distributed cash dividends to all of the shareholders and paid interest to holders of perpetual bonds, so "surplus reserve" and "general risk reserve" increased but "retained profit" decreased in the reporting period.

5. The increase of "retained profit" is mainly due to the realization of net profit of the Group during the reporting period.

6. The increase of "minority interests" is mainly due to net profit earned by the Group's non-wholly-controlled subsidiaries during the reporting period; its decline is mainly due to cash dividend distribution to minority shareholders by the Group's non-wholly-controlled subsidiaries and the restructuring of Kunming Chenggong Hua Xia Rural Bank LLC and Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. by acquiring minority interests.

3.6 CASH FLOW STATEMENT ANALYSIS

Net cash inflows from operating activities

The Group's net cash inflows from operating activities registered RMB69,063 million, representing a year-on-year increase of RMB26,568 million or 62.52%, mainly due to increase in customer deposits and due to banks and other financial institutions.

Net cash outflows from investing activities

The Group's net cash outflows from investing activities registered RMB5,551 million, a decrease of RMB5,613 million or 50.28% year-on-year, mainly due to the increase in proceeds from disposal of investments.

Net cash inflows from financing activities

The Group's net cash outflows from financing activities registered RMB10,415 million, compared with net inflows of RMB34,707 million in the previous year, mainly due to the decrease in cash paid for repayment of debt securities.

3.7 MAIN ITEMS WITH OVER 30% CHANGES IN THE COMPARATIVE ACCOUNTING STATEMENTS

(Unit: RMB1 million)

Major accounting item	Reporting period	Increase/ decrease compared with the end of previous year (%)	Main reason
Due from banks	29,752	41.35	Increase in due from domestic banks and other financial institutions
Derivative financial assets	6,646	-66.86	Decrease in FX swap derivative financial assets
Financial assets purchased under agreements to resell	88,681	182.52	Increase in bonds purchased under agreements to resell
Deferred income tax assets	6,373	30.46	Affected by changes in fair value of financial assets measured at fair value
Derivative financial liabilities	6,428	-67.62	Decrease in FX swap derivative financial liabilities
Financial assets sold under agreements to repurchase	226,412	45.68	Increase in bonds sold under agreements to repurchase
Taxes and dues payable	3,541	58.50	Increase in corporate income tax payable
Other equity instruments	80,000	33.33	Issuance of perpetual bonds
Other comprehensive income	-690	-114.45	Changes in fair value of other debt investments

Major accounting item	Reporting period	Increase/ decrease compared with previous year (%)	Main reason
Profit/loss on changes in fair value	-3,535	-144.68	Changes in fair value of held-for-trading financial assets
Exchange gains	370	-51.95	Effect of exchange rate fluctuations
Profit/loss from the disposal of assets	191	695.83	Increase in gains on disposal of fixed assets
Non-operating expenses	260	48.57	Non-operating expenses increased

3.8 LOAN QUALITY ANALYSIS

3.8.1 Five-tier loan classification

In accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks issued by the former CBIRC and PBOC, the Group classified loans into five categories according to risk level, namely, pass, special mention, substandard, doubtful and loss, of which pass and special mention loans are regarded performing, while the last three categories are regarded as non-performing loans.

During the reporting period, the Group kept the quality of loans stable overall. As at the end of the reporting period, the Group's balance of special mention loans stood at RMB68,578 million, an increase of RMB7,544 million over the end of the previous year, and accounted for 2.67% of total loans, up 0.09 percentage points from the end of the previous year. The balance of NPLs stood at RMB39,886 million, an increase of RMB1,972 million over the end of the previous year, and accounted for 1.55% of total loans, down 0.05 percentage points from the end of the previous year.

(Unit: RMB1 million)

	End of 2025			End of 2024	
Item	Balance	Percentage (%)	Increase/ decrease in balance compared with the end of previous year (%)	Balance	Percentage (%)
Performing loans	2,458,202	95.78	8.42	2,267,369	95.82
Special-mention loans	68,578	2.67	12.36	61,034	2.58
Substandard loans	18,179	0.71	0.02	18,176	0.77
Doubtful loans	8,079	0.31	-11.74	9,154	0.38
Loss	13,628	0.53	28.76	10,584	0.45
Total	2,566,666	100.00	8.47	2,366,317	100.00
Performing loans	2,526,780	98.45	8.52	2,328,403	98.40
NPLs	39,886	1.55	5.20	37,914	1.60

3.8.2 Distribution of loans and NPLs by product type

At the end of the reporting period, the Group recorded 68.95% in share of corporate loans, up 2.67 percentage points from the end of the previous year, 27.22% in share of personal loans, down 3.29 percentage points from the end of the previous year, and 3.83% in share of discounted bills, up 0.62 percentage points from the end of the previous year. Specifically, the balance of corporate NPLs stood at RMB25,154 million, up RMB258 million, representing a NPL ratio of 1.42%, down 0.17 percentage points from the end of the previous year. The balance of personal NPLs stood at RMB14,732 million, up RMB1,714 million, representing a NPL ratio of 2.11%, up 0.31 percentage points from the end of the previous year. Affected by the external risk environment, some debtors showed a decline in income and ability to pay, resulting in a rise in the personal NPL ratio.

(Unit: RMB1 million)

	End of 2025				End of 2024			
Product type	Balance	Percentage (%)	NPLs Balance	NPL ratio (%)	Balance	Percentage (%)	NPLs Balance	NPL ratio (%)
Corporate loans	1,769,478	68.95	25,154	1.42	1,568,235	66.28	24,896	1.59
Personal loans	698,774	27.22	14,732	2.11	722,027	30.51	13,018	1.80
Discounted bills	98,414	3.83	–	–	76,055	3.21	–	–
Total	2,566,666	100.00	39,886	1.55	2,366,317	100.00	37,914	1.60

3.8.3 Distribution of loans and NPLs by industry

During the reporting period, facing a complex and volatile economic and financial landscape, the Group actively implemented economic development policies and regulatory requirements of the State, remaining focused on serving the development of the real economy and supporting high-quality economic development. The Group strengthened support for the "Five Priorities" of finance, including technology finance and green finance, and deepened financial services for the manufacturing sector. Industry classification management was refined and industry risk identification was strengthened. The asset mix was optimally rebalanced at effectively controlled risks.

At the end of the reporting period, the Group recorded relatively high shares of loans to leasing and commercial services and loans to manufacturing, which stood at 20.57% and 11.84%, up 0.21 and 1.02 percentage points from the end of the previous year, respectively. Wholesale & retail and real estate had smaller shares in total loans compared with the end of the previous year, which were down 0.60 and 0.16 percentage points respectively.

At the end of the reporting period, the Group recorded a decline in NPL ratios in leasing and commercial services, real estate and other key industries compared with the end of the previous year. The NPL ratio was down 0.14 percentage points for leasing and commercial services compared with the end of the previous year, and down 0.93 percentage points for real estate, marking continued improvements in asset quality.

(Unit: RMB1 million)

	End of 2025				End of 2024			
Industry	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Leasing and commercial services	527,840	20.57	1,934	0.37	481,803	20.36	2,465	0.51
Manufacturing	303,989	11.84	5,790	1.90	256,067	10.82	4,767	1.86
Water conservancy, environment and public facilities management	151,998	5.92	833	0.55	135,604	5.73	713	0.53
Wholesale and retail	131,377	5.12	4,496	3.42	135,387	5.72	3,729	2.75
Electric power, heat, gas and water production and supply industry	104,301	4.06	379	0.36	87,989	3.72	975	1.11
Real estate	103,504	4.03	2,930	2.83	99,208	4.19	3,728	3.76
Construction industry	101,835	3.97	2,948	2.89	93,858	3.97	2,566	2.73
Transportation, warehousing and post industry	101,789	3.97	1,092	1.07	80,987	3.42	1,720	2.12
Financial services	77,485	3.02	20	0.03	62,999	2.66	20	0.03
Mining industry	47,464	1.85	1,232	2.60	35,973	1.52	1,131	3.14
Other corporate industries	117,896	4.60	3,500	2.97	98,360	4.17	3,082	3.13
Discounted bills	98,414	3.83	–	–	76,055	3.21	–	–
Personal loans	698,774	27.22	14,732	2.11	722,027	30.51	13,018	1.80
Total	2,566,666	100.00	39,886	1.55	2,366,317	100.00	37,914	1.60

Note: Other corporate industries mainly comprise agriculture, forestry, animal husbandry and fishery, information transmission, software and IT services, accommodation and catering, culture, sports and recreation, etc.

3.8.4 Distribution of loans and NPLs by geographical area

At the end of the reporting period, the Group recorded RMB2,566,666 million in total loans, up RMB200,349 million or 8.47% over the end of the previous year. By total size, the Yangtze River Delta, the Beijing-Tianjin-Hebei Region and Central and Eastern China were the top three regions by outstanding loans, which were RMB802,743 million, RMB552,781 million and RMB397,199 million, accounting for 31.28%, 21.54% and 15.48%, respectively. By growth rate, the Group recorded faster growth in loans for the Yangtze River Delta, the Western China, the Guangdong-Hong Kong-Macao Greater Bay Area and Central and Eastern China, which reached 10.49%, 10.49% and 10.24% and 9.55%, up 0.58, 0.24, 0.18 and 0.16 percentage points from the end of the previous year, respectively.

At the end of the reporting period, the Beijing-Tianjin-Hebei Region, the Guangdong-Hong Kong-Macao Greater Bay Area and the Northeastern China saw higher regional NPL ratios than other regions. Among them, he Beijing-Tianjin-Hebei Region and the Northeastern China saw a drop in the regional NPL ratio from the end of the previous year. Due to the exposures to some big clients, the Guangdong-Hong Kong-Macao Greater Bay Area registered a rise in regional NPL ratio from the end of the previous year.

(Unit: RMB1 million)

	End of 2025				End of 2024			
Geographical area	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Beijing-Tianjin-Hebei Region	552,781	21.54	17,064	3.09	529,624	22.38	19,438	3.67
Yangtze River Delta	802,743	31.28	7,095	0.88	726,525	30.70	4,761	0.66
Guangdong-Hong Kong-Macao Greater Bay Area	298,049	11.61	5,914	1.98	270,354	11.43	4,185	1.55
Central and Eastern China	397,199	15.48	4,804	1.21	362,562	15.32	3,922	1.08
Western China	341,386	13.30	3,113	0.91	308,983	13.06	3,003	0.97
Northeastern China	50,411	1.96	859	1.70	48,668	2.06	1,180	2.42
Subsidiaries	124,097	4.83	1,037	0.84	119,601	5.05	1,425	1.19
Total	2,566,666	100.00	39,886	1.55	2,366,317	100.00	37,914	1.60

3.8.5 Distribution of loans and NPLs by guarantee type

At the end of the reporting period, the Group kept the security structure of loans basically stable. Its unsecured loans accounted for 31.69%, up 1.89 percentage points over the end of last year; its guaranteed loans took a 31.00% share, up 1.04 percentage points from the end of last year; and its collateral-backed loans made up 33.48%, down 3.55 percentage points from the end of last year.

(Unit: RMB1 million)

	End of 2025				End of 2024			
Guarantee method	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)	Balance	Percentage (%)	Balance of NPLs	NPL ratio (%)
Guaranteed loans	813,355	31.69	10,082	1.24	705,279	29.80	8,336	1.18
Collateral loans	795,705	31.00	7,996	1.00	708,874	29.96	9,324	1.32
Mortgage loans	684,917	26.69	17,888	2.61	712,452	30.11	17,166	2.41
Pledged loans	174,275	6.79	3,920	2.25	163,657	6.92	3,088	1.89
Discounted bills	98,414	3.83	–	–	76,055	3.21	–	–
Total	2,566,666	100.00	39,886	1.55	2,366,317	100.00	37,914	1.60

3.8.6 Distribution of loans by overdue period

As at the end of the reporting period, the balance of overdue loans at the Group was RMB41,427 million, with a ratio of 1.61%. Specifically, loans overdue for up to 90 days amounted to RMB13,244 million, accounting for 0.51%, and loans overdue for more than 90 days stood at RMB28,183 million, accounting for 1.10%. The Group adopted prudential classification standards for overdue loans. At the end of the reporting period, the Group's loans overdue for more than 90 days and NPLs accounted for 70.66% of total overdue loans, staying within 100%.

(Unit: RMB1 million)

	End of 2025		End of 2024	
Item	Balance	Percentage (%)	Balance	Percentage (%)
Performing loans	2,525,239	98.39	2,326,040	98.30
Overdue loans	41,427	1.61	40,277	1.70
Of which: Overdue for 1 day to 90 days (inclusive)	13,244	0.51	13,491	0.57
Overdue for 91 to 360 days (inclusive)	16,234	0.63	13,193	0.56
Overdue for 361 days to 3 years (inclusive)	8,712	0.34	10,404	0.44
Overdue for more than 3 years	3,237	0.13	3,189	0.13
Total	2,566,666	100.00	2,366,317	100.00
Overdue for more than 90 days	28,183	1.10	26,786	1.13

Note: Overdue loans include the loans with overdue principal or interest. If the principal or interest of any period of a loan is overdue for one day or above, the whole loan shall be classified as an overdue loan.

3.8.7 Restructured loans

At the end of the reporting period, the book balance of the Group's restructured loans amounted to RMB11,370 million, an increase of RMB1,263 million and accounting for 0.44%, up 0.01 percentage points over the end of the previous year.

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Percentage in total loans (%)	Amount	Percentage in total loans (%)
Restructured loans	11,370	0.44	10,107	0.43

3.8.8 Particulars of top 10 borrowers

During the reporting period, the Bank strictly controlled the loan concentration risk. The balance of top 10 borrowers amounted to RMB64,778 million, accounting for 2.65% of total loans and 15.67% of net capital at the end of the period, respectively. The balance of single largest legal-person customer loans of the Bank was RMB12,902 million, accounting for 0.53% of total loans of the Bank at the end of the reporting period and 3.12% of net capital.

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Balance	Percentage in total loans (%)	Balance	Percentage in total loans (%)
Top 10 borrowers	64,778	2.65	54,702	2.43

3.8.9 Loan migration

Item (%)	End of 2025	End of 2024	End of 2023
Performing loan migration ratio	2.18	1.35	1.52
Special-mention loan migration ratio	36.37	27.11	29.37
Substandard loan migration ratio	68.43	64.62	66.76
Doubtful loan migration ratio	78.23	41.09	67.10

3.8.10 Basic Information on repossessed assets

As at the end of the reporting period, the book balance of repossessed assets of the Group amounted to RMB1,766 million, down RMB367 million or 17.21% from the end of the previous year.

(Unit: RMB1 million)

Item	End of 2025		End of 2024	
	Amount	Allowance for impairment losses	Amount	Allowance for impairment losses
Repossessed assets	1,766	1,036	2,133	1,428

3.8.11 Charge and write-off of allowance for impairment losses on loans

(Unit: RMB1 million)

Item	End of 2025	End of 2024
Balance at the beginning of the period	61,378	61,631
Charge/(reversal) for the year	22,726	25,833
Less: Write-offs and transfer-out in the year	32,783	30,432
Recovery in the year	5,841	4,319
Change in exchange rate	-7	27
Balance at the end of the period	57,155	61,378

Charge method for allowance for impairment losses on loans: The Group sets aside allowances for impairment losses on loans based on expected loss model as required by the new accounting standards in the light of customers' probability of default, loss given default, other quantitative risk parameters and macro forward-looking information, and states them in profit or loss.

3.9 CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

As at the end of the reporting period, the Group's core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio stood at 9.38%, 11.75% and 13.16% respectively, and its leverage ratio was 6.93%. All these ratios met regulatory requirements.

The Group calculated the capital adequacy ratios pursuant to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023) and relevant regulations. Credit risk assets were measured using the weighting approach, market risk assets measured using the standardized approach, and operational risk assets measured using the standardized approach. For more details, please refer to the *2025 Pillar III Information Disclosure Report of Hua Xia Bank Co., Limited* disclosed by the Bank on the Bank's website (www.hxb.com.cn).

(Unit: RMB1 million)

Item	31 December 2025	31 December 2024
Capital adequacy ratios		
Net core tier-1 capital	318,270	304,366
Net tier-1 capital	398,621	364,696
Of which: Other net tier-1 capital	80,351	60,330
Net capital	446,594	418,820
Of which: Net tier-2 capital	47,973	54,124
Risk-weighted Assets	3,393,641	3,116,604
Core tier-1 capital adequacy ratio (%)	9.38	9.77
Tier-1 capital adequacy ratio (%)	11.75	11.70
Capital adequacy ratio (%)	13.16	13.44
Leverage Ratio		
Adjusted on- and off-balance sheet asset balance	5,749,362	5,249,250
Leverage ratio (%)	**6.93**	**6.95**

Notes:

1. Data in the table above are calculated and disclosed pursuant to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023), reflecting the regulatory scope of consolidation. Data as at the ends of 2023 and before are calculated pursuant to the *Rules on Capital Management of Commercial Banks (Provisional)* (CBRC No. 1 Decree in 2012). No retrospective disclosure is made.

2. According to the *Rules on Capital Management of Commercial Banks* (NFRA No. 4 Decree in 2023), the minimum requirements are 5%, 6% and 8% for core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio, respectively, the capital conservation buffer and counter-cyclical capital buffer requirement is 2.5% and the minimum leverage ratio requirement is 4%. The Bank entered the list of China's domestic systemically important banks (D-SIBs), subject to additional regulatory requirements for systemically important banks. The Bank met relevant additional regulatory requirements.

3.10 ANALYSIS OF INVESTMENTS

3.10.1 Material equity investments

Material equity investments holdings in other listed companies

(Unit: RMB1 million)

Stock code	Stock name	Initial investment cost	Shareholding percentage (%)	Book value at the end of the period	Return during the reporting period	Change in owner's equity during the reporting period	Accounting item	Source of shares
V	Visa Inc.	1	0.0003	19.87	0.10	1.75	Other equity instrument investments	Membership fees converted to shares

Holdings in unlisted companies and companies to be listed

(Unit: RMB1 million)

Name	Initial investment cost	Shares held (Million shares)	Shareholding percentage (%)	Book value at the end of the period	Return during the reporting period	Change in owner's equity during the reporting period	Accounting item	Source of shares
National Financing Guarantee Fund Co., Ltd.	1,000	–	1.51	1,000	–	–	Other equity instrument investments	Investment with self-owned capital
China UnionPay Co., Ltd.	81	212.50	2.13	1,928	40.38	–	Other equity instrument investments	Investment with self-owned capital
Huaxia Financial Leasing Co., Ltd.	4,920	–	82	4,920	587.41	–	Long-term equity investments	Investment with self-owned capital
Huaxia Wealth Management Co., Ltd.	3,000	–	100	3,000	93.01	–	Long-term equity investments	Investment with self-owned capital

Notes:

1. The cost method was adopted for accounting of the Group's long-term equity investments. Except actual payments upon investment or announced but unpaid cash dividends/profits in consideration, cash dividends/profits announced by investees for distribution were recognized as return on investment into current profit or loss.

2. For the restructuring of Kunming Chenggong Hua Xia Rural Bank LLC and Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd., please see "5.13 SIGNIFICANT EVENTS OF SUBSIDIARIES".

3.10.2 Analysis of major controlling and equity participation companies

3.10.2.1 Huaxia Financial Leasing Co., Ltd.

The company, with a registered capital of RMB13.0 million, started operation in April 2013, in which the Company holds an 82% stake. Its business scope covers financial leasing, transfer of financial leasing assets, fixed-income securities investment and acceptance of lease premium from lessees.

At the end of the reporting period, the company's total assets and net assets were RMB201,453 million and RMB22,560 million, respectively. For the reporting period, the company realized operating income of RMB7,809 million. Its income from principal businesses was RMB7,736 million, its profit from principal businesses was RMB3,521 million, and its net profit was RMB3,062 million.

3.10.2.2 Huaxia Wealth Management Co., Ltd.

The company, with a registered capital of RMB3.0 billion, started operation in September 2020, in which the Bank holds a 100% stake. Its business scope covers issuing wealth management products to the public, and investing and managing the investors' assets as trustee, issuing wealth management products to qualified investors and investing and managing the investors' assets as trustee and financial advisory and consulting services.

At the end of the reporting period, the company's total assets and net assets were RMB6,447 million and RMB6,151 million, respectively. For the reporting period, the company realized operating income of RMB1,569 million and net profit of RMB862 million.

3.10.3 Material non-equity investments

During the reporting period, the Bank did not make any material non-equity investment.

3.11 OTHER INFORMATION DISCLOSED PURSUANT TO REGULATORY REQUIREMENTS

3.11.1 Interest receivable

According to the *Notice on Amending and Issuing the Formats of Financial Statements for Financial Enterprises in 2018* (C.K. [2018] No. 36), the interest accrued on financial instruments using the effective interest rate method shall be included in the book balance of relevant financial instruments and presented in relevant statement items. Interest due and receivable but not received is stated under "other assets".

Charge of allowance for bad debts of interest receivables:

During the reporting period, the Group examined interest receivable based on the expected credit loss (ECL) model and accrued the allowance for impairment of financial instruments.

Writing-off procedures and policy of bad debts:

As for the items in line with the conditions of writing-off, the Bank mainly adopted the procedures of declaration by the branches and approval by the Head Office: relevant departments of branches organized the declaration and review for the bad debts writing-off, submitted to the president panel of branches for review and approval and then reported it to the Head Office; after being reviewed by relevant departments of the Head Office and approved by the Asset Risk Disposal Committee, the items were written off.

In the process of bad debts writing-off, the Bank followed the principles of "confirming to identification conditions, providing effective evidence, filing after writing-off, and maintaining recovery rights". After the bad debts were written off, the management responsibility was strictly carried out and diversified methods were adopted in the continuing recourse.

3.11.2 Financial assets measured at fair value

For financial assets stipulated by standard articles and traded on the active market, the Bank determines their fair value separately with reference to the buy-in and sell-out prices available on the market.

As for the financial assets without an active market, the Bank adopts valuation techniques to determine their fair value. The valuation technologies include using recent far market transactions (if available) voluntarily conducted by parties to transaction familiar with market conditions, using the present fair value of other financial instruments that are substantially the same for reference and discounted cash flow analysis and option pricing models. The valuation technologies should use market parameters where possible. If market parameters are unavailable, the valuation management department shall estimate its and the counterparty's credit risk, market volatility and relevance, regularly review the above estimates and assumptions and make adjustments where necessary.

(Unit: RMB1 million)

Item	Amount at the beginning of the period	Changes in fair value through profit or loss in the year	Accumulated changes in fair value through equity	Allowances for impairment losses during the period	Amount at the end of the period
Derivative financial assets	20,057	-13,411	–	–	6,646
Loans and advances to customers measured at fair value through other comprehensive income	82,199	–	-106	3	92,075
Held-for-trading financial assets	437,994	-4,279	–	–	473,728
Other debt investments	308,592	–	786	284	371,160
Other equity instrument investments	6,233	–	-1,876	–	5,954
Total financial assets	**855,075**	**-17,690**	**-1,196**	**287**	**949,563**
Derivative financial liabilities	19,854	13,426	–	–	6,428
Total financial liabilities	**19,854**	**13,426**	**–**	**–**	**6,428**

Note: There is no necessary articulation in the table.

3.11.3 Off-balance-sheet items that may have material impact on financial position and operating results

(Unit: RMB1 million)

Item	Balance at the end of 2025	Balance at the end of 2024
Credit commitments	1,121,575	1,052,765
Of which:		
Irrevocable loan commitments	26,385	22,763
Bank acceptance drafts	537,213	478,418
L/Gs and other payment commitments issued	44,916	45,039
L/Cs issued	162,422	149,497
Unused credit card limit	327,253	341,821
Financial lease commitments	23,386	15,227
Capital expenditure commitments	6,895	8,225

The above-mentioned off-balance-sheet items might have impact on the Group's financial position and operating results, which depends on whether the related matters will occur in the future. Under certain conditions in the future, they may be converted to the actual obligation of the Group in accordance with the recognition principle of contingencies.

3.11.4 Gain/loss on asset securitization in the reporting period

During the reporting period, to effectively broaden the disposal channels for non-performing retail assets and improve the quality and efficiency of disposal, the Bank sponsored the Longxing 2025 Non-performing Asset-Backed Security (Series 1), Longxing 2025 Non-performing Asset-Backed Security (Series 2) and Longsheng 2025 Non-performing Asset Income Rights Transfer Project (Series 1) with an aggregate issue size of RMB786 million.

3.11.5 Innovative products

Aligning itself with national strategies and customer needs, the Group deepened technological empowerment, scenario integration and Group-wide collaboration, expanded its product lineup, refined its business models, and supported high-quality development of the real economy through high-quality financial services.

Corporate finance, with a focus on new quality productive forces, deepened its policy alignment and scenario integration and made its products more competitive in market. Technology finance seized policy opportunities to launch the innovative R&D loans and stock option loans on a pilot scale, providing comprehensive financial services throughout the lifecycle of tech firms. Green finance strove for the "carbon peak and carbon neutrality" goal, with the "Promoting Green and Low-Carbon Development of Industrial Parks Project" launched in cooperation with the Asian Development Bank to support green and low-carbon transition of industrial parks. Inclusive finance, with a "standardized + specialized" product system put in place, launched inclusive supply chain products and the "Long Business Loan" characterized by full-process online processing, which were tailored to target customers' urgent demand for micro, frequent and short-term financing. Digital finance, deeply involved in industrial fields, develop a "1+6+N" digital supply chain product system. The system was built on "eConnect" as its foundation, extending from "Shuyitong" as its core of scenario services to a wide range of customized one-stop comprehensive financial solutions. The Group created unique products for key areas, and introduced a series of interbank investment products based on asset income rights, providing sustained financing support for key projects.

Retail finance, focusing on day-to-day consumer needs, deepened technological empowerment and ecosystem integration, and enhanced customer experience through the synergy of online and offline channels. To help customers diversify their portfolios, the Group expanded the personal deposit product lineup, launched USD-denominated personal structured deposit products, and introduced "Monthly Return Deposit" scenario-based deposit products tailored to needs such as education payments, pensions and salary management. The Group accelerated the development of consumer loans in "scenarios + green" and "scenarios + life" models across the board, and launched the first online "Long e-Loan" scenario-based project. To enhance the special services for young people and car owners, the Bank issued the Huaxia Dream Card, a thematic debit card, and the Huaxia Freego Car-owner Card. The American Express Peak Card and the Safari Card were issued, integrating four major benefits including business travel, mobility, cross-border transactions, and health care, and providing customers with comprehensive services. The Huaxia UP Card (the World of the Palace) was issued to promote the "finance + culture" ecosystem integration. The Huaruntong co-branded credit card was rolled out to offer more benefits and facilitate consumption upgrading.

Subsidiaries closely aligned with the Group's strategies, and unleashed their specialized and market-oriented advantages to provide a broader range of financial services. Huaxia Wealth Management upgraded the product system and created a number of brands, including the "Huaxia • Yuejia" brand for multi-asset multi-strategy products, the "Yuehong" brand for hybrid products, and the "Yuesheng" brand for hybrid closed-end private placement products. Huaxia Financial Leasing pursued differentiated breakthroughs and ecosystem-based cooperation in the aviation sector. Focusing on serving the existing aircraft market, it entered into in-depth cooperation alliances centering on leading enterprises in the aviation ecosystem, providing one-stop solutions ranging from leasing to disposal and to aircraft parts support. By leveraging the synergy of banking and leasing and implementing an asset lifecycle management strategy, the company strove to create a unique financial service brand for aviation.

3.11.6 Structured entities controlled by the Bank

For the consolidated structured entities of the Group and the interests and rights enjoyed in structured entities excluded from the consolidated financial statements in detail, please refer to Note "XIII. Structured Entities".

3.11.7 Material asset and stock right sales

During the reporting period, the Bank did not make any material asset or stock right sales.

3.12 BUSINESS REVIEW

3.12.1 Corporate banking

During the reporting period, the Bank unswervingly pursued high-quality development and upheld the "commercial banking + investment banking" strategy. It created and improved working mechanisms, sped up transformation and enhanced the innovative use of products to better serve the real economy, with a focus on the "Five Priorities" and the key areas and weak links of the national economy. The Bank also continued to improve the hierarchical and categorized customer management system, took solid and fine-grained steps for customer management, and enhanced the capacity of professional, comprehensive and digital customer management, showing encouraging progress in high-quality development.

Corporate customers

The Bank upheld the "customer-centric" core philosophy of business development across the board, improved the customer base growth mechanism, continued to deepen the categorized customer management system for financing customers, institutional customers and non-borrower customers and further developed the corporate customer base and boosted its activity. By continuously improving products, services and processes and boosting synergies within the Group and among the front, middle and back offices, the Bank enhanced its customer service capabilities, expanded the customer base and improved its structure. Focusing on growth of effective customers, the Bank implemented the "Customer Base Doubling Initiative", carried out special campaigns including "New Customer Onboarding", "Activation of Customers with Zero Daily Balance" and "Inactive Accounts Enhancement", vigorously promoted the "1+1+N" settlement products for new customers, and strengthened the basic settlement services to attract and retain customers. At the end of the reporting period, the Bank had 730,500 corporate accounts, an increase of 6.72% over the end of the previous year.

The Bank continued to enhance the overall marketing and comprehensive services for the Head Office-level strategic clients and key clients, kept refining the comprehensive management system and service mechanisms, and formulated and implemented comprehensive financial service plans. Coordinated efforts were made for high-level engagement with Head Office-level strategic clients and central state-owned enterprises. The Head Office, branches and sub-branches adopted a holistic approach to customer system development and comprehensive services. The Bank entered into strategic cooperation agreements with 32 key corporations and government agencies, including China Electronics Corporation, Beijing Infrastructure Investment Co., Ltd., and Beijing Shijingshan District People's Government, to deepen the overall cooperation with customers. As at the end of the reporting period, the Bank had 155 Head Office-level strategic customers, an increase of 12 from the end of the previous year. The balance of corporate deposits of the above-mentioned customers was RMB220,484 million, up 16.47% from the end of the previous year, and averaging RMB216,126 million a day, up 8.95% from the end of the previous year. The balance of corporate loans stood at RMB232,656 million, up 22.69% from the end of the previous year.

Box 2: Serving the capital economy, launching the "Jinghua Initiative" and fostering the "home-court advantage" of Beijing

The Bank launched the "Jinghua Initiative". Aligning with Beijing's strategic position as "four centers" and its "five key initiatives", the Bank mobilized all resources available to intensify the holistic marketing and development of key customer groups in Beijing. By doing so, the Bank fostered the "home-court advantage" of Beijing and actively integrated into the capital's new paradigm of high-quality development.

The ability to serve state-owned enterprises (SOEs) in the capital city continued to improve. The Bank strengthened "headquarters-to-headquarters" engagement with the SOEs owned by Beijing Municipal Government. It held the Hua Xia Bank Conference on Serving High-Quality Development of Capital SOEs. In the year, the Bank signed strategic cooperation agreements with 21 municipal SOEs, becoming a service provider for all the 37 municipal SOEs of Beijing. The Head Office, branches and sub-branches of the Bank worked together to provide multi-level services for customers, extending services to these SOEs' member entities in Beijing and beyond. The Bank strengthened collaboration across business lines, enhanced professional cooperation and support in service planning, product promotion and application and system development. A full range of products and services including technology finance, green finance, supply chain finance and cross-border finance were used to create a specialized and comprehensive financial service ecosystem.

The business with municipal/district-level government agencies was steadily advanced. The Bank stepped up its financial services for municipal and district-level government departments such as finance, housing provident fund and medical insurance. It became a qualified provider of escrow service for special-purpose bond projects of Beijing municipal finance, direct settlement services for the municipal medical insurance programs, and comprehensive agency services for the municipal housing provident fund, among others. It opened its inaugural fund escrow account for direct settlement of medical insurance disbursements. The Bank signed a medical-banking partnership agreement with the Beijing Medical Insurance Affairs Management Center. It opened two outlets for two medical-banking partnership, becoming one of the first batch of medical-banking partner banks of the Beijing Municipal Medical Insurance Bureau.

The Bank actively supported key projects in the capital. Fast-track service channels were created for the "Three 100" key projects initiative of Beijing, with the pricing policies differentiated to enhance service quality and efficiency. Focusing on key areas such as rail transit, infrastructure and public wellbeing projects, the Bank supported landmark projects such as M101 Digital Port, "Wanli" commercial complex, and the relocations around the Palace Museum. Based on the project entities, financial services were provided for upstream and downstream customers on the value chain.

Cooperation in key areas of the capital was deepened. During the reporting period, the Bank signed strategic cooperation agreements and held cooperation talks with several district governments in Beijing. Specialized financial services were provided for such areas as district-managed enterprises, key projects, local government bonds, treasury centralized payment service, and third-generation social security cards. The Bank actively participated in the bank-government-enterprise meetings, consumption enhancement events and various sports events, continuously enhancing the Bank's reputation and influence in Beijing.

Corporate deposits

Keeping deposits at the heart of the Bank and aiming for "bigger size, better structure and lower cost" of deposits, the Bank persistently expanded the sources of deposit growth. The marketing for corporate deposits was enhanced, with efforts redoubled to take low-cost deposits and demand deposits. By strengthening process management, product combination, deposit pricing management and hierarchical and categorized marketing for customers, the Bank achieved rapid growth in corporate deposits with gradual structural improvements and continuous cost reduction. As at the end of the reporting period, the balance of corporate deposits of the Bank grew by 11.43% year-on-year to RMB1,781,949 million. The cost of corporate deposits was 1.60%, down 0.39 percentage points from the end of the previous year.

Corporate loans

The Bank actively implemented the political and people-oriented nature of financial work. Under the main theme of serving the national strategies and supporting the high-quality development of the real economy, the Bank focused on the key task regarding the "Five Priorities", and strove to build technology finance and green finance into two defining features of the Bank. The Bank kept improving the regular financial service mechanism for key fields and weak links of the national economy, including the private sector, manufacturing, strategic emerging industries and rural revitalization. Through targeted supply, product innovation and fine-grained management, the Bank fully supported implementation of national strategies and development of the real economy. The Bank strictly implemented the relevant real estate policies of the State and regulatory authorities, actively supporting the new model of real estate development. As at the end of the reporting period, the balance of corporate loans (excluding discounted bills) of the Bank stood at RMB1,660,049 million, up 13.88% from the end of the previous year.

Transaction banking

The Bank actively promoted the supply-side reform of the financial sector. By integrating a wide range of service capabilities including supply chain finance, cross-border finance and cash management across various transaction scenarios regarding the industrial, value and fund chains, the Bank provided customers with full-lifecycle and scenario-based comprehensive financial services. This approach helped customers improve quality and efficiency, empowering the high-quality development of the real economy.

By leveraging digital technology to empower industrial finance services, the Bank created a "1+6+N" product service system to standardize product offerings, enhance service capabilities foster a competitive edge. The service ecosystem was expanded to cover 30 scenarios across automobile, energy, manufacturing, agriculture and animal husbandry and other industries, with the scenario coverage expanding by 50.00% compared to the previous year. Critical progress was made in national research projects, achieving "regulation-industry" two-way empowerment. Pilot projects were implemented in multiple industries, forming a cycle of "combining research with application, driving industry through research". The Bank built a "digital supply chain business process factory", upgraded the intelligent risk control system and developed the fine-grained and digital management capabilities, cementing the foundation for the growth of digital supply chain finance. Digital supply chain finance services have been deeply integrated into core links of the industrial chains in key sectors of the national economy, providing targeted and efficient financial support for stabilizing industrial and supply chains and boosting high-quality development of the real economy. As of the end of the reporting period, the Bank's industrial digital finance accumulatively served 4,488 ecosystem customers, up 78.02%[3] from the end of the previous year. The cumulative industrial digital finance amounted to RMB68,018 million, with a year-on-year increase of 227.55% recorded in new issuance in the reporting period.

The Bank continued to enhance the capacity of cross-border financial services, improving the service quality and efficiency across the board. Crucial progress was secured in the development of financial market infrastructures in free trade zones, laying the groundwork for the integration and innovation of cross-border financial resources. The foreign exchange business reform was deepened and piloted at branches. Through the mechanism reform, process reengineering and technological empowerment, the Bank provided customers with higher-quality, more efficient and more convenient cross-border financial services, helping create a business environment where "the more trustworthy you are, the more convenient services will be". A direct link was created with the State Administration of Foreign Exchange's cross-border financial services platform, further improving the efficiency of business processing and the relevance of risk prevention and control. During the reporting period, the Bank recorded RMB151,080 million in total cross-border RMB receipts and payments, up 22.74% year-on-year. As at the end of the reporting period, the balance of cross-border on- and off-balance sheet trade financing increased by 22.68% year-on-year, effectively supporting enterprises going global.

Centering on the customer journey, the Bank integrated and upgraded the three product lines of treasury cloud, fund supervision and transaction funds, and launched the Corporate Mobile Banking 2.0. By unifying the entry points for corporate electronic channel services, the Bank created an all-encompassing and agile online service ecosystem. Online settlement tools were used to further tap into public services and public wellbeing areas. The "Urban Sanitation Workers' Payroll Fund Supervision" project was successfully implemented. The Bank also qualified for providing escrow services for special-purpose local government bonds and direct settlement of medical insurance disbursements in Beijing, further extending the service scenarios. As at the end of the reporting period, the Bank's cash management products served 2,093 active customers, with treasury transactions totaling RMB1.52 trillion. The Bank had 495,900 corporate internet banking customers, an increase of 6.17% over the end of the previous year, and the number of monthly active users (MAU) was 292,900, up 4.68% year-on-year. Corporate mobile banking had 208,500 customers, up 13.38% year-on-year.

[3] The ecosystem customers cumulatively served by industrial digital finance refer to customers that used the Shuyitong product of the Bank, excluding the ecosystem customers within the settlement business category. The base data for the previous year has been adjusted accordingly.

Investment banking

The Bank unswervingly adhered to the "commercial banking + investment banking" strategy, and further enhanced the synergy between commercial banking and investment banking. With the three core drivers of product advantages, Group-wide collaboration and specialized operation, the Bank continued to boost market competitiveness and customer recognition.

As at the end of the reporting period, the Bank recorded RMB1,016,749 million in size of investment banking, up 13.40% year-on-year, and registered 1,906 customers served. Thanks to the all-out effort to expand the corporate customer base and upgrade customer services, the customer coverage and the service depth were steadily increased. The domestic underwritings (including asset securitizations) totaled RMB144,935 million.

During the reporting period, the Bank's advisory and matchmaking services amounted to RMB348,871 million. The Bank kept building an advisory and matchmaking product matrix mainly composed of insurance matchmaking, lease matchmaking, brokerage matchmaking, trust matchmaking, equity matchmaking, and intelligent financial advisory service.

The bond underwriting business was aligned with major strategies and the national goal of "carbon peak and carbon neutrality", increasingly expanding the supply of green industry finance. A total of nine green bonds were issued the year, with an aggregate value of RMB1.6 billion. Focusing on core needs of the real economy, the Bank put serving sci-tech innovation enterprises high on the priority list. In support of the transformation and upgrading of advanced manufacturing, the Bank issued a total of 49 sci-tech innovation notes and bonds with an aggregate value of 10,421 million. To help implement the rural revitalization strategy and meet the financing demands in key areas, the Bank issued five rural revitalization notes in the year with a total value of RMB820 million.

By actively integrating the resources of Hong Kong Branch as a "bridgehead" and domestic branches "bases", the Bank helped high-quality customers go global through cross-border direct financing. During the reporting period, the Bank conducted 198 overseas bond underwriting deals with an aggregate size of RMB20,802 million, up 14.29% year-on-year. Specifically, the Bank underwrote the overseas local government bonds issued by the Guangdong Provincial Government, the Hainan Provincial Government and the Shenzhen Municipal Government. It also cumulatively underwritten 79 overseas green, blue, sustainability, carbon neutrality, social responsibility and transition bonds for 62 enterprises and local governments, with the aggregate underwriting size equivalent to RMB8,801 million.

In an ongoing effort to improve the corporate wealth management system, the collaboration between the parent bank and subsidiaries was deepened to unleash the synergy of resources within the Group. The Bank upheld the "customer-centric" core philosophy of business development, strove to build an all-encompassing ecosystem of corporate wealth management products, continuously innovated and diversified the Bank's product matrix of agency sales, and met the different wealth allocation needs of corporate customers in a targeted manner. As at the end of the reporting period, the Bank recorded RMB107,037 million in balance of corporate wealth management products distributed on behalf of clients, up 37.39% year-on-year.

3.12.2 Retail finance

During the reporting period, the Bank continued to deepen its retail strategy, tapped deeply into the customer base and the market, and actively served the people's livelihood and the real economy. Advances in the retail finance included continuous improvements in the retail product and service system, acceleration in digital transformation, continuous enhancement of comprehensive service capabilities and gradual maturing of ecosystem scenarios.

Retail customers

The retail customer management system was upgraded across the board. Ongoing efforts were made to build a comprehensive retail customer management system featuring hierarchical management, grouping-based operation and ecosystem integration. With the service boundaries broken down, customers were given access to one-stop, diversified, and integrated high-quality financial services. First, hierarchical management was improved and digital customer management was further promoted. A hierarchical service system for retail customers was further built. "Online + scenario-based" services became available to ordinary customers, "specialized + standardized" services available to wealth management customers, and "comprehensiveness + centralized" available to private banking customers, showing a rising level and efficiency of "online + offline" multi-channel services. Second, grouping management was intensified to make customer services more fine-grained across the board. The full-lifecycle customer service strategy was tailor-made to the distinctive features of different customer groups. Youth-specific products including "Huaxia Dream Card" and exclusive wealth management products were launched, in an effort to builder a youth-oriented brand that meets the financial needs of young customers. Targeting car owners, the Huaxia Freego Car-owner Card and battery leasing loan were rolled out to build a "financial service + auto ecosystem" service system. Third, ecosystem development gained pace to comprehensively upgrade the scenario-based service capabilities. The Bank implemented the national policies and plans for the piloting of new forms, models and scenarios of consumer business, created a new service model of "finance + scenarios" through the "ecosystem project mechanism", extended the "Huaxia KPL Dream Team" co-branded credit and debit cards project nationwide, and built locality-specific retail ecosystems for government affairs, consumption, tourism, pets, and education. As at the end of the reporting period, the Bank showed a steady expansion of its retail customer base, registering 40,124,400 in total number of retail customers[4]. Specifically, the Bank had 20,200 private banking customers[5], up 21.71% over the end of last year, 561,100 consumer credit customers[6], down 0.71% from the end of last year, 748,600 acquiring customers, up 6.80% over the end of last year.

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4 The total number of retail customers includes the number of debit card and credit card customers and removes duplicates.

5 Private banking customer means a customer with an average daily AUM worth at least RMB6 million in the previous month.

6 Consumer credit customers refer to non-platform consumer credit customers.

Personal deposits

For high-quality growth of personal deposits, the Bank enhanced the empowering role of product innovation and upgraded marketing management. Committed to improving the customer-centric product system, the Bank launched innovative products such as "Monthly Return Deposit" tailored to needs such as education payments, pensions and salary management. The online purchase of products provided better customer experience, and personal deposit products shifted faster towards an online, customer group-specific, and scenario-based model. An increasing range of scenarios were introduced. The scenarios were extended for payroll, acquiring and other major traditional services, while the ecosystem scenarios were expanded for tourism, mobility and shopping to turn customer growth into customer deposits. This shaped a new model of deposit growth driven by both traditional channels and ecosystem scenarios. Key platform models were further built with a focus on scenarios with high-frequency fund transactions, such as campus bill payments and wholesale procurement. Targeting the diverse financial needs of platform providers and merchant, private and corporate banking segments worked together to develop integrated solutions, thereby retaining customer funds through high-quality comprehensive services. As at the end of the reporting period, the balance of personal deposits of the Bank stood at RMB599,781 million, up 9.01% from the end of the previous year.

Wealth management and private banking

The Bank persistently created value for customers through service upgrades, product innovations and digital and intelligent empowerment. First, professional services were continuously improved, and the tiered and categorized services were upgraded. The Bank worked faster to set up the private banking center, strengthened the fine-grained management of private banking clients, integrated expert resources both within and outside the Bank to build the "Huizhi Manager" pool of experts, and effectively improved the professional service quality and efficiency for private banking clients. Focusing on the unique needs of different customer groups of wealth management and private banking, the Bank offered differentiated financial product and service combinations, and enhance the comprehensive service capabilities for all customer groups. By launching the "More Friends, Better Luck" customer referral campaign, the Bank completed the whole-of-chain integration of the wealth management and private banking membership and C+ membership as well as the consolidation of equity product shelves. A hierarchical, variable-frequency targeted outreach and service system was also created, enhancing customer stickiness and value recognition. Second, product innovation empowered the real economy, driving the iterative innovation of the cooperation ecosystem. Open and all-category product shelves were developed in collaboration with leading partner institutions, with a focus on the "Five Priorities". A new commercial pension insurance product was launched, covering a full range of terms of commercial pension insurance. Based on Ruicheng and Ruixia product series, the Bank launched the largest private placement financing for individual major shareholder in the A-share market in 2025, as well as the industry's first 25-year green electricity private equity trust. Both were exemplary innovative products. The Bank held the first Wealth Partner Ecological Conference and launched five core product brands, fostering a win-win ecosystem landscape. Third, Financial and intelligent technologies worked in tandem to boost service efficiency across the board. The mechanism for investment research, asset allocation, product selection and customer service was implemented and the investment research report system was improved, providing customers with a full-process asset allocation and advisory companion services. The mobile banking officially launched the private banking store, rolling out a series of special events including "Wealth Carnival" and "New Customer Wealth Management Tuesday". In addition, the "Gold+" and "Index Treasure" sections were added along with a number of wealth management and private banking member benefits. As at the end of the reporting period, the total financial assets of personal customers of the Bank stood at RMB1,114,808 million, up 11.28% from the end of the previous year. The Bank recorded a net fee and commission income of RMB1,117 million from wealth management, up 16.48% year-on-year.

Personal loans

The Bank firmly implemented the decisions and plans of the CPC Central Committee and the State Council for giving priority to boosting and expanding consumption. It endeavored to shift the personal loan business towards a scenario-based, online, intelligent and digital model. Persisting in integrating financial services with consumer scenarios, the Bank continued to expand consumer scenarios such as commerce and everyday life, vigorously promoted consumer loan interest subsidies, increased the service penetration rate for new consumer scenarios using technology, expanded online consumption channels, and provided convenient and efficient consumer finance support. First, digital services gained momentum, digital production capacity was enhanced, and digital risk control were upgraded. Focusing on the innovation of digital products and services, the Bank continued to upgrade its signature product "Long e-Loan". The product became much more competitive with a fast-expanding credit size, effectively supporting the upgrading of consumption. New breakthroughs were made in ecosystem-based customer acquisition and scenario-based marketing. The inaugural online "Long e-Loan" energy scenario project was launched. The Bank stepped up the development of diverse ecosystem scenarios and provided a wide variety of personal consumer credit services, playing a sustained and positive role in expanding domestic demand, boosting consumption and ensuring stable growth. Second, the Bank continued to carry out credit product innovation and optimization for the operating entities in the consumer sector. With a focus on the ecosystems of "parks, spheres and chains", the "Long Business Loan" were upgraded to provide self-employed individuals with digital, intelligent, specialized and distinctive financial services, thereby further enhancing the customer service capabilities. Third, the Bank provided strong support for stabilizing the real estate market. The Bank strictly implemented the national requirements for the down payment ratio and interest rate, adopted city-specific housing credit policies, and fully integrated the online mortgage processes to accelerate intelligent processing. Fourth, the Bank efficiently implemented national policies to protect and enhance the rights and interests of consumers. A series of national policies for boosting consumption were fully implemented, and the policy for subsidized consumer loans was quickly implemented. The one-time credit repair policy was implemented across the board. Debt collection and relief plans were developed, market concerns were promptly addressed, and emergency plans were prepared to ensure faster policy implementation. The real-time monitoring function was launched for retail loans. For the first time, a full traceability and remediation process was created for loan funds, so as to prevent any illegal flow of credit proceeds to restricted areas, forestall misuse of funds and safeguard credit funds. As at the end of the reporting period, the balance of personal loans (excluding credit cards) granted by the Bank was RMB533,020 million, down 1.96% from the end of the previous year. The balance of personal consumer loans reached RMB111,664 million, up 0.40% from the end of the previous year.

Acquiring and payment services

Under the "payment for the people" philosophy, the Bank continued to optimize the supply of payment services in a bid to meet the diverse payment needs of the public, thereby serving the real economy. The Bank continued to refine the payment and settlement service system, build the "Huaxia e Cashier" acquiring brand, accelerated the "Digital Acquiring" initiative, and improved the risk control rules for the online payment services. These sustained efforts ensured secure, convenient integrated payment services for merchants and consumers. To enhance the convenience and benefits for the general public, the Bank stepped up efforts for replacement of the third-generation social security cards in Beijing and promotion of the "Inclusive Health Insurance". Its outlets were deeply integrated with the government service platforms, fully supporting the mobile payment settlement for Beijing's medical insurance program, and effectively promoting payment services for the public wellbeing.

Credit cards

The Bank resolutely implemented the national requirements for boosting consumption towards the goal of serving the real economy. It leveraged its financial strength to drive consumption upgrading, meticulously developed new customers and tapped deeply into existing customers to sustain business growth.

First, the product matrix was enriched to develop diverse card use experiences. We have launched the American Express Peak Card and Safari Card for high-net-worth individual (HNWI) clients and senior management members of high-quality enterprises and public institutions. These cards offered a wide range of high-end services such as starred hotel reservations, VIP travel, cross-border cashback and family sharing, enhancing the willingness for high-quality consumption. The Bank issued the Huaxia UP Card (the World of the Palace) in collaboration with the Palace Museum's IP "the World of the Palace", promoting the "finance + culture" ecosystem integration through "Guochao", or trendy merchandise inspired by traditional Chinese culture. Serving the demand for consumer staples, the Bank issued the Huaruntong co-branded credit card to provide retail scenarios-based "finance + life" services through consumer benefits such as gift offerings and payment discounts.

Second, the Bank deeply explored daily life scenarios to develop a tightly woven net of ecosystem-based consumption. Taking account of customer tags and profiles, the mix of transactions was increasingly improved with differentiated marketing strategies and brand events. Scenarios such as multi-fold points and points redemption, enhancing the user experience and value perception of reward points. In a relentless effort to boost consumption and benefit the people, the Bank created a diverse environment for card use, promoted the ecosystem with vertical scenarios, launched promo events on multiple platforms including e-commerce, food delivery, hotels and flights, expanding the coverage of profit concessions to consumers. The consumer loan business upgraded its digital operation model. The flagship products such as "Elite Express" were further refined, and connected with projects like trade-in and government subsidies. It also launched credit card offers and interest-free installment plans for trade-in of consumer goods and government-subsidized goods.

Third, the core functions were optimized to enhance the user experience. The "Splendid Life" APP were upgraded to Version 5.0, integrating finance, life and consumption. Intelligent algorithms were used to enable personalized recommendations and improve the experience of online card use throughout the process. In support of the national drive for building homegrown ecosystems, the Bank launch the HarmonyOS version to expand the service coverage and enhance the smoothness of usage. As of the end of the reporting period, 23,993,900 users were registered for the credit card "Splendid Life" APP, up 8.19% from the end of the previous year. The number of monthly active users (MAU) was 3,641,800, down 7.55% over the end of the previous year.

As at the end of the reporting period, the Bank had issued a cumulative number of 43,322,300 credit cards, an increase of 3.20% over the end of the previous year, and recorded RMB151,086 million in balance of credit card loans, down 10.75% from the end of the previous year. During the reporting period, value of credit card-based transactions totaled RMB710,326 million, representing a decrease of 14.29% year-on-year. The Bank realized RMB14,459 million income from credit card business, down 15.65% year-on-year.

Transformation of retail business towards digital operation

The Bank upgraded the customer outreach channel matrix, significantly enhancing the breadth and depth of customer connections. The corporate WeChat service network was officially launched, enabling full integration and coordination with the mobile banking, SMS, AI outbound calls, and manual outbound calls core online channels. The online channels served over ten million customers throughout the year, shifting from single-point contact to a multi-dimensional and continuous customer interaction model.

The capability of data-driven and intelligent decision-making was consolidated, steadily enhancing the intelligent level of operations. The Bank moved faster to build the retail data middle-office, achieving unified governance and efficient iteration of data assets. The enterprise-level digital customer management platform was upgraded, preliminarily shaping a digital support system running throughout the customer lifecycle. Based on the Zhimou (MA) platform, the Bank achieved automated operation strategy configuration and closed-loop execution across business scenarios and by different customer groups. A "Strategy Brain" team dedicated to strategy modeling and algorithm optimization was established, providing core intellectual support for continuous innovation and iteration of digital operations, jointly shifting customer management from the "experience-driven" model to a "data- and AI-driven" one.

The mobile banking capabilities were systematically upgraded, comprehensively enhancing the performance of the "main arena" for online services. The Bank advanced comprehensive operation of mobile banking, and created a "super store" business model to improve customer experience through efficient collaboration and build an online "second bank". A C+ membership system covering all tiers of customers was launched, enabling tiered customer services and targeted outreach through integrated operation of "benefits, events, and tasks". As at the end of the reporting period, the Bank had 31,309,300 registered mobile banking users, a year-on-year growth of 8.03%. The number of monthly active users (MAU) was 6,261,400, a year-on-year increase of 24.70%.

Box 3: "Finance + Ecosystem" Integrated Development: A New Chapter of Serving Public Wellbeing

Against the backdrop of a thriving digital economy with new types of consumption, the Bank set its sights on the new frontier of e-sports, and entered into a cross-sector partnership with the King Pro League (KPL) that boasts "billions of traffic and millions of fans". Through the initiative, the Bank strove to build an integrated ecosystem of "finance + events + consumption", extend financial services to a wide range of trendy scenarios and continuously unleash the value of ecosystem.

Reaching young customers through cooperative events and benefits. The Huaxia KPL Dream Team esport co-branded debit card and credit card have precisely targeted young consumers with customized card designs and a full-lifecycle benefits matrix. Based on rare resources such as fan meetups for Dream Team players, the "finance + e-sports" hit event was jointly launched to successfully engage with Gen Zers who are passionate about cultural consumption. By the end of the reporting period, more than 700 thousand co-branded debit and credit cards were issued cumulatively.

A range of scenarios were integrated to unleash consumption vitality. An online esports ecosystem was created, and the mobile banking launched an "e-sports section" at the same time. Seven modules including events, news, social interaction and card application were integrated to form a closed-loop ecosystem of "payment instruments – consumer scenarios – financial services". The "culture, commerce, tourism, sports and exhibition + finance" layout was deepened offline. In November 2025, the Bank set up a booth as the sole financial institution partner at the KPL Grand Finals at the Bird's Nest, distributing credit card coupons for catering, tourism, etc. The move created a model of ticket economy and stimulated consumption vitality. This esport event set the Guinness World Record for "the largest live attendance for an esport tournament", giving a boost to development of the "night-time economy" and "cultural tourism economy" in the capital.

Financial services were upgraded and the service scope was expanded. The "online + offline" service boundaries were continuously expanded. Starting from the KPL cooperation, the Bank continuously strengthened the financial service support for consumer spending. Exclusive wealth management products were issued for the esports customers to meet the wealth management needs of young customers. The "Splendid Hua Xia" catering and recreation discounts campaign went online, offering discounts on popular tourist attractions in collaboration with the Changping Culture and Tourism Bureau. The "Huan Xin Loan", "Elite Loan" and other consumer credit products were leveraged to enhance the discount offerings for new energy vehicles and green travel.

From breaking new ground in esports to expanding the ecosystems, a "finance + culture, commerce, tourism, sports and exhibition" ecosystem matrix gradually took shape based on the full integration of scarce rights and financial services. The Bank actively explored the practices of upgrading from "finance+" to "ecosystem-based symbiosis", persistently injecting new vitality into livelihood services.

3.12.3 Financial market business

During the reporting period, the Bank made in-depth analysis on the economic and financial situations at home and abroad and the monetary and fiscal policies of major economies, and strengthened market researches and forecasts. With effective risk controls in place, the Bank increased investment and trading and introduced new business models. These efforts yielded a better mix of interbank liabilities, higher customer service level and higher quality and efficiency of financial market business. Aligned with customer needs and market trends, the wealth management business proceeded with product innovation, channel optimization and investment capacity building. With stronger efforts for risk compliance and technological empowerment, the Bank made encouraging headway including a larger scale, higher efficiency and stronger brand influence, injecting new impetus into the high-quality development of the business. Towards the goal of high-quality development, the Bank accelerated the chain development and ecosystem-based acquisition of custody customers through Group-wide collaboration and marketing initiatives. It proceeded with product innovation, deepened digital transformation, strengthened professional operation support and consolidated the foundation of compliance risk control. Thanks to these efforts, the asset custody services gained pace and delivered even better performance in comprehensive value creation.

Financial market business

During the reporting period, the global financial market had a defining feature of high volatility amid the changing landscape of technology competition, tariff disputes between China and the United States, divergence of monetary policies and flaring-up of geopolitical conflicts. Affected by the US reciprocal tariffs and the Fed's interest rate cuts, the US Dollar Index weakened substantially and then remained range-bound, with the US bond yields moving lower with wide swings. Gold prices surged and set dozens of new record highs, driven by central banks' gold purchases and flight to safe-haven assets. The domestic bond market saw yields generally rising and volatile due to tariff disputes, changing pace of the central bank's monetary policy and suppressed risk appetite. RMB significantly appreciated against USD. The Bank strengthened market analysis and forecasts, dynamically adjusted trading strategies, increased trading frequency and investment intensity, flexibly rebalanced the portfolio, and strictly controlled exposure limits in pursuit of robust income growth and profit generation. The inter-bank investment business model was innovated to expand the credit coverage for target customers, maintain steady growth in assets and stabilize the profit level. The bills product lineup and the bills system functions were continuously improved, and the digital operation capabilities were steadily enhanced. The bills business saw steady growth in both number of customers and business volume. During the reporting period, the Bank recorded RMB946,832 million in discounted bills and 8,128 customers served. The bill trading volume was RMB2,007,229 million. The structure of interbank liabilities was continuously improved, with the demand deposits taking up a steadily growing share and the financing costs moving lower, indicating higher quality and efficiency of the financing business. The financial institution customer service system was further improved. The "Hua Xia e Home" interbank platform functions were continuously optimized to enhance the customer service level and the product selling capacity. As of the end of the reporting period, the Bank had entered into business cooperation with about 2,600 financial institution customers.

During the reporting period, the Bank conducted a total of 370,170 RMB and foreign-currency treasury transactions with an aggregate value of RMB86,852,731 million, down 0.67% year-on-year. Specifically, the Bank conducted 72,476 unsecured inter-bank lending and pledge-style repurchase transactions totaling RMB60,109,994 million, down 5.54% year-on-year. It also conducted 48,247 derivatives transactions totaling RMB10,327,597 million, up 17.57% year-on-year.

Box 4: Increasing Technology and Green Investments, Improving Liability Structure and Advancing Coordinated Development of Interbank Investment and Financing

Focusing on the national strategic sci-tech fields, the Bank provided targeted support for sci-tech innovation enterprises through differentiated financial services. During the reporting period, the Bank became one of the first group of investors in sci-tech innovation bonds in the inter-bank market across the country. As at the end of the reporting period, the balance of technology investment more than doubled year-on-year. The Bank continued to conduct investment business featuring green finance, fully applied the existing financial products to the green sector, strengthened interaction with enterprises, created products and business models featuring green finance and provided stronger support for green economy, low-carbon economy and circular economy. At the end of the reporting period, the financial market business recorded RMB22,345 million in the balance of green investment.

The interbank liabilities were structurally improved by transitioning towards lower costs and greater flexibility and increasing the shares of interbank certificates of deposit and demand interbank deposits. By doing so, the financing costs were lowered across the board. During the reporting period, the share of the average daily balance of interbank certificates of deposit increased by 7.62 percentage points year-on-year, the share of the average daily balance of interbank demand deposits rose by 5.91 percentage points year-on-year, and the share of the average daily balance of interbank time deposits decreased by 13.53 percentage points year-on-year. The improvements in structure of liabilities led to a year-on-year decline of 0.50 percentage points in the interest rate paid. In particular, the improved structure of interbank liabilities provided low-cost funds for investment business, making the financial market business more profitable in general.

Asset management services

Huaxia Wealth Management upheld the philosophy of innovation-driven development and value creation. It upgraded the product system and took a wide range of steps to boost the influence of the "fixed income +" product series. It created a number of brands, including the "Huaxia • Yuejia" brand for multi-asset multi-strategy products, the "Yuehong" brand for hybrid products, and the "Yuesheng" brand for hybrid closed-end private placement products. The multi-channel marketing system was increasingly enhanced. As at the end of the reporting period, there were 171 third-party distributors, an increase of 48 compared with the end of the previous year. Equity investments became increasingly concentrated, targeting four major categories, namely, broad-based enhancements, dividends, technology, and Hong Kong stocks. Huaxia Wealth Management released its 2024 annual ESG report, the first of its annual ESG reports to align with the Ministry of Finance's Corporate Sustainability Disclosure Standards: Basic Standards (Trial). This report passed the review for the Beijing Sustainable Disclosure Pilot Program, further enhancing the ESG brand influence. The enterprise risk management system was deepened to enable regular monitoring of key risk indicators. The all-round intelligent transformation made headway. In the investment and trading field, the core system was upgraded, non-standard businesses achieved full on-line processing, significantly boosting investment efficiency and standardization level.

At the end of the reporting period, there were 2,114 existing wealth management products with a balance of RMB1,215,117 million, up 45.82% over the end of the previous year. During the reporting period, the Bank realized RMB1,422 million of wealth management fee income, a year-on-year growth of 39.96%.

Box 5: Innovative Investment and Financing Models to Support the Growth of Sci-Tech Innovators

Huaxia Wealth Management actively explored the distinctive development paths of sci-tech finance following the national strategies. Riding on the trend of technology-capital integration, the Bank continuously innovated its financing and investment models to provide multi-dimensional financial support to sci-tech innovation enterprises.

Huaxia Wealth Management embarked on systematization on all fronts with a focus on serving the sci-tech innovator clients of the Group: First, a specialized team was established to mainly handle tasks regarding sci-tech innovation equity and the capital market business, cementing the foundation of professional talents. Second, the Implementation Plan for Technology Finance Business was issued, clearly defining the goals and paths. Third, intellectual support was enhanced by beginning to build an expert pool that integrates think tank resources within and outside the Bank. In this way, a think tank for technology finance was created in collaboration with high-quality partners. Fourth, norms and standards were developed. The Technology Finance Product Manual was formulated, and 11 standard service solutions were designed for scenarios such as equity financing, non-standard financing, and capital market services for sci-tech innovators.

Huaxia Wealth Management established a diverse product portfolio covering selected private equity funds and pre-reits equity funds. Its investment focused on investing semiconductors, commercial aerospace, high-end manufacturing, pharmaceuticals and healthcare, helping a number of enterprises go public or list on the STAR Market or NEEQS, demonstrating its ability to foster sci-tech innovators.

Asset custody services

Towards the goal of high-quality development, the asset custody business strengthened Group-wide collaboration and synergy to promote chain development and ecosystem-based acquisition of customers. It unlocked the potential of upstream and downstream customers for marketing of key products. Sustained growth was seen in securities investment funds, trust assets and bank wealth management. The Bank completed the follow-on offering of China's first "photovoltaics + hydropower" closed-end infrastructure securities investment fund REIT. The asset custody kept scaling up with an improving structure and a growing overall contribution. Product innovation was accelerated and the first QDII custody deal was implemented. In its ongoing digital transformation, the Bank upgraded the intelligent management platform and the intelligent customer service platform, enhancing the service quality and management efficiency. Business processes were streamlined, straight-through processing was accelerated and local disaster recovery and emergency management were strengthened. The Bank saw increasing professionalism of custody operations, steady enhancement of business carrying capacity and significant rise in customer service level. The compliance and risk management of asset custody services were enhanced, ensuring fulfillment of custody responsibilities and stronger control of risks. Upon authorization by the Custody Business Committee of the China Banking Association, the Bank acted the project leader and led the preparation of the *China Asset Custody Industry Development Report (2025)*.

During the reporting period, the Bank had a total of 165 mutual funds under custody with an aggregate size of RMB462,645 million, up 12.66% from the end of the previous year. They generated RMB332 million of fee-based income, up 13.54% year-on-year. The Bank registered 12,107 products under custody, covering securities investment funds, securities dealers' asset management plans, banks' wealth management, insurance-related asset management schemes, asset-backed special plans, and equity investment funds. The assets under custody reached RMB4,062,939 million, up 18.89% from the end of last year, and custody fee income was RMB916 million, up 3.27% year-on-year.

Box 6: Fast-tracking Coordinated Development of Asset Custody with a Focus on Ecosystem-based Customer Acquisition and Overall Value Enhancement

Focusing on ecosystem-based customer acquisition, the asset custody business sought to build a network of peers and pursued extensive exchanges and cooperation with peers. During the reporting period, the Bank held a trust industry exchange meeting, and had face-to-face talks with a number of trust companies to deepen the bank-trust partnership. It also held a facilitation meeting for cross-border custody service marketing, inviting government departments and partner clients to provide insights and clarifications on cross-border policy facilitation. The Bank seized the opportunity to promote customer engagement, and encouraged efforts to expand the channels and scope of customer acquisition leveraging local government policies, so as to make new breakthroughs in cross-border business.

The Bank adopted a holistic approach to custody services, shaping an integrated service system that is "horizontally coordinated and vertically linked" across the Bank. Through a stronger interplay between investment and custody and between sales and custody, mutual empowerment was achieved between the Bank and Huaxia Wealth Management, and coordination was enhanced among the Head Office, branches and sub-branches. The Bank deepened cooperation with local financial institutions, fully tapped customer potential, accelerated the chain development of custody customers and enhanced their overall contribution. Asset custody services pooled a considerable amount of low-cost demand deposits, further optimizing the liability structure of the Bank.

3.12.4 Digital operation

During the reporting period, the Bank advanced digital and intelligent transformation, deepened the integration of business and technology, and persistently enhanced the capabilities of intelligent operation, technological support and data application to bolster high-quality business development.

Digital and intelligent transformation gained pace and efficiency. The five-year plan for digital technology transformation was successfully concluded. The digital capabilities significantly improved, digital products and services saw a growing customer base and the customer management system was increasingly refined. The wealth management and private banking systems were reengineered across the board, with the wealth management, fund and other business systems rebuilt and public services centrally managed. The mobile banking APP was upgraded and the "My Home" special scenarios were piloted, enhancing the experience of intelligent interaction. A green finance management system was built to enable green certification, environmental risk monitoring and identification, and customer ESG evaluation, thereby empowering the quality and efficiency enhancement of green credit services. The treasury cloud platform was upgraded, and the online "Bank Acceptance Exposure" functions were launched, enhancing the efficiency of corporate treasury management and capacity of risk control. The pension finance service system was improved. The agency sales functions for commercial pension insurance and individual pension-oriented wealth management products were launched. The automated monthly deposit and automatic withdrawal functions were rolled out for private pension. The customer service experience through was enhanced through multiple channels.

Intelligent operations became increasingly efficient. The Bank deepened the digital transformation of branches, iterated the "Lobby Steward" system and expanded the application scenarios of smart screens, enabling data-driven improvements in the efficiency of outlet operations and integration of ecosystems. The digital cockpit for operations management was upgraded, and a full-lifecycle management mechanism for digital indicators was built, shifting operation management towards a digital and fine-grained model. For the appointment service for corporate account opening, the information identification and collection process were automated to enable earlier risk identification, automatic notification of milestones and intelligent form filling, effectively enhancing service efficiency and customer experience. Accounting management was deepened. All accounting items of the Group were managed online throughout the process. A multi-dimensional visual management view for accounts, vouchers and records was created, enhancing the level of digital control. The digital transformation of accounting supervision and verification processes was advanced. An online supervision process based on data integration was created. The RPA technology was introduced to automatically verify the end-of-day balances of key accounts, thereby upgrading risk control to a smarter one.

The supporting capacity of technology steadily increased. During the reporting period, the Group's IT investment reached RMB3,943 million, accounting for 4.29% of operating income. IT Business Partner (ITBP) mechanism was created to remove obstacles to business-technology connection and ensure the rapid implementation of business requirements. The Bank worked all-out to build the new-generation core system. The system has been substantially completed, with the peripheral renovations carried out simultaneously. These advances have laid a solid foundation for stable operation. The "Huaxia Online" unified office platform was developed to integrate multi-system access and to-do items into a single entry point, enhancing the office efficiency. The "Huaxia Voice" platform went live. A mechanism for immediate response to complaints was created to efficiently address the demands at the grassroots level. An enterprise-level cloud platform featuring "one cloud with dual stacks, and one cloud with multiple cores" was completed, ensuring stable mutual backup of the supply chains and achieving an overall cloudification rate of 97% for information systems. A local dual-active architecture cluster was built for the intermediary business cloud platform of branches, enabling the dual-active deployment of all public services and ensuring the continuity of key services on the cloud platform. The new-generation data center network architecture was launched, enabling high-speed data forwarding and intelligent traffic scheduling and enhancing the utilization efficiency of key network resources.

Data assets effectively unleashed their value. Special campaigns on data governance and security control were systematically carried out, significantly boosting the quality of data assets and the ability to defend against risks. The data-driven intelligent service ecosystem was upgraded to efficiently meet the visualization and agility requirements of the Bank's decision-making and fine-grained management. The data analysis and modeling system deeply empowered core business areas such as risk control and customer management, persistently unleashing the ability to create value. Efforts were redoubled to centralize the operation of external data resources and build the data middle-office, thereby effectively reducing data intake costs and improve application efficiency, and laying a solid data foundation for high-quality development.

Box 7: Digital and Intelligent Operations Empowered High-Quality Development

The robotic process automation (RPA) technology further applied. The Bank continuously explored high-value business scenarios, replacing repetitive and procedure-based manual operations with the RPA technology. It achieved the core goals of more efficient internal operations, lower labor costs and more accurate business processing. As of the end of the reporting period, the Bank had a total of 2,528 online scenarios, cumulatively reducing 613,600 man-hours and RMB55,336,800 of labor costs.

The intelligent operations system was further built. The Bank continued to expand the scenarios of intelligent remote banking services, and strengthened the application of intelligent navigation, intelligent Q&A and intelligent analysis to improve the service quality and customer experience. During the reporting period, the intelligent operations cumulatively reduced 862,200 man-hours, showing remarkable performance in cost reduction and efficiency enhancement.

The enterprise-level business parameter management system was improved. The parameter management platform expanded the types of standard parameters and system coverage, enhancing the intelligent service capability of "one-point configuration, full-network application". The "one-stop" service model for business parameters at the branch level was developed. The automated operation of business parameters was promoted and 16 automated configuration scenarios were launched, boosting efficiency at controlled risks and laying a solid foundation for high-quality business development.

Operations risk prevention and control were strengthened. Cross-system data integration was advanced, tapping deeply into the value of early warning data from the perspective of "business + risk". A panoramic view of operations risk monitoring was developed to visually exhibit operations risk data distribution. As a result, potential risks were effectively identified and the digital risk control capability was enhanced.

Box 8: AI and Quantum Worked Together to Accelerate FinTech Integration and Innovation

The intelligent platforms were built at a faster pace. The Bank advanced the computing infrastructure development, upgraded computing service capabilities, and fortified the underlying support for large-language model (LLM) applications. A LLM agent platform was built as the core carrier for AI application development, supporting the wide application of LLMs. The language user interface was developed to unify the application gateways for LLMs and enhance the convenience of applications. The Bank led the creation of a quantum finance cloud platform, which was recognized as one of the top ten achievements in the "Voice of FinTech" of 2025.

AI was deeply integrated with the quantum technology. The Longzhi-Kangxi quantum foundation LLM was developed, effectively reducing the training cost of LLMs. The quantum BERT and other models were developed to improve the accuracy of algorithms and reduce the number of model parameters. In exploring innovative applications of quantum models, pilot applications were conducted for such scenarios as intelligent customer service operations and loan collection compliance identification. The related achievements won the "Best Innovation Award for Financial Institutions" in the Yangtze River Delta FinTech Innovation Competition. The innovative integration of the quantum technology and artificial intelligence was advanced, laying a solid foundation for intelligent FinTech development.

New technologies were fruitfully applied in various scenarios. The artificial intelligence (AI) technology was further applied across precision marketing, intelligent risk control, compliance operations, and R&D assistance. Three typical achievements won the grand championship of the Beijing Financial Workers LLM Skills Competition. AI gave a notable boost in all scenarios, including higher efficiency of credit reports for intelligent risk control, higher satisfaction level of conversations with intelligent marketing advisor conversations, higher accuracy rate of identifying non-compliant language in operations, and higher adoption rate of testing cases for R&D assistance. The technology fully unleashed its value as an empowering tool.

The LLM security governance was reinforced. The Bank proceeded with capacity building on LLM security governance, strengthened unified planning and full-process management of applications, and improved the standards for lifecycle management of AI agent applications. The LLM input and output security control project was carried out to enhance the risk prevention and security management capabilities of LLM applications across the board.

3.13 RISKS AND RISK MANAGEMENT

The Bank has a risk management system with a sound organizational structure and clear boundaries of duties. The Board of Directors and the Senior Management perform their respective duties and also make coordinated efforts to carry out enterprise risk management.

During the reporting period, the Bank upheld a generally prudent risk appetite, adhered to the principle of seeking progress while maintaining stability and promoting stability through progress. It enhanced the risk governance across the Group, strengthened the full-lifecycle management of assets, and strengthened the monitoring, analysis, early warning, correction of main risks. In addition, the Bank deepened risk culture development, accelerated the digital transformation of risk control, effectively prevented and controlled various risks, and ensured the smooth operation of various businesses and institutions.

3.13.1 Credit risk management

Credit risk refers to the possibility of loss and uncertainty of income caused by customer default or decreased credit standing to the Bank, when the Bank operates credit, inter-bank lending and investment businesses. The credit risk of the Bank mainly exists in the on-balance-sheet and off-balance-sheet businesses including loans and advances, placements with banks and other financial institutions, interbank lending, bond investments, bill acceptance, letters of credit, and letters of guarantee.

3.13.1.1 Organizational framework and division of responsibilities of credit risk management

The Bank has established a credit risk management organizational framework with reasonable duty division and definite responsibilities. Established under the Board of Directors, the Related Party Transactions Control Committee is responsible for managing related party transactions and the Risk Compliance and Consumer Protection Committee is responsible for formulating risk management policies and supervising the management of various risks by the senior management. Established under the senior management, the Credit Investment and Financing Policy Committee of the Head Office is responsible for managing the credit and non-credit investment and financing policies of the Bank; the Credit Approval Committee is responsible for approving corporate credit business; and the Asset Risk Disposal Committee is responsible for researching and approving matters on asset risk handling. The risk management departments of the Head Office and branches are responsible for credit risk management of the whole bank and local branches. According to the authorization system and business risk profile, the Bank conducts professional approval and authorization approval of important industries and businesses. The Bank strengthens functions of each link of credit business, and sets up positions with definite responsibilities and smooth operation.

3.13.1.2 Risk classification procedures and methods

In accordance with the *Rules on Risk Classification of Financial Assets of Commercial Banks* issued by regulators, the Bank conducted risk classification of assets using a "preliminary classification, final classification, and approval" process, taking into account the borrowers' financial position, willingness to pay and track record of debt service as well as a number of financial and non-financial factors, including the overdue days of financial assets and guarantees.

3.13.1.3 Credit risk profile

Credit exposures: As at the end of the reporting period, without regard to the available collateral or other credit enhancements, total on- and off-balance-sheet credit exposures of the Group amounted to RMB5,461,135 million, including on-balance sheet business exposure of RMB4,341,280 million, representing 79.49% of the total, and off-balance sheet business exposure of RMB1,119,855 million, representing 20.51% of the total.

Large-value risk exposure management. Pursuant to the *Administrative Measures for Large Risk Exposures of Commercial Banks*, the Bank carried out large risk exposure management, fully identified customers large risk exposures and monitored risk developments on an ongoing basis, and intensified the management and application of large risk exposures at branches and subsidiaries. At the end of the reporting period, the Bank and the Group saw all their non-banking single customers, non-banking related customers, interbank single customers and interbank group customers meeting the regulatory requirements.

For further details of credit risk management of the Bank, please refer to "3.14.1 Loan quality management".

3.13.2 Liquidity Risk Management

Liquidity risk is the risk that the Bank may be potentially unable to meet the asset growth and debt obligations when due at a reasonable cost. Main factors affecting the liquidity risk include: sudden tightening of market liquidity, substantial deposit runoff and the debtor's default and weakening financing capacity.

The Bank's goal of liquidity risk management is to maintain sufficient funds in either normal or stressed business environment to accommodate asset growth and debt service, so as to harmonize "liquidity, safety and efficiency". The Bank has in place a sound system of liquidity risk management. First, the governance framework was improved. The decision-making system consists of the Board of Directors and its special committees as well as the Asset and Liability Management Committee of the Head Office. The Audit Committee of the Board of Directors has taken over the former Board of Supervisors' duty of supervising and evaluating the performance of the Board of Directors and senior management in liquidity risk management. The execution system consists of the Asset and Liability Management Department and other specialized management departments of the Head Office and branches. Each of these systems performs corresponding decision making, supervision and execution functions according to division of responsibilities. Second, the system of policies and procedures have been refined. The Bank has in place a complete set of liquidity risk appetite, strategy, procedures, and measures, and introduced specific management responsibilities, flows and methods. Third, management measures have been optimized. The Bank set a system of liquidity risk monitoring indicators, conducted stress tests and emergency drills, created a liquidity risk assessment mechanism, established an information management system and effectively managed the identification, measurement, monitoring and control of liquidity risk.

During the reporting period, the Bank followed a prudent liquidity risk appetite to ensure liquidity security, improved the structure of assets and liabilities, continued to improve the liquidity risk management mechanism, strengthened the day-to-day allocation of funds and managed to keep liquidity stable. First, the liability structure was improved. The Bank strengthened the deposit-taking efforts and made deposits as stronger driver of asset growth. It worked hard to attract the central bank's policy funds and interbank funds. Second, the liquidity risk management was strengthened throughout the process. The Bank developed a system of annual liquidity limit indicators, promptly analyzed the performance of the indicators and their developments, and strengthened the application of liquidity risk assessment. Third, the extended management of liquidity risk was strengthened. The Bank set the targets for the loan-to-deposit ratio and maturity mismatch, regularly monitored the performance, strengthened day-to-day supervision, and applied rigorous control to branches that exceeded the limits. Fourth, the Group-wide management of liquidity risk was strengthened. The pass-through mechanism for the liquidity risk appetite of subsidiaries was refined and the capacity of asset liquidation was enhanced, thereby improving the ability to cope with market fluctuations. Fifth, intraday liquidity management was enhanced. The Bank created a market liquidity monitoring system, formulated farsighted fundraising plans and promptly filled the funding gaps. During the reporting period, the Bank underwent to payment difficulties, default or deferred payment. All regulatory indicators relating to liquidity reached the prescribed standards. At the end of 2025, liquidity coverage ratio was 154.93% and net stable funding ratio was 103.16%.

Information on liquidity coverage ratio

(Unit: RMB1 million)

Item	31 December 2025	30 September 2025
Stock of high-quality liquid assets	468,898	497,485
Net cash outflows over a 30-day time period	302,647	324,530
Liquidity coverage ratio (%)	154.93	153.29

Note: The above are consolidated data calculated according to the *Notice of the National Financial Regulatory Administration on 2025 Offsite Regulatory Statements Preparation and Reporting* (J.F. [2024] No. 39) and the *Liquidity Risk Management Measures of Commercial Banks* (CBIRC No. 3 Decree in 2018).

Information on net stable funding ratio

(Unit: RMB1 million)

Item	31 December 2025	30 September 2025
Available stable funding	2,447,591	2,389,152
Required stable funding	2,372,692	2,285,506
Net stable funding ratio (%)	103.16	104.53

Note: The above are consolidated data calculated according to the *Notice of the National Financial Regulatory Administration on 2025 Offsite Regulatory Statements Preparation and Reporting* (J.F. [2024] No. 39) and the *Liquidity Risk Management Measures of Commercial Banks* (CBIRC No. 3 Decree in 2018).

3.13.3 Market risk management

Market risk is defined as the risk of loss to the Bank's on- and off-balance sheet activities caused by adverse movements in market rates (including interest rates, exchange rates, stock prices and commodity prices). The main market risk facing the Bank includes interest rate risk, exchange rate risk and commodity risk. The Bank established a sound market risk management system appropriate for the Bank's business, size and complexity and spanning the entire process of identification, measurement, monitoring, control and reporting.

In 2025, the world economy still lacked momentum. Trade protectionism and geopolitical conflicts added to economic and financial uncertainties. In a world showing a mixed landscape of inflation, the Federal Reserve of the United States continued to cut interest rates, while China maintained an appropriately accommodative monetary policy. RMB slowly gained value against the US dollar, domestic interest rates have fluctuated and trended higher, and the prices of precious metals staged a bumpy upturn. In view of the macro-economic and financial complexities at home and abroad, the Bank executed the market risk appetite and strategy and flexibly used the limit stress testing, and other management tools to effectively manage market risk. During the reporting period, the business activities exposed to market risk were sound, and the market risk was controlled.

3.13.3.1 Interest rate risk management

As for the trading book, the Company adhered to a moderately conservative market risk appetite, and set limit indicators for interest rate trading instruments such as bonds, funds and interest rate swaps in line with the market risk appetite and strategy, including exposure, stop loss, interest rate sensitivity and value at risk (VaR) and strengthened monitoring of limits, ensuring the stability of business on every front. With close attention to the Federal Reserve's interest rate hike, major fluctuations in financial markets and other events, stress testing was conducted in response to market changes. During the reporting period, all the Bank's interest rate-related transactions in the trading book fell within the market risk appetite and limit and the interest rate risk in the trading book remained under control.

In the banking book, the Bank adhered to a prudent interest rate risk appetite, kept a close eye on interest rate movements at home and abroad and the business operations within the Bank, strengthened interest rate expectations management, dynamically adjusted the interest rate risk management strategy and improved the asset and liability structure. The Bank improved the coordinated and fine-grained management of the interest rate risk in the banking book and strengthened the risk control over interest rate risk. The gap analysis, sensitivity analysis, scenario simulation and stress testing were used to regularly monitor and analyze the impact of interest rate changes on net interest income and economic value indicators, ensuring proper management of interest rate risk in the banking book. During the reporting period, all monitoring indicators remained relatively stable and the IRRBB was basically kept under control.

3.13.3.2 Exchange rate and commodity risk management

In the trading book, the Bank adhered to a moderately conservative market risk appetite, set such limit indicators as exposure, stop-loss and VaR to strengthen limit monitoring and risk alerts and actively control exchange rate risk and commodity risk. Taking into account the risk characteristics of foreign exchange and commodity derivatives, the Bank strengthened the identification of risks in new products and new strategies, enhanced the capabilities of measuring exchange rate risk and commodity risk, conducted risk analysis of foreign exchange and commodity businesses according to trading strategy, and gave timely alerts to risks. During the reporting period, all the Bank's foreign exchange- and commodities-related transactions in the trading book fell within the market risk appetite and the exchange rate risk in the trading book and commodity risk remained under control.

In the banking book, the exchange rate risk mainly lies in the foreign currency profits and the foreign exchange exposures arising from own foreign exchange settlement and sale-related transactions. The commodity exposure mainly exists in the gold leasing. The Bank maintained a moderately conservative market risk appetite. It strictly controlled the cumulative forex exposure ratio, closely monitored fluctuations in the foreign exchange market, regularly conducted scenario analysis and stress testing, reasonably matched assets and liabilities in RMB and foreign currencies and controlled the currency mismatches. Also, the exposures related to foreign currency profits, VAT foreign exchange settlement and sales and gold leasing were regularly closed out to effectively control the foreign exchange and commodity exposures in the banking bank. During the reporting period, the Bank's banking-book currency mismatch was mild and the foreign exchange and commodity exposure was low, so exchange rate and commodity price changes had a controlled adverse effect on the Bank.

3.13.4 Operational risk management

Operational risk is defined as the risk of loss resulting from problematic internal processes, employees and IT systems or from external events.

During the reporting period, the Bank actively strengthened operational risk control and kept boosting the effectiveness of risk identification, assessment, measurement, control, mitigation, monitoring and reporting. First, the operational risk appetite management system was refined, with management tools effectively utilized to enhance operational risk control. Key risk indicators were adjusted as appropriate and risk monitoring in key fields was strengthened to ensure early risk warnings. Efforts were also made to improve the policies and procedures for operational risk identification and assessment, refine the risk identification templates for new products and new businesses, improve the self-assessment workflows and standards, strengthen the analysis and application of assessment basis, and continuously enhance the quality and efficiency of the assessment work. The analysis of typical incidents was strengthened, the requirements for operational risk management were intensified, and the management mechanism for operational risk incidents was improved. An internal regular reporting matrix mechanism was implemented to boost the monitoring and reporting of major operational risk incidents, making risk prevention and control more proactive and forward-looking. Second, the management of operational risk loss data was deepened to comprehensively improve data quality. The Bank regularly conducted loss data verification, refined the screening rules and processes for incident clues through system upgrades and optimization, and strictly controlled the quality of loss data. With the loss data over the past ten years included in calculations, the regulatory reports and disclosures were submitted. Third, the management of employee behaviors was strengthened, and all at the Bank were guided to maintain professional integrity. Typical cases were published, training was conducted on operational risk management and employee behavior management, and the concepts and methods of operational risk management were transmitted across the Bank. The Bank organized self-assessment of employee conduct management, stressed problem analysis and correction, and actively prevented and controlled the behavioral risks of employees. The operational risk assessment and evaluation policy was implemented, ensuring that the responsibilities for operational risk management were fulfilled. During the reporting period, the operational risk management system of the Bank enjoyed stable operation, placing operational risk under control in the overall sense.

3.13.5 Explanation on status of other risks

Compliance risk management

Compliance risk refers to the possibility that due to the violation of compliance norms by a financial institution in its operating and management activity or by its employees in their performance of duties, the financial institution or its employees may be held criminally, administratively or civilly liable, suffer property losses, reputational damage or other negative impacts.

The Bank has in place an organizational structure for compliance management commensurate with its scope of business, organizational framework and business scale. The Board of Directors is ultimately responsible for the effectiveness of compliance management. The senior management is responsible for implementing the compliance management objectives and assuming the leadership responsibility for business compliance in the areas under their oversight or management. The Chief Compliance Officer is specifically responsible for the compliance management of the corresponding institution and its employees. The compliance management department, led by the Chief Compliance Officer, takes the lead in managing compliance management. The head of each department, branch or subsidiary is primarily responsible for the compliance management of the department, branch or subsidiary.

During the reporting period, the Bank operated in accordance with laws and regulations to ensure full compliance. It improved the compliance management system and operation mechanism, deepen the compliance culture development and kept enhancing the quality and efficiency of compliance risk management. First, the compliance officer system was further built by establishing a compliance officer team covering the Head Office, branches, sub-branches and subsidiaries and clarifying the duties and performance requirements for compliance officers, so as to ensure fulfillment of compliance management responsibilities. Second, the Bank deepened the digital transformation of compliance, stepped up development of the compliance management system and compliance database, enhanced the application of off-site indicator and model data and promoted the implementation of application scenarios for the large-language model (LLM) for legal compliance, thereby empower compliance management through technology. Third, the internal control and institutionalization were consolidated by streamlining the business and product processes of the Head Office and branches, and strictly conducting compliance review for new products and new businesses and implementing the requirements for internalization of external regulations. Fourth, the Bank strengthened supervision and inspection management, conducted compliance inspections focused on key areas and enhanced the ability to perform compliance duties and prevent and control risks. Fifth, intensive efforts were made to correct problems found in internal and external inspections, with special initiatives launched to address recurring problems and eradicate the root cause of problems. Sixth, the "Year of Enhancing Due Diligence Quality" special campaign was launched to enhance the quality and efficiency of credit due diligence. Seventh, the Accountability Management Committee was established to raise the level of accountability management, strengthen accountability management and foster an atmosphere of strict management and governance. Eighth, the risk screening for criminal cases was enhanced by adopting a "seven-step" approach to screening and clarifying the ten elements of interview and the eight circumstances requiring a visit, so as to forestall the criminal case risk across the entire chain. Ninth, the Bank improved the money laundering risk assessment systems for institutions, products and clients, refined the ongoing due diligence mechanism, strengthened the monitoring of suspicious transactions, standardized sanctions compliance management, and enhanced the effectiveness of money laundering risk and sanctions compliance management. Tenth, the compliance culture development was advanced by organizing hierarchical and categorized compliance training, inviting industry experts to interpret new compliance regulations and other laws and regulations, and enhancing the compliance awareness of all employees.

IT risk management

IT risk means operational, legal and reputational risk arising from natural factors, man-made factors, technical vulnerabilities or management deficiencies in the use of information technology by the Bank.

During the reporting period, the Bank continued to strengthen the ability to prevent and control IT risk. The emergency drills on business continuity of information systems were carried out on an ongoing basis. The switchover and takeover of real business operations of the local disaster recovery center were completed, providing effective protection for continuity of business systems. The information systems ran stably, and the key indicators of IT operational risks remained normal and the IT risk was generally manageable.

Reputational risk management

Reputation risk refers to the risk of negative assessment or comments on Bank from stakeholders, the public and media as a result of the Bank's behavior, employee behavior or external events, thus undermining its brand value, adversely affecting its normal operation and even affecting the market stability and social stability.

During the reporting period, the Bank fully aligned itself with regulatory requirements to continuously refine the reputation risk management system, systematically foster the reputational risk management culture and effectively enhance reputation risk management. Keeping in mind the bigger picture of strategic development, the Bank insisted on integrating reputational risk management deeply into its corporate governance framework and enterprise risk management system. The Reputation Risk Management Committee was established to upgrade the reputational risk governance structure, and build a management pattern featuring clear powers and duties and a strong synergy. The Bank followed the principles of forward-looking, matching, full coverage and effectiveness, carried out full-process and regular management of reputational risks covering pre-event assessment, vulnerabilities screening, dynamic monitoring, coordinated response, tiered handling, root cause analysis, performance assessment and training and drills. Also, the Bank enhanced positive publicity and brand promotion to build up its reputation capital.

Country risk management

Country risk refers to the risk that the debtor in a country or region is unable or refuses to repay any debts to the Bank due to any political, economic or social changes or events in that country or region, or the Bank suffers a loss of its business presence or any other loss in that country or region as a result of such changes or events. During the reporting period, the Bank closely monitored the in country risk developments in key countries (regions), updated the country risk ratings on a regular basis and strengthened the management of country risk limits, thereby ensuring sustained soundness of country risk monitoring. At the end of the reporting period, the Bank's country risk exposure accounted for a low proportion of the on-balance-sheet and off-balance-sheet assets, mainly concentrated in countries and regions with low or relatively low risks. So, the country risk remained under control on the whole.

3.14 KEY CONCERNS IN OPERATION

3.14.1 Loan quality management

During the reporting period, the Bank continued to improve the risk governance system and mechanism, deepened the asset lifecycle management, continuously strengthened credit risk control, steadily enhanced the quality and effectiveness of risk management, and promoted the continuous improvement of asset quality.

First, the credit policy and strategy system was improved to guide the allocation of resources and structural optimization. The Bank actively implemented national policies and regulatory requirements, revised the credit and investment and financing policies and continued to expand the scope of guidelines for credit approval. Focusing on major responsibilities and core businesses, the Bank provided early guidance on allocations among asset classes, strengthened the support for the "Five Priorities" and other key fields and sectors, and enhanced the quality and efficiency of serving the real economy.

Second, the Bank strengthened the credit approval process and post-investing/lending management, enhancing the quality and efficiency of process management across the board. It further improved the credit authorization management system for corporate banking, deepened the liaison mechanism for full-time approvers, optimized the professional grouping of credit business in the corporate banking business line, and enhanced the quality and efficiency of approval to meet the financing needs of the real economy. Sustained efforts were made to ensure real-time supervision and correction management. The professional approval skills were enhanced through parallel operations of risk managers, off-site spot-check of customers and review of approved customers. The hierarchical and categorized management of customers was strengthened, with differentiated requirements applied to post-investing/lending management. Focusing on key customer groups or key business areas, the Bank conducted post-investing/lending supervision and inspection and direct investigations, enhanced the use of technology to ensure timely detection of problems, identification of risks and effective control of them, and strictly prevented the deterioration of "pass" assets.

Third, risk control was intensified in key areas to effectively prevent incremental risks. Regarding real estate loans and local government financing vehicle (LGFV) businesses, the Bank strictly implemented the national and regulatory policies, appropriately guided the allocation of incremental assets, strengthened the rebalancing of the existing exposures and managed concentration risks properly. The risk monitoring and control of internet lending and credit cards were strengthened. The risk management of off-balance sheet business was enhanced, and a unified management system was put in place for all activities with a possible exposure to credit risks.

Fourth, a wide range of steps were taken to accelerate collection and disposal, enhancing the quality and efficiency of non-performing asset disposal. Focusing on value contribution, the Bank strengthened professional organizational push and process management, deepened the business ecosystem for special assets, diversified their disposal channels, further unlocked the value of assets, developed well-conceived plans for the disposal of non-performing assets and redoubled efforts for collection in cash. As a result, the capability of risk resolution and the quality and efficiency of disposal were further improved. During the reporting period, RMB43,324 million of NPAs were recovered or disposed of, including RMB9,821 million of cash collection, RMB32,963 million of bad debt write-offs and RMB540 million of repossessed assets.

Fifth, the Bank continued to build the risk culture and fortify the foundation for risk management. A primary personal responsibility system was created to ensure that key management personnel fulfill their risk management responsibilities. The incentives and constraints mechanism was refined for credit approval and special assets management. Multi-level training was provided with respect to the developments in emerging industries, credit risk prevention and control, and special assets management, so as to enhance the professional skills in risk management.

Sixth, the digital transformation of risk control gained pace, further enhancing the quality and efficiency of risk control. The Bank accelerated the development of key risk control systems, advanced the development of the enterprise-level digit and intelligent platform for credit, financing and investment, upgraded the enterprise-level big data-based risk identification and warning system and launched the second phase of special asset management system. These efforts enhanced the digital risk control capacity. The measurement tools for internal ratings-based models were continuously optimized, enhancing the applicability of models and the accuracy of risk measurement.

Next, the Bank will keep abreast of the economic developments at home and abroad, continue to conduct in-depth risk profile analysis and ensure security of development and asset quality. Efforts will be intensified to manage assets throughout their lifecycles, uphold the doctrine of "controlling the increment and reducing the stock, addressing both symptoms and root causes", build a long-term risk management mechanism, strictly control incremental risks, accelerate the resolution of existing risks, and make ongoing improvements in the asset quality. Category-specific policies and differentiated risk controls will be applied to reflect the characteristics and risk profiles of different business lines, implement targeted measures, with a focus on key areas and weak links. The risk management philosophy will be fully implemented to ensure prudent operation and high-quality development across the Bank.

3.14.2 Net interest margin

During the reporting period, the Group's net interest margin (NIM) was 1.56%, down 0.03 percentage points year-on-year.

The decline in asset return was mainly due to the lack of effective demand for credit, interest rate cuts and the interest rate reduction for outstanding home mortgage loans from the previous year. The Group actively served the real economy with continued efforts to enhance financial services in key areas, industries and customers, especially the "Five Priorities". Keeping a close eye on policy and market developments, the Bank reasonably diversified across asset classes, stepped up lending, accelerated the turnover of trading assets, flexibly managed portfolios of other asset classes and enhanced the efficiency of asset allocations. The comprehensive value management of customers was deepened, the development of customer chains and affiliates was enhanced and the comprehensive financial service solutions were effectively implemented. A range of steps were taken to mitigate the decline in return on assets.

The costs of liabilities were significantly improved, moving lower in step with the return on assets and keeping the NIM reasonable and stable. On the one hand, the market-driven cuts in deposit rates, greater smoothness in interest rate transmission and better-ordered competition across the sector created a favorable development environment for the Group. On the other hand, the Group endeavored to improve the liability structure, strengthened foundational work regarding customers, products and services across the board, accelerated the growth of low-cost deposits like demand deposits and strengthened fine-grained pricing management, thereby driving the costs lower and lower.

In the next step, the Group will, with value creation at the core, work harder to improve the structure of assets and liabilities, strengthen forward-looking, dynamic and fine-grained management and exert every effort to ensure stable net interest margins.

3.14.3 Net non-interest income

For the reporting period, the Group realized net non-interest income of RMB28,966 million, a year-on-year decrease of RMB6,117 million or 17.44% year-on-year, which accounted for 31.51% of operating income, down 4.60 percentage points year-on-year. Of the Group's net non-interest income, net fee and commission income amounted to RMB5,576 million, an increase of RMB133 million or 2.44% year-on-year, primarily because of the increase in fee and commission income on agency services, advisory and consulting services, trading and credit commitments. In addition, dented by capital market fluctuations and other factors, the Group's other net non-interest income was RMB23,390 million, a year-on-year decrease of RMB6,250 million or 21.09%.

Going forward, the Group will focus on inception of products and application of scenarios, strengthen the pillar role of key business segments such as wealth management, syndicated lending and mergers and acquisitions, deepen the allocation and sales of high-yield products, boost the growth momentum of non-interest income, and continue to diversify the growth pattern of non-interest income.

3.14.4 Management of real estate loans

During the reporting period, the Bank earnestly implemented the decisions and plans of the CPC Central Committee and the State Council for the work on real estate and rigorously carried out the work requirements of regulatory authorities. In line with the real estate policy changes and market developments, the Bank supported the establishment of a new model for real estate development and helped stabilize the real estate market. In addition, by actively implementing the city-specific real estate financing coordination mechanism and the requirements for expanding and enhancing the effectiveness of whitelisted projects, the Bank met the reasonable financing needs of property developers and projects at controlled risks. Seizing the new models and opportunities in real estate development, the Bank adopted fine-grained and differentiated strategies in line with the "market-based + government-subsidized" housing supply system, and made sustained efforts to help develop government-subsidized housing, rental housing and "quality homes", ensuring availability of comprehensive financial services. A city-specific approach to housing credit was adopted to support the needs of both first-time homebuyers and home upgraders. As at the end of the reporting period, the Bank recorded RMB103,504 million in balance of corporate loans to the real estate industry, with a NPL ratio of 2.83%, and registered RMB311,221 million in balance of residential mortgages with an NPL ratio of 1.01%.

Going forward, the Bank will continue to implement the national policy guidelines and regulatory requirements, further promote a regular mechanism for city-specific real estate financing coordination and continue to refine the "market-based + affordable" housing supply system, thereby facilitating the high-quality development of the real estate sector. In addition, the Bank will strictly implement the closed-loop management of real estate project funds, effectively prevent and control project risks and keep the real estate business steady.

3.15 DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT

3.15.1 Development trends, risks and challenges in the future banking sector

Looking ahead to 2026, the world economy will likely maintain its moderate growth, yet still accompanied by trade frictions, geopolitical conflicts and financial vulnerabilities. The adverse impact of changes in the international environment will increase. China is deepening its economic rebalancing, but its underlying trend of long-term economic growth has not changed. With the policy support in place, the domestic economy stands to maintain a stable recovery trend. It is expected that prices will rise mildly and growth will be more balanced. However, challenges such as the supply-demand mismatch and risks in key areas still exist. In this context, the banking sector will stay focused on its major responsibilities and core businesses, endeavor to make a good start to the 15th Five-Year Plan period as required, deepen the path towards differentiated development, and further expand the financial support for boosting domestic demand, developing foreign trade and upgrading new quality productive forces. In addition, the banking sector will see the digital and intelligent transformation and green transition going deeper, the product and service lineups being upgraded, and the professional service matrix being improved technology finance, green finance and wealth management, among others. Targeted financial empowerment will be enhanced for key regions, including the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Chengdu-Chongqing economic zone. In addition, the lines of defense against risks will be further reinforced, with risk control focused on retail credit, real estate, and local government financing vehicles. The streams of financial resources will be channeled into the real economy to empower its sound development driven by new quality productive forces. Meanwhile, the banking sector will achieve its own high-quality and sustainable development.

3.15.2 Operating plan and measures

In 2026, the Bank will thoroughly implement the guiding principles from the Fourth Plenary Session of the 20th CPC Central Committee and the Central Economic Work Conference. It will adhere to the overarching principle of seeking progress while maintaining stability, follow the guidance from the development plan and deepen the customer-centric business philosophy. In the year ahead, the Bank will remain focused on its major responsibilities and core businesses, enhance the quality and efficiency of comprehensive services, and pursue high-quality development while ensuring compliance.

3.15.2.1 Making solid progress in core businesses

– Pursuing higher-quality and faster business development. A wide range of steps will be taken to expand deposits, including accelerating the growth of deposits, expanding the channels for growth and intensifying the efforts to take settlement deposits and low-cost deposits. The business mix will be improved with a focus on major national strategies, including the modernizing the industrial system, sci-tech innovation and green development, so as to enhance the overall synergy. The Bank will accelerate the development of key scenarios for consumer credit and promote the steady growth of consumer credit. The credit card business portfolio will be further restructured, with advances made in development of scenarios and integration of ecosystems.

– Consolidating the customer base and laying a solid foundation. The Bank will strengthen customer strategy management, group management, comprehensive management and marketing management, build a customer acquisition and hierarchical customer management system featuring “layered management, grouping-based operation and ecosystem-based integration”, further advance the digital management of customers and meet the targets for customer growth. A peer ecosystem will be created, including developing a financial ecosystem partner brand covering a wide variety of financial institutions, to upgrade the financial institution business.

– Enhancing value contribution and boosting momentum. The intra-Group collaboration will be deepened to expand the extension of services, accelerate the development of transaction banking and investment banking, step up creation of products and application of scenarios, and build a diverse profit structure. Wealth management and private banking will be fast-tracked by expanding and reinforcing the private banking customer base, accelerating the networking of private banking centers and enhancing the revenue-generating efficiency of wealth management and private banking. The Bank will move faster to establish a treasury operations center and build a core trading platform that integrates asset allocation, income generation and risk balancing, so as to ensuring stable and sustainable profits from trading and non-interest income contributions. An outstanding and efficient custody service ecosystem will be developed, making custody services an important segment that is capital-light and stable in returns.

3.15.2.2 Deepening coordinated regional development

– Promoting internationalization. The Bank will step up the cross-border business development, giving priority to the cross-border finance activities of China (Shanghai) Pilot Free Trade Zone, Shenzhen Branch and branches in other regions active in foreign trade, in a bid to boost the development of cross-border financial services. The overseas presence management will be strengthened, including actively creating overseas institutions and building an overseas business management system, so as to pursue sustained and healthy development of overseas institutions.

– Integrating into regional economies. The Bank will actively integrate into the national landscape of regional economic development, and seize the opportunities presented by the coordinated development of the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Integration, the Guangdong-Hong Kong-Macao Greater Bay Area, and the “carbon peak and carbon neutrality” strategy. It will align with local governments’ development plans, integrate into the mainstream of regional economies, and promote the innovation and upgrading of financial services.

3.15.2.3 Fast-tracking digital transformation

– Strengthening the coordinated management of technological resources. The Bank will integrate the management of technology and data resources in a holistic manner, so as to break down the resource barriers and make the best use of resources. It will strengthen the input-output management of technologies, rationally allocate technological resources, ensure that the resources are mainly allocated to high-value innovation fields, and enhance the effectiveness and contribution of technological investment. The lean management of technological projects will be deepened by streamlining the information technology projects and creating a dynamic monitoring mechanism for major projects.

– Enhancing the infrastructure support for digital financial services. The Bank will fast-track major projects including the new-generation core system, the enterprise-level digital and intelligent platform for credit, investment and financing and the mobile banking, which will empower business development. To foster differentiated core competitiveness, the Bank will lay the groundwork for frontier fields of artificial intelligence, and promote the in-depth integration and application of the large language model (LLM) technology in key scenarios such as intelligent services and risk control. The distributed platform will be developed at a faster pace to further consolidate the foundation of digital technology and underpin the digital and intelligent transformation.

3.15.2.4 Strengthening risk and compliance management

– Deepening enterprise risk management. The Bank will strengthen stand-alone risk management, conduct forward-looking identification, early warning and control for all types of risks, and effectively manage all substantive risks. Risk control in key areas will be enhanced to prevent the eruption of risks. The risk management framework for subsidiaries will be assessed comprehensively to ensure see-through management. Risk resolution will be promoted to coordinate risk prevention and control with sound business operations.

– Taking solid steps to control retail risks. The credit card business will shift faster towards value creation, with a focus on accelerating the growth of active cardholders and high-quality assets, so as to enhance the ability to create value. The lines of defense against risks will be reinforced by ensuring fulfillment of locality-specific risk management responsibilities, reducing the internet platform loans in an orderly manner and strictly controlling third-party cooperation in personal business loans.

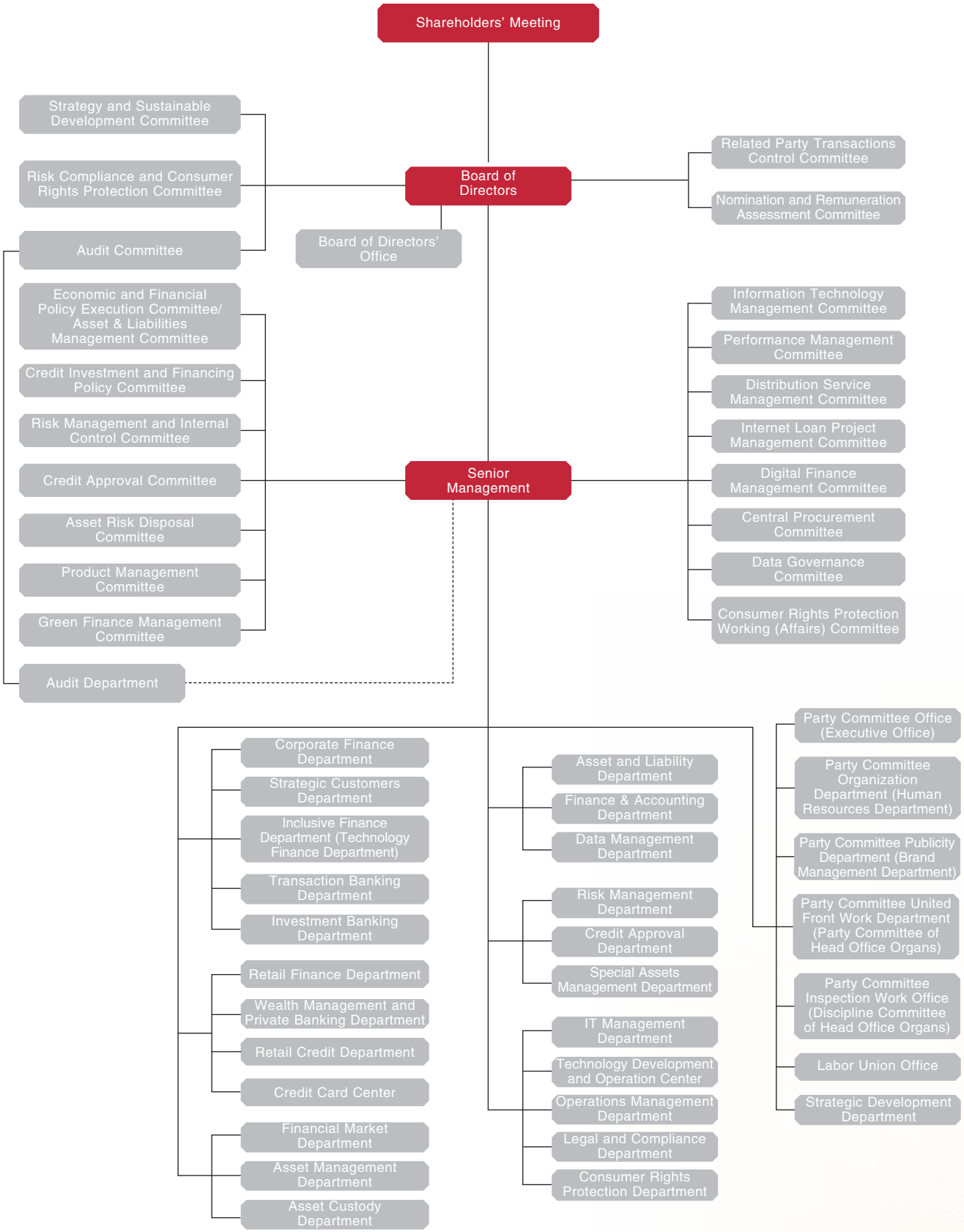
– Fostering a prudent risk culture. The Bank will enhance the compliance culture development, advance the “Year of Compliance Management Enhancement” initiative, uphold the concept that “compliance is the bottom line and the lifeline”, and enhance the proactive compliance awareness of all employees. The Bank will improve the quality and effectiveness of audits, improve the audit supervision system, refine the mechanisms for audit supervision and rectification and internal control evaluation, and strengthen closed-loop management of identified problems. Concrete actions will be taken to prevent and control all types of risks, ensure fulfillment of the responsibilities for workplace safety, case prevention and consumer protection and keep all work steady on course.

SECTION IV

CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

4.1 CORPORATE STRUCTURE



4.2 CORPORATE GOVERNANCE PRACTICE

During the reporting period, the Bank earnestly implements the *Company Law*, the *Commercial Bank Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies* and the *Code of Corporate Governance for Banking and Insurance Institutions* and other relevant laws and regulations. The Bank always adhered to the integration of the Party leadership and corporate governance to cement the statutory role of Party organizations in the corporate governance framework. Ongoing improvements were made to the organizational structure for corporate governance and all the corporate governance bodies, with well-defined roles and responsibilities, functioned properly in a well-coordinated manner and had checks as balances on each other. The Bank has demonstrated improved capacity, resilience and quality of development. The Bank continued to improve its corporate governance policies and procedures, thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, aligned its strategic development with regulatory requirements, and systematically revised the Articles of Association and the rules of procedure for the Board of Directors and Shareholders' Meeting. Well-ordered work was carried out prudently to cancel the Board of Supervisors in accordance with laws and regulations. The Bank is dedicated to exploring the best practices of corporate governance, manifesting ongoing improvements in corporate governance standard and capacity. The actual condition of corporate governance has no material discrepancies with the laws, regulations and the CSRC rules for governance of listed companies.

The Party Committee effectively played its leading role of charting the course, crafting overall plans and ensuring their implementation, upheld and improved the leadership mechanism featuring "two-way entry, cross position" and embedded Party leadership into every respect of corporate governance. With a focus on political direction, leadership team, basic policies, major decisions and Party building, the Party Committee assumes the duty of strict Party self-governance and conducts early research and discussion before any major operation and management issues are put into action.

The Shareholders' Meetings effectively functions as the ultimate power in the Bank. The Bank has a clear and stable shareholding structure, and maintains smooth and effective communication with shareholders. Substantial shareholders perform their shareholder's duties and obligations in accordance with laws and regulations and actively support the operation and development of the Bank. Small and medium-sized shareholders take part in decision making by attending shareholders' meetings and exercise their decision-making power in accordance with the law to maintain stable foundation for the Bank's development.

The Board of Directors focuses on setting strategies, making decisions and preventing risks. It keeps playing the role of providing strategic guidance and making scientific decisions, has in place an effective risk control mechanism and a reasonable incentives and accountability mechanism, upholds the philosophy of sustainable development, actively performs social responsibility and protects the legitimate rights and interests of stakeholders. On 12 December 2025, the amended Articles of Association of the Bank became effective upon approval of the National Financial Regulatory Administration, and the Board of Supervisors was cancelled on the same day. The Audit Committee of the Board of Directors exercises the relevant functions and powers prescribed by the *Company Law* and regulatory rules.

The Senior Management focuses on planning operation, ensuring implementation and strengthening management. It carries out operation management activities in accordance with the Articles of Association and upon authorization by the Board of Directors. It implements resolutions adopted by the Shareholders' Meeting and the Board of Directors across the board, efficiently executes the strategic decisions and plans of the Board of Directors, accepts supervision by the Audit Committee of the Board of Directors and unites and lead all employees of the Bank to fully accomplish annual operation and development tasks for the year.

4.3 STATEMENT ON INDEPENDENCE FROM THE LARGEST SHAREHOLDER

The Bank has no controlling shareholder or de facto controller. The Bank is fully independent from the largest shareholder in terms of business, personnel, assets, institutional set-up and financials and is capable of independent business operation.

4.4 DIRECTORS AND SENIOR MANAGEMENT MEMBERS

4.4.1 Changes in shares held by directors and senior management members and their remunerations

Name	Position	Gender	Year of birth	Tenure	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the reporting period (shares)	Remuneration (in RMB 10,000) (before tax) paid by the Bank during the reporting period	Equity incentives granted by the Company during the reporting period	Paid by related party of the Bank (yes/no)
Yang Shujian	Chairman of the Board of Directors Executive Director	Male	1969	20 May 2025 to expiration of the Ninth Board of Directors	0	10,000	10,000	61.30	None	No
Zou Libin	Vice Chairman of the Board of Directors Non-executive Director	Male	1967	8 February 2025 to expiration of the Ninth Board of Directors 19 June 2014 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Qu Gang	Executive Director President	Male	1974	28 October 2024 to expiration of the Ninth Board of Directors	0	11,000	11,000	75.49	None	No
Cai Zhiwei	Non-executive Director	Male	1975	20 July 2022 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Zhang Chuanliang	Non-executive Director	Male	1967	9 June 2025 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Yang Wei	Executive Director Vice President Principal of Financial Affairs Secretary to the Board	Male	1966	31 March 2025 to expiration of the Ninth Board of Directors 12 February 2019 to expiration of the Ninth Board of Directors 26 September 2024 to expiration of the Ninth Board of Directors 7 August 2025 to expiration of the Ninth Board of Directors	0	10,000	10,000	70.47	None	No
Liu Ruijia	Executive Director Vice President	Male	1966	31 March 2025 to expiration of the Ninth Board of Directors 29 December 2022 to expiration of the Ninth Board of Directors	0	10,000	10,000	70.01	None	No
Lv Chen	Non-executive Director	Male	1971	25 November 2025 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Duan Yuangang	Non-executive Director	Male	1974	12 May 2025 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Ma Jinzhao	Non-executive Director	Male	1985	25 November 2025 to expiration of the Ninth Board of Directors	0	0	0	0	None	Yes
Guo Qingwang	Independent Director	Male	1964	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	None	No

Name	Position	Gender	Year of birth	Tenure	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the reporting period (shares)	Remuneration (in RMB 10,000) (before tax) paid by the Bank during the reporting period	Equity incentives granted by the Company during the reporting period	Paid by related party of the Bank (yes/no)
Ding Yi	Independent Director	Female	1964	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	None	No
Zhao Hong	Independent Director	Female	1963	9 September 2020 to expiration of the Ninth Board of Directors	0	0	0	35.50	None	No
Chen Shenghua	Independent Director	Male	1970	2 September 2022 to expiration of the Ninth Board of Directors	0	0	0	35.50	None	No
Zhu Xiaofang	Independent Director	Female	1963	28 July 2025 to expiration of the Ninth Board of Directors	0	0	0	15.15	None	No
Peng Longyun	Independent Director	Male	1963	31 July 2025 to expiration of the Ninth Board of Directors	0	0	0	14.86	None	No
Gao Bo	Vice President	Female	1970	30 August 2023 to expiration of the Ninth Board of Directors	0	10,000	10,000	70.19	None	No
Han Jianhong	Vice President	Male	1969	30 July 2024 to expiration of the Ninth Board of Directors	0	10,000	10,000	70.28	None	No
Tang Yiming	Vice President	Male	1979	30 July 2024 to expiration of the Ninth Board of Directors	0	10,000	10,000	69.89	None	No
Gong Weihua	Chief Information Officer	Male	1971	13 November 2025 to expiration of the Ninth Board of Directors	0	30,800	30,800	31.93	None	No
Yang Hong	Chief Compliance Officer	Male	1967	22 January 2025 to expiration of the Ninth Board of Directors	0	30,000	30,000	221.86	None	No
Liu Xiaoli	Chief Operating Officer Former Chief Risk Officer	Female	1973	22 October 2025 to expiration of the Ninth Board of Directors 19 January 2025 to 22 October 2025	0	30,000	30,000	223.24	None	No

Name	Position	Gender	Year of birth	Tenure	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the reporting period (shares)	Remuneration (in RMB 10,000) (before tax) paid by the Bank during the reporting period	Equity incentives granted by the Company during the reporting period	Paid by related party of the Bank (yes/no)
Fang Yi	Chief Risk Officer	Male	1980	22 December 2025 to expiration of the Ninth Board of Directors	0	10,000	10,000	7.64	None	No
Liu Yue	Chief Financial Officer	Female	1977	30 December 2025 to expiration of the Ninth Board of Directors	0	20,000	20,000	2.83	None	No
Song Jiqing	Former Executive Director Former Secretary to the Board	Male	1965	8 September 2020 to 28 April 2025 2 November 2019 to 28 April 2025	0	0	0	43.29	None	No
Gong Zhiqiang	Former Independent Director	Male	1972	9 September 2020 to 3 April 2025	0	0	0	9.12	None	No
Liu Chunhua	Former Chief Audit Officer	Female	1970	12 December 2024 to 28 April 2025	0	0	0	43.29	None	No
Wu Yongfei	Former Chief Information Officer	Male	1965	26 September 2024 to 28 May 2025	0	0	0	86.80	None	No
Total	/	/	/	/	0	191,800	191,800	1,329.64	/	/

Notes:

1. Remunerations of the Chairman of the Board of Directors, President and other principals of the Bank are subject to the policy of Beijing government on reform of remunerations of executives of local state-owned enterprises.
2. Pre-tax remunerations of the Chairman of the Board of Directors, President and other senior management members serving the Bank in 2025 include the contribution by the Bank to social insurance, enterprise annuity, additional medical insurance and housing provident fund.
3. Pre-tax remunerations of the Chairman of the Board of Directors, President and other senior management members serving in the Bank are under confirmation and will be disclosed thereafter.
4. Executive directors and non-executive directors (excluding independent directors) of the Bank received no director allowances from the Bank. The total remuneration received by the independent directors from the Bank during the reporting period was determined according to the Regulations of Hua Xia Bank Co., Limited on Allowance of Directors.
5. Independent directors of the Bank cumulatively serve no more than six years at the Bank (including external supervisors).

The rest-part remuneration of the Bank's officers in 2024 approved and verified by the competent authorities is disclosed as below:

Name	The rest part of pre-tax remunerations for 2024 (RMB10,000)
Qu Gang	29.70
Yang Wei	32.95
Liu Ruijia	32.95
Gao Bo	29.38
Han Jianhong	26.93
Tang Yiming	28.57
Guan Wenjie	3.30

The rest part of remunerations for others in 2024:

Name	The rest part of pre-tax remunerations for 2024 (RMB10,000)
Song Jiqing	86.75
Liu Chunhua	81.75
Wu Yongfei	62.40
Wang Xingguo	67.04

Note: Part of remunerations paid to the Secretary to the Board, Chief Audit Officer, Chief Information Officer and Principal of Financial Affairs during the reporting period have been disclosed in the Annual Report 2024, and the rest part of pre-tax remunerations for such personnel in 2024 is hereby disclosed. Bonus to the above-mentioned persons shall be delayed in payment. The total bonus subject to delayed payment in 2024 is RMB3,709,100 and is not paid to those individuals yet.

4.4.2 Changes in directors and senior management members of the Company

4.4.2.1 Directors

On 24 January 2025, Mr. Li Minji resigned from the relevant posts of Chairman of the Board of Directors, executive director and member of special committees of the Board of Directors of the Bank for personal reasons.

On 8 February 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Zou Libin as Vice Chairman of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 17 March 2025, Mr. Yang Shujian was elected Executive Director of the Ninth Board of Directors at the First Extraordinary General Meeting of the Bank in 2025. On the same day, Mr. Yang Shujian was elected Chairman of the Ninth Board of Directors at the fourth meeting of the Ninth Board of Directors of the Bank. On 20 May 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Yang Shujian as Executive Director and Chairman of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 31 March 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Yang Wei and Mr. Liu Ruijia as Executive Directors of the Bank. Their tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 3 April 2025, Mr. Gong Zhiqiang resigned from the posts of independent director and member of relevant committees of the Board of Directors of the Bank for personal reasons.

On 28 April 2025, Mr. Song Jiqing resigned from the relevant posts of executive director and member of special committees of the Board of Directors of the Bank as he reached the retiring age.

On 12 May 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Duan Yuangang as Non-executive Director of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 9 June 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Zhang Chuanliang as Non-executive Director of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 28 July 2025, the National Financial Regulatory Administration approved the eligibility of Ms. Zhu Xiaofang as Independent Director of the Bank. Her tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 31 July 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Peng Longyun as Independent Director of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 25 November 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Lv Chen and Mr. Ma Jinzhao as Non-executive Directors of the Bank. Their tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

4.4.2.2 Senior management members

On 19 January 2025, the National Financial Regulatory Administration approved the eligibility of Ms. Liu Xiaoli as Chief Risk Officer of the Bank. Her tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors. On 22 October 2025, Ms. Liu Xiaoli resigned from the post of Chief Risk Officer of the Bank due to work engagement. On the same day, Ms. Liu Xiaoli was appointed as Chief Operating Officer at the 12th meeting of the Ninth Board of Directors of the Bank. Her tenure started on the date of the appointment and will end upon expiration of the Ninth Board of Directors.

On 22 January 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Yang Hong as Chief Compliance Officer of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 28 April 2025, Ms. Liu Chunhua resigned from the post of Chief Audit Officer as she reached the retirement age.

On 28 April 2025, Mr. Song Jiqing resigned from the post of Secretary to the Board as he reached the retiring age.

On 28 April 2025, Mr. Yang Wei was appointed Secretary to the Board at the 7th meeting of the Ninth Board of Directors of the Bank. On 7 August 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Yang Wei as Secretary to the Board of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 28 May 2025, Mr. Wu Yongfei resigned from the post of Chief Information Officer as he reached the retiring age.

On 29 May 2025, Mr. Gong Weihua was appointed as Chief Information Officer at the 8th meeting of the Ninth Board of Directors of the Bank. On 13 November 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Gong Weihua as Chief Information Officer of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

On 22 October 2025, Mr. Fang Yi was appointed as Chief Risk Officer and Ms. Liu Yue was appointed as Chief Financial Officer at the 12th meeting of the Ninth Board of Directors of the Bank. On 22 December 2025, the National Financial Regulatory Administration approved the eligibility of Mr. Fang Yi as Chief Risk Officer of the Bank. His tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors. On 30 December 2025, the National Financial Regulatory Administration approved the eligibility of Ms. Liu Yue as Chief Financial Officer of the Bank. Her tenure started on the date of the eligibility approval and will end upon expiration of the Ninth Board of Directors.

4.4.3 Main work experiences and current or concurrent jobs of directors and senior management members

Yang Shujian, Chairman and Executive Director, male, was born in August 1969. He holds a PhD and is a senior economist. Previously he served as Secretary to the Board of Bank of Beijing, Vice President of Bank of Beijing, Vice President and Head of Shijiazhuang Branch of Bank of Beijing, Party Committee Member and Vice President of Bank of Beijing, and Vice Party Secretary, Director and President of Bank of Beijing. He currently serves as Party Committee Secretary, Chairman and Executive Director of Hua Xia Bank.

Zou Libin, Vice Chairman, Non-Executive Director, male, was born in September 1967. He holds a master's degree and is a senior accountant. He was ever a clerk of Malaysia Division of International Trade Department, JV Division of Overseas Headquarters, JV Division of International Trade Department of Overseas Headquarters, and Foreign Economic Division of Economic and Trade Department of Shougang, a professional of JV Management Division of Industrial Development Department of Shougang. Then he served as Assistant to Chief and Deputy Chief of Listed Company Management Division of Capital Operation Department of Shougang Corporation, and Assistant to Head and Deputy Head of Capital Operation Department, Head of Investment Management Department, Head of Planning and Finance Department and Head of Operation and Finance Department of Shougang Corporation; and Head of Operation and Finance Department of Shougang Group. He currently serves as Chief Auditor of Shougang Group.

Qu Gang, Executive Director and President, male, was born in November 1974. He holds a master's degree and is a senior economist. Previously he served as Head of Foreign Exchange at Yueyang Branch of China Construction Bank; Business Manager of Corporate Management Department of China Jianyin Investment Limited and Supervisor of Hongyuan Securities Co., Ltd.; Member of Party Committee, Member of Party Discipline Committee and Deputy General Manager of JIC Trust Co., Ltd.; Head of Equity Management Group II of Long-term Equity Investment Department of China Jianyin Investment Limited; Member of Party Committee and Deputy General Manager of Beijing International Trust Co., Ltd.; Deputy Head of Market and Investment Bureau of China Development Bank (seconded), Deputy General Manager of Beijing Financial Holdings Group Limited; Vice Party Secretary, Director and General Manager of Beijing International Trust Co., Ltd.; and Member of the Party Standing Committee of Hua Xia Bank. He currently serves as Deputy Party Committee Secretary, Executive Director and President of Hua Xia Bank.

Cai Zhiwei, Non-Executive Director, male, was born in November 1975. He holds a master's degree. Previously, he was Section-Chief Officer of the International Business Loan Division, International Finance Bureau, China Development Bank; Associate Director of Investment Department, Cushman & Wakefield Corporate Finance (HK) Limited; Associate Director of Financing Department, Cushman & Wakefield Corporate Finance Limited; Member of Executive Committee and Director of Investment Support Department, Director of Real Estate Investment Department, China Investment Corporation. Currently he is Vice President and Party Committee Member of People's Insurance Company (Group) of China Limited; Non-executive Director and Chairman of PICC Capital Insurance Asset Management Co., Ltd.; Non-executive Director and Chairman of PICC Pension Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited.

Zhang Chuanliang, Non-executive Director, male, was born in August 1967. He holds a master's degree and is a senior economist. Previously he served as the Assistant General Manager and Head of Shandong Business Department of Yingda International Trust Co., Ltd.; Employee Director, Deputy General Manager, Member of the Party Leading Group and Leader of Discipline Inspection Group of Yingda International Trust Co., Ltd.; Deputy General Manager and Member of the Party Leading Group of Yingda International Trust Co., Ltd.; and Employee Director, General Manager and Vice Party Secretary of Yingda International Trust Co., Ltd. Currently he is Director, General Manager and Vice Party Secretary of State Grid Yingda International Holdings Group Ltd.

Yang Wei, Executive Director, Vice President, Principal of Financial Affairs and Secretary to the Board, male, was born in January 1966. He holds a bachelor's degree and is an engineer. He once served as Deputy General Manager of the Special Assets Resolution Department of Hua Xia Bank; Member of the Party Committee and Deputy Head of Xi'an Branch of Hua Xia Bank, Member of the Party Committee and Deputy Head of Kunming Branch & Secretary of the Party General Branch and Head of Yuxi Sub-branch of Hua Xia Branch; Deputy Secretary of the Party Committee, Secretary of the Party Committee and Head of Kunming Branch of Hua Xia Bank; Secretary of the Party Committee and Head of Beijing Branch of Hua Xia Bank, and Secretary of the Party Committee and Head of Guangzhou Branch of Hua Xia Bank. Now, he is Member of the Party Standing Committee, Executive Director, Vice President, Principal of Financial Affairs and Secretary to the Board of Hua Xia Bank.

Liu Ruijia, Executive Director and Vice President, male, was born in October 1966. He holds a bachelor's degree and is an economist. He once served as Member of the Party Committee and Deputy Head of Wuxi Sub-branch of Hua Xia Bank; Deputy General Manager of Human Resources Department and Director of Training Center of Hua Xia Bank; Member of the Party Committee of Hua Xia Bank Suzhou Branch; Chief Credit Risk Officer of Suzhou Credit Risk Management Department; Party Committee Secretary and Head of Hua Xia Bank Suzhou Branch; General manager of Financial Market Department of Hua Xia Bank; and Member of Party Committee and Chief Approval Officer of Hua Xia Bank. Now, he is Member of the Party Standing Committee, Executive Director and Vice President of Hua Xia Bank.

Lv Chen, Non-executive Director, male, was born in October 1971. He holds a master's degree and is a senior economist. Previously he served as Assistant General Manager of the International Department of The People's Insurance Company of China; Deputy General Manager of the International Department of PICC Holding Company; General Manager of the International Department/Policy Insurance Business Department of The People's Insurance Company (Group) of China; General Manager of the International Department/Training Department of The People's Insurance Company (Group) of China Limited; Business Director of The People's Insurance Company (Group) of China Limited; Assistant to the President and Party Secretary/General Manager of Jilin Branch of PICC Property and Casualty Company Limited. Currently he is Party Committee Member, Vice President and Audit Chief of PICC Property and Casualty Company Limited, and Non-executive Director of PICC Health Insurance Company Limited.

Duan Yuangang, Non-executive Director, male, was born in March 1974. He holds a PhD and is a senior accountant. He previously served as Member of the Party Standing Committee and Chief Financial Officer of Beijing Longda Light Industry Holding Co., Ltd.; and as a member of the Party Committee and Chief Accountant of Beijing Yiqing Holding Co., Ltd. Now, he is Member of Party Standing Committee and Chief Accountant of Beijing Infrastructure Investment Co., Ltd.

Ma Jinzhao, Non-Executive Director, male, was born in October 1985. He holds a master's degree. He previously served as the Comprehensive Cost Accounting Specialist of the Planning and Finance Department, the Assistant Head of the Cost Division of the Planning and Finance Department, and the Deputy Director (acting as principal) of the Cost Management Office of the Planning and Finance Department of Shougang Jingtang United Iron & Steel Co., Ltd.; Deputy Head and Head of the Operation and Finance Department of Shougang Guiyang Special Steel Co., Ltd.; and Assistant Head of the Operation and Finance Department of Shougang Group. He currently serves as Deputy Head of Operation and Finance Department of Shougang Group.

Guo Qingwang, Independent Director, male, was born in February 1964. He holds a PhD and is a professor. He was the Vice Dean, Executive Vice Dean and Dean of the School of Finance of Renmin University of China. Now, he is a professor and tutor to PhD students at Division of Public Finance, School of Finance of Renmin University of China.

Ding Yi, Independent Director, female, was born in May 1964. She holds a PhD and is a senior economist. She previously was a Lecturer at the School of Finance of Renmin University of China, Deputy General Manager of the Investment Management Department of the People's Insurance Company of China, Assistant to President of PICC Asset Management Company Ltd.; General Manager and Chairperson of Huaneng Capital Service Co., Ltd., Chairperson of Huaneng Guicheng Trust Corporation Ltd., Chairman of China Great Wall Securities Co., Ltd. and Chairperson of Invesco Great Wall Fund Management Co., Ltd.

Zhao Hong, Independent Director, female, was born in January 1963. She is a PhD and professor. She previously was Head of the Teaching-Research Section and Associate Dean of the Economics & Management School of Beijing University of Technology, and Associate Dean of College of Economics and Management, University of Chinese Academy of Sciences and Dean of Sino-Danish College. Now, she is Professor of College of the Economics and Management and Professor of the Sino-Danish College, University of Chinese Academy of Sciences, tutor to PhD students, and Vice Chairperson of the University of Chinese Academy of Sciences Education Foundation.

Chen Shenghua, Independent Director, male, was born in September 1970. He holds a doctorate of business administration and is a Chinese CPA and senior accountant. He is a leading talent in China's accounting sector. He was an auditor at Beijing Certified Public Accountants; and Principal Partner of Beijing Huaxia Zhengfeng Certified Public Accountants. Now he is Honorary Director of Management Committee and Senior Partner of Beijing Xinghua Certified Public Accountants (Special General Partnership).

Zhu Xiaofang, Independent Director, female, was born in June 1963. She is a PhD and associate professor. She previously was an Assistant Researcher at the Chinese Academy of Fiscal Sciences, Project Manager of the World Bank On-lending Department of China Economic Development Trust and Investment Co., Ltd., Deputy General Manager of Direct Investment Department of China International Capital Corp. Ltd., Senior Investment Manager of Actis Capital LLP, Project Consultant of International Expert Group on China's Foreign Debts at Asian Development Bank, Chairperson of Aureos China Investment Committee and Distinguished Chair Professor at Hanqing Advanced Institute of Economics and Finance, Renmin University of China.

Peng Longyun, Independent Director, male, was born in May 1963. He is a PhD. He previously served as the Head of the Comprehensive Division of the Comprehensive and Reform Department of the Ministry of Finance, Senior Economist at the Asian Development Bank's Representative Office in China, and Senior Advisor at Regional Bureau for Asia and the Pacific of the United Nations Development Programme.

Gao Bo, Vice President, female, was born in July 1970. She holds a bachelor's degree and is a Senior Economist and Accountant. Previously she was Member of the Party Committee of Changsha Branch and Head of Chenzhou Branch of Hua Xia Bank; Member of the Party Committee and Deputy Head of Wuhan Branch of Hua Xia Bank; Secretary of the Party Committee and President of Shaoxing Branch of Hua Xia Bank; General Manager of Personal Banking Department of Hua Xia Bank; General Manager of Personal Banking Department & General Manager of Wealth Management and Private Banking Department of Hua Xia Bank. Now, she is Member of the Party Standing Committee and Vice President of Hua Xia Bank.

Han Jianhong, Vice President, male, was born in September 1969. He holds a bachelor's degree and is an economist. He served as Member of the Party Committee of Hangzhou Branch and Head of Huzhou Branch of Hua Xia Bank, Party Committee Secretary and Head of Wenzhou Branch of Hua Xia Bank, and Party Committee Secretary and Head of Nanjing Branch of Hua Xia Bank. Now, he is Member of the Party Standing Committee and Vice President of Hua Xia Bank.

Tang Yiming, Vice President, male, was born in December 1979. He holds a master's degree. Previously he was General Manager of Research and Development Department (Innovation Office) of Bank of Beijing; Secretary of the Party General Branch and General Manager of Tongzhou Management Department of Bank of Beijing; Secretary of the Party General Branch and Executive Deputy General Manager of South Beijing Management Department of Bank of Beijing; Party Secretary and Head of Nanchang Branch of Bank of Beijing; and Party Secretary and Head of Beijing Branch of Bank of Beijing. Now, he is Member of the Party Standing Committee and Vice President of Hua Xia Bank.

Gong Weihua, Chief Information Officer, male, was born in February 1971. He holds master's degree and is an engineer. Previously he was General Manager of System Operations Department of Bank of Beijing, Party Secretary and Head of Nanjing Branch of Bank of Beijing, General Manager of Corporate Banking Department of Bank of Beijing, and Chief Information Officer of Bank of Beijing. He currently serves as Chief Information Officer and Head of Core System Development Office of Hua Xia Bank.

Yang Hong, Chief Compliance Officer, male, was born in December 1967. He holds a master's degree. He previously served as Deputy General Manager of International Business Department of Hua Xia Bank; Deputy General Manager and General Manager of International Business Management Department of Hua Xia Bank; Deputy Head and Head of Internationalization Transformation Office of Hua Xia Bank; Chief Administration Officer and Executive Vice President of Credit Card Center of Hua Xia Bank; Party Secretary and Head of Guiyang Branch of Hua Xia Bank; General Manager of Trade Finance Department of Hua Xia Bank; Party Secretary and President of Credit Card Center of Hua Xia Bank. He currently serves as Party Committee Member and Chief Compliance Officer of Directors of Hua Xia Bank.

Liu Xiaoli, Chief Operating Officer, female, was born in April 1973. She holds a master's degree and is an economist. Previously she served as Party Committee Member and Deputy General Manager of Banking Department of Hua Xia Bank; Party Committee Member and Vice President of Beijing Branch of Hua Xia Bank; Deputy General Manager of Budget and Finance Department of Hua Xia Bank; General Manager of Risk Management Department of Hua Xia Bank; General Manager of Credit Approval Department of Hua Xia Bank; and Chief Risk Officer of Hua Xia Bank. She currently serves as Party Committee Member and Chief Operating Officer of Directors of Hua Xia Bank.

Fang Yi, Chief Risk Officer, male, was born in September 1980. He is a PhD. Previously he served as Deputy Head of Ji'nan Branch of Bank of Beijing, Deputy Director of the Board of Directors (Board of Supervisors) Office of Bank of Beijing, Deputy General Manager of Investment Management Department of Bank of Beijing, Party Secretary and Head of Shijiazhuang Branch of Bank of Beijing, and Party Secretary and Chairman of Bank of Beijing Wealth Management Co., Ltd. He currently serves as Chief Risk Officer of Hua Xia Bank.

Liu Yue, Chief Financial Officer, female, was born in February 1977. She holds a master's degree and is a senior accountant. Previously she served as Deputy General Manager of Budget and Finance Department of Hua Xia Bank; Party Committee Member and Vice President of Beijing Branch of Hua Xia Bank; and General Manager of Budget and Finance Department of Hua Xia Bank. Now, she is Chief Financial Officer and General Manager of Asset and Liability Department of Hua Xia Bank.

4.4.4 Positions or concurrent jobs of directors and senior management members in shareholder entities or non-shareholder entities

Name	Shareholder entity	Position	Tenure
Zou Libin	Shougang Group	Chief Auditor	December 2024 to present
Zhang Chuanliang	State Grid Yingda International Holdings Group Ltd.	Director, General Manager and Vice Party Secretary	February 2019 to present
Lv Chen	PICC Property and Casualty Company Limited	Vice President, Party Committee Member Audit Chief	October 2023 to present March 2025 to present
Duan Yuangang	Beijing Infrastructure Investment Co., Ltd.	Chief Accountant Member of the Party Standing Committee	March 2024 to present August 2024 to present
Ma Jinzhao	Shougang Group	Deputy Head of Operation and Finance Department	December 2024 to present

Name	Position or concurrent position in other entities excluding shareholder entities
Cai Zhiwei	Vice President and Party Committee Member of People's Insurance Company (Group) of China Limited; Non-executive Director and Chairman of PICC Capital Insurance Asset Management Co., Ltd.; Non-executive Director and Chairman of PICC Pension Company Limited; and Non-executive Director and Vice Chairman of PICC Asset Management Company Limited.
Zhang Chuanliang	Vice Chair of the first committee of the Energy Finance Branch of China Energy Research Society.
Lv Chen	Non-executive Director of PICC Health Insurance Company Limited; Vice Chair of the Insurance Institutional Investors Committee of the Insurance Asset Management Association of China; Member of the Research Association of Ideological and Political Work of China Financial Institutions; Vice Chair of the Reputation Risk Management Committee of the Insurance Association of China; Vice Chairman of PICC Charity Foundation.
Ma Jinzhao	Director of China Bond Insurance Co., Ltd.; and Director of Shougang Group Finance Co., Ltd.
Guo Qingwang	Vice President of Society of Public Finance of China, Vice President of China International Taxation Research Institute; Vice Chairman of China National Committee for MT Education; Vice Chairman of Steering Committee for Public Finance Teaching in Higher Education Institutions under the Ministry of Education; Vice Chairman of National College Finance Teaching and Research Association; and tutor to PhD students at Division of Public Finance, School of Finance of Renmin University of China.
Ding Yi	Director of Tongwei Co., Ltd., Independent Director of Huatai Asset Management Co., Ltd. and Independent Director of S.F. Holding Co., Ltd.
Zhao Hong	Professor of College of the Economics and Management and Professor of the Sino-Danish College, University of Chinese Academy of Sciences, tutor to PhD students and Vice Chairman of the University of Chinese Academy of Sciences Education Foundation; Director of China Marketing Association of University; Executive Director of the sixth Board of Directors of China Soft Science Research Association; External Director of Jiangsu Nuo Beta Pharmaceutical Technology Co., Ltd.; Member of the Expert Steering Committee of the Higher Technical and Vocational Education Division of the Chinese Society for Technical and Vocational Education; and Independent Director of Tsingtao Brewery Co., Ltd.
Chen Shenghua	Honorary Director of Management Committee and Senior Partner of Beijing Xinghua Certified Public Accountants (Special General Partnership); member of the Governance Committee of the Beijing Institute of Certified Public Accountants; Visiting Tutor of the School of Accounting, Central University of Finance and Economics; Independent Director of NAURA Technology Group Co., Ltd.; Independent Director of Tianjin Aisida Aerospace Technology Co. Ltd. and External Director of Beijing Drainage Group Co., Ltd.
Peng Longyun	Independent Director of Xingbao International Trust Co., Ltd.
Liu Yue	Director of Huaxia Wealth Management Co., Ltd.

4.4.5 Establishment and implementation of performance evaluation and incentive mechanisms for directors and senior management members

Executive directors and non-executive directors (excluding independent directors) of the Bank received no director allowances from the Bank. The total remuneration received by the independent directors from the Bank was determined according to the *Regulations of Hua Xia Bank Co., Limited on Allowance of Directors* approved by the Shareholders' Meeting. As to the executive directors and senior management members who are included in the remuneration management scope of officers of SOEs governed by Beijing Municipal Government, their remuneration shall be determined as per the management policies fit for the above-mentioned officers. As to the executive directors and senior management members who are not included in the remuneration management scope of officers of SOEs governed by Beijing Municipal Government, their remuneration shall be determined as per the *Administrative Measures for Remunerations of Head Office-level Senior Management Members of Hua Xia Bank*. As at the end of the reporting period, the Bank had not provided any share incentives to directors or senior management members.

During the reporting period, the Board of Directors of the Bank assessed the performance of senior management members appointed by the Board of Directors in accordance with the *Performance Assessment Measures for Senior Management Members of Hua Xia Bank*. During the reporting period, the annual duty performance of directors and senior management members was evaluated by the former Board of Supervisors according to the *Duty Performance Evaluation Measures for the Board Directors of Hua Xia Bank Co., Limited and its Members* and the *Duty Performance Evaluation Measures for the Senior Management of Hua Xia Bank Co., Limited and its Members (Provisional)* and reported to the Shareholders' Meeting and regulatory authorities. The abovementioned personnel did not fall under stop-payment and claw-back circumstances.

The Nomination and Remuneration Assessment Committee of the Board of Directors has examined remuneration data of directors and senior management members to be disclosed in the Annual Report 2025 of the Bank. In the opinion of the committee, the remunerations of directors and senior management members to be disclosed in the Annual Report 2025 of the Bank comply with relevant assessment system and remuneration management policy of the Bank, and are paid in overall consideration of the prevailing economic conditions, control policies of China and Beijing as well as actual operation of the Bank and its peers, and the disclosure meets requirements of relevant laws and regulations.

During the reporting period, RMB13,296,400 (before tax) was actually paid to all of the directors and senior management members.

4.4.6 Penalties imposed on directors and senior management members by securities regulatory authority in the past three years

As far as the Bank knows, there have been no penalties imposed on its directors or senior management members, who remain in office now or were removed from office during the reporting period, by securities regulatory authorities in the recent three years.

4.5 BRIEFING OF THE SHAREHOLDERS' MEETING

4.5.1 Duties of the Shareholders' Meeting

The Shareholders' Meeting holds the ultimate power of the Bank. It is mainly responsible for: electing and replacing non-employee directors and deciding on the remuneration of directors; hearing the Audit Committee's report on performance evaluation of directors; reviewing and approving the reports of the Board of Directors; reviewing and approving the profit distribution plan and loss recovery plan of the Bank; resolving on the Bank's bond issuance or listing, increase or decrease of registered capital, change of the purpose of raised funds, equity incentive plan, employment stock ownership plan, merger, split-up, spin-off, dissolution, liquidation or change of company form; amending the Articles of Association; engaging and disengaging accounting firm that conducts regular statutory auditing of the financial statements of the Bank; reviewing the Bank's purchase or sale of major assets or the guarantees within one year exceeding 30% of the latest audited total assets of the Bank; deciding on or authorizing the Board of Directors to decide on matters related to the Bank's issued preference shares, including but not limited to redemption, conversion and dividend distribution; removing independent directors; examining and approving the rules of procedure for the Shareholders' Meeting, the Board of Directors; resolving on the acquisition of shares in the Bank in accordance with the law; and reviewing other matters subject to decision making by the Shareholders' Meeting under laws, regulations, supervisory rules and the Articles of Association.

4.5.2 Convening of Shareholders' Meeting

Meeting	Date	Venue	Attendance	Website designated for publishing resolution	Disclosure date	Resolutions
First Extraordinary General Meeting for 2025	17 March 2025	Beijing	1. 813 shareholders attended the meeting in person or by proxy, representing a total of 11,830,272,868 voting shares, accounting for 74.3344% of total voting shares in the Bank. 2. Of the nine directors of the Bank, seven directors were present, while Director Cai Zhiwei was absent for business affairs and Independent Director Gong Zhiqiang was absent for person reasons; 3. Of the nine supervisors of the Bank, nine supervisors were present; 4. Secretary to the Board Mr. Song Jiqing attended the meeting; senior management members were present as non-voting attendees.	www.sse.com.cn	18 March 2025	The *Proposal on Election of Mr. Yang Shujian as Executive Director of the Ninth Board of Directors* was reviewed at the meeting, and approved by more than one half of attending shareholders with voting rights.
Annual General Meeting for 2024	13 May 2025	Beijing	1. 837 shareholders attended the meeting in person or by proxy, representing a total of 11,852,081,635 voting shares, accounting for 74.4715% of total voting shares in the Bank. 2. Of the nine directors of the Bank, eight directors were present as non-voting attendees (including Independent Directors Ding Yi, Zhao Hong, Guo Qingwang and Chen Shenghua), while Director Cai Zhiwei was absent for business affairs; 3. Of the nine supervisors of the Bank, seven supervisors were present as non-voting attendees, while Supervisor Xu Xinming and External Supervisor Guo Tianyong were absent for business affairs; 4. Executive Director, Vice President and Principal of Financial Affairs Mr. Yang Wei (acting in the role of Secretary to the Board) attended the meeting as non-voting attendees, and some senior management members were present as non-voting attendees.	www.sse.com.cn	14 May 2025	Thirteen proposals were reviewed at the meeting, including the *2024 Work Report of the Board of Directors of Hua Xia Bank*. Proposals 1 to 7 and 9 were approved by more than half of the attending shareholders with voting rights; every sub-proposal under proposal 8 were approved by more than half of the attending shareholders with voting rights; proposals 10 to 13 were approved by more than two thirds of the attending shareholders with voting rights.
Second Extraordinary Shareholders' Meeting for 2025	26 December 2025	Beijing	1. 962 shareholders attended the meeting in person or by proxy, representing a total of 11,758,481,715 voting shares, accounting for 73.8833% of total voting shares in the Bank. 2. Of the 16 directors of the Bank, nine directors were present as non-voting attendees, while Non-executive Directors Zou Libin, Cai Zhiwei, Zhang Chuanliang, Lv Chen, Duan Yuangang and Ma Jinzhao and Independent Director Zhu Xiaofang were absent for business affairs; 3. Executive Director, Vice President, Principal of Financial Affairs and Secretary to the Board Mr. Yang Wei attended the meeting as non-voting attendees; relevant senior management members were present as non-voting attendees.	www.sse.com.cn	27 December 2025	Two proposals were reviewed at the meeting, including the *Announcement on 2025 Mid-year Profit Distribution Plan of Hua Xia Bank* and the *Proposal on the Quota for the Day-to-day Related Party Transactions with Bank of Beijing Co., Ltd.* Both were approved by more than half of the attending shareholders with voting rights.

4.6 DUTY PERFORMANCE OF THE BOARD OF DIRECTORS AND DIRECTORS

4.6.1 The Board of Directors

4.6.1.1 Duties and composition of the Board of Directors

The Board of Directors defines strategies, makes decisions and prevents risks. The Board of Directors is mainly responsible for: convening the Shareholders' Meeting, reporting its work and implementing the resolutions of the Shareholders' Meeting; deciding on the Bank's business plan and investment plan; reviewing and approving the Bank's annual financial budget and final accounts plan; formulating the Bank's profit distribution plan and loss compensation plan; formulating the Bank's plans for increasing or decreasing registered capital, issuing bonds or other securities and listing; formulating the Bank's risk tolerance and risk management policies; deciding on the Bank's external investments, asset purchase, asset mortgage, external donations, related party transactions, data governance and other matters in accordance with laws, regulations, regulatory rules and the Bank's Articles of Association or within the scope authorized by the Shareholders' Meeting; developing the major acquisition plan of the Bank; formulating the medium- and long-term development strategies of the Bank and supervising the implementation of these strategies; deciding on the establishment of the working bodies of the Board of Directors, the internal management bodies of the Bank and the unincorporated branches; formulating the standards for remuneration and allowances for directors of the Bank, detailed articles of association and their amendments and rules of procedure of the Shareholders' Meeting and their amendments; formulating and revising the rules of procedure of the Board of Directors; examining and approving the working rules of the special committees of the Board of Directors; formulating the basic management policies of the Bank; deciding on the appointment or dismissal of President, Secretary to the Board and other senior management member and deciding on their remuneration, rewards and punishments; deciding on appointment or dismissal of Vice President, Principal of Financial Affairs and other senior management members of the Bank according to the President's nominations, and deciding on their remuneration, rewards and punishments; hearing the work report of the President of the Bank and checking the work of the President; taking the ultimate responsibility for the Bank's enterprise risk management, effectiveness of compliance management, capital management, consolidated management, internal audit and other regulatory requirements; regularly evaluating and improving the Bank's corporate governance; safeguarding the legitimate rights and interests of financial consumers and other stakeholders; assuming the responsibility for the management of shareholders' affairs; and reviewing the other matters that shall be decided on by the Board of Directors under laws, regulations, supervisory rules and the Articles of Association. The Board of Directors shall, before deciding on major issues of the Bank, solicit opinions of the Party Committee of the Bank. As at the end of the reporting period, the Board of Directors of the Bank was composed of 16 directors. For details, please see "4.4 DIRECTORS AND SENIOR MANAGEMENT MEMBERS".

4.6.1.2 Meetings of the Board of Directors

Meeting	Date	Resolutions
The 2nd meeting of the Ninth Board of Directors	25 January 2025	For details, please see the Announcement on Resolutions of the 2nd Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 27 January 2025.
The 3rd meeting of the Ninth Board of Directors	28 February 2025	For details, please see the Announcement on Resolutions of the 3rd Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 1 March 2025.
The 4th meeting of the Ninth Board of Directors	17 March 2025	For details, please see the Announcement on Resolutions of the 4th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 18 March 2025.
The 5th meeting of the Ninth Board of Directors	15 April 2025	For details, please see the Announcement on Resolutions of the 5th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 17 April 2025.
The 6th meeting of the Ninth Board of Directors	16 April 2025	For details, please see the Announcement on Resolutions of the 6th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 18 April 2025.
The 7th meeting of the Ninth Board of Directors	28 April 2025	For details, please see the Announcement on Resolutions of the 7th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 30 April 2025.
The 8th meeting of the Ninth Board of Directors	29 May 2025	For details, please see the Announcement on Resolutions of the 8th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 30 May 2025.
The 9th meeting of the Ninth Board of Directors	23 July 2025	For details, please see the Announcement on Resolutions of the 9th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 24 July 2025.
The 10th meeting of the Ninth Board of Directors	27 August 2025	For details, please see the Announcement on Resolutions of the 10th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 29 August 2025.
The 11th meeting of the Ninth Board of Directors	28 September 2025	For details, please see the Announcement on Resolutions of the 11th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 29 September 2025.
The 12th meeting of the Ninth Board of Directors	22 October 2025	For details, please see the Announcement on Resolutions of the 12th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 24 October 2025.
The 13th meeting of the Ninth Board of Directors	9 December 2025	For details, please see the Announcement on Resolutions of the 13th Meeting of the Ninth Board of Directors of Hua Xia Bank disclosed by the Bank on 11 December 2025.

4.6.2 Duty performance of directors

4.6.2.1 Table of duty performance of directors

Director	Independent Director (Yes/no)	Attendance at Board Meeting						Attendance at Shareholders' Meetings
		Board meetings to be attended this year	Meetings attended in person	Meetings attended by circulation	Meetings attended by proxy	Absence	Absent from two consecutive meetings without appointing a proxy to attend on his or her behalf (Yes/no)	Shareholders' Meetings attended
Yang Shujian	No	7	5	3	2	0	No	1
Zou Libin	No	13	13	5	0	0	No	2
Qu Gang	No	13	13	5	0	0	No	3
Cai Zhiwei	No	13	12	5	1	0	No	0
Zhang Chuanliang	No	6	6	3	0	0	No	0
Yang Wei	No	10	9	4	1	0	No	2
Liu Ruijia	No	10	8	4	2	0	No	2
Lv Chen	No	2	2	1	0	0	No	0
Duan Yuangang	No	7	7	3	0	0	No	0
Ma Jinzhao	No	2	2	1	0	0	No	0
Guo Qingwang	Yes	13	13	5	0	0	No	3
Ding Yi	Yes	13	13	5	0	0	No	3
Zhao Hong	Yes	13	13	5	0	0	No	3
Chen Shenghua	Yes	13	13	5	0	0	No	3
Zhu Xiaofang	Yes	5	4	2	1	0	No	0
Peng Longyun	Yes	5	5	2	0	0	No	1
Song Jiqing	No	5	5	2	0	0	No	1
Gong Zhiqiang	Yes	3	2	1	0	1	No	0
Number of Board meetings held in the reporting period								13
Of which: Number of onsite meetings								8
Number of meetings held by circulation								5
Number of meetings held by onsite presence & correspondence								0

During the reporting period, all directors gave reasonable opinions and suggestions based on their own expertise and experience, covering the business development, strategy planning, business cooperation, risk management, data governance, internal control and audit, and external audit. Relevant opinions and suggestions were effectively implemented. During the reporting period, directors of the Bank did not raise any dissents on relevant issues of the Bank.

4.6.2.2 Work of independent directors

During the reporting period, the Board of Directors of the Bank kept the number of independent directors more than one third of its members, ensured independent directors' right to know and provided necessary assistance for independent directors to perform their duties properly. Independent directors performed their duties with due care in good faith, independently and diligently, effectively played their role of participation in decision-making, supervision, checks and balances and professional consultation, and safeguarded the overall interests of the Bank, the interests of all shareholders and, in particular, the legitimate rights and interests of minority shareholders and financial consumers. During the reporting period, the Bank held three Special Meeting of Independent Directors. Seven proposals were reviewed and approved at the meeting, including the report on implementation of the related party transactions management policy and the related party transactions of Hua Xia Bank in 2024, the proposal on application for the quota for day-to-day related party transactions, and the report on ongoing risk assessment of related finance company in 2024.

The number of domestic listed companies and domestic and foreign enterprises for which independent directors served as independent directors met the regulatory requirements, ensuring that independent directors had enough time and energy to perform their duties as independent directors effectively, and worked at the Bank for more than 15 working days each year. Independent directors attended meetings of the Board of Directors on time, understood the Bank's business and operation, took the initiative to investigate and obtained the information and materials needed to make decisions and expressed objective and impartial independent opinions on matters considered by the Shareholders' Meeting or the Board of Directors. In addition, independent directors also performed their duties by regularly obtaining information about the Bank's operations, listening to reports from the management, communicating with the head of the internal audit and the accounting firm working as external audit for the Bank, conducting field visits and communicating with minority shareholders.

4.6.3 Special committees of the Board of Directors

4.6.3.1 Members of special committees of the Board of Directors

Name of special committee	Name of member
Strategy and Sustainable Development Committee	Yang Shujian, Qu Gang, Zou Libin, Cai Zhiwei, Guo Qingwang, Zhao Hong
Risk Compliance and Consumer Protection Committee	Qu Gang, Lv Chen, Guo Qingwang, Zhao Hong, Peng Longyun
Audit Committee	Chen Shenghua, Duan Yuangang, Ma Jinzhao, Ding Yi, Zhu Xiaofang
Related Party Transactions Control Committee	Ding Yi, Liu Ruijia, Guo Qingwang, Zhao Hong, Chen Shenghua, Zhu Xiaofang, Peng Longyun
Nomination and Remuneration Assessment Committee	Peng Longyun, Yang Wei, Zhang Chuanliang, Ding Yi, Chen Shenghua, Zhu Xiaofang

4.6.3.2 Main duties of special committees

The Board of Directors of the Bank has established the following special committees according to needs: the Strategy and Sustainable Development Committee, the Risk Compliance and Consumer Protection Committee, the Audit Committee, the Related Party Transactions Control Committee and the Nomination and Remuneration Assessment Committee. Special committees provide professional opinions to the Board of Directors or make decisions on specialized matters and exercise the following functions and responsibilities:

The Strategy and Sustainable Development Committee is mainly responsible for: studying the long-term development strategy and major investment decisions of the Bank, giving suggestions and supervising and assessing the development strategy implementation; studying and making suggestions on capital management of the Bank, reviewing the capital planning, the capital adequacy management plan and report as well as internal capital adequacy assessment process (ICAAP) report formulated by the Senior Management, submitting them to the Board of Directors for approval and supervising their implementation; formulating the green finance development strategy of the Bank, reviewing the green finance objectives formulated and green finance reports formulated by the Senior Management and submitting them to the Board of Directors for approval; formulating the strategic development plan and basic policy for inclusive finance; putting forward proposals and plans on major issues to be discussed and decided on by the Board of Directors; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Risk Compliance and Consumer Protection Committee is mainly responsible for: formulating the Bank's risk tolerance and risk management policies and submitting them to the Board of Directors for approval; supervising the Senior Management's control over credit risk, liquidity risk, market risk, operational risk, compliance risk, IT risk, case risk, anti-money laundering risk and reputational risk; regularly listening to the Senior Management's special reports on the Bank's risk profile, organizing and guiding the case prevention work upon the authorization from the Board of Directors, conducting regular assessment of the Bank's risk policy, risk level, risk management status and risk tolerance, and making suggestions on improving risk management; formulating strategies, policies and objectives for consumer protection of the Bank and researching major issues and important policies on consumer protection; supervising and inspecting consumer protection, supervising the comprehensiveness, timeliness and effectiveness of the work of the Senior Management and the consumer protection department; directing and urging the establishment and improvement of the consumer protection management system; holding regular meetings on consumer protection, review work reports and annual reports of the Senior Management and consumer protection department and submitting them to the Board of Directors for approval; studying audit reports, regulatory notices and internal assessment results related to annual consumer protection work and urging the Senior Management and relevant departments to promptly correct problems; promoting the construction of the rule of law of the Bank; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Bank and authorized by the Board of Directors.

The Audit Committee is mainly responsible for: exercising relevant powers and performing relevant duties of the board of supervisors set forth in the *Company Law* and the regulatory policies; proposing to hire or replace the external audit body and supervising and assessing the external audit work; supervising and assessing the internal audit work, organizing and directing the internal audit work under the authorization of the Board of Directors, reporting to the Board of Directors and regularly listening to the internal audit work report; coordinating the Management and related departments with the external audit body, and coordinating internal auditors with external auditors; examining the Bank's financial information and its disclosure, including examining the Bank's accounting policies, financial position and financial reporting procedures, examining the Bank's risk and compliance status, taking charge of the annual audit of the Bank, making a judgmental report on the authenticity, integrity and accuracy of the audited financial report information and submitting the report to the Board of Directors for deliberation; supervising and assessing the Bank's internal control, supervising the effective implementation and self-assessment of internal control, and coordinating internal control audit and other related matters; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Bank and authorized by the Board of Directors.

The Related Party Transactions Control Committee is mainly responsible for: taking charge of the management, review and risk control of related party transactions of the Bank, with a focus on the compliance, fairness and necessity of related party transactions, and hiring financial advisors and other independent third parties to issue reports as the basis for judgment where necessary; filing general related party transactions examined in accordance with internal management policy and authorization procedures of the Bank; examining major related party transactions of the Bank and submitting them to the Board of Directors for approval; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Company and authorized by the Board of Directors.

The Nomination and Remuneration Assessment Committee is mainly responsible for: formulating standards and procedures for the selection and appointment of directors and senior management members and making suggestions; selecting eligible candidates for directors and senior management members; examining the eligibility and qualifications of candidates for directors and senior management members and making suggestions to the Board of directors on nomination, appointment or removal of directors and appointment or dismissal of senior management members; researching and formulating the standards for directors and senior management members assessment, conducting assessment and making suggestions; researching, formulating and reviewing the remuneration policy and plan for directors and senior management members, including the remuneration determination mechanism, decision making process and payment and stop-payment and claw-back arrangements, making suggestions and supervising the implementation of the plan; formulating or altering the stock incentive plan and employee stock ownership plan and submitting them to the Board of Directors for review; making suggestions on conditions for granting and exercising the rights and benefits under incentives; and other relevant matters prescribed by laws, regulations, ordinances, Articles of Association of the Bank and authorized by the Board of Directors.

4.6.3.3 Meetings of special committees

S/N	Meeting	Date	Agenda items	Important opinions and suggestions and other duty performance
1	The 3rd meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	28 February 2025	The *Proposal on Review of the Eligibility of Mr. Yang Shujian as Candidate for Director* was reviewed and approved.	The eligibility of Mr. Yang Shujian as candidate for Director was reviewed and approved.
2	The 2nd meeting of the Audit Committee of the Ninth Board of Directors	9 April 2025	15 proposals were reviewed and approved, including the *Report on 2024 Final Accounts of Hua Xia Bank; the Report of Ernst & Young Hua Ming LLP on Annual Audit of Hua Xia Bank for 2024* was heard.	The Audit Committee members have reviewed significant issues in the "key audit issues" section of the audit report and opined that a full explanation of these issues had been provided in the notes to financial statements and thus was not needed in the annual report.
3	The 1st meeting of the Related Party Transactions Control Committee of the Ninth Board of Directors	9 April 2025	Four proposals were reviewed and approved, including the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*.	/
4	The 1st meeting of the Strategy and Capital Management Committee of the Ninth Board of Directors	10 April 2025	Five proposals were reviewed and approved, including the *Assessment Report on 2024 Plan Execution of Hua Xia Bank Co., Limited*.	/
5	The 1st meeting of the Risk Compliance and Consumer Protection Committee of the Ninth Board of Directors	14 April 2025	Ten proposals were reviewed and approved, including the *2024 Risk Management Report of Hua Xia Bank*; three reports were read, including the *Report on Announcement of Banking Consumer Complaints for the First to Third Quarters of 2024 and for the Year 2024* was read.	/
6	The 4th meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	15 April 2025	Nine proposals were reviewed and approved, including the *Proposal on the Performance Assessment Results of Senior Management Members at the Head Office Level in 2024*.	The remunerations of directors, supervisors and senior management members to be disclosed in the Annual Report 2024 of the Bank comply with relevant assessment system and remuneration management policy of the Bank, and are paid in overall consideration of the prevailing economic conditions, control policies of China and Beijing as well as actual operation of the Bank and its peers, and the disclosure meets requirements of relevant laws and regulations. Senior management members at the Head Office of the Bank were all rated Grade A in annual performance assessment for 2024.
7	The 2nd meeting of the Strategy and Capital Management Committee of the Ninth Board of Directors	27 April 2025	The *Pillar 3 Information Disclosure Report of Hua Xia Bank for the First Quarter of 2025* was reviewed and approved.	/
8	The 3rd meeting of the Audit Committee of the Ninth Board of Directors	27 April 2025	The *Proposal on First Quarterly Report of Hua Xia Bank in 2025* was reviewed and approved.	/
9	The 5th meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	28 April 2025	The *Proposal on Review of the Eligibility of Candidate for Secretary to the Board* was reviewed and approved.	The eligibility of Mr. Yang Wei as candidate for Secretary to the Board was reviewed and approved.
10	The 6th meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	29 May 2025	The *Proposal on Review of the Eligibility of Candidate for Chief Information Officer* was reviewed and approved.	The eligibility of Mr. Gong Weihua as candidate for Chief Information Officer was reviewed and approved.
11	The 2nd meeting of the Risk Compliance and Consumer Protection Committee of the Ninth Board of Directors	22 July 2025	The *Proposal on Report on Consumer Protection Audit of Hua Xia Bank for 2024* was reviewed and approved.	/
12	The 2nd meeting of the Related Party Transactions Control Committee of the Ninth Board of Directors	22 July 2025	The *Proposal on Revising the Administrative Measures for Related Party Transactions of Hua Xia Bank Co., Limited* was reviewed and approved.	/

S/N	Meeting	Date	Agenda items	Important opinions and suggestions and other duty performance
13	The 3rd meeting of the Risk Compliance and Consumer Protection Committee of the Ninth Board of Directors	26 August 2025	Two proposals including the Proposal on the *Report on 2025 Recovery Plan of Hua Xia Bank* were reviewed and approved.	/
14	The 3rd meeting of the Related Party Transactions Control Committee of the Ninth Board of Directors	26 August 2025	The *Report on Ongoing Risk Assessment of Related Finance Company in the First Half of 2025* was reviewed and approved.	/
15	The 3rd meeting of the Strategy and Sustainable Development Committee of the Ninth Board of Directors	26 August 2025	The *Pillar 3 Information Disclosure Report of Hua Xia Bank for the First Half of 2025* was reviewed and approved.	/
16	The 4th meeting of the Audit Committee of the Ninth Board of Directors	27 August 2025	Three proposals were reviewed and approved, including the *Proposal on the 2025 Interim Report of Hua Xia Bank*; the report on the *Brief Analysis of Ernst & Young Hua Ming LLP on 2025 Interim Report and H2 Work Priorities of Hua Xia Bank Co., Limited* was heard.	/
17	The 5th meeting of the Audit Committee of the Ninth Board of Directors	21 October 2025	Two proposals were reviewed and approved, including the *Proposal on Quarterly Report of Hua Xia Bank for the Third Quarter of 2025*.	The decision-making process for these changes in accounting estimates conformed to relevant laws, regulations and accounting standards. The changed accounting estimates more objectively and fairly present the assets of the Bank without impairing the interests of the Bank or its shareholders.
18	The 4th meeting of the Strategy and Sustainable Development Committee of the Ninth Board of Directors	21 October 2025	The *Pillar 3 Information Disclosure Report of Hua Xia Bank for the Third Quarter of 2025* was reviewed and approved.	/
19	The 4th meeting of the Risk Compliance and Consumer Protection Committee of the Ninth Board of Directors	21 October 2025	Two proposals were reviewed and approved, including the *Proposal on the Market Risk Management Measures of Hua Xia Bank*; two reports were read, including the *Report on Announcement of Regulatory Evaluation of Consumer Protection of Hua Xia Bank for 2024* was read.	/
20	The 7th meeting of the Nomination and Remuneration Assessment Committee of the Ninth Board of Directors	22 October 2025	Three proposals were reviewed and approved, including the *Proposal on Review of the Eligibility of Candidates for Relevant Senior Management Members*.	The eligibility of Ms. Liu Xiaoli as Chief Operating Officer, Mr. Fang Yi as Chief Risk Officer and Ms. Liu Yue as Chief Financial Officer was examined and approved.
21	The 4th meeting of the Related Party Transactions Control Committee of the Ninth Board of Directors of Hua Xia Bank	8 December 2025	Two proposals were reviewed and approved, including the *Proposal on Related Party Transactions between the Bank and its Directors, Supervisors and Senior Management Members and Their Related Parties*.	/

Note: Relevant proposals were reviewed at the third to sixth meetings of the Nomination and Remuneration Assessment Committee and the second and third meetings of the Audit Committee of the Ninth Board of Directors of the Banks, and unanimously approved by all committee members present. As the number of committee members available to perform duties was less than three at the time of convening the meeting, the relevant proposals were directly submitted to the Board of Directors for review and got approved.

The Audit Committee had no dissents on supervised matters during the reporting period.

4.7 Senior Management

The Senior Management, the executive body of the Bank, reports to the Board of Directors and is supervised by the Audit Committee of the Board of Directors. The Bank's Senior Management, with its functions and powers strictly separated from those of the Board of Directors, is responsible for carrying out business management activities upon authorization from the Board of Directors in accordance with the Articles of association. Pursuant to the requirements of the Board of Directors and its Audit Committee, the Senior Management reports the Bank's operating results, important contracts, financial status, risk profile and business prospects in a timely, accurate and complete manner and provide relevant materials. As at the end of the reporting period, the Senior Management of the Bank was composed of 11 senior management members. For details, please see "4.4 DIRECTORS AND SENIOR MANAGEMENT MEMBERS".

4.8 TIERED MANAGEMENT AND NUMBER AND REGIONAL DISTRIBUTION OF INSTITUTIONS

4.8.1 Basic information on branches and overview of tiered management

The Bank focuses on economically central cities while radiating over the whole country. It conducts the institutional planning and setup, routine operation and internal management under the three-level organizational management system which consists of the Head Office, branches and sub-branches.

As at the end of the reporting period, the Bank had set up 43 tier one branches, 79 tier two branches, 7 non-local branches and 943 outlets in 120 Chinese cities at prefecture level and above.

4.8.2 Branches at the end of the reporting period

Region	Institution	Business address	Number of branches	Headcount	Asset size (RMB1 million)
Beijing-Tianjin-Hebei Region	Head Office	22 Jianguomennei Street, Dongcheng District, Beijing	–	3,986	2,858,384
	Beijing Branch	11 Financial Street, Xicheng District, Beijing	48	1,887	381,301
	Tianjin Branch	Tower E, Bohai-rim Development Center, Zeng 9 Binshui Road, Hexi District, Tianjin	22	695	67,483
	Shijiazhuang Branch	48 Zhongshan West Road, Qiaoxi District, Shijiazhuang	55	1,629	92,985
	Beijing Municipal Administrative Center Branch	Building 2, Block 11, Xinhua East Street, Tongzhou District, Beijing	30	695	106,581
Yangtze River Delta	Nanjing Branch	333 and 329-2 (Jin'ao International Center) Jiangdong Middle Road, Jianye District, Nanjing	62	2,167	291,650
	Hangzhou Branch	No. 2 Building, Oceanwide International Center, 2 Xiangzhang Street, Sijiqing Subdistrict, Shangcheng District, Hangzhou	58	1,645	262,852
	Shanghai Branch	256 Pudong South Road, China (Shanghai) Pilot Free Trade Zone	29	891	130,635
	Wenzhou Branch	Huayin Building, 368 Wanghai Road, Binjiang Street, Lucheng District, Wenzhou City	13	458	36,463
	Ningbo Branch	366 Heyuan Road, Yinzhou District, Ningbo	11	379	37,039
	Shaoxing Branch	354 Zhongxing South Road, Tashan Subdistrict, Yuecheng District, Shaoxing	11	369	43,885
	Changzhou Branch	9 Building, Fuxi Garden, 1598 Longjin Road, Xinbei District, Changzhou	13	403	44,456
	Suzhou Branch	188 Xinghai Street, Suzhou Industrial Park, Suzhou	20	708	124,040
	Wuxi Branch	3 Finance No. 1 Street, Wuxi	19	528	62,814
	Hefei Branch	Building C, Wealth Plaza, 278 Suixi Road, Hefei	15	621	60,027
	Shanghai FTZ Branch	No. 569 Pudong Avenue, Pudong New Area, Shanghai; No. 6, 10, 14 and 18, Lane 563; No. 5, 9, 13 and 17, Lane 573; No. 1, Lane 588, Changyi Road	1	55	22,289
Guangdong – Hong Kong – Macao Greater Bay Area	Shenzhen Branch	Zhongzhou Plaza, 3088 Jintian Road, Futian Sub-district, Futian District, Shenzhen	37	1,252	245,436
	Guangzhou Branch	Nanyue Mansion, 13 Huaxia Road, Tianhe District, Guangzhou	41	1,631	143,640
	Haikou Branch	61 Guoxing Avenue, Meilan District, Haikou	5	205	10,597
	Hong Kong Branch	Rooms 1611-1615, F16 and F18, International Finance Center (Phase II), 8 Finance St., Central Hong Kong	1	165	117,931

Region	Institution	Business address	Number of branches	Headcount	Asset size (RMB1 million)
Central and Eastern China	Ji'nan Branch	Building 3, Section 6, Hanyu Financial Business Center, No. 7000 Jingshi Road, Licheng District, Ji'nan	54	1,723	111,214
	Wuhan Branch	Hua Xia Bank Building, 217 Zhongbei Road, Wuchang District, Wuhan	48	1,267	119,974
	Qingdao Branch	Huayin Building, 5A Donghai West Road, Shinan District, Qingdao	35	958	62,841
	Taiyuan Branch	Block A, Longcheng No. 1 Office Building, No. 97 Longcheng Street, Xiaodian District, Taiyuan	27	924	72,268
	Fuzhou Branch	Huaxia Mansion, 1 Gutian Zhilu, Gulou District, Fuzhou	16	581	31,926
	Changsha Branch	Huameiou Mansion, 389 Wuyi Road, Furong District, Changsha	14	614	65,988
	Xiamen Branch	10, 11 and 16 Lingshiguan Road, Siming District, Xiamen	9	395	26,657
	Zhengzhou Branch	29 Business Outer Ring Road, Zhengdong New District, Zhengzhou	15	938	79,214
	Nanchang Branch	198 Ganjiang North Road, Honggutan District, Nanchang	11	379	41,467
Western China	Kunming Branch	Hua Xia Bank Tower, 98 Weiyuan Road, Wuhua District, Kunming	26	949	96,181
	Chongqing Branch	Annex 1, Annex 2, Annex 3-2-1 and F26-34, 27 Jiangbeichengxi Street, Jiangbei District, Chongqing	26	897	87,267
	Chengdu Branch	2 Building, Jinjiang Zhichun Building, 299 Yong'an Road, Jinjiang District, Chengdu	31	956	112,160
	Xi'an Branch	111 Chang'an North Road, Beilin District, Xi'an	27	771	49,826
	Urumqi Branch	Hua Xia Bank Building, 1888, Exhibition Avenue, Shuimogou District, Urumqi City	14	417	36,964
	Hohhot Branch	57 Airport Expressway, Xincheng District, Hohhot	18	642	26,617
	Nanning Branch	Tower B, Huarun Mansion, 136-2 Minzu Avenue, Qingxiu District, Nanning	11	517	36,959
	Yinchuan Branch	F11 and F18 of Master International Business Center, 160 Beijing Middle Road, Jinfeng District, Yinchuan	7	222	10,538
	Guiyang Branch	55 Changling North Road, Guanshanhu District, Guiyang	4	286	24,156
	Xining Branch	Hua Xia Bank Mansion, Building No. 1, 79 Haiyan Road, Chengxi District, Xining	1	96	6,293
	Lanzhou Branch	Zhihui Plaza, 333 Tianshui North Road, Chengguan District, Lanzhou	4	223	10,859
Northeastern China	Shenyang Branch	51 Qingnian Street, Shenhe District, Shenyang	21	829	27,504
	Dalian Branch	50 and 52 Renmin East Road, Zhongshan District, Dalian	14	540	20,182
	Changchun Branch	4888 Renmin Street, Changchun	13	445	19,850
	Harbin Branch	2586 Lijiang Road, Daoli District, Harbin	6	275	11,406
Regional summarization adjustment			–	–	-1,853,163
Total			943	36,213	4,475,636

Note: Headcount and asset size of the Head Office include that of the Credit Card Center.

4.9 EMPLOYEES OF THE BANK AND ITS MAJOR SUBSIDIARIES

As at the end of the reporting period, the Group had 36,752 service employees, including 36,213 ones working in the Bank and 539 ones working in the major subsidiaries. The Group had 2,295 retired employees.

4.9.1 The Bank's employees by professional field

Of the in-service employees of the Bank, 27,128 or 74.91% were business personnel, 6,888 or 19.02% were management personnel and 2,197 or 6.07% were supporting personnel.

4.9.2 The Bank's employees by educational background

Of the in-service employees of the Bank, 6,766 persons or 18.68% held a master's or higher degree, 24,974 or 68.97% held a bachelor's degree, and 4,473 or 12.35% held an associate's or lower degree.

4.9.3 Remuneration policy and training

Guided by the national development strategies and the bank-wide strategic plan, the Bank remained dedicated to the "Five Priorities" of finance, especially technology finance and green finance, advanced the business transformation and structural improvements, improved risk compliance evaluation and continued to pursue high-quality development of the Bank. During the reporting period, the Bank showed sound performance in economic, risk and social responsibility indicators.

Remuneration of the employees of the Bank consisted of base pay and performance pay. The performance pay was linked to the overall institutional (departmental) and personal performance. The annual remuneration plan was brought through relevant procedures of the bank and approved by the competent authority of Beijing Municipality before implementation. According to regulatory requirements and management needs, the Bank created a remuneration deferral and clawback mechanism for the senior management members and employees in positions having significant impact on risks. The deferral ratio is above 40% and the deferral period is not less than three years. If any misconduct or excessive exposure within the duty occurs during the specified period, the performance pays for the persons held liable will be deducted, stopped or reclaimed in line with the severity of circumstances pursuant to regulatory policies and the Bank's policies. During the reporting period, the Bank reclaimed a total of RMB9,850,300 in performance-based pay from 577 employees. No senior management members of the Bank were subject to reclaiming of performance-based pay.

The Bank focused on the vision of employee development and continued to improve the hierarchical and categorized training system. A series of training programs were carried out for managers, specialist and new employees, widely meeting the job performance and career development needs of officers and employees at various levels and in different categories. The Bank strengthened the development of training resources, enhanced the teach building for internal trainers, optimized the functions of the digital learning platform, endeavored to innovate and enrich on-site teaching and case-based teaching, and continuously improved the quality and effectiveness of training to empower the high-quality development of the Bank.

4.10 PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES/PLAN ON STRENGTHENING OF CAPITAL BASE WITH CAPITAL RESERVE FOR 2025

4.10.1 Formulation, implementation or adjustment of cash dividend policy

According to the *Articles of Association of Hua Xia Bank Co., Limited*, except for preference shares adopted with the specific dividend policy, the Bank can distribute dividends in the form of cash or share or combination of both, and shall maintain the continuity and stability of profit distribution policy. The Bank will give priority to the profit distribution in cash. Total profit distributed in the form of cash in the last three years was no less than 30% of the annual average distributable profit attributable to ordinary shareholders realized during the period.

The profit distribution plan for 2024 was reviewed and approved at the Annual General Meeting for 2024 and took effect on 26 June 2025. The profit distribution plan for the first half of 2025 was reviewed and approved at the Second Extraordinary Shareholders' Meeting for 2025 and took effect on 23 January 2026. The distribution plan accorded with the Articles of Association, the distribution standard and proportion were definite and clear, and relevant decision-making procedures and mechanism were complete. Independent directors performed their duties and made their due contributions. Minority shareholders were provided with opportunities to fully express their opinions and appeals, and their legal rights and interests were sufficiently safeguarded. Total profit distributed in the form of cash in the last three years was no less than 30% of the annual average distributable profit attributable to ordinary shareholders realized during the period.

4.10.2 Profit distribution of ordinary shares in the past three years

(Unit: RMB1 million)

Distribution year	Bonus shares distributed per ten shares	Dividends distributed per ten shares (RMB, before tax)	Shares recapitalized per ten shares	Cash dividend (before tax)	Net profit attributable to ordinary shareholders of the listed company in the consolidated statement of the distribution year	Cash dividend as percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statement of the distribution year (%)	Net profit attributable to shareholders of the listed company in the consolidated statement of the distribution year	Cash dividend as percentage of net profit attributable to shareholders of the listed company in the consolidated statement of the distribution year (%)
2025	–	4.20	–	6,684	25,770	25.94	27,200	24.57
2024	–	4.05	–	6,446	25,736	25.04	27,676	23.29
2023	–	3.84	–	6,111	24,423	25.02	26,363	23.18

According to the *Administrative Measures for Reserve Fund Provisions of Financial Enterprises* (C.J. [2012] No. 20) released by the MOF and the *Articles of Association of Hua Xia Bank Co., Limited*, the parent company made statutory surplus reserve based on the audited net profit of the parent company of the Bank in 2025, set aside general reserve from net profit of the parent company at the end of the year to cover unidentified possible losses, and distributed ordinary share dividends to shareholders based on the audited net profit distributable to ordinary shareholders. The profit distribution plan of the Bank for 2025 is set forth below:

1. RMB2,450 million or 10% of the audited net profit attributable to the parent company of 2025 (RMB24,496 million) is set aside as statutory surplus reserve.

2. The general reserve to be set aside for 2025 is RMB4,936 million pursuant to the rule that the balance of general reserve shall not be less than 1.50% of the balance of assets exposed to risks and losses at the end of the period.

3. With 15,914,928,468 ordinary shares outstanding of the Bank at the end of 2025 as the base number, it is proposed to distribute a cash dividend of RMB3.20 (before tax) per 10 shares for 2025, and a total of RMB5,093 million in cash dividend will be distributed. With a cash dividend of RMB1.00 (before tax) per 10 shares for the first half of 2025, a total of RMB1,591 million of cash dividend was distributed for the first half of 2025. For the year 2025, RMB4.20 (before tax) per 10 shares or a total of RMB6,684 million of cash dividend are distributed.

The above-mentioned profit distribution plan shall be implemented within two months after the Annual Shareholders' Meeting for 2025 of the Bank reviews and approves it.

4. The Bank issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 1) in the national inter-bank bond market in June 2024, with an issue volume of RMB40.0 billion, current interest period from 11 June 2025 to 10 June 2026 (at a coupon rate of 2.46%) and total interest of RMB984 million.

5. The Bank issued the Hua Xia Bank Co., Ltd. 2024 Perpetual Capital Bond (Series 2) in the national inter-bank bond market in September 2024, with an issue volume of RMB20.0 billion, current interest period from 27 September 2025 to 26 September 2026 (at a coupon rate of 2.23%) and total interest of RMB446 million.

6. The Bank issued the Hua Xia Bank Co., Ltd. 2025 Perpetual Capital Bond (Series 1) in the national inter-bank bond market in November 2025, with an issue volume of RMB20.0 billion, current interest period from 2 December 2025 to 1 December 2026 (at a coupon rate of 2.32%) and total interest of RMB464 million.

The Bank is now in a development stage of transformation and upgrading. The cash dividend payout for 2025 maintained the continuity and stability, taking into account both shareholder return and sustainability needs of the Bank. Retained profits were used to replenish capital in support of the Bank's long-term strategy implementation.

4.11 STOCK INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND INFLUENCE THEREOF

Not applicable.

4.12 MANAGEMENT AND CONTROL OF SUBSIDIARIES

The Bank adhered to the market – and law-based principle. Taking into account the regulatory policy requirements and the realities of subsidiary management, the Bank actively performed its shareholder duties through equity, exercised its shareholder rights in accordance with laws and regulations, and continued to improve the corporate governance of its subsidiaries. Stronger support was provided for Huaxia Financial Leasing and Huaxia Wealth Management, making Group-wide management more efficient and professional.

4.13 ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

The Bank adhered to the principle of aligning institutional building with reform and development in a mutually reinforcing manner, actively responded to national development strategies, and quickly implemented regulatory policy requirements. With targeted policies in place for key links of internal control, the Bank continued to deepen the whole-process policies management mechanism featuring early planning, real-time control and timely follow-up, so as to ensure high-quality development through efficient institutional building. The digital transformation of internal control governance was further carried out. A dual-system and dual-channel policy management tool consisting of a business policy management system and a compliance knowledge graph was built, fully realizing the "mobile processing" of policy tasks and the "instant access" to policy documents.

4.14 REPORT ON THE INTERNAL CONTROL SELF-ASSESSMENT AND REPORT ON INTERNAL CONTROL AUDIT

The Board of Directors of the Bank assessed the effectiveness of the Bank's internal control as at 31 December 2025 in line with the requirements of the *Basic Standard for Enterprise Internal Control* and its supporting guidelines, as well as other regulatory requirements for internal control. In the opinion of the Board of Directors, the Bank has maintained effective internal control over financial reporting in all material aspects in compliance with the requirements of the system of enterprise internal control standards and relevant regulations. During the reporting period, the Bank did not have any significant or material deficiencies of internal control over financial reporting, nor did it discover any significant or material deficiencies of internal control over non-financial reporting. For details, please refer to the *2025 Internal Control Evaluation Report of Hua Xia Bank Co., Limited* disclosed by the Bank on the SSE website (www.sse.com.cn) and the Bank's website (www.hxb.com.cn).

The Bank engaged Ernst & Young Hua Ming LLP as auditor of the effectiveness of internal control over financial reporting of the Bank in accordance with the requirements of the *Basic Standard for Enterprise Internal Control* and the *Guideline for Enterprise Internal Control Audit*. The auditor deems that the Bank has maintained effective internal control over financial reporting in all material aspects in compliance with the *Basic Standard for Enterprise Internal Control* and relevant regulations. For details, please refer to the *Auditor's Report on Internal Control of Hua Xia Bank Co., Limited* disclosed by the Bank on the SSE website (www.sse.com.cn) and the Bank's website (www.hxb.com.cn).

4.15 INFORMATION DISCLOSURE AND INVESTOR RELATIONS MANAGEMENT

The Bank carries out day-to-day information disclosures pursuant to laws and regulations, regulatory provisions and the Bank's policies and ensures the timely and effective transmission, collection and disclosure of significant information, ensure timeliness, impartiality, authenticity, accuracy and completeness of the information disclosed and effectively protects investors' right to know. During the reporting period, the Bank strengthened voluntary information disclosure. The structure and contents of regular reports were improved and the system of voluntary disclosure indicators was improved on an ongoing basis to boost the willingness and transparency of disclosure. Adhering to the principle of being oriented towards investors' needs, the Bank made ongoing efforts to enhance the readability and practicality of the disclosed information. The Bank prepared and disclosed four regular reports and 65 interim announcements in the year and informed the investors of such significant information as resolutions of the Board of Directors, the Board of Supervisors and the Shareholders' Meeting, changes in directors, supervisors and senior management, earnings guidance, approval of Articles of Association and profit distribution on a timely basis. The Bank continued to strengthen the management of inside information and insiders and performed well in the protection of inside information and registration of insiders. In the 2024-2025 information disclosure evaluation of Shanghai-listed companies on the Shanghai Stock Exchange, the Bank was given a Grade A (excellent) evaluation result.

The Bank continued to deepen investor relations management and enhanced the interaction and communication with investors and analysts through various channels, online and offline. During the reporting period, it held three results presentations, received investors' and analysts' site visits and maintained day-to-day communication with investors through the investor relation contact number, email and the sns.sseinfo.com. A wide range of steps were taken to consolidate the sound investor relations, actively informed investors and analysts of the connotation and values of the Bank, made the Bank better known and recognized among investors and promoted the positive interaction between the Bank and the capital market.

4.16 ENVIRONMENTAL INFORMATION

4.16.1 Administrative penalties for environmental problems

During the reporting period, the Bank received no administrative penalties for environmental problems.

4.16.2 Green finance

The Group earnestly implemented the requirements for green finance, as one of the five identified priorities of financial work, raised at the Central Financial Work Conference. It deepened the green finance strategy, actively served the beautiful China initiative, improved the environmental, social and governance (ESG) risk management system, accelerated the digital development of green finance, made steady progress in high-quality development of green finance and increasingly enhanced its brand influence. As at the end of the reporting period, the balance of green finance of the Group stood at RMB531,352 million, up 31.42% from the end of the previous year.

In terms of **green loans**, the Group actively implemented the national strategic plans, strengthened the top-level design and formulated the green finance implementation plan. The mechanisms were refined for allocation of green financial resources, credit policy support, and assessment and incentives, providing differentiated internal pricing strategies and credit approval authorities for green loans. 19 key green finance branches strengthened full-time staffing to support green loans with professional team building. New marketing models were promoted for green finance, putting focus on carbon peak and carbon neutrality, the Beautiful China initiative, transition finance, and zero (low) carbon industrial parks. The green loans for related key areas grew rapidly. Support was provided for a number of major projects with social influence, such as the world's first 300-megawatt artificial cavern compressed air energy storage and the green transition of integrated generation-grid-load-storage electrolytic aluminum project. Seizing the national strategy of zero-carbon industrial parks, the Bank launched comprehensive service solutions, entered into its inaugural collaboration with the Asian Development Bank in creating a special-purpose product. The World Bank energy storage project met all its performance targets ahead of schedule. Digital finance empowered the development of green industry. Driven by data, a targeted and scenario-based green financial service model was built to effectively address the financing problems of small and medium-sized enterprises in the green supply chain. These concrete actions facilitated the green transition of the real economy. During the reporting period, the Bank issued RMB20.0 billion of green financial bonds, expanding the sources of green finance. The second phase of the green finance management system was launched with such functions as Group-wide green finance data statistics, ESG assessment models for credit customers, and carbon management of in-house operations, thereby enhancing the digital management of green finance. As at the end of the reporting period, the balance of green loans of the Bank was RMB373,357 million, up 30.99% from the end of the previous year, showing a continued rise in the share of green loans. The Bank received the "Good" rating of green finance from the PBOC.

In terms of **green investment,** the Bank continued to conduct investment business featuring green finance, and made active allocations to green bonds, green interbank investments, green funds and other green assets. As at the end of the reporting period, the balance of green finance of the Group stood at RMB45,944 million, up 74.51% from the end of the previous year. The Bank created and invested in the first-ever interbank investment ABS backed by green "energy security" asset income rights, the first-ever interbank investment ABS backed by piped gas income rights and the first-ever SHIE green ABS backed by sewage charge rights and income rights across the market. These products channeled financial resources to into the green sectors of the real economy. The first domestic "solar PV + hydropower" clean energy-themed closed-end infrastructure securities investment fund (public REITs) in the custody of the Bank completed its follow-on offering, guiding private capital towards green infrastructure. Huaxia Wealth Management promoted the issuance of a diverse ESG strategy matrix including screening and thematic approaches, exploring differentiated development paths. The ESG wealth management products recorded RMB32,623 million in cumulative AUM. The 2024 annual ESG report was issued, the first one to align with the *Corporate Sustainability Disclosure Standards: Basic Standards (Trial)*. This report passed the review for the Beijing Sustainable Disclosure Pilot Program.

In the field of **green leasing**, the Bank actively implemented the philosophy of green development concept, upgraded the "product + region + technology" strategy focusing on green energy, green transportation and green manufacturing. A relatively competitive advantage based on industrial chains was gradually developed. In the green energy field, the green leasing business expanded to cover residential solar PV systems, offshore wind power, wind turbine installation and energy storage. As at the end of the reporting period, the cumulative financing for the residential solar PV system business amounted to RMB66,153 million, with a total installed capacity of 19.43 gigawatts, accounting for 8.45% of the national total installed capacity. The business covered 25 provinces across the country, with 645,200 power stations built nationwide and 51,554 million KWh of clean electricity generated, reducing 44,954,700 tons of carbon dioxide emissions. In 2025, the residential solar PV system case of Huaxia Financial Leasing was included in the financial case library of Tsinghua University. In the field of green transportation, support was given to low-carbon and zero-emission shipbuilding, urban rail transit, new energy logistics vehicles and the upgrading of online ride-hailing services. The shipping business aimed to build an energy-efficient fleet covering bulk carriers, oil tankers, gas carriers and offshore work vessels. The business expanded to many countries and regions in Europe, North America, and Asia, achieving a breakthrough in international development. The automobile business focused on the core links of the new energy vehicle (NEV) industry chain, deeply engaging in various scenarios such as online ride-hailing, logistics vehicles, and passenger cars, and contributing to green transportation. In the field of green manufacturing, an action plan for green and low-carbon transition of manufacturing was implemented to support the innovation and upgrading of low-carbon processes in key industries and fields such as steel, non-ferrous metals, petrochemicals, chemicals and building materials. As at the end of the reporting period, Huaxia Financial Leasing recorded RMB98,579 million in balance of green leasing assets, up 21.51% over the end of the previous year, accounting for 53.40% of the company's balance of leasing assets.

In terms of **green consumption**, more scenarios for green consumer credit were covered to shape a green consumption ecosystem. Innovate products and services were provided for big-ticket items including green home purchases, green home improvements and new energy vehicles. The Huan Xin Loan was further promoted, offering preferential interest rates and convenient services to target customer groups for home improvements, home appliances, car trade-in and green consumption. The ETC payment service was actively promoted, offering customers discounts on ETC electronic tags. The Huaxia Freego Car-owner Card was issued with a variety of promotional events to create an ecosystem for the car-owner community and encourage customers to travel in a green manner. The Hua Xia Energy Chain co-branded credit card with the theme of green finance was further promoted. The charging discounts were still offered, shaping a low-carbon travel benefits system contributing to the development of a green finance ecosystem.

In terms of **environmental, social and governance (ESG) risk management**, the Bank released the 2024 Environmental Information Disclosure Report, marking the issuance of an independent report on environmental information disclosure for four consecutive years. By issuing the report, the Bank improved its ability to disclose environmental information, showcasing its achievements in green finance development and the results of ESG risk management. With the ESG concept applied in every respect, the ESG risk management was embedded into the entire credit process. The credit ESG assessment models specific to different industries and different sizes of businesses were developed, providing support for non-financial risk assessment for customers. The environmental and social risks were automatically identified, categorized, warned and monitored. The climate risk stress tests were conducted for four consecutive years, quantifying environmental and climate risks and enhancing climate risk management.

Box 9: Green Finance Supported Zero-carbon Industrial Parks

The Bank seized the opportunity presented by the national strategy of zero-carbon industrial park strategy, and developed a differentiated service model focused on the green and low-carbon transition scenarios of industrial parks. The Bank designed and implemented the "Promoting Green and Low-Carbon Development of Industrial Parks Project" in collaboration with the Asian Development Bank. With the aim of facilitating the green and low-carbon transition of industrial parks, the project supported energy conservation, renewable energy, green buildings, green transportation, low-carbon manufacturing and circular economy within the parks. The total project financing, denominated in RMB, was equivalent to USD400 million, including an RMB loan from the Asian Development Bank equivalent to USD200 million. By the end of the reporting period, green loans had been issued in Zhejiang, Jiangsu, Guangxi and Guizhou for the project. A comprehensive service plan for green and low-carbon development of industrial parks was rolled out. One-stop, systematic "financing + consulting" services were provided to address the isolated, scattered and diversified financial and carbon management needs of industrial parks in pursuit of green and low-carbon development. Special financial products were created for the low-carbon transition of industrial parks, including zero-carbon industrial park loans and industrial park carbon reduction loans. Taking part in the formulation of local standards for transition finance, the Bank cooperated with the PBOC Beijing Branch in launching the group standard entitled *Catalogue of Economic Activities Supported by Industrial Park Transition Finance*, providing a basis of financial support for the low-carbon upgrading of industrial parks. As of the end of the reporting period, the Bank had approved RMB2,708 million of credit for 13 industrial parks.

4.16.3 Green operations

During the reporting period, the Bank adopted various measures to reduce energy consumption and carbon emissions.

Office environment was improved through energy conservation and consumption reduction. Energy-saving measures were taken, including identifying energy-intensive equipment, phasing out energy-intensive lighting fixtures, and replacing them with LED lights to enhance energy efficiency. The requirement of "turning off the light and water before you leave" and other management measures were strictly implemented. Patrols and supervision were strengthened to prevent any "ever-on lights" and avoid "leaving the tap running". Paperless meetings and electronic document approval were promoted with vigor. Duplex printing was encouraged and overseen. The energy management of office equipment was enhanced. The Bank strictly controlled the running hours of air conditioners and the setting of indoor air temperatures and reasonably set the return water temperature of air conditioners, effectively reducing energy consumption per unit area.

Business processes were moved online for less consumption of resources. Digital confirmations were promoted across the board to build low-carbon and efficient business processes. The online processing of application, authorization, reply and archiving of confirmation letters significantly reduced the resource consumption and environmental impact caused by traditional paper-based confirmations, effectively reducing the overall carbon footprint of operations.

Company car use was strictly managed, and green mobility and climate-friendly travel were encouraged. The company vehicle use policy was strictly implemented to ensure proper approval and registration of the use of company vehicles. The allocation of vehicles was well coordinated to reduce the empty running rate. The use of battery electric vehicles was promoted with vigor. Employees were encouraged to commute to work by green ways such as public transportation, subway, walking and cycling.

Food saving and garbage sorting were carried out. The staff canteens were meticulously managed, strictly implementing the "preparing & taking food as needed" policy to promote smaller dishes and significantly reduce kitchen waste. Employees had a stronger awareness of the "Clean Plate" initiative. Waste sorting bins were set up at each office or business place. Employees were trained and directed to sort waste to standard and increase the sorting efficiency. Employees signed the *Garbage Classification Commitment Letter*. On-site supervision was maintained at the garbage bins.

4.17 SOCIAL RESPONSIBILITY INFORMATION

4.17.1 Consumer protection

During the reporting period, the Bank upheld the people-centered development philosophy and continued to improve the consumer protection management in accordance with relevant regulatory policies, acting on the principle of involving "all employees, all businesses and all processes" in the work. It endeavored to provide financial consumers with high-quality financial services and better promote business development.

First, the Bank heightened the awareness of consumer protection, remaining steadfast in reinforcing relevant systems and mechanisms. The Bank fully implemented regulatory policy requirements and the decisions and plans of the Board of Directors and the Management, harmonizing its consumer protection tasks and actions with the Bank's high-quality development. During the reporting period, the Bank officially set up the Consumer Protection Department as an independent tier-one department at the Head Office, laying a solid foundation for boosting the quality and efficiency of the work.

Second, the Bank focused on enhancing the quality and efficiency of consumer protection reviews and implementing the requirements of the latest regulatory rules. The consumer protection review mechanism was continuously improved. Efforts were redoubled to embed consumer protection reviews into the pre-approval steps for admission of cooperative institutions and their products in the agency distribution business, so as to forestall any infringement upon consumers' rights and interests from the very beginning. The guidelines for consumer protection review were revised, incorporating the latest regulatory requirements into the review checklist. Typical cases were released to provide guidance on the consumer protection work.

Third, the Bank focused on enhancing the influence of financial education and expanding the coverage of consumer protection training. The work arrangements for centralized education campaigns and day-to-day publicity were fully implemented. The online and offline risk warnings were enhanced through publicity efforts focused on "the elderly, the young, and newcomers" and the five scenarios of "countryside, neighborhoods, schools, enterprises and central business districts". 100% of the outlets and employees of the Bank participated in the work. The Bank continued to intensify the consumer protection training with higher appropriateness of training content, ensuring coverage of all levels and positions and enhancing employees' awareness of consumer protection across the Bank.

Fourth, the Bank accelerated technological empowerment of consumer protection and built a digital consumer protection system. The Bank work faster to develop and apply the consumer protection review and complaint management modules, explored the application of intelligent scenarios in consumer protection reviews, sought to embed the AI technology into complaint data analysis and other scenarios, and applied the voice recognition technology to the fight against illegal and criminal activities. Empowered by technology, the quality and efficiency of consumer protection work was enhanced.

Fifth, all types of complaints were properly handled, ensuring timely response to and resolution of legitimate consumer demands. The Bank actively pursued diverse resolution of financial disputes. The rate of referral for mediation and the rate of mediation execution both reached 100%, and the number of executed mediation agreements increased by 37.73% year-on-year. In 2025, the Bank received a total of 77,867[7] consumer complaints through all channels, and the 15-day closure rate of complaints was 100%. The top three business categories in terms of complaint volume were credit cards, debt collection and personal loans, with their respective shares being 65.55%, 13.81%, and 9.96%. The geographical distribution of complaints is shown in the table below.

[7] Excluding complaints related to account management, negotiation of repayments, credit reports, billing standards, as well as duplicate complaint data.

Geographical distribution of complaints received by Hua Xia Bank in 2025

S/N	Region	Number of complaints	S/N	Region	Number of complaints
1	Beijing	23,908[8]	21	Xi'an	1,073
2	Nanjing	4,270	22	Lanzhou	1,001
3	Shijiazhuang	3,953	23	Nanchang	914
4	Zhengzhou	3,583	24	Suzhou	859
5	Ji'nan	2,984	25	Kunming	852
6	Hangzhou	2,873	26	Fuzhou	720
7	Qingdao	2,868	27	Xiamen	693
8	Hefei	2,438	28	Ningbo	673
9	Shenzhen	2,363	29	Nanning	644
10	Guangzhou	2,154	30	Dalian	636
11	Wuhan	1,908	31	Shanghai	603
12	Chengdu	1,896	32	Guiyang	531
13	Hohhot	1,859	33	Yinchuan	454
14	Shenyang	1,751	34	Wuxi	425
15	Changsha	1,479	35	Urumqi	401
16	Harbin	1,340	36	Wenzhou	392
17	Chongqing	1,290	37	Shaoxing	263
18	Changchun	1,166	38	Haikou	206
19	Tianjin	1,079	39	Changzhou	172
20	Taiyuan	1,074	40	Xining	119

[8] Including complaints received by the Head Office.

4.17.2 Efforts on poverty alleviation and rural vitalization

Deeply engaged in key areas related to agriculture, rural areas and farmers, the Bank implemented the strategic plans of the CPC Central Committee and the State Council for deepening rural reforms and advancing all-round rural revitalization. Guided by the spirit of the Central Rural Work Conference, the Bank earnestly implemented the work arrangements of regulatory authorities, the CPC Beijing Municipal Committee and the Beijing Municipal Government. It innovated the agriculture-related financial services models, took solid steps to support Beijing's pairing assistance work and aids to villages with weaker collective economy, and endeavored to better align its financial supply with the development needs of rural areas.

In terms of organizational mechanisms, the Bank continued to strengthen the unified leadership of its Party Committee, improved the regular working mechanism of the steering group for agriculture-related and rural revitalization, and comprehensively coordinated the Bank's agriculture-related business development with the imperatives of consolidating and expanding the achievements in poverty alleviation and rural revitalization. These moves ensured effective transmission and robust implementation of the State's important policies and work plans for agriculture, rural areas and farmers. The internal collaboration mechanism was refined to build a long-term policy framework for aids and assistances.

In supporting the industries of areas lifted out of poverty, the Bank granted the fund transfer pricing (FTP) incentives for all inclusive agriculture-related loans and credit facilities for key counties designated for assistance under the national rural vitalization strategy. New product and service models were introduced in light of local conditions, focusing on key areas including food security, seed industry invigoration, dairy industry relief, technology-driven agriculture, and intelligent agriculture, and enhancing financial supply for key areas of rural revitalization. During the reporting period, the Bank issued RMB10,020 million of targeted assistance loans and provided financing services for 257,800 people lifted out of poverty.

In terms of Beijing's pairing assistance programs, the Bank earnestly fulfilled its assistance responsibilities to the highest standards, and made every effort to bolster sustained and healthy socio-economic development of the aided areas. During the reporting period, the Bank donated a total of RMB4,395 thousand to areas designated by Beijing for collaboration between the eastern and western regions, including Inner Mongolia, Xinjiang, Qinghai, Hebei, Henan and Hubei. Consumption-based assistance was also actively advanced through direct purchase and centralized procurement by the innovation center. The Bank purchased over RMB8 million worth of agricultural and sideline products from key areas designated for assistance. Branches in relevant areas further strengthened coordinated management of village-stationed assistance and carried out village-stationed assistance work in a well-ordered manner. Making solid progress in the aids to villages with weaker collective economy in Beijing, the Bank appointed six outstanding officers as the "First Secretaries" seconded to these villages, and accomplished the task of increasing the annual collective operating income by RMB100,000 in the six villages with weaker collective economy designated for pairing assistance. Through these targeted assistance efforts, the Bank helped prevent any large-scale relapse into or occurrence of poverty.

4.17.3 Other performance of social responsibility

The Bank upheld the "people-oriented" philosophy, continued to optimized the structure of the talent pool, strengthened the building of professional teams and enhanced the professionalism and job skills of the workforce on all fronts. The Bank effectively safeguarded the legitimate rights and interests of employees, showed care and concern for them, motivated their growth and development, and strove to integrate employees' personal growth value realization with corporate development.

While pursuing its own development, the Bank upheld the social responsibility philosophy of "harmony, sustainability and benevolence" and continued to carry out disaster reliefs, student aids, education and technology programs, environmental protection and other philanthropic events and organized volunteer activities. By doing so, the Bank guided and encouraged all employees to engage in public welfare and charity activities and contribute to harmonious development of the larger society. During the reporting period, the Group made donations of RMB27,548 thousand.

For more details, please refer to the *2025 Sustainability Report of Hua Xia Bank Co., Limited* disclosed by the Bank on the SSE website (www.sse.com.cn) and the Bank's website (www.hxb.com.cn).

4.18 PROGRESS ASSESSMENT OF THE VALUATION ENHANCEMENT, QUALITY AND EFFICIENCY IMPROVEMENT, AND HIGH RETURN INITIATIVE

4.18.1 Continuing to improve operating efficiency and profitability and effectively promoting high-quality development

For concrete actions, progress and results, please refer to "SECTION III MANAGEMENT DISCUSSION AND ANALYSIS".

4.18.2 Returning cash to shareholders persistently

The Bank's cash dividend policy has taken account of both shareholder return and sustainability needs of the Bank. During the reporting period, the Bank implemented the 2024 interim and annual cash dividend plans, with either amount or ratio of payout higher than that for 2023. The 2025 interim dividend plan was formulated and implemented successfully. The cash dividend policy maintained its continuity and stability, sharing the development outcomes with investors and thereby stabilizing and enhancing investor confidence.

4.18.3 Adhering to sound operations and enhancing corporate governance capabilities

The corporate governance system was improved. Party leadership was seamlessly integrated into the corporate governance mechanism. The meeting procedures of the Party Committee were effectively aligned with the corporate governance decision-making mechanism. The Bank earnestly implemented the reform requirements for the boards of supervisors of state-controlled listed companies. Pursuant to regulatory rules and its governance realities, the Bank steadily advanced and successfully completed the revision of its Articles of Association and the abolition of the Board of Supervisors. A plan for the transfer of the Board of Supervisors functions and a to-do list were formulated, ensuring a smooth and orderly transfer of relevant duties of the Board of Supervisors, and laying a solid foundation for building an efficient governance system.

The Board of Directors improved its ability to perform duties. The comprehensiveness and compliance of the board work were enhanced by systematically carrying out the 2024 annual corporate governance assessment, the board work evaluation, performance assessment of directors and senior management, independence assessment of independent directors and board compliance assessment. Special committees further enhanced their supporting role in decision-making. The Audit Committee played a supervisory role.

Independent directors gave full play to their professional expertise. The 2024 independent directors-annual auditor meeting and the special meeting of independent directors were held. The Bank provided independent directors with institutional, mechanism-based, and day-to-day support for duty performance, so that independent directors fulfilled their roles including decision-making, supervision, checks and balances and professional advising. The Bank thoroughly implemented the resolutions, opinions and suggestions of the Board of Directors, and improved the closed-loop working mechanism for adopting these suggestions and opinions, thereby ensuring continuous improvements in the management of the Bank.

4.18.4 Carrying out investor relations management for wider recognition of corporate value

The relevant policy and framework were further standardized and reinforced. The *Market Value Management Policy of Hua Xia Bank Co., Limited* was formulated. This policy set forth standards and requirements for market value management of the Bank, covering definition and basic principles of market value management, organizational framework and responsibilities, main approaches to market value management, monitoring and early warning mechanism and emergency response. The framework of market value management was further improved.

Communication with the market was enhanced. During the reporting period, the Bank held three results presentations to communicate with investors about the Bank's business development, financial position, cash dividends and other matters of concern in the capital market. This effectively enhanced investors' awareness and recognition of the business development and corporate value of the Bank. The Bank received online and site visits from investors and analysts of domestic and foreign institutions, participated in securities brokers' strategy meetings, conveyed business highlights to the capital market and listened closely to market suggestions. It also maintained day-to-day communication with investors through the sns.sseinfo.com as well as the phone number and email for investor relations.

The Bank fully leveraged investor relations management for two-way communication. It carefully listened and promptly responded to investors' viewpoints and comments on business development of the Bank as well as their suggestions on improvements. By doing so, the Bank saw continuous improvements in its internal operation and management.

4.18.5 Continuously improving information disclosures and proactively addressing investor concerns

The Bank promptly, impartially and effectively disclosed information that might have a significant impact on decisions of investors or stock prices of the Bank in accordance with laws, regulations and supervisory provisions, ensuring the truthfulness, accuracy and completeness of disclosed information. Adhering to the principle of being oriented towards investors' needs, the Bank made ongoing efforts to enhance the readability of the disclosed information and improve the quality of disclosures. The Bank strengthened voluntary information disclosure. The structure and contents of regular reports were improved and the system of voluntary disclosure indicators was improved on an ongoing basis to boost the willingness and transparency of disclosure. During the reporting period, the Bank prepared and disclosed four regular reports and 65 interim announcements in the year and informed the investors of such significant information as resolutions of the Board of Directors, the Board of Supervisors and the Shareholders' Meeting, changes in directors, supervisors and senior management, earnings guidance, profit distribution and approval of Articles of Association on a timely basis.

The Bank strengthened the collection and analysis of public opinions, maintained high sensitivity to media coverage, market rumors and online public opinions, paying extra attention to information that might influence the decisions of investors or stock prices of the Bank. It managed to, through proper analysis and timely response, forestall the spread of false information and market misunderstandings while strengthening positive communication and brand promotion to safeguard the Bank's image and reputation.

4.18.6 Substantial shareholders kept their holdings unchanged and directors, supervisors and senior management members voluntarily increased their holdings, boosting investor confidence

Substantial shareholders of the Bank kept the equity structure stable and reasonable. They proactively support the Bank's business development, and fulfilled their shareholder responsibilities and obligations in accordance with the law.

In April 2025, the Bank disclosed the *Announcement of Hua Xia Bank Co., Limited on the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members.* Some directors, supervisors and senior management members as well as some heads and core personnel of the Head Office departments, branches and subsidiaries planned to voluntarily increase their holdings in shares of the Bank with their own funds. These planned additional holdings totaled no less than RMB30.00 million. In September 2025, the Bank disclosed the *Announcement of Hua Xia Bank Co., Limited on Fulfillment of the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members*. As of 9 September 2025, the above-mentioned individuals fulfilled their voluntary holding increase plans with a total amount of 31,902,003, accounting for 106.34% of the lower limit of the plan.

SECTION V

SIGNIFICANT EVENTS

SECTION V SIGNIFICANT EVENTS

5.1 PERFORMANCE OF COMMITMENTS

Upon the approval of CSRC, the Bank issued 527,704,485 A-shares in a non-public offering in 2022, and these shares got registration and sale restriction procedures done with Shanghai Branch of China Securities Depositary and Clearing Co., Ltd. on 18 October 2022. Shareholders Shougang Group and Beijing Infrastructure Investment Co., Ltd. committed not to transferring the Bank's shares acquired at this offering within five years following the listing date.

Committed by	Shougang Group, Beijing Infrastructure Investment Co., Ltd.
Commitment type	Restrictions on sales of shares of re-financing
Commitment	Committed not to transferring the shares of the Bank acquired at this offering within five years following the listing date.
Commitment date	1 August 2022
Commitment term	5 years
Implemented in a strict and timely way (Yes/No)	Yes

5.2 OCCUPATION OF FUNDS FOR NON-OPERATING PURPOSES

During the reporting period, no funds of the Bank were occupied for non-operating purposes by the major shareholder or other related parties. During the reporting period, Ernst & Young Hua Ming LLP issued a *Special Statement on Occupation of Funds for Non-operating Purposes and Other Fund Use by Related Parties of Hua Xia Bank Co., Ltd in 2025*.

5.3 EXPLANATION ON THE NONSTANDARD AUDITOR' S REPORT

Not applicable.

5.4 CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CONSOLIDATION SCOPE OF FINANCIAL STATEMENTS, CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

To present the Bank's assets more impartially and fairly, taking account of the actual use of software assets, the Bank has changed the accounting estimates for the amortization period of software assets starting from 1 October 2025. The amortization period is changed from 3 years to 5 years using the straight-line method. According to the *Accounting Standard for Business Enterprises No. 28 – Accounting Policies, Accounting Estimates and Correction of Errors*, the said change in accounting estimates is applied on a prospective basis without any retrospective restatement of financial statements disclosed before. This change in accounting estimates have no significant impact on net profit, total assets or net assets of the Bank.

In July and November 2025, the Bank completed the restructuring of Kunming Chenggong Hua Xia Rural Bank LLC and Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. by acquiring minority interests. As a result, the scope of consolidated financial statements was changed. For more details, please see "5.13 SIGNIFICANT EVENTS OF SUBSIDIARIES".

During the reporting period, the Bank underwent no changes in accounting policy or correction of major accounting errors.

5.5 ENGAGEMENT AND REMOVAL OF INTERMEDIARIES

5.5.1 Engagement and disengagement of the accounting firm for auditing the financial report

The Bank engaged Ernst & Young Hua Ming LLP as the auditor of the 2025 financial statements with an audit fee of RMB5.15 million. Ernst & Young Hua Ming LLP started to provide audit services for the Bank in 2021. The certified public accountants who signed the auditor's report for financial statements of the Bank in 2025 are Zhang Fan and Yin Xiaolin. Zhang Fan has been the signatory certified public accountant of the Bank since the annual audit in 2021 and Yin Xiaolin has been the signatory certified public accountant of the Company since the annual audit in 2025.

5.5.2 Engagement of the accounting firm for internal audit auditing

The Bank engaged Ernst & Young Hua Ming LLP as the auditor of the 2025 internal control over financial reporting with an audit fee of RMB1.15 million.

5.5.3 Engagement of financial advisor

During the reporting period, the Bank didn't engage any financial advisor.

5.5.4 Engagement of sponsor

During the reporting period, the Bank didn't engage any sponsor.

5.6 MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Bank was not involved in any material legal proceedings or arbitrations. Most of these litigation and arbitration cases were lodged by the Bank proactively for recovering NPLs. As at the end of the reporting period, there were 287 outstanding litigation cases where the Bank is the defendant or a third party, involving a total value of RMB1,717 million. Therefore, the Bank believes that they won't have significant impact on its financial position or business results.

5.7 SUSPECTED CRIMES AND NON-COMPLIANCES, PENALTIES AND CORRECTIVE ACTIONS OF THE BANK, AS WELL AS ITS DIRECTORS AND SENIOR MANAGEMENT MEMBERS

During the reporting period, the Bank and its directors and senior management members were not subject to any investigation of suspected crime or subject to enforcement action or criminal penalty imposed in accordance with the law, or subject to investigation of suspected illegalities or irregularities by CSRC or administrative penalty imposed by CSRC or subject to any other major administrative penalty imposed by other competent authorities. No directors or senior management members of the Bank were detained by discipline inspection and supervision authorities for serious violation of laws and regulations or work-related crimes, which affected their performance of duties, or subjected to enforcement actions taken by other competent authorities for suspected violation of laws and regulations, which affected their performance of duties. No directors or senior management members of the Bank were subjected to administrative regulatory measures taken by CSRC or disciplinary actions taken by the stock exchange.

5.8 STATEMENT ON CREDIT STANDING OF THE LISTED COMPANY

During the reporting period, there was no significant valid court judgment with which the Bank had not complied, nor was there any outstanding debt of significant amount.

5.9 RELATED PARTY TRANSACTIONS

5.9.1 Overview, pricing principle and basis of related party transactions

During the reporting period, pursuant to the *Administrative Measures for Related Party Transactions of Banking and Insurance Institutions*, the Bank's consolidated balance of credit to related parties under the regulatory criteria totaled RMB29,547 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB29,311 million, accounting for 6.56% of net capital of the Company, kept within the regulatory ceiling of 50%. The largest balance of credit to a related party went to Shougang Group, totaling RMB8,943 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB8,943 million, accounting for 2.00% of the net capital of the Bank, kept within the regulatory ceiling of 10%. The largest balance of credit to a group of related legal persons went to Shougang Group, totaling RMB11,468 million. With margin deposits, pledged certificates of deposit and treasury bonds excluded, the credit balance was RMB11,343 million, accounting for 2.54% of the net capital of the Bank, kept within the regulatory ceiling of 15%. The Bank's consolidated non-credit transactions with all related parties under regulatory criteria reached RMB103,130 million, of which asset transfers amounted to RMB13,586 million, service transactions were RMB1,494 million and deposit and other transactions reached RMB88,050 million.

During the reporting period, the Bank revised the *Administrative Measures for Related Party Transactions of Hua Xia Bank Co., Limited* incorporating the latest regulatory policy requirements of the Ministry of Finance, the National Financial Regulatory Administration, the China Securities Regulatory Commission, and the Shanghai Stock Exchange. The Bank strengthened the management of related party transactions in key areas. Pursuant to the latest requirements for related party transactions of directors, supervisors and senior management members, relevant implementation plans were formulated and submitted to the Board of Directors for resolution, thereby further standardizing the deliberation procedures. The Bank strictly complied with the regulatory requirements regarding the deliberation, disclosure and reporting of related party transactions. It regularly conducted self-examination of data quality to cement the foundation for compliance management of related party transactions.

During the reporting period, the Bank conducted related party transactions in accordance with commercial principles, on conditions that were not more favorable than those for similar transactions with non-related parties and at prices determined pursuant to the market-price principle.

5.9.2 Material related party transactions concerning daily operation

5.9.2.1 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB53,601 million granted for the day-to-day related party transactions between Shougang Group and its related enterprises in 2025. The quota for credit related party transactions was RMB30,500 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB23,101 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB11,343 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	30,500.00	11,343.33
Asset transfer	Transfer price	4,400.00	37.60
Financial advisory services	Service fee receipts/expenditures	120.00	3.61
Wealth management service	Service fee receipts	50.00	0
Integrated services	Service fee receipts/expenditures	30.60	18.31
Treasury operations and investment	Transaction price/gains and losses	7,000.00	121.55
Deposits	Non-demand deposits	11,500.00	1,652.07

5.9.2.2 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB74,430 million granted for the day-to-day related party transactions between State Grid Yingda International Holdings Group Ltd. and its related enterprises in 2025. The quota for credit related party transactions was RMB27,100 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB47,330 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB1,711 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	27,100.00	1,711.32
Asset transfer	Transfer price	27,000.00	667.15
Financial advisory services	Service fee receipts/expenditures	266.00	8.57
Asset custody services	Service fee receipts	9.00	4.98
Wealth management service	Service fee receipts	50.00	0
Integrated services	Service fee receipts/expenditures	5.07	0.03
Treasury operations and investment	Transaction price/gains and losses	8,500.00	1,876.07
Deposits	Non-demand deposits	11,500.00	5,128.73

5.9.2.3 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB71,661 million granted for the day-to-day related party transactions between PICC Property and Casualty Company Limited and its related enterprises in 2025. The quota for credit related party transactions was RMB23,000 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB48,661 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB546 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	23,000.00	546.35
Asset transfer	Transfer price	22,000.00	1,073.29
Financial advisory services	Service fee receipts/expenditures	413.00	63.24
Asset custody services	Service fee receipts	110.00	13.06
Wealth management service	Service fee receipts	50.00	0.05
Integrated services	Service fee receipts/expenditures	37.74	14.09
Treasury operations and investment	Transaction price/gains and losses	18,550.00	6,100.81
Deposits	Non-demand deposits	7,500.00	238.26

5.9.2.4 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB46,718 million granted for the day-to-day related party transactions between Beijing Infrastructure Investment Co., Ltd. and its related enterprises in 2025. The quota for credit related party transactions was RMB20,000 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB26,718 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB6,096 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	20,000.00	6,095.55
Asset transfer	Transfer price	7,000.00	192.76
Financial advisory services	Service fee receipts/expenditures	158.00	0.75
Asset custody services	Service fee receipts	10.00	1.98
Wealth management service	Service fee receipts	50.00	0
Integrated services	Service fee receipts/expenditures	0.04	0
Treasury operations and investment	Transaction price/gains and losses	7,500.00	980.23
Deposits	Non-demand deposits	12,000.00	12,038.76

5.9.2.5 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB52,119 million granted for the day-to-day related party transactions between Yunnan Hehe (Group) Co., Ltd and its related enterprises in 2025. The quota for credit related party transactions was RMB9,800 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB42,319 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB242 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	9,800.00	241.79
Asset transfer	Transfer price	5,000.00	4,306.73
Financial advisory services	Service fee receipts/expenditures	160.00	3.83
Asset custody services	Service fee receipts	5.00	0.34
Wealth management service	Service fee receipts	50.00	1.79
Integrated services	Service fee receipts/expenditures	3.63	2.10
Treasury operations and investment	Transaction price/gains and losses	9,100.00	2,953.29
Deposits	Non-demand deposits	28,000.00	9,461.47

5.9.2.6 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB22,186 million granted for the day-to-day related party transactions of Huaxia Financial Leasing Co., Ltd. in 2025. The quota for credit related party transactions was RMB22,000 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB186 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB1,518 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	22,000.00	1,518.43
Financial advisory services	Service fee receipts/expenditures	178.00	19.45
Integrated services	Service fee receipts/expenditures	8.04	0

5.9.2.7 The 5th Meeting of the Ninth Board of Directors of the Bank and the Annual General Meeting for 2024 were convened on 15 April 2025 and 13 May 2025 respectively, considering and adopting the *Proposal on Application for the Quota for the Day-to-day Related Party Transactions with Related Parties*. According to the proposal, the Bank agreed to approve the credit line worth RMB81,692 million granted for the day-to-day related party transactions of Huaxia Wealth Management Co., Ltd. in 2025. The quota for credit related party transactions was RMB10,000 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB71,692 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 17 April 2025. As at the end of the reporting period, Huaxia Wealth Management Co., Ltd. registered a zero balance of credit to related parties. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling of 2025	Use as of 31 December 2025
Credit transactions	Credit limit	10,000.00	0
Asset transfer	Transfer price	12,000.00	0
Financial advisory services	Service fee receipts/expenditures	2,680.00	456.59
Asset custody services	Service fee receipts	500.00	137.54
Integrated services	Service fee receipts/expenditures	12.04	0
Treasury operations and investment	Transaction price/gains and losses	55,000.00	16,161.06
Deposits	Non-demand deposits	1,500.00	0

5.9.2.8 The 13th Meeting of the Ninth Board of Directors and the Second Extraordinary Shareholders' Meeting for 2025 were convened on 19 December 2025 and 26 December 2025 respectively, considering and adopting the *Proposal on the Quota for the Day-to-day Related Party Transactions with Bank of Beijing Co., Ltd.* According to the proposal, the Bank agreed to approve the credit line worth RMB139,800 million granted for the day-to-day related party transactions of Bank of Beijing Co., Ltd. The quota for credit related party transactions was RMB45,000 million (excluding the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties), and the quota for non-credit related party transactions was RMB94,800 million. Details can be seen in the *Announcement on Related Party Transactions of Hua Xia Bank Co., Limited* which was disclosed on 11 December 2025. As at the end of the reporting period, the balance of the above credit line (with deduction of the amount of margin deposits, pledged bank deposit certificates and treasury bonds provided by the related parties) stood at RMB15,274 million. For the use of the quota for related party transactions, please see the table below:

(Unit: RMB1 million)

Type of related party transaction	Scope of calculation	Expected ceiling	Use as of 31 December 2025
Credit transactions	Credit limit	45,000.00	15,274.18
Asset transfer	Transfer price	21,600.00	0
Treasury operations and investment	Transaction price/gains and losses	10,100.00	0
Financial advisory services	Service fee expenditures	50.00	0
Asset custody services	Service fee expenditures	50.00	0
Deposits	Non-demand deposits	60,000.00	0
Others	Amount incurred	3,000.00	0

5.9.3 Material related party transactions arising from the acquisition and sale of assets or equities

During the reporting period, there was no related party transaction arising from the acquisition or sale of assets or equities at the Bank.

5.9.4 Material related party transactions arising from the external investments made by the Bank and its related parties jointly

During the reporting period, there was no related party transactions arising from the external investments made by the Bank or its related parties jointly.

5.9.5 Details of debt & claim, guarantee or other affairs between the Bank and its related parties can be seen in the Notes to the Financial Statements as a part of the Report.

5.9.6 Financial transactions between the Bank and related finance company and those between finance company controlled by the Bank and a related party

Finance companies of business conglomerates that were related parties of the Bank were Shougang Group Finance Co., Ltd. and China Power Finance Co., Ltd. Shougang Group Finance Co., Ltd. is a finance company of Shougang Group. China Power Finance Co., Ltd. is a finance company of State Grid Corporation of China. The Bank had no controlled finance company during the reporting period.

5.9.6.1 During the reporting period, the Bank granted to Shougang Group Finance Co., Ltd. an overall credit line of RMB1.2 billion with a term of one year, which was shared among lending and trade finance. Lending mainly included bills discounting and interbank lending. Trade finance mainly included financing under non-financing guarantees and financing letters of guarantee (including standby letters of credit).

During the reporting period, the credit transactions involving Shougang Group Finance Co., Ltd. was mainly discounting of acceptance bill. The discounting volume was RMB875 million with a pricing range of 1.10%-4.00%. The basis of pricing was the guidance price published daily by the Bank. As at the end of the reporting period, Shougang Group Finance Co., Ltd. had a balance of credit of RMB240 million with the Bank. Shougang Group Finance Co., Ltd. had an interest in these transactions as the acceptor of acceptances. The Bank discounted the bills accepted by Shougang Group Finance Co., Ltd., thereby serving MSBs and private enterprises. The above transactions have been included in the quota management for credit related transactions of Shougang Group.

During the reporting period, Shougang Group Finance Co., Ltd. placed no time deposits with the Bank. As at the end of the reporting period, Shougang Group Finance Co., Ltd. had a balance of deposits of RMB301 million with the Bank, which were demand deposits, and the Bank had a zero balance of deposits with Shougang Group Finance Co., Ltd.

During the reporting period, no lending transactions occurred between the Bank and Shougang Group Finance Co., Ltd. As at the end of the reporting period, the Bank recorded zero in loans from or to Shougang Group Finance Co., Ltd.

5.9.6.2 During the reporting period, the Bank granted to China Power Finance Co., Ltd. an overall credit line of RMB1.0 billion with a term of one year, which was shared among lending and trade finance. Lending mainly included interbank lending, bills discounting, bills trading, and rediscounting of commercial acceptance bills. Trade finance mainly included financing letters of guarantee, letters of credit, and discounting commitments for and discounting of commercial acceptance bills.

During the reporting period, China Power Finance Co., Ltd. conducted no credit transaction with the Bank, and the Bank conducted no deposit or other financial transactions with China Power Finance Co., Ltd. As at the end of the reporting period, the Bank recorded zero in balance of credit and balance of deposit with China Power Finance Co., Ltd., and China Power Finance Co., Ltd. registered zero in balance of credit and balance of deposit with the Bank.

5.9.7 Other material related party transactions

During the reporting period, there was no other major related party transactions made by the Bank.

5.9.8 For details of the Bank's balance of transactions with, and risk exposures to, related natural persons, please see the Notes to the Financial Statements as a part of the Report

5.10 MATERIAL CONTRACTS AND PERFORMANCE OF OBLIGATIONS THEREUNDER

5.10.1 Material custody, contract and lease

During the reporting period, the Bank did not engage in any material custody, contracting or leasing of assets of other companies, neither did other companies take custody, engage in contracting of or lease any assets of the Bank.

5.10.2 Material guarantees and guarantee non-compliances

Except for financial guarantees within the business scope as approved by the former CBIRC, the Bank had no material guarantees to be disclosed during the reporting period. The Bank had no guarantee non-compliances during the reporting period.

5.10.3 Other material contracts

During the reporting period, there was not any material dispute over contracts.

5.11 INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS ON EXTERNAL GUARANTEES

Pursuant to applicable regulations and requirements of CSRC, Independent Directors of the Bank reviewed the external guarantees of the Bank in 2025 on a fair, impartial and objective basis. Specific review opinions are hereby given below:

The external guarantee service of the Bank is a part of the ordinary banking services within the business scope of the Bank as approved by PBOC and the former CBIRC. As at the end of the reporting period, outstanding letters of guarantees issued by the Bank amounted to RMB44,916 million, up RMB7,825 million compared with the end of the previous year.

The Bank enhanced guarantee risk management by including guarantee activities into centralized credit facility management, conducting stringent due diligence, approval and management, and strengthening risk identification, assessment, monitoring and control, which had effectively controlled guarantee risks. During the reporting period, external guarantee service of the Bank was run normally without any non-compliance.

5.12 OTHER SIGNIFICANT EVENTS

The Bank issued the Hua Xia Bank Co., Ltd. 2025 Sci-tech Innovation Bond (Series 1) in the national inter-bank bond market on 9 June 2025. It was five-year fixed rate bond with an issue volume of RMB10.0 billion and a coupon rate of 1.78%. The value date is 11 June 2025 and the maturity date is 11 June 2030.

The Bank issued the Hua Xia Bank Co., Ltd. 2025 Green Financial Bond (Series 1) in the national inter-bank bond market on 21 July 2025. It was three-year fixed rate bond with an issue volume of RMB20.0 billion and a coupon rate of 1.66%. The value date is 23 July 2025 and the maturity date is 23 July 2028.

The Bank issued the Hua Xia Bank Co., Ltd. 2025 Perpetual Capital Bond (Series 1) in the national inter-bank bond market on 28 November 2025, with an issue volume of RMB20.0 billion, coupon rate of 2.32% and value date of 2 December 2025.

5.13 SIGNIFICANT EVENTS OF SUBSIDIARIES

On 17 April 2025, Kunming Chenggong Hua Xia Rural Bank Co., Ltd. received an approval from the Yunnan Bureau of the National Financial Regulatory Administration. It was approved to changing its organizational form from a joint stock company to limited liability company and change its name from "Kunming Chenggong Hua Xia Rural Bank Co., Ltd." to "Kunming Chenggong Hua Xia Rural Bank LLC". On 26 June 2025, the Bank received an approval from the Yunnan Bureau of the National Financial Regulatory Administration for the acquisition of a 30% equity interest in Kunming Chenggong Hua Xia Rural Bank LLC. Since the Bank had a 70% interest in shares of Kunming Chenggong Hua Xia Rural Bank LLC before the acquisition, the Bank holds a 100% interest in it after the acquisition. On 4 July 2025, Kunming Chenggong Hua Xia Rural Bank LLC received an approval for dissolution from the Yunnan Bureau of the National Financial Regulatory Administration. On the same day, Kunming Branch of the Bank received an approval for the opening of newly established Kunming New Town Sub-branch of Hua Xia Bank. The Bank took over all the assets, liabilities, rights and obligations of Kunming Chenggong Hua Xia Rural Bank LLC. Kunming Chenggong Hua Xia Rural Bank LLC is going through the company deregistration procedures.

On 16 July 2025, Huaxia Financial Leasing Co., Ltd. received the *Approval of Yunnan Bureau for Change in Registered Capital of Huaxia Financial Leasing Co., Ltd.* (Y.J.F. [2025] No. 160) from the Yunnan Bureau of the National Financial Regulatory Administration. Its registered capital changed from RMB10.0 billion to RMB13.0 billion, while the existing shareholders and their shareholding ratios remained unchanged. The change registration formalities were completed.

On 11 November 2025, the Bank received an approval from the Mianyang Sub-bureau of the National Financial Regulatory Administration for the acquisition of a 30% equity interest in Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. Since the Bank had a 70% interest in shares of Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. before the acquisition, the Bank holds a 100% interest in it after the acquisition. On 14 November 2025, Chengdu Branch of the Bank received an approval for the opening of newly established Jiangyou Sub-branch, Jiangyou Chengnan Sub-branch, Jiangyou Sanhe Sub-branch and Jiangyou Xishan Sub-branch of Hua Xia Bank. The Bank took over all the assets, liabilities, rights and obligations of Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. On 21 November 2025, Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. received an approval for dissolution from the Sichuan Bureau of the National Financial Regulatory Administration. Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. is going through the company deregistration procedures.

5.14 INDEX OF INFORMATION DISCLOSURES

Matter	Published in journals	Date of publication	Published on website
Announcement on Annual Equity Distribution for the First Half of 2024 of Hua Xia Bank	*China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily*	16 January 2025	www.sse.com.cn
Announcement on Resignation of Chairman of Hua Xia Bank	Ditto	27 January 2025	Ditto
Announcement on Resolutions of the 2nd Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	27 January 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Senior Management Members	Ditto	11 February 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Vice Chairman	Ditto	11 February 2025	Ditto
Announcement on Resolutions of the 3rd Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	1 March 2025	Ditto
Notice of Hua Xia Bank on Holding the First Extraordinary General Meeting for 2025	Ditto	1 March 2025	Ditto
Announcement on 2024 Earnings Guidance of Hua Xia Bank	Ditto	14 March 2025	Ditto
Announcement on Resolutions of the First Extraordinary General Meeting for 2025 of Hua Xia Bank	Ditto	18 March 2025	Ditto
Announcement on Resolutions of the 4th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	18 March 2025	Ditto
Announcement on Resignation of Independent Director of Hua Xia Bank	Ditto	4 April 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Executive Director	Ditto	8 April 2025	Ditto
Announcement of Hua Xia Bank on the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members	Ditto	10 April 2025	Ditto
Announcement of Hua Xia Bank on Holding the 2024 Annual Results Presentation	Ditto	11 April 2025	Ditto
Announcement on Resolutions of the 5th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	17 April 2025	Ditto
Announcement on Day-to-day Related Party Transaction of Hua Xia Bank	Ditto	17 April 2025	Ditto
Announcement on Resolutions of the 6th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	18 April 2025	Ditto
Announcement on Resolutions of the 2nd Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	18 April 2025	Ditto
The 2025 Valuation Enhancement, Quality and Efficiency Improvement and High Return Initiative of Hua Xia Bank	Ditto	18 April 2025	Ditto
Announcement on 2024 Profit Distribution Plan of Hua Xia Bank	Ditto	18 April 2025	Ditto
Announcement of Hua Xia Bank on Reengagement of Accounting Firm	Ditto	18 April 2025	Ditto
Notice of Hua Xia Bank on Holding the Annual General Meeting for 2024	Ditto	18 April 2025	Ditto
Announcement on Annual Report of Hua Xia Bank in 2024	Ditto	18 April 2025	Ditto

Matter	Published in journals	Date of publication	Published on website
Announcement on Departure of Executive Director and Secretary to the Board of Hua Xia Bank	Ditto	30 April 2025	Ditto
Announcement on Departure of Chief Audit Officer of Hua Xia Bank	Ditto	30 April 2025	Ditto
Announcement on Resolutions of the 7th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	30 April 2025	Ditto
Announcement on Resolutions of the 3rd Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	30 April 2025	Ditto
Announcement of Hua Xia Bank on Amendments to the Articles of Association	Ditto	30 April 2025	Ditto
Announcement on Adding Ad Hoc Proposals to the Annual General Meeting for 2024 of Hua Xia Bank	Ditto	30 April 2025	Ditto
Announcement on First Quarterly Report of Hua Xia Bank in 2025	Ditto	30 April 2025	Ditto
Announcement of Hua Xia Bank on Removal of Employee Supervisors after Cancellation of the Board of Supervisors	Ditto	14 May 2025	Ditto
Announcement on Resolutions of the Annual General Meeting for 2024 of Hua Xia Bank	Ditto	14 May 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Director	Ditto	16 May 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Director and Chairman	Ditto	23 May 2025	Ditto
Announcement on Departure of Chief Information Officer of Hua Xia Bank	Ditto	30 May 2025	Ditto
Announcement on Resolutions of the 8th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	30 May 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Director	Ditto	12 June 2025	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2025 Sci-tech Innovation Bond (Series 1)	Ditto	13 June 2025	Ditto
Announcement on Annual Equity Distribution for 2024 of Hua Xia Bank	Ditto	20 June 2025	Ditto
Announcement of Hua Xia Bank on the Progress of Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members	Ditto	11 July 2025	Ditto
Announcement on Resolutions of the 9th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	24 July 2025	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2025 Green Financial Bond (Series 1)	Ditto	25 July 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Independent Director	Ditto	31 July 2025	Ditto
Announcement of Hua Xia Bank on the Progress of Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members	Ditto	11 August 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Independent Director	Ditto	12 August 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Secretary to the Board	Ditto	13 August 2025	Ditto
Announcement of Hua Xia Bank on Holding the 2025 Interim Results Presentation	Ditto	22 August 2025	Ditto

Matter	Published in journals	Date of publication	Published on website
Announcement on Resolutions of the 10th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	29 August 2025	Ditto
Announcement on Resolutions of the 4th Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	29 August 2025	Ditto
Announcement on 2025 Mid-year Profit Distribution Plan of Hua Xia Bank	Ditto	29 August 2025	Ditto
Announcement on Interim Report of Hua Xia Bank in 2025	Ditto	29 August 2025	Ditto
Announcement of Hua Xia Bank on Fulfillment of the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members	Ditto	11 September 2025	Ditto
Announcement on Resolutions of the 11th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	29 September 2025	Ditto
Announcement of Hua Xia Bank on Holding the 2025Q3 Results Presentation	Ditto	17 October 2025	Ditto
Announcement on Departure of Chief Risk Officer of Hua Xia Bank	Ditto	24 October 2025	Ditto
Announcement on Resolutions of the 12th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	24 October 2025	Ditto
Announcement on Resolutions of the 5th Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	24 October 2025	Ditto
Announcement of Hua Xia Bank on Changes in Accounting Estimates	Ditto	24 October 2025	Ditto
Announcement on Third Quarterly Report of Hua Xia Bank in 2025	Ditto	24 October 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Senior Management Members	Ditto	20 November 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Director	Ditto	28 November 2025	Ditto
Announcement of Hua Xia Bank on Finishing Issuance of 2025 Perpetual Capital Bond (Series 1)	Ditto	4 December 2025	Ditto
Announcement on Resolutions of the 13th Meeting of the Ninth Board of Directors of Hua Xia Bank	Ditto	11 December 2025	Ditto
Announcement on Day-to-day Related Party Transaction of Hua Xia Bank	Ditto	11 December 2025	Ditto
Announcement on Resolutions of the 6th Meeting of the Ninth Board of Supervisors of Hua Xia Bank	Ditto	11 December 2025	Ditto
Notice of Hua Xia Bank on Holding the Second Extraordinary General Meeting for 2025	Ditto	11 December 2025	Ditto
Announcement of Hua Xia Bank on Approval of Amendments to the Articles of Association and Cancellation of the Board of Supervisors	Ditto	19 December 2025	Ditto
Announcement of Hua Xia Bank on Approval of the National Financial Regulatory Administration for Qualification of Senior Management Members	Ditto	27 December 2025	Ditto
Announcement on Resolutions of the Second Extraordinary Shareholders' Meeting for 2025 of Hua Xia Bank	Ditto	27 December 2025	Ditto

SECTION VI

DETAILS OF CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

SECTION VI DETAILS OF CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

6.1 CHANGES IN SHARES

6.1.1 Changes in ordinary shares

(Unit: share)

	31 December 2024			31 December 2025	
	Number	Percentage (%)	Increase/ decrease	Number	Percentage (%)
I. Shares subject to restrictions or sales	527,704,485	3.32	–	527,704,485	3.32
1. State-owned shares	–	–	–	–	–
2. Shares held by state-owned corporations	527,704,485	3.32	–	527,704,485	3.32
3. Shares held by other domestic investors	–	–	–	–	–
Of which: Shares held by domestic non-state-owned corporations	–	–	–	–	–
Shares held by domestic natural persons	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–
Of which: Shares held by foreign corporations	–	–	–	–	–
Shares held by foreign natural persons	–	–	–	–	–
II. Shares not subject to restrictions on sales	15,387,223,983	96.68	–	15,387,223,983	96.68
1. RMB-denominated ordinary shares	15,387,223,983	96.68	–	15,387,223,983	96.68
2. Foreign shares listed domestically	–	–	–	–	–
3. Foreign shares listed overseas	–	–	–	–	–
4. Others	–	–	–	–	–
III. Total number of shares	15,914,928,468	100.00	–	15,914,928,468	100.00

6.1.2 Changes in registered shares subject to restrictions on sales

During the reporting period, the Bank experienced no changes in registered shares subject to restrictions on sales.

6.2 SECURITIES ISSUE AND OFFERING

6.2.1 Securities issue during the reporting period

Not applicable.

6.2.2 Changes in the total number and shareholder structure of ordinary shares and changes in structure of assets and liabilities

Not applicable.

6.2.3 Individual employee stock ownership

Not applicable.

6.3 SHAREHOLDERS

6.3.1 Number of ordinary shareholders and particulars of shareholding of the top 10 preference shareholders as at the end of the reporting period

(Unit: share)

Total number of ordinary shareholders as at the end of the reporting period	102,890
Total number of ordinary shareholders at the end of the month immediately before disclosing date of this Annual Report	113,374

Shareholdings of the top 10 shareholders (excluding shares lent through refinancing)							
						Shares pledged, marked or frozen	
Name of shareholder	Nature of shareholder	Changes during the reporting period	Shareholding Percentage (%)	Shares held at the end of the period	Number of shares subject to restrictions on sales that were held	Shares Status	Number
Shougang Group	State-owned legal person	–	21.68	3,449,730,597	329,815,303	None	–
State Grid Yingda International Holdings Group Ltd.	State-owned legal person	–	19.33	3,075,906,074	–	None	–
PICC Property and Casualty Company Limited	State-owned legal person	–	16.11	2,563,255,062	–	None	–
Beijing Infrastructure Investment Co., Ltd.	State-owned legal person	–	10.86	1,728,201,901	197,889,182	None	–
Yunnan Hehe (Group) Co., Ltd.	State-owned legal person	–	3.52	560,851,200	–	None	–
Hong Kong Securities Clearing Company Limited	Foreign legal person	-150,912,932	2.60	413,822,796	–	None	–
Runhua Group Co., Ltd.	Domestic non-state-owned legal person	-10,000,000	1.65	263,312,100	–	Pledge	263,312,100
China Securities Finance Corporation Limited	State-owned legal person	–	1.27	201,454,805	–	None	–
Central Huijin Asset Management Co., Ltd.	State-owned legal person	–	1.03	163,358,260	–	None	–
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 ETF	Others	-4,853,960	0.66	105,080,887	–	None	–

Shareholdings of the top 10 shareholders not subject to restrictions on sales (excluding shares lent through refinancing)		
Name of shareholder	Number of shares not subject to restrictions on sales that were held	Type of shares
Shougang Group	3,119,915,294	RMB-denominated ordinary shares
State Grid Yingda International Holdings Group Ltd.	3,075,906,074	RMB-denominated ordinary shares
PICC Property and Casualty Company Limited	2,563,255,062	RMB-denominated ordinary shares
Beijing Infrastructure Investment Co., Ltd.	1,530,312,719	RMB-denominated ordinary shares
Yunnan Hehe (Group) Co., Ltd.	560,851,200	RMB-denominated ordinary shares
Hong Kong Securities Clearing Company Limited	413,822,796	RMB-denominated ordinary shares
Runhua Group Co., Ltd.	263,312,100	RMB-denominated ordinary shares
China Securities Finance Corporation Limited	201,454,805	RMB-denominated ordinary shares
Central Huijin Asset Management Co., Ltd.	163,358,260	RMB-denominated ordinary shares
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 ETF	105,080,887	RMB-denominated ordinary shares
Repo accounts of top 10 shareholders	The Bank had no share repurchases during the reporting period.	
Delegating or abandoning of voting rights of the above shareholders	The Bank found none of the above shareholders delegated or abandoned voting rights or gained delegated voting rights from others.	
Remarks on the connected relations or concerted action of the above shareholders	Central Huijin Investment Ltd. holds 100% of shares in Central Huijin Asset Management Ltd. and holds 66.70% of shares in China Securities Finance Corporation Limited. In addition, the Bank has no knowledge of any other connected relations among the above-mentioned shareholders or concerted action defined in the Administrative Measures for Acquisition of Listed Companies.	

Notes:

1. The top 10 shareholders and the top 10 holders of unrestricted tradable shares were not involved in margin trading or short selling or lending of refinancing shares.

2. There were no changes in top 10 shareholders and the top 10 holders of unrestricted tradable shares from previous period due to lending/return of refinancing shares.

6.3.2 Number of shares subject to restrictions on sales held by shareholders and restrictions on sales

(Unit: share)

Name of shareholder subject to restrictions on sales	Number of shares subject to restrictions on sales that were held	Particulars of trading of shares subject to restrictions on sales		Restrictions on sales
		Tradable time	Number of new tradable shares	
Shougang Group	329,815,303	18 October 2027	329,815,303	(Refer to the Note for details)
Beijing Infrastructure Investment Co., Ltd.	197,889,182	18 October 2027	197,889,182	

Note: The Bank issued 527,704,485 A-shares in a non-public offering in 2022, and these shares got registration and sale restriction procedures done with Shanghai Branch of China Securities Depository and Clearing Co., Ltd. on 18 October 2022. All subscribers may not transfer their shares within five years since the listing date of the above shares. These shares are expected to become tradable on 18 October 2027 (which will be postponed to the subsequent trading day in case of a statutory public holiday/festival or rest day).

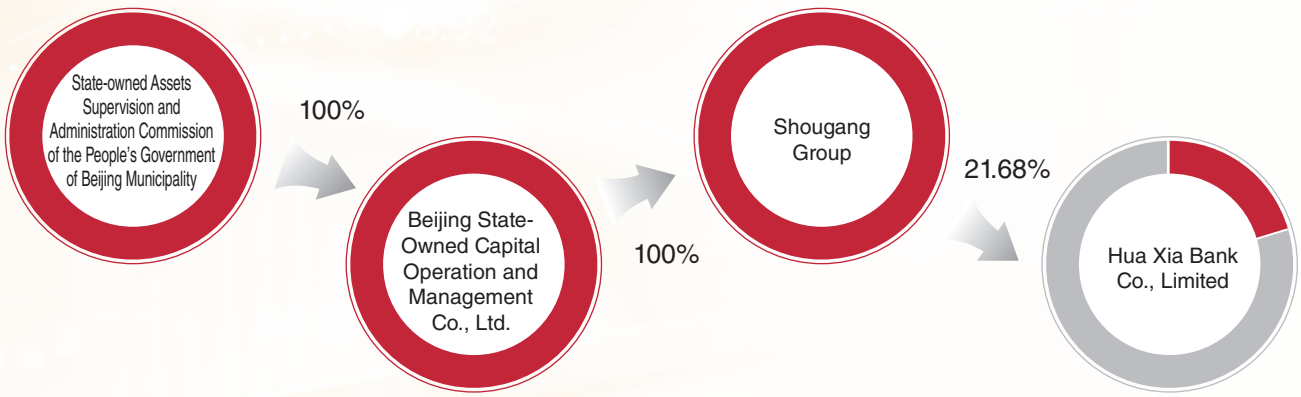
6.3.3 Particulars of shareholders holding over 5% ordinary shares of the Bank

The Bank has no controlling shareholder or de facto controller. Shougang Group is the largest shareholder of the Bank. As at the end of the reporting period, shareholders holding over 5% shares of the Company were Shougang Group (21.68%), State Grid Yingda International Holdings Group Ltd. (19.33%), PICC Property and Casualty Company Limited (16.11%) and Beijing Infrastructure Investment Co., Ltd. (10.86%).

6.3.3.1 Shougang Group

Shougang Group (formerly known as "Shougang Corporation") was changed into its current name in May 2017 and restructured from an enterprise owned by the whole people into a wholly state-owned company with the approval of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. With unified social credit code as 911100001011200015, its legal representative is Zhao Minge and its registered capital is RMB30,337 million. Shougang Group is a large enterprise group with the operation covering different industries, regions and countries. Its core businesses include industries, construction, geologic exploration, transportation, foreign trade, telecommunication, finance and insurance, scientific research and comprehensive technological service, domestic commerce, public catering, material supply and sales, warehouse, real estate, residential service, consultation, leasing, agriculture, forestry, husbandry, fishery (except for those without special license) and authorized management of state-owned assets; establishment of the newspaper Shougang Daily; design and production of TV ads; release of ads with its self-owned TV station; design and production of prints and ads; placement of ads on its self-owned Shougang Daily; sewage treatment and recycling; seawater desalination; art creation and performance; operations of sports events (except those involving high risk); operations of sports venues; Internet information service; and municipal domestic waste treatment.

The equity relationship between the Bank and Shougang Group as the largest shareholder is illustrated below:



6.3.3.2 State Grid Yingda International Holdings Group Ltd.

State Grid Yingda International Holdings Group Ltd. (formerly known as "State Grid Asset Management Co., Ltd."), founded on 18 October 2007, is a wholly-owned subsidiary of State Grid Corporation of China with Yang Dongwei as its legal representative. Its unified social credit code is 91110000710935089N. Its registered capital is RMB108,112.07 million. Business scope: investment and assets operation and management; assets custody, rendering services for enterprise restructuring, M&A, strategic placement and venture capital investment; investment consultation; and investment advisory.

6.3.3.3 PICC Property and Casualty Company Limited

PICC Property and Casualty Company Limited was solely sponsored by People's Insurance Company of China in July 2003 after obtaining approval from the State Council and the former China Insurance Regulatory Commission. It is the largest property insurer in the mainland China. The unified social credit code is 91100000710931483R and the acting head is Zhang Daoming. The registered capital is RMB22,242.77 million. Business scope: property loss insurance, liability insurance, credit insurance, accident insurance, short-term health insurance, guarantee insurance and other kinds of RMB or foreign-currency insurance business; reinsurance business in relation to the above-mentioned business; service and consulting in relation to property insurance, accident insurance and short-term health insurance and their reinsurance; business handling on behalf of insurers; investment and fund utilization business permitted by national laws and regulations, and other business prescribed by national laws and regulations or approved by China's insurance regulatory authority.

6.3.3.4 Beijing Infrastructure Investment Co., Ltd.

Founded on 10 February 1981, Beijing Infrastructure Investment Co., Ltd. (its predecessor was Beijing Underground Railway Administration Office) is a wholly state-owned company of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Its unified social credit code is 911100001011241849. Its legal representative is Hao Weiya. Its registered capital is RMB205,065.71 million. Business scope: manufacturing of subway vehicles and subway equipment; management and investment of state-owned assets as authorized, and planning and construction of new subway lines; operation and management of completed subway lines; import and export business of various commodities and technologies on proprietary or agent basis, except for commodities and technologies that are restricted or banned from operation by the state; design and repair of subway vehicles; design and installation of subway equipment; project supervision; property management; real estate development; subway ad design and production.

6.3.4 Other substantial shareholders

According to the *Interim Measures for Equity Management of Commercial Banks* issued by the former China Banking Regulatory Commission, a substantial shareholders of a commercial bank refer to a shareholder that holds or controls at least 5% of the bank's shares or voting rights, or who holds less than 5% of the bank's capital or shares but exercises significant influence over the bank's management and operation. "Significant influence" includes but not limited to appointing directors, supervisors or senior management members to the commercial bank, influencing the financial and management decisions of the commercial bank through agreements or other means, and other circumstances as determined by the former China Banking Regulatory Commission or its local offices.

On 12 December 2025, the Bank cancelled the Board of Supervisors. Mr. Deng Kang and Mr. Ma Bing, who were previously nominated/recommended by Yunnan Hehe (Group) Co., Ltd. and Runhua Group Co., Ltd. respectively and elected as supervisors of the Bank through statutory procedures, ceased to serve as supervisors or other roles related to the Board of Supervisors. Yunnan Hehe (Group) Co., Ltd. and Runhua Group Co., Ltd. were no longer substantial shareholders of the Bank.

6.3.5 Special explanation without controlling shareholder

The Bank has no controlling shareholder. Shougang Group is the largest shareholder of the Bank.

6.3.6 Special explanation on the Bank without de facto controller

The Bank has no de facto controller. Shougang Group is the largest shareholder of the Bank. As at the end of the reporting period, shareholders holding over 5% shares of the Bank were Shougang Group (21.68%), State Grid Yingda International Holdings Group Ltd. (19.33%), PICC Property and Casualty Company Limited (16.11%) and Beijing Infrastructure Investment Co., Ltd. (10.86%). There was no concerted action among the aforementioned shareholders. The Bank's equity structure is highly diversified. No shareholder holds more than 30% of the shares or voting rights in the Bank. The number of directors nominated by the shareholders holding at least 5% of the Bank and elected as directors through statutory procedures did not exceed half of the total number of directors on the Board of Directors of the Bank.

6.4 VOLUNTARY SHAREHOLDING INCREASE PLANS OF SOME DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS AND THEIR IMPLEMENTATION STATUS

Some directors, supervisors and senior management members as well as some heads and core personnel of the departments, branches and subsidiaries planned to voluntarily increase their holdings in shares of the Bank with their own funds, through continuous action in the trading system of Shanghai Stock Exchange within a six-month period starting on 11 April 2025. These planned additional holdings totaled no less than RMB30.00 million. As of 9 September 2025, the above-mentioned individuals cumulatively added 4,229,300 shares to their holdings in the Bank through continuous action in the trading system of Shanghai Stock Exchange by means of centralized competitive bidding. The total value of these additional holdings stood at RMB31,902,003, accounting for 106.34% of the lower limit of the plan. The plan was overfulfilled.

For details, please refer to the *Announcement of Hua Xia Bank Co., Limited on the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members* and the *Announcement of Hua Xia Bank Co., Limited on Fulfillment of the Voluntary Shareholding Increase Plans of Some Directors, Supervisors and Senior Management Members* published on the website (www.sse.com.cn) of Shanghai Stock Exchange.

6.5 SHARE REPURCHASES

Not applicable.

6.6 Preference Shares

Not applicable.

SECTION VII

FINANCIAL STATEMENTS

SECTION VII FINANCIAL STATEMENTS

7.1 AUDITOR' S REPORT

7.2 AUDITED FINANCIAL STATEMENTS

7.3 NOTES TO THE FINANCIAL STATEMENTS

7.4 UNAUDITED SUPPLEMENTARY INFORMATION

Chairman: Yang Shujian

Board of Directors of Hua Xia Bank Co., Limited

27 March 2026

WRITTEN CONFIRMATION OF 2025 ANNUAL REPORT BY DIRECTORS AND SENIOR MANAGEMENT MEMBERS OF HUA XIA BANK CO., LIMITED

In accordance with relevant provisions and requirements of the *Securities Law of the People's Republic of China and the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports*, we, as directors and senior management members of Hua Xia Bank Co., Limited, have fully read and examined the 2025 Annual Report of the Bank and its Summary and hereby give the following opinion:

1. The Bank operated in strict accordance with the *Accounting Standards for Business Enterprises* and relevant regulations, and the 2025 Annual Report of the Bank and its Summary fairly present the financial position and operating conditions of the Bank for the year 2025; and

2. The 2025 financial statements of the Bank have been audited.

We hereby guarantee that the 2025 Annual Report of the Bank and its Summary were prepared and reviewed according to procedures that conform to laws, regulations, supervisory rules and the articles of association and internal management policies of the Bank, disclose authentic, accurate and complete information and contain no false records, misleading statements or major omissions, and agree to be individually and jointly responsible for the authenticity, accuracy and completeness of their contents.

27 March 2026

Name	Position	Signature
Yang Shujian	Chairman of the Board of Directors, Executive Director	
Zou Libin	Vice Chairman of the Board of Directors, Non-executive Director	
Qu Gang	Executive Director, President	
Cai Zhiwei	Non-executive Directors	
Zhang Chuanliang	Non-executive Directors	
Yang Wei	Executive Director, Vice President, Principal of Financial Affairs, Secretary to the Board	
Liu Ruijia	Executive Director, Vice President	
Lv Chen	Non-executive Directors	
Duan Yuangang	Non-executive Director	
Ma Jinzhao	Non-executive Director	
Guo Qingwang	Independent Director	
Ding Yi	Independent Director	
Zhao Hong	Independent Director	
Chen Shenghua	Independent Director	
Zhu Xiaofang	Independent Director	
Peng Longyun	Independent Director	
Gao Bo	Vice President	
Han Jianhong	Vice President	
Tang Yiming	Vice President	
Gong Weihua	Chief Information Officer	
Yang Hong	Chief Compliance Officer	
Liu Xiaoli	Chief Operating Officer	
Fang Yi	Chief Risk Officer	
Liu Yue	Chief Financial Officer	

AUDITOR'S REPORT

AUDITOR'S REPORT

Ernst & Young Hua Ming (2026) Shen Zi No. 70013365_A01

Hua Xia Bank Co., Limited

To the shareholders of Hua Xia Bank Co., Limited,

I. AUDIT OPINION

We have audited the financial statements of Hua Xia Bank Co., Limited (the "Bank") and its subsidiaries (collectively the "Group"), which comprise balance sheet as at 31 December 2025 and income statement, statement of changes in equity and statement of cash flows of the Group and the Bank for the year then ended and notes to these Financial Statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2025, and the consolidated and the Bank's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with the China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with *China Certified Public Accountants Independence Standard No. 1 – Requirements for Independence in Financial Statement Audit and Review Business* and *China Code of Ethics for Certified Public Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We have followed the independence requirements for auditing public interest entities in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT ISSUES

Key audit issues are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current year. These issues are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these issues. We also describe how to address each issue in our audit in that context.

We have fulfilled our responsibilities described in the "Certified Public Accountant's Responsibilities for the Audit of the Financial Statements" section of this report, including responsibilities related to these key audit issues. Accordingly, our audit work includes implementing the audit procedures designed to address the risk of material misstatements in assessed financial statements. The results of our implementation of audit procedures include the procedures implemented to address the following key audit issues, laying the foundation for giving an audit opinion on the financial statements as a whole.

III. KEY AUDIT ISSUES (CONTINUED)

Key audit issue	How to address the issue in audit
Allowance for impairment losses on loans and advances to customers	
The Group used a number of models and assumptions in the measurement of expected credit loss (ECL). For example: • Significant increase in credit risk – the determination of significant increase in credit risk depends highly on judgment, which may have a major effect on the ECL of loans with a long residual life; • Models and parameters – the models used to measure the ECL are highly complicated, with many model parameter inputs and also many judgments and assumptions involved in the estimation of parameters; • Forward-looking information – the impact of macro-economic forecasts based on expert judgments on the ECL, taking into account the weights of different economic scenarios; • Individual assessment for impairment – a number of factors are considered in determination of credit impairment, and the ECL measurement depends on the estimation of expected future cash flows. As loan impairment assessment involves many major judgments and assumptions with significant amounts (at 31 December 2025, the loans and advances to customers totaled RMB2,575,517 million, accounting for 54.36% for total assets; allowance for loan impairment losses totaled RMB57,155 million), we regard them as a key audit issue. For relevant disclosures, please see Notes IX-8, V-3, VIII-6 and XIV-3 to the consolidated financial statements.	We have assessed and tested the effectiveness of the design and implementation of key controls related to loan issuance, post-lending management, credit rating, collateral management and loan impairment testing, including related data quality and information systems. We have selected samples to carry out the credit review procedure using a risk-oriented sampling method. We analyzed the debtors' ability to pay and the Group's judgments on loan classification based on the post-lending survey report, the debtors' financial information, the collateral valuation report and other available information. With the assistance from internal credit risk model experts, we have assessed and tested the important parameters of the expected credit loss (ECL) models, significant judgments of the management and the application of related assumptions, with a focus on the following aspects: 1. ECL models: • Assessing the methodologies of ECL models and related parameters, including probability of default, loss given default, risk exposure and significant increase in credit risk, taking into account macroeconomic changes, industry risk factors, as well as the results of verification, review and optimization of the expected credit loss model; • Assessing the forward-looking information used by the management in determining the ECL, including the forecast of macroeconomic variables and assumptions and weights regarding multiple macro scenarios; • Assessing the management's determination on whether credit impairment has occurred and, for impaired loans and advances to customers, assessing the calculation logic for the loss given default, and conducting a sampling assessment of the rationality of the management's estimates regarding the amount, timing and probability of future cash flows, especially the recoverable amount of collateral. 2. Effectiveness of design and implementation of key controls: • Assessing and testing the data and processes used to confirm the allowance for ECL, including loan data, internal credit rating data and macroeconomic data, as well as the calculation logic, data inputs and system interface of the impairment system; • Assessing and testing the key controls relating to the management, implementation and supervision of ECL models, including important policies, important models and key parameters and the approval of their adjustments, ongoing monitoring of model performance, model validation and parameter calibration. We have assessed and tested the effectiveness of the design and implementation of controls for disclosures related to the Group's credit exposure and ECL.

III. KEY AUDIT ISSUES (CONTINUED)

Key audit issue	How to respond to the issues in audit
Consolidation of structured entities	
In the process of financial investment, asset management, credit asset transfer and other business activities, the Group holds interests in many different structured entities, such as wealth management products, funds and trust plans. The Group should comprehensively consider the power it owns, the variable returns it is entitled to and the relationship in between and judge whether the Group has control over each structured entity so that it should be included in the consolidated financial statements. In analyzing whether it has control over a structured entities, the Group should consider a number of factors, including the purpose of setting up the structured entity, the ability of the Group to direct its relevant activities, the interests held directly or indirectly and returns thereon, the management performance rewards received and the rewards or losses incurred by providing credit enhancement or liquidity support. The comprehensive analysis of such factors and the conclusion on control involve significant estimates and judgments of the management. Given the significance of the matter and the complexity of the management's judgments, we regard it as a key audit issue. For relevant disclosures, please see Notes V-4 and XIII to the consolidated financial statements.	We have assessed and tested the effectiveness of design and implementation of key controls related to the control or non-control over structured entities. We have assessed the Group's analysis and conclusion on whether it controls structured entities based on the Group's power over structured entities and analysis on the magnitude and variability of the variable returns on structured entities. We have also sampled and examined relevant contract documents to check the purposes of establishing structured entities and analyze the Group's rights to structured entities as well as their variable returns, including whether the Group has the statutory or constructive obligation to ultimately assume the loss of structured entities (e.g. whether the Group has provided any liquidity support or credit enhancement to the structured entities sponsored by it). We have assessed and tested the effectiveness of the Group's design and implementation of controls for disclosures related to structured entities not included in the scope of consolidation.

IV. OTHER INFORMATION

The management of the Bank shall be liable for other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management shall prepare the financial statements in accordance with the Accounting Standards for Enterprises and present them fairly; design, implement and maintain necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

While drafting the financial statements, the management shall assess the business continuity of the Bank, disclose the affairs relating to business continuity (if applicable), and employ the assumption on business continuity, unless it plans to liquidate the Bank or terminate its operation or has no other feasible choice.

The governance body shall oversee the financial reporting process of the Bank.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 the financial statements.

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our auditing 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we should issue the non-unqualified auditing opinion. Our conclusions are based on the information obtained up to the issue date of the auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

(5) Evaluate the overall presentation (including disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the governance body regarding, among other matters, the planned scope, timing and major findings of the audit, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance body with a statement that we have complied with relevant ethical requirements regarding independence and will communicate with the body all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the governance body, we determine those matters that are of the most significance in the audit of the financial statements of the current period and are therefore the key audit issues. We describe these issues in our auditor's report unless law or regulation precludes public disclosure about the issues or when, in extremely rare circumstances, we determine that an issue 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.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Zhang Fan (Engagement Partner)

Chinese Certified Public Accountant: Yin Xiaolin

Beijing, China

27 March 2026

BALANCE SHEET OF THE GROUP AND THE BANK

31 December 2025 (In RMB millions, unless otherwise stated)

	Note VIII	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Assets					
Cash on hand and balances with central banks	1	180,748	167,699	180,748	167,342
Due from banks	2	29,752	21,048	23,180	13,058
Placements with banks and other financial institutions	3	81,560	64,469	81,228	64,469
Derivative financial assets	4	6,646	20,057	6,646	20,057
Financial assets purchased under agreements to resell	5	88,681	31,389	87,092	26,963
Loans and advances to customers	6	2,518,416	2,313,356	2,400,306	2,200,098
Financial investments					
Held-for-trading financial assets	7	473,728	437,994	564,970	553,969
Debt investments	8	867,197	898,236	710,333	713,686
Other debt investments	9	371,160	308,592	368,551	306,416
Other equity instrument investments	10	5,954	6,233	5,537	5,786
Long-term equity investments	11	–	–	7,920	7,990
Fixed assets	12	75,039	66,635	18,737	18,500
Right-of-use assets	13	4,961	5,232	4,897	5,125
Intangible assets	14	1,778	1,786	1,661	1,698
Deferred income tax assets	15	6,373	4,885	4,570	3,200
Other assets	16	25,626	28,880	9,260	9,307
Total assets		4,737,619	4,376,491	4,475,636	4,117,664

BALANCE SHEET OF THE GROUP AND THE BANK (CONTINUED)

31 December 2025 (In RMB millions, unless otherwise stated)

	Note VIII	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Liabilities					
Due to central banks	18	144,251	171,587	144,251	171,587
Due to banks and other financial institutions	19	648,967	570,457	650,706	572,243
Placements from banks and other financial institutions	20	220,471	232,774	59,918	73,145
Derivative financial liabilities	4	6,428	19,854	6,428	19,854
Financial assets sold under agreements to repurchase	21	226,412	155,414	162,075	84,514
Deposits taking	22	2,409,626	2,184,137	2,409,657	2,182,068
Accrued payroll	23	7,503	7,582	7,130	7,247
Taxes and dues payable	24	3,541	2,234	3,211	2,029
Lease liabilities	25	4,965	5,246	4,901	5,133
Debt obligations payable	26	638,290	636,989	627,704	632,919
Projected liabilities	27	1,720	1,698	1,596	1,631
Other liabilities	28	25,645	22,835	19,010	17,381
Total liabilities		**4,337,819**	**4,010,807**	**4,096,587**	**3,769,751**
Shareholders' equity					
Share capital	29	15,915	15,915	15,915	15,915
Other equity instruments	30	80,000	60,000	80,000	60,000
Of which: Perpetual bonds		80,000	60,000	80,000	60,000
Capital reserve	31	60,731	60,730	60,731	60,730
Other comprehensive income	45	(690)	4,774	(747)	4,712
Surplus reserve	32	29,018	26,549	29,018	26,549
General risk reserve	33	51,066	50,106	48,276	47,550
Retained profit	34	159,706	143,908	145,856	132,457
Total equity attributable to shareholders of the parent company		**395,746**	**361,982**	**379,049**	**347,913**
Minority interests		**4,054**	**3,702**	**–**	**–**
Total shareholders' equity		**399,800**	**365,684**	**379,049**	**347,913**
Total liabilities and equity		**4,737,619**	**4,376,491**	**4,475,636**	**4,117,664**

The accompanying notes are an integral part of these financial statements

The financial statements on pages 135-273 are signed by:

Yang Shujian	Yang Wei	Liu Yue
Legal representative	Principal of Financial Affairs	Head of Financial and Accounting Function

INCOME STATEMENT OF THE GROUP AND THE BANK

2025 (In RMB millions, unless otherwise stated)

	Note VIII	The Group 2025	The Group 2024	The Bank 2025	The Bank 2024
I. Operating income		91,914	97,146	83,154	89,258
Net interest income	35	62,948	62,063	57,095	57,281
Interest income		135,151	146,483	125,707	137,541
Interest expense		(72,203)	(84,420)	(68,612)	(80,260)
Net fee and commission income	36	5,576	5,443	4,270	4,498
Fee and commission income		11,413	11,166	10,013	10,162
Fee and commission expenses		(5,837)	(5,723)	(5,743)	(5,664)
Investment gains	37	20,073	15,700	24,552	15,638
Of which: Gains on derecognition of financial assets measured at amortized cost		3,124	133	3,122	133
Profit or loss on changes in fair value	38	(3,535)	7,912	(3,372)	10,967
Exchange gains	40	370	770	374	767
Other operating income	39	6,236	5,156	24	55
Profit/loss from the disposal of assets		191	24	165	(5)
Other income		55	78	46	57
II. Operating expenses		(57,625)	(61,204)	(52,924)	(57,441)
Tax and surcharges	41	(1,084)	(1,069)	(1,023)	(1,012)
General and administrative expenses	42	(28,133)	(28,954)	(27,229)	(28,139)
Impairment losses on credit	43	(25,027)	(28,427)	(24,675)	(28,265)
Other impairment losses on assets		(389)	(364)	35	13
Other business costs	39	(2,992)	(2,390)	(32)	(38)
III. Operating profit		34,289	35,942	30,230	31,817
Plus: Non-operating income		145	112	142	108
Less: Non-operating expenses		(260)	(175)	(247)	(175)
IV. Total profit		34,174	35,879	30,125	31,750
Less: Income tax expense	44	(6,423)	(7,683)	(5,629)	(7,065)
V. Net profit		27,751	28,196	24,496	24,685
i. Classified by operational continuity					
1. Net profit from continuous operation		27,751	28,196	24,496	24,685
2. Net profit from ceased operation		–	–	–	–
ii. Classified by ownership affiliation					
1. Net profit attributable to shareholders of the parent company		27,200	27,676	24,496	24,685
2. Minority shareholders' gains/losses		551	520	–	–
VI. After-tax other comprehensive income	45	(5,556)	5,368	(5,597)	5,312
After-tax other comprehensive income attributable to shareholders of the parent company		(5,561)	5,369	(5,597)	5,312
i. Other comprehensive income not to be classified as profit/loss		(64)	(33)	(132)	(53)
1. Changes in fair value of other equity instrument investments		(64)	(33)	(132)	(53)
ii. Other comprehensive income to be classified as profit/loss		(5,497)	5,402	(5,465)	5,365
1. Change in fair value of financial assets measured at fair value through other comprehensive income		(5,424)	5,337	(5,392)	5,300
2. Change in fair value of allowances for credit losses on investment in financial assets measured at fair value through other comprehensive income		(65)	61	(65)	61
3. Difference from foreign currency translation		(8)	4	(8)	4
After-tax other comprehensive income attributable to minority shareholders		5	(1)	–	–
VII. Total comprehensive income		22,195	33,564	18,899	29,997
Total comprehensive income attributable to shareholders of the parent company		21,639	33,045	18,899	29,997
Total comprehensive income attributable to minority shareholders		556	519	–	–
VIII. Earnings per share					
Basic earnings per share (RMB yuan)	46	1.62	1.62		

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS OF THE GROUP AND THE BANK

2025 (In RMB millions, unless otherwise stated)

	Note VIII	The Group		The Bank	
		2025	2024	2025	2024
Cash flows from operating activities					
Net increase in customer deposits and due to banks and other financial institutions		309,353	15,611	309,509	16,787
Net decrease in balances with central banks and due from banks and other financial institutions		–	18,715	–	18,277
Net increase in placements from banks and other financial institutions and financial assets sold under agreements to repurchase		58,927	–	64,263	–
Net increase in due to central banks		–	17,866	–	17,866
Decrease in held-for-trading financial assets		–	13,764	–	13,677
Net increase in business debt obligations payable		–	81,730	–	81,730
Proceeds from interest and fee & commission		117,089	125,712	109,834	116,481
Other proceeds received related to operating activities		12,944	14,351	4,790	9,853
Sub-total of cash inflows from operating activities		498,313	287,749	488,396	274,671
Net increase in balances with central banks and due from banks and other financial institutions		(5,083)	–	(975)	–
Net increase in loans and advances to customers		(226,777)	(82,397)	(220,111)	(78,115)
Net decrease in placements from banks and other financial institutions and financial assets purchased under agreements to resell		–	(19,997)	–	(17,221)
Net increase in placements with banks and other financial institutions and financial assets purchased under agreements to resell		(17,285)	(16,000)	(16,953)	(14,000)
Net decrease in due to central banks		(26,799)	–	(26,799)	–
Net decrease in business debt obligations payable		(4,797)	–	(4,797)	–
Net increase in held-for-trading financial assets		(32,113)	–	(32,113)	–
Cash paid as interest and fee & commission expenses		(78,783)	(85,564)	(74,913)	(81,818)
Cash paid to and for employees		(16,298)	(16,194)	(15,668)	(15,632)
Taxes and dues paid		(12,613)	(13,885)	(11,526)	(12,656)
Other cash paid related to operating activities		(8,702)	(11,217)	(9,181)	(7,696)
Sub-total of cash outflows from operating activities		(429,250)	(245,254)	(413,036)	(227,138)
Net cash flows from operating activities	48	**69,063**	**42,495**	**75,360**	**47,533**
Cash flows from investing activities					
Proceeds from disposal of investments		3,638,093	1,844,749	3,569,702	1,714,688
Investment gains received		52,697	52,628	52,975	49,310
Net gains on disposal of fixed assets, intangible assets and other long-term assets		2,437	940	298	51
Sub-total of cash inflows from investing activities		3,693,227	1,898,317	3,622,975	1,764,049
Cash paid for acquisition of investments		(3,681,806)	(1,892,793)	(3,615,940)	(1,787,048)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(16,898)	(16,688)	(3,898)	(4,081)
Cash paid for acquisition of shares in subsidiaries		(74)	–	(74)	–
Sub-total of cash outflows from investing activities		(3,698,778)	(1,909,481)	(3,619,912)	(1,791,129)
Net cash flows from investing activities		**(5,551)**	**(11,164)**	**3,063**	**(27,080)**

STATEMENT OF CASH FLOWS OF THE GROUP AND THE BANK (CONTINUED)

2025 (In RMB millions, unless otherwise stated)

	Note VIII	The Group		The Bank	
		2025	2024	2025	2024
Cash flows from financing activities					
Cash received from issuance of other equity instruments		20,000	60,000	20,000	60,000
Proceeds from issuance of debt securities		36,500	34,000	30,000	30,000
Sub-total of cash inflows from financing activities		56,500	94,000	50,000	90,000
Cash paid for redemption of other equity instruments		–	(40,000)	–	(40,000)
Cash paid for repayment of debt securities		(30,000)	(71,000)	(30,000)	(67,000)
Cash paid for dividends and profit distribution or interest repayment		(14,064)	(15,702)	(13,973)	(15,559)
Cash payments for principal and interest on lease liabilities		(2,021)	(2,005)	(1,813)	(1,936)
Sub-total of cash outflows from financing activities		(46,085)	(128,707)	(45,786)	(124,495)
Net cash flows from financing activities		10,415	(34,707)	4,214	(34,495)
Effect of exchange rate changes on cash and cash equivalents		(167)	(123)	(133)	(124)
Net change of cash and cash equivalents	48	73,760	(3,499)	82,504	(14,166)
Plus: Opening balance of cash and cash equivalents		98,623	102,122	86,207	100,373
Closing balance of cash and cash equivalents	47	172,383	98,623	168,711	86,207

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January to 31 December 2025

(In RMB millions, unless otherwise stated)

	Note VIII	Equity attributable to shareholders of the parent company									
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Sub-total	Minority interests	Total
I. Balance as at 1 January 2025		15,915	60,000	60,730	4,774	26,549	50,106	143,908	361,982	3,702	365,684
II. Changes during the year											
i. Net profit		–	–	–	–	–	–	27,200	27,200	551	27,751
ii. Other comprehensive income	45	–	–	–	(5,561)	–	–	–	(5,561)	5	(5,556)
Subtotal of the above i and ii		–	–	–	(5,561)	–	–	27,200	21,639	556	22,195
iii. Capital reduction by shareholders											
1. Capital contribution by holders of other equity instruments	30	–	20,000	–	–	–	–	–	20,000	–	20,000
2. Change in shareholding percentage in controlled subsidiaries		–	–	1	–	–	–	–	1	(75)	(74)
iv. Profit distribution											
1. Surplus reserve withdrawn	34	–	–	–	–	2,469	–	(2,469)	–	–	–
2. General risk reserve allocated	34	–	–	–	–	–	960	(960)	–	–	–
3. Distribution of dividends on ordinary shares	34	–	–	–	–	–	–	(6,446)	(6,446)	–	(6,446)
4. Profit distribution to holders of other equity instruments	34	–	–	–	–	–	–	(1,430)	(1,430)	–	(1,430)
5. Others		–	–	–	–	–	–	–	–	(129)	(129)
v. Internal transfer of owner's equity											
1. Other comprehensive income transferred to retained earnings		–	–	–	97	–	–	(97)	–	–	–
III. Balance as at 31 December 2025		15,915	80,000	60,731	(690)	29,018	51,066	159,706	395,746	4,054	399,800

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

1 January to 31 December 2025

(In RMB millions, unless otherwise stated)

	Note VIII	Equity attributable to shareholders of the parent company									
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Sub-total	Minority interests	Total
I. Balance as at 1 January 2024		15,915	39,993	60,737	(803)	24,119	48,779	129,839	318,579	3,183	321,762
II. Changes during the year											
i. Net profit		–	–	–	–	–	–	27,676	27,676	520	28,196
ii. Other comprehensive income	45	–	–	–	5,369	–	–	–	5,369	(1)	5,368
Subtotal of the above i and ii		–	–	–	5,369	–	–	27,676	33,045	519	33,564
iii. Capital reduction by shareholders											
1. Capital contribution by holders of other equity instruments	30	–	60,000	–	–	–	–	–	60,000	–	60,000
2. Capital reduction by holders of other equity instruments	30	–	(39,993)	(7)	–	–	–	–	(40,000)	–	(40,000)
iv. Profit distribution											
1. Surplus reserve withdrawn	34	–	–	–	–	2,430	–	(2,430)	–	–	–
2. General risk reserve allocated	34	–	–	–	–	–	1,327	(1,327)	–	–	–
3. Distribution of dividends on ordinary shares	34	–	–	–	–	–	–	(7,702)	(7,702)	–	(7,702)
4. Profit distribution to holders of other equity instruments	34	–	–	–	–	–	–	(1,940)	(1,940)	–	(1,940)
v. Internal transfer of owner's equity											
1. Other comprehensive income transferred to retained earnings		–	–	–	208	–	–	(208)	–	–	–
III. Balance as at 31 December 2024		15,915	60,000	60,730	4,774	26,549	50,106	143,908	361,982	3,702	365,684

The accompanying notes are an integral part of these financial statements

BANK STATEMENT OF CHANGES IN EQUITY

1 January to 31 December 2025

(In RMB millions, unless otherwise stated)

	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Total
I. Balance as at 1 January 2025		15,915	60,000	60,730	4,712	26,549	47,550	132,457	347,913
II. Changes during the year									
i. Net profit		–	–	–	–	–	–	24,496	24,496
ii. Other comprehensive income	45	–	–	–	(5,597)	–	–	–	(5,597)
Subtotal of the above i and ii		–	–	–	(5,597)	–	–	24,496	18,899
iii. Capital reduction by shareholders									
1. Capital contribution by holders of other equity instruments	30	–	20,000	–	–	–	–	–	20,000
2. Change in shareholding percentage in controlled subsidiaries		–	–	1	–	–	17	95	113
iv. Profit distribution									
1. Surplus reserve withdrawn	34	–	–	–	–	2,469	–	(2,469)	–
2. General risk reserve allocated	34	–	–	–	–	–	709	(709)	–
3. Distribution of dividends on ordinary shares	34	–	–	–	–	–	–	(6,446)	(6,446)
4. Profit distribution to holders of other equity instruments	34	–	–	–	–	–	–	(1,430)	(1,430)
v. Internal transfer of owner's equity									
1. Other comprehensive income transferred to retained earnings		–	–	–	138	–	–	(138)	–
III. Balance as at 31 December 2025		15,915	80,000	60,731	(747)	29,018	48,276	145,856	379,049

BANK STATEMENT OF CHANGES IN EQUITY (CONTINUED)

1 January to 31 December 2025 (In RMB millions, unless otherwise stated)

	Note VIII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained profit	Total
I. Balance as at 1 January 2024		15,915	39,993	60,737	(808)	24,119	46,324	121,278	307,558
II. Changes during the year									
i. Net profit		–	–	–	–	–	–	24,685	24,685
ii. Other comprehensive income	45	–	–	–	5,312	–	–	–	5,312
Subtotal of the above i and ii		–	–	–	5,312	–	–	24,685	29,997
iii. Capital reduction by shareholders									
1. Capital contribution by holders of other equity instruments	30	–	60,000	–	–	–	–	–	60,000
2. Capital reduction by holders of other equity instruments	30	–	(39,993)	(7)	–	–	–	–	(40,000)
iv. Profit distribution									
1. Surplus reserve withdrawn	34	–	–	–	–	2,430	–	(2,430)	–
2. General risk reserve allocated	34	–	–	–	–	–	1,226	(1,226)	–
3. Distribution of dividends on ordinary shares	34	–	–	–	–	–	–	(7,702)	(7,702)
4. Profit distribution to holders of other equity instruments	34	–	–	–	–	–	–	(1,940)	(1,940)
v. Internal transfer of owner's equity									
1. Other comprehensive income transferred to retained earnings		–	–	–	208	–	–	(208)	–
III. Balance as at 31 December 2024		15,915	60,000	60,730	4,712	26,549	47,550	132,457	347,913

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 January to 31 December 2025 (In RMB millions, unless otherwise stated)

I. PROFILE OF THE BANK

Hua Xia Bank Co., Limited (hereinafter "the Bank"), formerly known as Hua Xia Bank, was established as a nationwide commercial bank on 14 October 1992 with the approval of People's Bank of China ("PBOC"). On 10 April 1996, Hua Xia Bank was approved by PBOC to be restructured as a joint-stock limited company by means of promoter incorporation, and then renamed as Hua Xia Bank Co., Limited. On 21 July 2003, the Bank obtained approval from China Securities Regulatory Commission ("CSRC") for offering of A shares. On 12 September 2003, the Bank was listed.

The Bank held the License for Financial Business (No. B0008H111000001) upon approval by China Banking Regulatory Commission (renamed into "China Banking and Insurance Regulatory Commission" ("the former CBRC") in 2018, and renamed into "National Financial Regulatory Administration ("NFRA") in 2023), and it acquired the Business License for Enterprises with a unified social credit code of 91110000101120O1XW upon approval by the Beijing Administration for Industry and Commerce (now remained into "Beijing Municipal Administration for Market Regulation").

As at 31 December 2025, in addition to the Head Office, the Bank had established 43 tier-one branches in Chinese mainland, with outlets totaling 943.

The business scope of the Bank and its subsidiaries (collectively referred to as the "Group") covers public deposit-taking, granting of short, medium and long-term loans; domestic and international settlement, bill acceptance and discount, issuance of financial bonds, issuance, encashment and underwriting of government bonds as an agent, trading of government bonds and financial bonds, inter-bank lending and borrowing, trading of foreign exchange on its own behalf and as an agent, bank card service, provision of letter of credit and letter of guarantee, collection and payment service as an agent, safety box service, foreign exchange settlement and sale, sideline insurance agency, leasing service, wealth management and other services approved by the former CBIRC.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

These financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises – Basic Standards* promulgated by the Ministry of Finance of PRC (the "MOF") and specific accounting standards, interpretations and other relevant provisions issued afterwards (collectively "Accounting Standards for Business Enterprises"). Besides, these financial statements also disclose relevant financial information in accordance with the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Report*.

Ongoing concern

The Group has assessed its ability to sustain ongoing operation over the 12 months since 31 December 2025, finding no issue or condition that incurs a material ongoing concern. Therefore, the financial statements are drafted on the assumption of ongoing operation.

III. DECLARATION ON COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Group truly and fairly represent the financial position of the Group and the Bank as at 31 December 2025, and the operating results and cash flows of the Group and the Bank for the year then ended, in compliance with the Accounting Standards for Business Enterprises.

IV. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting period

The accounting period of the Group begins on 1 January and ends on 31 December of the Gregorian calendar.

2. Bookkeeping base currency

Renminbi is the functional currency in the major economic environments of the operating activities of the Bank and its subsidiaries. The Bank and its subsidiaries take Renminbi as the bookkeeping base currency. The Bank and its subsidiaries adopt Renminbi in the preparation of these financial statements.

3. Basis of accounting and measurement

The Group's accounting is on an accrual basis. Except some financial instruments that are measured at fair value, these financial statements are measured on the basis of historical costs. In case of impairment losses on assets, corresponding allowance for impairment losses shall be set aside according to relevant rules.

Measured on the basis of historical costs, assets shall be measured at the amount of cash or cash equivalents paid for purchasing them or the fair value of the consideration received. Liabilities shall be measured at the proceeds or assets received upon the assumption of obligations, or the contractual amount received upon the assumption of obligations, or the amount of cash or cash equivalents expected to be paid for debt repayment in daily activities.

Fair value refers to the amount received from selling an asset or the amount to be paid for transferring a liability by market players in orderly transactions on the measurement date. Whether the fair value is observed or estimated with valuation techniques, it is the basis of the fair value measured and disclosed in these financial statements.

If the fair value of a financial asset is set at its transaction price upon initial recognition and subsequently measured using a valuation technique involving non-observable inputs, the valuation technique will be calibrated in the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value is measured based on the observability of the input value of fair value and the overall importance of such input value to measurement of fair value, and divided into the following three levels:

The input value at Level 1 is the unadjusted quotation of the same assets or liabilities obtainable in the active market on the measurement date.

The input value at Level 2 is the directly or indirectly observable input value of related assets or liabilities other than the input value in Level 1.

The input value at Level 3 is the unobservable input value of related assets or liabilities.

4. Business combination

Business combination is divided into business combination under common control and business combination not under common control.

Business combination under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The assets and liabilities acquired by the merging party in the business combination under common control shall be accounted for on the basis of the carrying value in the financial statements of the ultimate controlling party at the date of combination. For the difference between the book value of the net assets acquired by the merging party and the book value of the consideration of combination paid, the share capital premium in the capital reserve is adjusted. Where the share capital premium is not sufficient to be offset, the retained earnings shall be adjusted.

Business combination not under common control

A business combination not under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties both before and after the business combination.

Combination cost is the fair value of the assets paid, liabilities occurred or assumed and equity instruments issued by the buyer for acquiring the control right of the acquiree. The audit, legal service, valuation, advisory and other intermediary fees and other relevant administrative expenses incurred by the buyer for combination of businesses are recorded in profit or loss upon occurrence.

At the acquisition date, identifiable assets, liabilities or contingent liabilities of the acquiree acquired by the buyer in the business combination are measured at fair value.

For the balance between the combination cost and the fair value share of identifiable net assets of acquiree acquired during the business combination, it will be recognized into goodwill as an asset and initially measured at cost. If the combination cost is less than the fair value share of identifiable net assets of the acquiree acquired in the combination, the Group first reviews the fair value of acquired identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combination cost. If the combination cost after review is still less than the fair value share of identifiable net assets of the acquiree acquired in the combination, it will be recorded in profit or loss.

Goodwill arising from business combination will be separately presented in the consolidated financial statements, and will be measured at the amount generated from the cost deducting accumulative allowance for impairment losses.

5. Preparation of consolidated financial statements

The consolidated scope of the consolidated financial statements shall be determined based on control, including financial statements of the Group and all its subsidiaries. Control means that the Group has power over the investee, obtains variable return by participating in related activities of the investee and is able to influence its return amount by its power over the investee. Once the actors involved in the above definition of control change due to any changes in relevant facts and circumstances, the Group will conduct a re-assessment.

The combination of a subsidiary starts when the Group gains control over the subsidiary and ends when the Group loses control over the subsidiary.

For subsidiaries disposed of by the Group, operating results and cash flows prior to the disposal date (date of losing control right) have been properly included in the consolidated income statement and the consolidated statement of cash flows.

For subsidiaries acquired by business combination under different control rights, operating results and cash flows as of the acquisition date (date of obtaining control right) have been properly included in the consolidated income statement and the consolidated statement of cash flows, and the opening balance and comparison amount of the consolidated financial statements will not be adjusted.

For subsidiaries acquired through business combination under common control, operating results and cash flows of the merged party are included in consolidated financial statements as from the beginning of the combination period. When the comparative consolidated financial statements are prepared, the relevant items of the previous financial statements are adjusted as if the reporting entity formed after the combination had existed since the ultimate controller began to exercise control.

The major accounting policies and accounting period adopted by subsidiaries shall be determined based on those uniformly prescribed by the Bank.

All material accounts and transactions between the Bank and a subsidiary and among subsidiaries shall be offset at the time of business combination.

The part of the owners' equity of the subsidiaries not attributable to the parent company will be recognized as minority interest and be presented as "minority interests" under the item "shareholders' equity" of the financial statements. The part of the current profit or loss of the subsidiaries recognized as minority interests shall be presented as "minority interests" under the "net profit" item in the consolidated income statement.

If the loss of a subsidiary borne by a minority shareholder exceeds its share of equity at the beginning of the period in this subsidiary, the balance will be written off against the minority interests.

6. Recognition of the cash and cash equivalents

Cash refers to the cash on hand and deposits available for payment at any time. Cash equivalents refer to short-term investments with high liquidity held by the Group which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

7. Foreign currency transactions and foreign currency translation

For foreign currency transactions, the Group converts the foreign currency amount to the amount in the bookkeeping base currency.

Foreign currency transactions are converted to the bookkeeping base currency upon initial recognition at the spot exchange rate. On the balance sheet date, foreign currency items shall be translated to RMB amounts by the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and that in the initial recognition or prior to the balance sheet date is recorded into current profit or loss, except the following circumstances: (1) the balance of exchange arising from foreign currency borrowings eligible for capitalization is recognized into cost of relevant assets after capitalization during the capitalization period; (2) balance of exchange arising from hedging instruments that are used to avoid foreign exchange risks will be treated by the accounting treatment to hedging; (3) balance of exchange arising from changes in book balance other than the amortized cost of monetary items measured at fair value through other comprehensive income is recognized as other comprehensive income.

The foreign currency-denominated non-monetary items measured at historical cost shall still be translated at the exchange rate adopted upon initial recognition, without any change to its amount presented in the bookkeeping base currency. Foreign currency-denominated non-monetary items measured at fair value shall be converted by the spot exchange rate on the determination date of fair value. The resulting difference is recorded in current profit or loss or other comprehensive income according to the nature of non-monetary items.

8. Financial instruments

A financial asset or financial liability is recognized when the Group becomes a party to a financial instrument contract.

For a financial asset purchased or sold in a regular manner, the asset to be received or liability to be assumed will be recognized at the transaction date or the sold asset will be derecognized at the transaction date.

A financial asset or liability is measured at fair value upon initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, the transaction costs thereof are directly recorded through profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included in the initially recognized amount.

Effective interest rate method is the method of calculating the amortized cost of a financial asset or financial liability and amortizing interest income/expenses over accounting periods.

Effective interest rate refers to the interest rate used when discounting the future cash flows of a financial asset or financial liability over its estimated lifetime into the book value of the financial asset or the amortized cost of the financial liability. Upon confirming the effective interest rate, the expected cash flow should be estimated based on the consideration of all contract terms of financial assets or financial liabilities (such as prepayment, extension, call option or other similar options), but the expected credit loss should not be considered.

The amortized cost of a financial asset or financial liability is calculated by deducting the repaid principal from the initially recognized amount of the financial asset or financial liability, then adding or subtracting the accumulated amortization amount generated by amortizing the difference between the initial recognition amount and the maturity-date amount using the effective interest rate method, and finally deducting the accumulated allowance for impairment losses (for the financial asset only).

8.1 Classification, recognition and measurement of financial assets

The financial assets of the Group are classified at the initial recognition as follows based on the Group's management mode of financial assets and the contractual cash flow characteristics of financial assets: Financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

After initial recognition, the Group subsequently measures financial assets at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss as appropriate.

If the contractual terms of a financial asset give rise on specified dates to cash flows that were solely payments of principal and interest on the principal amounts outstanding and the financial asset is managed by the Group in a business model whose objective is achieved by collecting contractual cash flows, the financial asset will be classified as financial asset measured at amortized cost. These financial assets mainly include cash on hand and balances with central banks, due from banks, placements with banks and other financial institutions, financial assets purchased under agreements to resell, loans and advances to customers measured at amortized cost and debt investments.

If the contractual terms of a financial asset give rise on specified dates to cash flows that were solely payments of principal and interest on the principal amounts outstanding and the financial asset is managed by the Group in a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset, the financial asset will be classified as debt instrument investment measured at fair value through other comprehensive income.

Upon initial recognition, the Group may, based on a single financial asset, irrevocably designate equity instrument investments not held for trading as financial assets measured at fair value through other comprehensive income. Such financial assets are stated as other equity instrument investments.

If a financial asset meets any of the following conditions, the Group holds the financial asset for trading purposes:

(1) The purpose of acquiring relevant financial assets is mainly for selling in a short term;

(2) The financial asset is part of a recognizable financial instrument portfolio under centralized management upon initial recognition and there is objective evidence proving that there is a short-term profit-making method;

(3) The financial asset is a derivative instrument, except for the derivative instrument that meets the definition of financial guarantee contract and is designated as effective hedging instrument.

Financial assets measured at fair value through profit or loss include financial assets classified as at fair value through profit or loss and financial assets designated at fair value through profit or loss:

(1) Financial assets not eligible for classification as financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss;

(2) Upon initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as measured at fair value through profit or loss.

Except for derivative financial assets, financial assets measured at fair value through profit or loss are stated as held-for-trading financial assets.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest rate method, and the gains or losses arising from impairment or derecognition are recorded through current profit or loss.

The Group recognizes interest income on financial assets measured at amortized cost using the effective interest rate method. The Group calculates and determines the interest income on a financial asset by multiplying its book balance by effective interest rate, unless in the following circumstances:

(1) For a purchased or originated credit-impaired financial asset, the Group calculates and determines its interest income since initial recognition at the amortized cost of the financial asset and credit-adjusted effective interest rate.

(2) For a purchased or originated non-credit-impaired financial asset that has become credit-impaired in subsequent periods, the Group calculates and determines its interest income during subsequent periods at the amortized cost of the financial asset and effective interest rate. If the financial instrument ceases to be credit-impaired in subsequent periods due to credit risk improvements that are linked to an event that occurs after application of the above provisions, the Group will shift to calculating and determining the interest income by multiplying the book value of the financial asset by effective interest rate.

Financial assets measured at fair value through other comprehensive income

Impairment losses or gains on debt instrument investments measured at fair value through other comprehensive income, their interest income calculated using the effective interest rate method and their exchange gains or losses are recorded through current profit or loss. Other changes in fair value of these financial assets are recorded through other comprehensive income. The amount of the financial asset stated in the profit or loss for each period is equal to that stated in profit or loss for each period as if it were always measured at amortized cost. Upon derecognition of the financial asset, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to current profit or loss.

Changes in the fair value of not-held-for-trading equity instrument investment designated at fair value through other comprehensive income are recognized in other comprehensive income, without setting aside allowance for impairment losses. Upon derecognition of the financial asset, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings. During the period when the Group holds such not-held-for-trading equity instrument investments, dividend income is recognized and recorded in current profit or loss when the Group's right to dividend is established and the economic benefits related to the dividend in a reliably measurable amount is likely to flow into the Group.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are subsequently measured at fair value, and any gain or loss arising from changes in fair value, as well as dividends and interest income relating to such financial assets will be recorded through current profit or loss.

8.2 Impairment of financial instruments

The Group accounts for impairment and recognizes allowance for impairment losses based on ECL for financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, financial lease receivables and loan commitments other than financial liabilities measured at fair value through profit or loss.

For other financial instruments, except for purchased or originated credit-impaired financial assets, the Group assesses the changes in credit risk of relevant financial instruments after initial recognition on each balance sheet date. If the financial instrument has had a significant increase in credit risk since initial recognition, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its lifetime ECL. If the financial instrument has not had a significant increase in credit risk since initial recognition, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its 12-month ECL. The increase or reversal of allowance for credit losses, except for debt instrument investments measured at fair value through other comprehensive income, is recorded into current profit or loss as impairment losses or gains. For a debt instrument investment measured at fair value through other comprehensive income, the Group recognizes its allowance for credit losses in other comprehensive income, and recorded the impairment losses or gains in current profit or loss without reducing book value of the financial asset listed in the balance sheet.

Where the Group measured the allowance for impairment losses on a financial instrument at an amount equal to its lifetime ECL during the previous accounting period but the financial instrument no longer has had a significant increase in credit risk since initial recognition on the current balance sheet date, the Group will measure the allowance for impairment losses on the financial instrument at an amount equal to its 12-month ECL on the current balance sheet date, and the resulting reversal of allowance for impairment losses will be recorded in current profit or loss as impairment gains.

8.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information that is available to determine whether a financial instrument has had a significant increase in credit risk since initial recognition by comparing the default risk of the financial instrument on the balance sheet date with the default risk at the initial recognition date. For loan commitments, the Group takes the date when the Group becomes the party making irrevocable commitments as the initial recognition date for applying the rules for impairment of financial instruments.

In assessing whether credit risk has increased significantly since initial recognition, the Group will compare the default risk of the financial instrument on the report date and its default risk upon initial recognition. In such assessment, the Group will consider reasonable and supportable quantitative and qualitative information, including historical experience and forward-looking information that is available without undue cost or effort. For the criteria for significant increase in credit risk, please see Note XIV-3.1 Credit Risk Management.

8.2.2 Credit-impaired financial assets

When the Group expects one or more events to occur that will have a detrimental impact on the future cash flows of a financial asset, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset is credit-impaired include observable information. Please see Note XIV-3.1 Credit Risk Management.

8.2.3 Determination of expected credit loss

ECL is measured based on probability of default, loss given default and exposure at default. For measurement and recognition of ECL, please see Note XIV-3.1 Credit Risk Management.

8.2.4 Write-down of financial assets

When the Group no longer reasonably expects the contractual cash flow of a financial asset to be fully or partially recovered, the book balance of the financial asset is directly written down. Such write-down of financial assets constitutes derecognition of financial assets.

8.3 Transfer of financial assets

When the Group has transferred substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; where the Group has retained substantially all the risks and rewards of ownership of the financial asset, the Group does not derecognize the financial asset.

Where Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, the Group assesses whether it has retained control over the transferred asset. If the Group has not retained control over the financial asset, the Group derecognizes the financial asset and recognizes the asset and liability generated; if the Group has retained control over the financial asset, the Group continues to recognize the relevant financial asset to the extent of its continuing involvement in the transferred asset and recognizes the relevant liability accordingly.

Where the Group is continuously involved in the transferred financial asset by way of providing a financial guarantee, the Group recognizes the assets formed by its continuing involvement based on the book value of the financial asset and the amount of financial guarantee, whichever is lower. The amount of financial guarantee refers to the highest amount among the received considerations that will be required to be repaid.

Asset securitization

As part of the operating activity, the Group securitizes credit assets in part generally by selling such assets to a structured entity, which then issues securities to investors. Interests in securitized financial assets are classified into senior asset-backed securities and junior asset-backed securities. After payment of relevant taxes and expenses, credit assets are first used to pay the principal and interest on senior asset-backed securities. The remaining credit assets after full payment of principal and interest are recognized as income from junior asset-backed securities.

In applying the accounting policy for a securitized financial asset, the Group has considered the degree of risk and return on the asset transferred to any other entity and the degree of control exercised by the Group over the entity:

(1) When the Group has transferred substantially all the risk and return on the ownership of the financial asset, the Group derecognizes the financial asset;

(2) When the Group retains substantially all the risk and return on the ownership of the financial asset, the Group continues to recognize the financial asset;

(3) If the Group neither transfers nor retains substantially all the risk and return on the ownership of the financial asset, the Group considers whether it has controls over the financial asset or not. If the Group retains no control, the Group derecognizes the financial asset and recognizes the right and obligation generated or retained in the transfer as asset or liability respectively. If the Group retains control, the financial asset is recognized according to the degree of continuing involvement in the financial asset.

8.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instruments or their components into financial liabilities or equity instruments in the initial recognition, based on contractual clauses regarding the financial instruments issued and their underlying economic substance instead of the legal form only, with reference to the definition of financial liability and equity instrument.

8.4.1 Classification, recognition and measurement of financial liabilities

In the initial recognition, financial liabilities are classified into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include held-for-trading financial liabilities (including derivative instruments classified as financial liabilities) and those designated upon initial recognition as financial liabilities measured at fair value through profit or loss. Except for derivative financial liabilities stated separately, financial liabilities measured at fair value through profit or loss are stated as held-for-trading financial liabilities.

If a financial liability meets any of the following conditions, the Group assumes the financial liability for trading purposes:

(1) The purpose of assuming relevant financial assets is mainly for repurchase in a short term;

(2) The financial liability is part of a recognizable financial instrument portfolio under centralized management upon initial recognition and there is objective evidence proving that there is a short-term profit-making method.

(3) Relevant financial liabilities are derivative instruments, except for the derivative instrument that meets the definition of financial guarantee contract and is designated as effective hedging instrument.

The Group may designate a financial liability that meets any of the following conditions as a financial liability at fair value through profit or loss upon initial recognition:

(1) Such designation can eliminate or significantly reduce accounting mismatch;

(2) The official written documents of the risk management or investment strategy of the Group state that the said combination of financial assets, the said combination of financial liabilities, or the combination of financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and will be reported to the key management personnel within the Group;

(3) Hybrid contract that contains embedded derivative instruments is included if conditions are satisfied.

Held-for-trading financial liabilities are subsequently measured at fair value. The gain or loss on fair value changes and the dividend or interest expenses relating to such financial liability will be recorded in profit or loss.

Changes in fair value of a financial liability designated at fair value through profit or loss due to changes in the Group's own credit risk are recorded in other comprehensive income, and other changes in fair value are stated in profit or loss. Upon derecognition of a financial liability, the cumulative changes in its fair value resulting from changes in own credit risk and previously recognized as other comprehensive income are transferred to retained earnings. The dividend or interest expenses relating to such financial liability are recorded in profit or loss. If the treatment of the impact of changes in such financial liability's own credit risk using the above method will result in or expand the accounting mismatch in gain or loss, the Group will record all the gain or profit (including the amount of impact of own credit risk changes) of the financial liability in profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities other than the financial liabilities arising from the ineligibility of financial assets for derecognition or continuing involvement in the transferred financial assets and loan commitments are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost using the effective interest rate method, with the gains or losses on derecognition or amortization stated in profit or loss.

If the Group and the counterparty modifies or renegotiates the contract, which does not result in derecognition of the financial liability subsequently measured at amortized cost but results in changes in contractual cash flows, the Group recalculates the book value of the financial liability and records relevant gain or loss in profit or loss. The Group recalculates the carrying value of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. Any costs or expenses arising from the modification or renegotiation of the contract adjust the book value of the modified financial liability and are amortized over the remaining term of modified financial liability.

Financial Guarantee Contracts and Loan commitments

Financial guarantee contract means a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument. The financial guarantee contract that is not a financial liability designated at fair value through profit or loss or does not meet the derecognition conditions due to financial asset transfer or a financial liability resulting from continuing involvement in the transferred financial asset, and the commitment to provide loans at a below-market interest rate are measured after initial recognition at the higher of the amount of loss reserve and the initial recognition amount less the cumulative amortization determined pursuant to the income standards.

8.4.2 Derecognition of financial liabilities

A financial liability is derecognized in part or in whole when the current obligation of the financial liability is discharged in part or in whole. If the Group (borrower) signs an agreement with the lender to take a new financial liability instead of the original financial liability and the contract terms on the new and existing financial liabilities are materially different, the Group terminates the original financial liability and recognizes the new financial liability at the same time.

If a financial liability is derecognized in part or in whole, the difference between the book value and paid consideration (including non-cash asset transferred out or the new financial liability assumed) of the derecognized part is recorded in profit or loss.

8.4.3 Equity instrument

Equity instruments are contracts which can prove the Group's remaining equity of the assets after deducting all the liabilities. The Group treats the offering (including refinancing), repurchase, sale or deregistering of equity instruments as equity movements. It does not recognize the movements of equity instruments' fair value. The expenses in relation to equity trading are deducted from the equity.

The Group treats its distribution to equity instrument holders as distribution of profits, and the stock dividend issued does not affect the total equity.

8.5 Derivatives and embedded derivatives

Derivatives include forward foreign exchange, foreign currency swap, interest rate swap and option contracts. Derivatives are initially measured at fair value on the signing date of relevant contract, and subsequently measured at fair value.

In the case of a hybrid contract comprised of embedded derivatives and a host contract that is a financial asset, the Group will account for the hybrid contract in its entirety using the accounting standards for classification of financial assets other than separate the embedded derivatives from the hybrid contract.

If the hybrid contract includes a host contract that is not a financial asset and also meets the following conditions, the Group will separate the embedded derivatives from the hybrid contract and account for them as if they were stand-alone derivatives:

(1) The economic characteristic and risk of the embedded derivatives are not closely related to the economic characteristic and risk of the host contract.

(2) A stand-alone instrument with the same terms and conditions as the embedded derivatives meets the definition of derivatives.

(3) The hybrid contract is not measured at fair value through profit or loss.

If the embedded derivatives are separated from the hybrid contract, the Group will account for the host contract of the hybrid contract in accordance with applicable accounting standards. If the Group cannot reliably measure the fair value of the embedded derivatives in accordance with the terms and conditions on embedded derivatives, the fair value of the embedded derivative instrument will be determined according to the difference between the fair value of hybrid contract and that of host contract. If the fair value of the embedded derivatives still cannot be separately measured on the acquisition date or subsequent balance sheet date after the above method is used, the Group will designate the hybrid contract in its entirety as a financial instrument measured at fair value through profit or loss.

8.6 Offset between financial assets and financial liabilities

Where the Group has a legally enforceable right to offset a recognized financial asset and a recognized financial liability and intends either to settle the asset and the liability on a net basis or to realize the asset and settle the liability simultaneously, the net value after offsetting the financial asset against the financial liability will be stated in the balance sheet. Otherwise, financial assets and financial liabilities shall be presented on the balance sheet separately, instead of offsetting with each other.

8.7 Hedge accounting

The Group designates some financial instruments as hedging tools to manage the risk exposure arising from specific risks. The Group uses the hedge accounting method to deal with the hedges that meet specified conditions. Hedge at the Group is fair value hedge.

At the inception of the hedging relationship, the Group has a formal designation and documentation of the hedging relationship, along with the Group's risk management objective and strategy for executing the hedge. Such documentation indicates hedging instruments, hedged items, nature of hedged risks and hedge effectiveness assessment methods adopted by the Group. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item for the hedged risk. Such hedges are assessed as meeting the hedge effectiveness requirements upon initial designation and in subsequent periods.

The Group will cease to use hedge accounting under any of the following circumstances:

(1) The hedge relationship no longer meets the changed risk management objectives.

(2) The hedging instruments have expired or been sold or the contract has been terminated or exercised.

(3) There is no longer any economic relationship between the hedged item and the hedging instrument, or the impact of credit risk starts to dominate the value changes arising from the economic relationship between the hedged item and hedging instrument.

(4) The hedge relationship no longer meets other conditions for using the hedge accounting method.

If the hedge relationship no longer meets the hedge effectiveness requirements due to hedge ratio but the risk management objective that designates the hedging relationship has not changed, the Group will rebalance the hedging relationship.

Fair value hedge

The Group records gains or losses on hedging instruments in profit or loss. If the hedging instrument is used to hedge not-held-for-trading equity instrument investment measured at fair value through other comprehensive income, the gain or loss on hedging instrument investment is recorded in other comprehensive income.

As for the fair value hedge related to debt instruments measured at amortized cost, the adjustment made to the book value of the hedged item is amortized over the remaining hedge period using the effective interest rate method and recorded in profit or loss. Amortization under the effective interest rate method may commence immediately after the book value adjustment, and shall not be later than the adjustment made for the fair value changes resulting from the termination of the hedged item based on the hedging risk.

If the hedged item is a definite commitment that has not yet been recognized, the cumulative fair value change of such definite commitment due to the hedged risk is recognized as an asset or liability, and the related gains or losses are recorded in profit or loss. Changes in the fair value of hedging instruments are also recorded in profit or loss.

In fair value hedge, if the hedged item is classified as a financial asset investment measured at fair value through other comprehensive income, the gain or loss on its hedged exposure shall be recorded in other comprehensive income, and the fair value is not adjustable as it has been measured at fair value.

9. Financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase

Financial assets purchased under agreements to resell means the money lent by the Group by buying financial assets and then selling them back at a fixed price under the agreements to resell. Financial assets sold under agreements to repurchase means the money borrowed by the Group by selling financial assets and then repurchasing them at a fixed price under the agreements to repurchase.

Financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase are recorded and presented in the balance sheet in the amounts actually paid or received upon occurrence of transaction. In the case of financial assets purchased under agreements to resell, the purchased assets will not be recognized. In the case of financial assets sold under agreements to repurchase, the sold assets will continue to be recognized in balance sheet.

The bid-ask spread of financial assets purchased under agreements to resell and financial assets sold under agreements to repurchase is amortized using effective interest rate method during the transaction period and recognized as "interest income" and "interest expenses" respectively.

10. Long-term equity investments

Control means that the investor has power over the investee, obtains variable return by participating in related activities of the investee and is able to influence its return amount by its power over the investee.

A long-term equity investment is measured initially at cost.

The Group adopts the cost method to calculate its long-term equity investment in subsidiaries. Subsidiaries refer to investees controlled by the Group.

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost. The cost of long-term equity investment will be adjusted upon addition or withdrawal of investment. The investment return for the current period is recognized based on cash dividend or profit announced to be distributed by the investee.

Disposal of long-term equity investment

When the Group disposes of long-term equity investment, it records the difference between its book value and the actual acquisition cost through current profit or loss.

11. Fixed assets

The fixed assets of the Group refer to tangible assets held for rendering of labor service, lease or operating management whose useful life exceeds one accounting year. A fixed asset is recognized only when the economic benefits associated with it will probably flow into the Group and its asset can be reliably measured.

Fixed assets are measured initially at cost. The costs of purchasing a fixed asset include purchase price, relevant taxes and charges, and other expenses that are directly attributable to the fixed asset before it reaches the predetermined usable state. Depreciation of fixed assets will be set aside based on the straight-line method over the useful life starting from the following month after the fixed assets reach their scheduled usable condition. The usable life, estimated residual rate and annual depreciation rate of all categories of fixed assets are shown as follows:

Category	Usable life	Estimated residual rate	Annual depreciation rate
Houses and buildings	20 to 35 years	5%	2.71% – 4.75%
Office supplies and electronic devices	5 years	5%	19.00%
Transportation facilities	5 to 10 years	5%	9.50% – 19.00%

The fixed assets leased by the Group are mainly residential solar PV system equipment, ships, vehicles, machinery and equipment. The Group depreciates assets on a straight-line basis over an estimated useful life of 6 to 30 years, with an estimated net residual rate of 3% to 10%.

A fixed asset is derecognized when it is disposal of or its expected use or when it is no longer expected to generate economic benefit through use of disposal. The balance of disposal income from sale, transfer, retirement or destruction of fixed assets deducting their book value and related taxes and dues shall be recorded through profit or loss.

At least at the end of every accounting year, the Group reviews the useful life, estimated residual value and depreciation methods for the fixed assets, with adjustments made where necessary.

The cost of construction-in-process is measured at actual cost. The actual cost includes all project expenses, capitalized borrowing costs before the project becomes ready for intended use and other relevant expenses incurred during the construction period. Construction-in-process is not depreciated. Construction-in-process is converted into fixed asset when it reaches scheduled usable condition.

12. Intangible assets

Intangible assets refer to recognizable non-monetary assets with no physical form that are owned or controlled by the Group.

Intangible assets are measured initially at cost. For an intangible asset with a limited useful life, its original value will be amortized on a straight-line basis over its estimated useful life starting from the time when it is available for use. Intangible assets with uncertain useful life will not be amortized.

The useful life of intangible assets are as follows:

Category	Usable life
Land use rights	40 to 50 years

At the end of the period, the Group reviews the useful life and amortization method of the intangible asset with a limited useful life. Any changes will be treated as changes in accounting estimation.

13. Repossessed assets

When the loans and advances to customers and interest receivable are repaid by repossession of assets, the repossessed assets are recorded at the sum total of the fair value of the waived debts and the expenses payable for repossession of the assets. When there is any sign showing that the realizable net value of a repossessed asset is lower than its book value, the Group reduces its book value to its realizable value.

Gains or losses from disposal of the repossessed asset are recorded through current profit or loss.

If the repossessed asset is converted for private use, it shall be carried forward by its book balance on the date of transfer. If impairment reserve for the repossessed asset is set aside, the reserve shall also be carried forward.

14. Impairment of non-financial assets

On each balance sheet date, the Group checks the long-term equity investments, fixed assets, construction-in-process, right-of-use assets and intangible assets with a fixed service life for any sign of impairment. If there is any sign of impairment on the asset, the recoverable amount shall be estimated and an impairment test shall be conducted.

The Group estimates the recoverable amount based on a single asset; if it is hard to estimate the recoverable amount of a single asset, that of the asset portfolio where the single asset belongs will be measured. Recoverable amount is determined based on the fair value deducting disposal expense of the asset or asset portfolio and present value of estimated future cash flows of the asset, whichever is higher. If the recoverable amount of the asset is lower than the book value, impairment reserve will be set aside based on the difference and be recorded through current profit or loss. The above impairment loss of assets will not be reversed in the subsequent accounting periods once it is recognized.

15. Long-term prepaid expenses

Long-term deferred expenses are amortized using the straight-line method over a period of approximately 1 to 10 years.

16. Staff remuneration and welfare

Employee Compensation

Employee compensation means any form of remuneration or compensation paid by the Group to the employees in exchange for employee service or employment termination. Employee compensation includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits. The Group recognizes employees' short-term compensation actually incurred as liabilities during the reporting periods when the employees render services and records it through current profit or loss or relevant asset cost. The Group's employee welfare is recorded through current profit or loss or relevant asset cost based on the actual amount upon occurrence. Non-monetary employee welfare will be measured at fair value.

Social Welfare

The Group joins in the social security system for employees established by the government as required, including basic endowment insurance, medical insurance, housing provident fund and other social security systems. During the reporting periods when the employees render services, the social welfare will be recognized as liabilities based on the amount payable and recorded through current profit or loss.

Annuity Plan

In addition to basic endowment insurance, employees of the Bank also participate in the employee retirement benefits plan created by the Bank (hereinafter referred to as "Annuity Plan"). The Bank contributes fund to the Annuity Plan as per a certain percentage of wages, and the contributions are recorded through current profit or loss. The Bank contributes a fixed amount of fund to the Annuity Plan. However, if the Annuity Plan is not sufficient to pay employees' future retirement benefits, the Bank is not obliged to make fund injection.

17. Projected liabilities

If an obligation in connection with contingencies meets the following conditions, the Group will recognize it as a projected liability: (1) The obligation is a current obligation; (2) Performance of the obligation will likely cause outflow of the related economic benefit; and (3) The amount of the obligation can be reliably measured.

On the balance sheet date, factors pertaining to a contingency such as risks, uncertainties and time value of money are taken into account, while the contingent liabilities are initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of time value of money is material, the best estimate is determined by discounting the expected future cash flows.

Where all or partial expenses paid for the liquidation of projected liabilities are expected to be compensated by a third party, the compensation can only be separately recognized as an asset when it is basically confirmed to be recoverable. The recognized compensation amount should not exceed the book value of the projected liabilities.

Allowances for impairment losses on loan commitments and financial guarantee contracts recognized by the Group based on expected credit loss are stated as projected liabilities.

18. Preference shares, perpetual bonds and others financial instruments

The preference shares, perpetual bonds and others financial instruments issued by the Group are taken as equity instruments, provided that the following conditions are met:

(1) The financial instrument does not include delivery of cash or other financial assets to other parties, or any contractual obligation of exchanging financial assets or liabilities with other parties under potentially unfavorable conditions;

(2) Where the financial instrument shall or can be settled with the Group's own equity instruments in the future, (a) in case of a non-derivative instrument, it shall not include any contractual obligation of settlement with the delivery of variable number of the Group's own equity instruments; or (b) in case of a derivative instrument, it can only be settled with fixed number of the Group's own equity instruments exchanging for cash or other financial assets with fixed amount.

Except for other financial instruments that can be classified as equity instruments under the above conditions, financial instruments issued by the Group are classified as financial liabilities.

For preference shares, perpetual bonds and other financial instruments classified as financial liabilities, the interest expenses or dividend distributions are accounted for as borrowing expenses and the gains or losses on their repurchase or redemption are recorded in current profit or loss. Where financial liabilities are measured at amortized cost, relevant transaction expenses are included in the initial measured amount.

For preference shares, perpetual bonds and other financial instruments classified as equity instruments, the interest expenses or dividend distributions are accounted for as the Group's profit distribution, their repurchase or deregistration is accounted for as equity changes and relevant transaction expenses are deducted from equity.

19. Recognition of income

Income refers to total inflow of economic benefits generated in the day-to-day activities of the Group, which will lead to an increase in shareholder's equity and is irrelevant to the capital contributed by shareholders.

The specific accounting policy relating to main activities for which the Group recognizes income is described below:

Net interest income

Except financial instruments measured at fair value through profit or loss, the interest income and expenses on all financial instruments are measured at effective interest rate and stated under "interest income" and "interest expenses" of the consolidated income statement. Interest income on financial instruments measured at fair value through profit or loss is recognized in "investment income".

Net fee and commission income

The Group recognizes the fee and commission income when performing each separate performance obligation, that is, when the "control" of a good or service under a performance obligation is transferred to the customer.

Performance obligation means a promise in a contract that the Group will transfer to the customer a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer. If the contract contains two or more performance obligations, the Group will allocate the transaction price to separate performance obligations (except for discounts and variable consideration) according to the relative proportion of the stand-alone selling price of the goods or services promised by separate performance obligations on the contract commencement date and measure the income according to the transaction price allocated to separate performance obligations.

The stand-alone selling price of the distinct goods or services based on performance obligations is determined at the contract commencement date. The price at which the Group separately sells a commodity or service to similar customers in a similar environment is the best proof to determine the separate price of the commodity or service. If the stand-alone selling price is not directly observable, the Group uses appropriate techniques to estimate the transaction price finally allocated to any performance obligation to reflect the consideration that the Group is expected to be entitled to for transferring goods or services to customers.

A performance obligation that meets any of the following conditions is deemed to be satisfied over time and the relevant revenue is recognized over time:

(1) The customer simultaneously receives and consumes the economic benefits provided by the entity's performance as the entity performs;

(2) The customer controls the work-in-process during the entity's performance;

(3) The Group's performance does not create a good or service with an alternative use, and the Group has an enforceable right to payment for performance completed to date over the entire contract term.

Otherwise, the performance obligation is deemed to be satisfied at a point in time.

For the performance obligation to be satisfied over time, the Group recognizes revenue over time according to the progress of performance. The progress of satisfying the performance obligation is measured using the output approach. This approach determines the progress of performance based on directly measuring the value of service transferred to customer relative to the value of the residual service under contract, which best reflects the Group's performance in transferring the control of service.

For the performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time when the Group acquires control of the relevant good or service. In judging whether the customer has acquired the control of a good or service or not, the Group will consider the following signs:

(1) The Group has a present right to payment for the good or service;

(2) The Group has transferred physical possession of the good to the customer;

(3) The Group has transferred the legal title to the good or the significant risks and rewards related to the ownership of the asset;

(4) The customer has accepted the good or service.

When another party is involved in providing service to a customer, the Group will determine whether the nature of its promise is a performance obligation to provide the specified service itself (i.e. the Group is a principal) or to arrange for service to be provided by another party (i.e. the Group is an agent).

The Group is a principal if it has control of a service before that service is transferred to a customer: The Group is an agent if the performance obligation is to arrange for service to be provided by another party. In such a circumstance, the Group will control the specified service provided by another party before the service is transferred to the customer. If the Group acts as an agent, the Group recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified service to be provided by another party.

20. Government subsidies

Government subsidies refer to the monetary and non-monetary assets that the Group obtains free-of-charge from the Government. Government subsidies can be confirmed when they meet the attached conditions and can be received.

If such subsidies are monetary assets, they shall be measured at the received or receivable amount. If such subsidies are non-monetary assets, they shall be measured at fair value or, if their fair value cannot be reliably obtained, at nominal value.

The government subsidies related to assets are determined as deferred income, and recorded through current profit or loss over the whole lease period by phase.

The government subsidies related to benefit, if used for covering costs and expenses or losses to be incurred in subsequent periods, shall be recognized as deferred income, and recorded in profit or loss or written off against relevant costs during the period of recognizing relevant costs and expenses or losses; directly recorded in profit or loss. The government subsidies related to benefit, if used for covering the already incurred costs and expenses or losses, shall be directly recorded in profit or loss.

For relating to the Group's daily activities, the government subsidies shall be accounted into other incomes in the light of the economic nature of business. Otherwise, they shall be accounted into non-operating income and expenditure.

Where an already recognized government subsidy needs to be returned, the book balance of related deferred income shall be written down if there is an outstanding deferred income, and the exceeding part shall be accounted through profit or loss; if not, it shall be accounted through profit or loss directly.

21. Income tax

Income tax expense includes the current income tax and the deferred income tax.

Current income tax

On the balance sheet date, the income tax liabilities (or assets) that are formed during the current and previous periods shall be measured based on the amount of income tax that should be paid (or rebated) based on the tax law. The taxable income, namely the basis of current tax calculation, is obtained after the pre-tax accounting profit of the period is adjusted pursuant to the tax laws.

Deferred income tax

For the difference between the book value and the tax base of some assets and liabilities and the temporary difference between the book value and tax base of items that are not recognized as assets and liabilities but whose tax base can be determined according to the tax law, the deferred income tax assets and liabilities will be recognized based on the balance sheet liability method.

Generally, the relevant deferred income tax is recognized for all temporary differences. With regard to deductible temporary differences, however, the Group recognizes the relevant deferred income tax assets up to the amount of taxable income that may be obtained in the future to offset the deductible temporary difference. In addition, for temporary differences relating with the initial recognition of goodwill, or the initial recognition of assets or liabilities generated from a single transaction that are not a business combination and that will not affect the accounting profit and taxable income (or deductible losses), relevant deferred income tax asset or liabilities will not be recognized.

For deductible losses that could be carried forward to the following years and tax credits, the Group recognizes relevant income tax assets within the limit of future taxable income that is very likely to be obtained by the Group to offset deductible losses and tax credits.

The Group recognizes the deferred income tax liabilities arising from the taxable temporary differences in connection with subsidiaries, unless the Group can control the time for the reversal of such temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. For deductible temporary differences in connection with subsidiaries, the Group recognizes the deferred income tax assets only when the temporary differences are likely to be reversed in the foreseeable future and taxable income is likely to be obtained in the future to offset deductible temporary difference.

On the balance sheet date, the deferred income tax assets and liabilities are measured based on the tax rate in the expected period to collect the assets or repay the liabilities, according to the tax law.

Current income tax and deferred income tax, except adjusted goodwill due to business combination or equity transactions or matters recognized directly in shareholder's equity, are stated in profit or loss as income tax expense or gain.

On the balance sheet date, the book value of the deferred income tax assets will be reviewed. In case that the Group is not likely to obtain adequate amount of taxable income in the future to offset the deferred income tax assets, the book value of the deferred income tax assets will be written down. When the Group is able to obtain an adequate amount of taxable income, the written-down amount will be reversed.

Offset of income tax

When the Group has the statutory right to settle on a net basis, or intends either to settle on a net basis or realize assets and repay liabilities at the same time, its current income tax assets and liabilities will be presented by the net amount after offset.

The deferred income tax assets and liabilities of the Group will be presented by the net amount after offset in the case that the Group has the statutory right to settle the current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income tax levied from a single subject of taxation by a single taxation authority or related to the income tax levied from different subjects of taxation, but the subjects of taxation involved intend to settle the current income tax assets and liabilities on a net basis or realize assets and repay liabilities at the same time during a future period in which a significant deferred income tax asset and liability is reversed.

22. Fiduciary business

Generally, the Group manages assets on behalf of customers as the agent, trustee or other fiduciary capacities in accordance with the agent agreement concluded with securities investment fund, social security fund, insurance company, trust company and other institutions. The Group only provides services and charges fees according to the agent agreement and does not take risks and interests relating with the agency assets. The agency assets will not be recognized in the balance sheet of the Group.

The Group also engages in entrusted loans. The Group grants loans to borrowers as an intermediary based on the borrower, purpose, amount, interest rate and repayment plan determined by the principal, in accordance with the entrusted loan contract. The Group is responsible for granting and assisting in collecting entrusted loans and charges fees for services provided, but it does not take risks and interests relating with the entrusted loans. The entrusted loans and entrusted loan assets will not be recognized in the balance sheet of the Group.

23. Leasing

The Group assesses whether a contract is or contains a lease at the contract commencement date. A contract is or contains a lease if it conveys the right to control the use of an identified asset or identified assets for a certain period of time in exchange for consideration.

As the lessee

Right-of-use assets

At the lease commencement date, the Group recognizes its right to use the underlying asset during the lease term as the right-of-use asset and initially measures it at cost. Costs of right-of-use assets include: (1) the amount of the initial measurement of the lease liability; (2) any payments made at, or before, the commencement date of the lease, less any lease incentives received; (3) any initial direct costs incurred by the Group as the lessee; and (4) an estimate of any costs to be incurred in dismantling and removing the underlying asset, or restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Where the Group re-measures lease liabilities due to changes in lease payments, the carrying amount of the right-of-use asset is adjusted accordingly.

Subsequently, the Group depreciates the right-of-use assets on a straight-line basis. If it is reasonably certain that the ownership of the underlying asset will be transferred to the lessee upon expiration of the lease term, the Group will depreciate the right-of-use asset over the remaining useful life of the underlying asset. If it is not reasonably certain that the ownership of the underlying asset will be transferred to the lessee upon expiration of the lease term, the Group will depreciate the right-of-use asset over the lease term or the remaining useful life of the underlying asset, whichever is shorter.

Lease liabilities

At the lease commencement date, the Group recognizes the present value of unpaid lease payments as lease liability, except for short-term leases and low-value asset leases. Lease payments include fixed payments and in-substance fixed payments net of lease incentives, variable lease payments depending on indexes or ratios and expected payables based on security balances, and also include the strike price of the purchase option or amounts payable to exercise the option to terminate the lease, provided that the Group is reasonably sure that the option will be exercised or that the lease term suggests that the Group will exercise the option to terminate the lease. The variable lease payments not included in the measurement of lease liability are included in the profit or loss when incurred.

Where the amount of in-substance fixed payments changes, the estimated payable amount of the residual value guarantees changes, the index or ratio used to determine the lease payment amount changes or the assessment result or actual exercise of the purchase option, renewal option or termination option changes, the Group will re-measure the lease liability at the present value of the changed amount of lease payments.

Short-term leases and low-value asset leases

At the commencement date of the lease term, the Group identifies a lease with a lease term of 12 months or less and containing no purchase options as short-term lease, and identifies a lease where the underlying asset has a low value when new as a low-value asset lease. The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases or low-value asset leases, and amortizes their rental in each period over the lease term on a straight-line basis and recognizes it in profit or loss.

As the lessor

Finance lease is a type of lease that transfers substantially all risks and rewards incident to the ownership of a leased asset at the lease commencement date. Any lease other than a financial lease is operating lease.

As the lessor in a financial lease, the Group recognizes the financial lease receivable for the financial lease and derecognize financial lease assets at the commencement date of the lease term. Upon initial measurement of the financial lease receivable, the Group records the net investment in the lease as the carrying value of the financial lease receivable. The net investment in the lease comprises the unguaranteed residual value and the present value of the outstanding lease payments discounted at the interest rate implicit in the lease, including initial direct costs. The Group calculates and recognizes the interest income in each period over the lease term according to the fixed periodic interest rate. The variable lease payments not included in the measurement of the net investment in the lease are stated the profit or loss when incurred.

As the lessor in an operating lease, the Group still presents the leased asset as the Group's asset. The rental income from operating lease is amortized over each period on a straight-line basis and recognized in profit or loss. Contingent rentals are recognized in profit or loss when incurred.

Sale and lease-back

The Group assesses and determines whether the asset transfer in a sale and lease-back transaction is a sale according to Note IV-19.

As the lessor

Where the asset transfer in a sale and lease-back transaction belongs to sales, the Group accounts for the asset purchase as the lessor and accounts for the asset leasing pursuant to the aforesaid rules. Where the asset transfer in a sale and leaseback transaction is not a sale, the Group as the lessor does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and accounts for the financial asset according to Note IV-8.

24. Debt restructuring

As the creditor

Where the debt restructuring takes the form of debt service with non-cash asset, the Group initially recognizes the asset other than transferred financial asset at cost. Costs include the fair value of waived debts and the tax, transport, handling, insurance and other costs incurred in bringing the asset to its present location and condition and directly attributable to the asset. The difference between fair value and book value of waived debts is recognized into current profit or loss.

Where the debt restructuring takes the form of modifying other terms and conditions, the Group recognizes and measures the restructured debts in accordance with the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

Where debt restructuring takes the form of debt service with multiple assets or a combination of methods, the received financial assets and restructured debt will be recognized and measured first in accordance with the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. Then the fair value of waived debt net of the recognized amount of financial assets and restructured debt will be distributed in proportion to assets other than received financial assets, and on this basis the costs of assets are recognized respectively using the foregoing method. The difference between fair value and book value of waived debts is recognized into current profit or loss.

25. Determining method and selecting basis of materiality criteria

The Group assesses the materiality of financial information in terms of the nature and amount of an item in line with the specific environment. In determining the materiality of the nature of an item, the Group mainly considers whether the item is a day-to-day activity in nature and whether it has a significant effect on the Group's financial position, operating results and cash flows. In assessing the materiality of the amount of an item, the Group considers the amount of the item as a percentage of total assets, total liabilities, total owners' equity, total operating income, total operating expenses, net profit, total comprehensive income or the amount of another directly related item, or as a percentage of the amount of items listed separately in the corresponding statement.

V. MAJOR JUDGMENTS MADE IN ACCOUNTING POLICY APPLICATION AND KEY ASSUMPTIONS AND UNCERTAINTIES ADOPTED IN ACCOUNTING ESTIMATION

During the process of applying the accounting policies described in Note IV, the Group needs to make judgments, estimates and assumptions on the book value of statement items that cannot be measured accurately due to the inherent uncertainties of the operating activities. These judgments, estimates and assumptions are made based on the historical experience of the Management of the Group and other relevant factors, and therefore the actual results may be different from the estimates of the Group.

The Group regularly checks the foresaid judgments, estimates and assumptions on an ongoing basis. If the change in accounting estimates only has impact on the current period, it will be recognized in the current period; if it has impact on both the current period and future periods, it will be recognized in the current period and future periods.

On the balance sheet date, the Group needs to make judgments, estimates and assumptions on the amount of items in the financial statements in the following fields:

1. Classification of financial assets

Major judgments the Group makes in classification of financial assets include the analysis of business models and contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of financial asset portfolio. Considerations include the way of evaluating and reporting to key management personnel the performance of financial assets, risks affecting the performance of financial assets and their management methods and the way of remunerating relevant business management personnel.

The Group makes the following major judgments in assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangements: whether the principal undergoes changes in time distribution or amount during the life due to prepayment; whether the interest only includes the consideration for time value of money, credit risks, other basic lending risks, costs and profits. For example, whether the prepayment amount reflects the outstanding principal and interest on outstanding principal and the reasonable compensation for early termination of contract.

2. Fair value of financial instruments

As for the financial instruments without active market, the Group adopts various valuation methods to determine their fair value. These methods include the discounted cash flow model, option pricing model and market comparison method. The valuation models developed by the Group use as much market information as possible and use as less information specific to the Group as possible. However, the Management needs to estimate observable market information that is unavailable. These changes in related assumptions will influence the fair value of the financial instruments. The Group regularly reviews the foregoing estimates and assumptions and makes adjustments where necessary.

3. Measurement of credit impairment loss

i. Significant increase in credit risk: The impairment allowances are recognized in the ECL model based on the 12-month ECL in Stage 1 and based on the lifetime ECL in Stage 2 and Stage 3. If the credit risk has increased significantly since initial recognition, the asset will move to Stage 2; if the asset is credit-impaired, it will move to Stage 3 (not purchased or originated credit-impaired asset). In assessing whether the credit risk of the asset increases significantly, the Group will consider qualitative and quantitative forward-looking information that is both reasonable and supportable;

ii. Grouping of assets with similar credit risks characteristics: When ECL is measured on a portfolio basis, financial instruments are grouped on the basis of similar risk characteristics. The Group keeps assessing whether these financial instruments maintain similar credit risk characteristics to ensure financial instruments will be properly reclassified once credit risk characteristic change. This may lead to the creation of a new asset portfolio or reclassification of assets to an existing asset portfolio to better reflect the similar credit risk characteristic of such assets;

iii. Use of models and assumptions: The Group uses different models and assumptions to assess the fair value and ECL of a financial asset. By making judgment, the Group determines the model most suitable for each financial asset and the assumptions used by the model, including assumptions related to key drivers of credit risk;

iv. Forward-looking information: In assessing ECL, the Group uses reasonable and supportable forward-looking information that is based on assumptions regarding future trends in different economic drivers and how these economic drivers influence each other;

v. Probability of default: PD is an important input for ECL. PD is an estimate of the likelihood of default in a given future period. Its calculation involves historical data, assumptions and future expectations;

vi. Loss given default: LGD is an estimate of the loss caused by default. It is based on the difference between contractual cash flows and expected cash flows to be received by the borrower, taking into account the cash flows and overall credit enhancement generated by collateral.

4. Judgment on control over structured entity

Where the Group serves as the manager or investor of the structured entity, it is necessary to assess whether the Group is the principal or agent so as to decide whether it has control over the structured entity. The Group decides whether it is the principal or agent based on such factors as its decision-making scope as the manager or investor, power of other parties, compensation of management services and the risk exposure of variable income.

5. Derecognition of financial assets

The Group transfers financial assets in its normal operating activities through various methods such as conventional transactions, asset securitization, and repurchase agreements. While determining whether the transferred financial assets can be derecognized entirely, the Group needs to make significant judgments and estimations.

Where financial assets are transferred to special-purpose entities through structured transactions, the Group shall analyze and assess whether its relations with these entities virtually indicate that it exercises the control power over these entities, thus entailing the combination. The decision on combination will determine whether the analysis for derecognition shall occur on the level of combined entities or single entities from which financial assets are transferred.

The Group needs to analyze the rights and obligations relating to the contracted cash flow arising from the transfer of financial assets, and then confirms whether the conditions for derecognition can be met with reference to the following basis:

(1) Where the contractual rights for collecting cash flows of the said financial asset are terminated;

(2) Where the financial asset has been transferred and nearly all of the risks and returns in connection with the ownership of the financial asset have been shifted to the transferee;

(3) Where the financial asset has been transferred and the Group has not retained control over the financial asset, though it does not transfer or retain almost all of the risks and returns in connection with the ownership of the financial asset.

6. Income tax

In the normal operating activities of the Group, there is uncertainty in the ultimate tax treatment and calculation of some transactions. Whether some items can be disbursed before tax is subject to the approval of the competent taxation authorities. If there is any difference between the ultimate determination result and the initially estimated amount of these tax items, the difference will pose impact on the current income tax and deferred income tax for the ultimate recognition period. At the same time, the Management of the Group needs to estimate the amount of deferred income tax assets that can be reversed in the future.

VI. MAJOR ITEMS

(i) Enterprise income tax

All taxable entities of the Group are obligated to pay corporate income tax. The Chinese corporate income tax rate of 25% is applicable to the Bank and its subsidiary Huaxia Wealth Management Co., Ltd. Its subsidiary Huaxia Financial Leasing Co., Ltd. is subject to a preferential corporate income tax rate of 15%.

(ii) VAT

Since 1 May 2016, the Group has paid VAT instead of business tax, with the basis of taxation being assessable amounts. The tax payable under the general tax computation method shall be calculated by subtracting deductible input taxes from the result of multiplying the assessable income by the applicable tax rate. The tax payable under the simple tax computation method shall be calculated by multiplying the assessable transaction or sales amount by the applicable tax rate. The value added tax rates applicable to the Group are 6%, 9% and 13%.

(iii) Urban maintenance and construction tax

The Group calculates and pays the urban maintenance and construction tax at 5% or 7% of VAT.

(iv) Education fee and surcharges

The Group calculates and pays the education fee and surcharges at 3% of VAT.

VII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries acquired through establishment or investment as at 31 December 2025 are as follows:

Name	Date of establishment	Place of registration	Registered capital/ Paid-in capital	Shareholding percentage	Voting rights percentage	Minority interests	Business nature
			RMB1 million	(%)	(%)	RMB1 million	
Huaxia Financial Leasing Co., Ltd.	2013	Kunming	13,000	82.00	82.00	4,054	Financial leasing
Huaxia Wealth Management Co., Ltd.	2020	Beijing	3,000	100.00	100.00	–	Asset management

On 26 June 2025, the Bank received an approval from the Yunnan Bureau of the National Financial Regulatory Administration ("Yunnan Bureau") for the acquisition of a 30% equity interest in Kunming Chenggong Hua Xia Rural Bank LLC (formerly known as Kunming Chenggong Hua Xia Rural Bank Co., Ltd, "Chenggong Rural Bank") and establishment of a sub-branch, and holds a 100% interest in Chenggong Rural Bank after the acquisition. This transaction led to a decrease of RMB23 million in minority interests in the consolidated financial statements. On 4 July 2025, Chenggong Rural Bank got Yunnan Bureau's approval to dissolve, and the Bank took over all the assets, liabilities, rights and obligations of Chenggong Rural Bank.

On 11 November 2025, the Bank received an approval from the Sichuan Bureau of the National Financial Regulatory Administration ("Sichuan Bureau") for the acquisition of a 30% equity interest in Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. ("Jiangyou Rural Bank") and establishment of a branch office, and holds a 100% interest in Jiangyou Rural Bank after the acquisition. This transaction led to a decrease of RMB52 million in minority interests in the consolidated financial statements. On 21 November 2025, Jiangyou Rural Bank got Sichuan Bureau's approval to dissolve, and the Bank took over all the assets, liabilities, rights and obligations of Jiangyou Rural Bank.

For details on structured entities included in consolidated scope of the Group, please see Note XIII Structured Entities.

VIII. NOTES TO MAJOR ITEMS IN THE FINANCIAL STATEMENTS

1. Cash on hand and balances with central banks

		The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash on hand		1,849	2,046	1,849	2,042
Statutory reserves with central banks	(1)	124,548	122,457	124,548	122,160
Excess reserves with central banks	(2)	53,313	40,745	53,313	40,690
Other balances with central banks	(3)	1,038	2,451	1,038	2,450
Total		180,748	167,699	180,748	167,342

(1) The Group deposits statutory reserves for general deposits with PBOC as required. The percentage of reserves is specified below:

	31 December 2025	31 December 2024
RMB:		
The Bank	5.50%	6.00%
Huaxia Financial Leasing Co., Ltd.[(i)]	–	5.00%
Kunming Chenggong Hua Xia Rural Bank LLC	N/A	5.00%
Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.	N/A	5.00%
Foreign currency:	4.00%	4.00%

(i) PBOC announced to lower reserve requirements on financial leasing companies by 5 percentage points in May 2025.

(2) Excessive reserves with the central bank refer to the funds placed by the Group with the central bank in addition to the statutory reserves to ensure the normal withdrawal of deposits and business operations.

(3) Other funds placed with the central bank are deemed as fiscal deposits and exchange risk reserve at the central bank, and PBOC pays no interest for the fiscal deposits and exchange risk reserve.

2. Due from banks

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Due from domestic banks and other financial institutions	25,304	18,656	18,756	10,666
Due from overseas banks and other financial institutions	4,590	2,537	4,590	2,537
Accrued interest	25	–	1	–
Less: Allowance for impairment losses	(167)	(145)	(167)	(145)
Book value of due from banks and other financial institutions	**29,752**	**21,048**	**23,180**	**13,058**

As at 31 December 2025, the balance of allowances for impairment losses on the due from banks of the Group and the Bank classified into Stage 3 was RMB5 million (31 December 2024: RMB5 million). All others were in Stage 1. In 2025 and 2024, no stage transfer occurred to the allowance for impairment losses on the due from banks of the Group and the Bank.

3. Placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Placements with domestic banks and other financial institutions	633	–	–	–
Placements with overseas banks and other financial institutions	984	4,237	984	4,237
Placements with other domestic financial institutions	79,912	60,197	80,213	60,197
Accrued interest	72	78	72	78
Less: Allowance for impairment losses	(41)	(43)	(41)	(43)
Book value of placements with banks and other financial institutions	**81,560**	**64,469**	**81,228**	**64,469**

As at 31 December 2025, the balance of allowances for impairment losses on the placements with banks and other financial institutions of the Group and the Bank classified into Stage 3 was RMB30 million (31 December 2024: RMB30 million). All others were in Stage 1. In 2025 and 2024, no stage transfer occurred to the allowance for impairment losses on the placements with banks and other financial institutions of the Group and the Bank.

4. Derivative financial instruments

Non-hedging instruments:

	The Group and the Bank 31 December 2025		
		Fair value	
	Contractual/ nominal principal	Assets	Liabilities
Foreign exchange forwards	29,714	136	239
Foreign exchange swaps	779,009	4,795	4,672
Interest rate swaps	963,083	1,076	1,036
Option contracts	287,980	474	432
Credit risk mitigation warrants	320	–	5
Total		6,481	6,384

	The Group and the Bank 31 December 2024		
		Fair value	
	Contractual/ nominal principal	Assets	Liabilities
Foreign exchange forwards	25,955	473	192
Foreign exchange swaps	1,273,325	18,207	18,046
Interest rate swaps	227,125	1,052	1,171
Option contracts	175,469	293	259
Credit risk mitigation warrants	500	–	5
Total		20,025	19,673

Hedging instruments:

Fair value hedge

The Group uses fair value hedge to avoid the impact of changes in the fair value of financial assets caused by changes in market interest rates. Interest rate swap is used as a hedging instrument for interest rate risk of financial assets. The hedging instruments designated by the Group and the Bank included in the above derivative financial instruments are as follows:

	The Group and the Bank		
	31 December 2025		
		Fair value	
	Contractual/ nominal principal	Assets	Liabilities
Derivatives designated as fair value hedge:			
Interest rate swaps	16,748	165	44

	The Group and the Bank		
	31 December 2024		
		Fair value	
	Contractual/ nominal principal	Assets	Liabilities
Derivatives designated as fair value hedge:			
Interest rate swaps	18,508	32	181

Hedged items are fixed-rate bonds invested in by the Group, which are included in the corporate bonds, financial institution bonds and government bonds in Note VIII-9 Other Debt Investments.

The invalid hedge recognized in the loss/gain on changes in fair value in 2025 and 2024 was insignificant.

5. Financial assets purchased under agreements to resell

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
By collateral type:				
Bonds	69,339	25,898	67,750	21,472
Bills	19,621	5,779	19,621	5,779
Accrued interest	28	19	28	19
Less: Allowance for impairment losses	(307)	(307)	(307)	(307)
Book value of financial assets purchased under agreements to resell	88,681	31,389	87,092	26,963

As at 31 December 2025, the balance of allowances for impairment losses on the placements with banks and other financial institutions of the Group and the Bank classified into Stage 3 was RMB306 million (31 December 2024: RMB306 million). All others were in Stage 1. In 2025 and 2024, no stage transfer occurred to the allowance for impairment losses on the placements with banks and other financial institutions of the Group and the Bank.

6. Loans and advances to customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Loans and advances to customers measured at amortized cost [1]	2,474,591	2,284,118	2,350,494	2,164,517
Less: Allowance for impairment losses	(57,101)	(61,327)	(51,025)	(54,980)
Sub-total	2,417,490	2,222,791	2,299,469	2,109,537
Loans and advances to customers measured at fair value through other comprehensive income [2]	92,075	82,199	92,075	82,199
Accrued interest	8,851	8,366	8,762	8,362
Total	2,518,416	2,313,356	2,400,306	2,200,098

(1) The loans and advances to customers measured at amortized cost are distributed as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Corporate loans and advances to customers	1,775,817	1,562,091	1,666,388	1,451,550
Of which: Loans	1,730,439	1,538,106	1,621,010	1,427,565
Discounting	45,378	23,985	45,378	23,985
Personal loans and advances to customers	698,774	722,027	684,106	712,967
Of which: Residential mortgages	319,293	318,894	319,293	318,836
Credit Cards	151,086	169,284	151,086	169,284
Others	228,395	233,849	213,727	224,847
Total loans and advances to customers	2,474,591	2,284,118	2,350,494	2,164,517
Less: Allowance for impairment losses on loans and advances to customers	(57,101)	(61,327)	(51,025)	(54,980)
Of which: 12-month ECL	(15,446)	(17,030)	(12,406)	(14,712)
Lifetime ECL	(41,655)	(44,297)	(38,619)	(40,268)
Total	2,417,490	2,222,791	2,299,469	2,109,537

(2) The loans and advances to customers measured at fair value through other comprehensive income are distributed as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Corporate loans and advances to customers				
Of which: Loans	39,039	30,129	39,039	30,129
Discounting	53,036	52,070	53,036	52,070
Total	92,075	82,199	92,075	82,199

(3) The loans and advances to customers are presented as follows by assessment method:

	The Group			
31 December 2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total loans and advances to customers measured at amortized cost	2,338,659	85,264	50,668	2,474,591
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(15,446)	(11,961)	(29,694)	(57,101)
Net loans and advances measured at amortized cost	2,323,213	73,303	20,974	2,417,490
Loans and advances to customers measured at fair value through other comprehensive income	92,075	–	–	92,075
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(54)	–	–	(54)

	The Group			
31 December 2024	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total loans and advances to customers measured at amortized cost	2,156,073	85,119	42,926	2,284,118
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(17,030)	(15,939)	(28,358)	(61,327)
Net loans and advances measured at amortized cost	2,139,043	69,180	14,568	2,222,791
Loans and advances to customers measured at fair value through other comprehensive income	82,199	–	–	82,199
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(51)	–	–	(51)

31 December 2025	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total loans and advances to customers measured at amortized cost	2,224,808	76,342	49,344	2,350,494
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(12,406)	(9,702)	(28,917)	(51,025)
Net loans and advances measured at amortized cost	2,212,402	66,640	20,427	2,299,469
Loans and advances to customers measured at fair value through other comprehensive income	92,075	–	–	92,075
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(54)	–	–	(54)

31 December 2024	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total loans and advances to customers measured at amortized cost	2,048,530	74,573	41,414	2,164,517
Less: Allowance for impairment losses on loans and advances to customers measured at amortized cost	(14,712)	(12,969)	(27,299)	(54,980)
Net loans and advances measured at amortized cost	2,033,818	61,604	14,115	2,109,537
Loans and advances to customers measured at fair value through other comprehensive income	82,199	–	–	82,199
Allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	(51)	–	–	(51)

(4) Changes in allowance for impairment losses on loans and advances to customer measured at amortized cost:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2025	17,030	15,939	28,358	61,327
Transfer to Stage 1	1,231	(1,142)	(89)	–
Transfer to Stage 2	(767)	848	(81)	–
Transfer to Stage 3	(302)	(4,711)	5,013	–
Charge/(reversal) for the year[1]	(1,743)	1,027	23,439	22,723
Recovery for the year	–	–	5,841	5,841
Transfer-out due to increase of present value	–	–	(746)	(746)
Write-offs and transfer-out for the year	–	–	(32,037)	(32,037)
Change in exchange rate	(3)	–	(4)	(7)
31 December 2025	15,446	11,961	29,694	57,101

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2024	17,047	15,800	28,740	61,587
Transfer to Stage 1	912	(838)	(74)	–
Transfer to Stage 2	(685)	1,187	(502)	–
Transfer to Stage 3	(395)	(3,147)	3,542	–
Charge for the year[1]	150	2,936	22,760	25,846
Recovery for the year	–	–	4,319	4,319
Transfer-out due to increase of present value	–	–	(819)	(819)
Write-offs and transfer-out for the year	–	–	(29,613)	(29,613)
Change in exchange rate	1	1	5	7
31 December 2024	17,030	15,939	28,358	61,327

In 2025, the Group recorded RMB24,936 million (2024: RMB24,383 million) in loans and advances to customers (excluding credit cards) transferred from Stage 1 to Stage 2, RMB3,841 million (2024: RMB6,984 million) in loans and advances to customers (excluding credit cards) transferred from Stage 2 to Stage 1 and RMB16,505 million (2024: RMB10,857 million) in loans and advances to customers (excluding credit cards) transferred from Stage 2 to Stage 3.

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2025	14,712	12,969	27,299	54,980
Transfer to Stage 1	881	(791)	(90)	–
Transfer to Stage 2	(719)	801	(82)	–
Transfer to Stage 3	(303)	(4,363)	4,666	–
Charge/(reversal) for the year[1]	(2,189)	1,085	23,401	22,297
Recovery for the year	–	–	5,770	5,770
Transfer-out due to increase of present value	–	–	(726)	(726)
Write-offs and transfer-out for the year	–	–	(31,328)	(31,328)
Change in exchange rate	(2)	–	(4)	(6)
Others	26	1	11	38
31 December 2025	12,406	9,702	28,917	51,025

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2024	15,751	12,072	27,156	54,979
Transfer to Stage 1	495	(421)	(74)	–
Transfer to Stage 2	(657)	1,116	(459)	–
Transfer to Stage 3	(395)	(3,067)	3,462	–
Charge/(reversal) for the year[1]	(483)	3,268	23,324	26,109
Recovery for the year	–	–	4,258	4,258
Transfer-out due to increase of present value	–	–	(814)	(814)
Write-offs and transfer-out for the year	–	–	(29,559)	(29,559)
Change in exchange rate	1	1	5	7
31 December 2024	14,712	12,969	27,299	54,980

(1) Including new loans, outstanding loans, model/risk parameter adjustments and charge/(reversal) caused by stage shift.

In 2025, the Bank recorded RMB23,453 million (2024: RMB22,561 million) in loans and advances to customers (excluding credit cards) transferred from Stage 1 to Stage 2, RMB2,398 million (2024: RMB2,942 million) in loans and advances to customers (excluding credit cards) transferred from Stage 2 to Stage 1 and RMB15,479 million (2024: RMB10,551 million) in loans and advances to customers (excluding credit cards) transferred from Stage 2 to Stage 3.

7. Held-for-trading financial assets

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Held-for-trading financial assets:				
Government bonds	111,081	21,889	75,053	20,122
Bonds of public entities and quasi-governments	29,363	4,152	9,209	2,917
Bonds of financial institutions	16,111	21,050	9,954	10,681
Corporate bonds	22,978	50,987	9,135	40,391
Certificates of deposit with banks and other financial institutions	7,006	7,439	7,006	5,013
Fund investments	1,388	1,314	1,388	1,314
Other investments measured at fair value through profit or loss:				
Asset management plan of financial institutions	380	29,005	152,899	169,123
Fund investments	279,954	296,661	279,231	295,729
Beneficiary rights of assets and others	4,469	4,638	20,097	7,820
Sub-total	472,730	437,135	563,972	553,110
Accrued interest	998	859	998	859
Total	473,728	437,994	564,970	553,969

8. Debt investments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds	293,386	306,400	281,541	298,563
Bonds of public entities and quasi-governments	290,211	293,846	152,628	127,977
Bonds of financial institutions	1,106	2,880	193	1,829
Corporate bonds	169,307	159,504	162,635	152,959
Asset management plan of financial institutions	75,720	90,808	75,720	90,808
Debt financing plans	200	15,428	200	15,428
Beneficiary rights of assets and others	38,764	28,182	38,764	27,452
Sub-total	868,694	897,048	711,681	715,016
Accrued interest	8,630	12,914	8,593	10,120
Less: Allowance for impairment losses	(10,127)	(11,726)	(9,941)	(11,450)
Including: 12-month ECL	(545)	(579)	(545)	(579)
Lifetime ECL	(9,582)	(11,147)	(9,396)	(10,871)
Total	867,197	898,236	710,333	713,686

Credit risk and expected credit loss of bond investments:

	The Group 31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total debt investment	847,932	2,298	18,464	868,694
Accrued interest	8,622	8	–	8,630
Less: Allowance for impairment losses	(545)	(215)	(9,367)	(10,127)
Book value of debt investments	856,009	2,091	9,097	867,197

	The Group 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total debt investment	872,770	3,131	21,147	897,048
Accrued interest	12,903	11	–	12,914
Less: Allowance for impairment losses	(579)	(327)	(10,820)	(11,726)
Book value of debt investments	885,094	2,815	10,327	898,236

	The Bank 31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total debt investment	691,819	1,398	18,464	711,681
Accrued interest	8,586	7	–	8,593
Less: Allowance for impairment losses	(545)	(29)	(9,367)	(9,941)
Book value of debt investments	699,860	1,376	9,097	710,333

	The Bank 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Total debt investment	691,638	2,231	21,147	715,016
Accrued interest	10,111	9	–	10,120
Less: Allowance for impairment losses	(579)	(51)	(10,820)	(11,450)
Book value of debt investments	701,170	2,189	10,327	713,686

Changes in allowance for impairment losses on debt investments are as follows:

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2025	579	327	10,820	11,726
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(2)	65	(63)	–
Transfer to Stage 3	–	(18)	18	–
Charge/(reversal) for the year	(32)	(160)	536	344
Recovery for the year	–	–	141	141
Transfer-out due to increase of present value	–	–	(835)	(835)
Write-offs and transfer-out for the year	–	–	(1,246)	(1,246)
Effect of exchange rate	–	1	(4)	(3)
31 December 2025	545	215	9,367	10,127

	The Group			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2024	736	1,067	11,101	12,904
Transfer to Stage 1	73	(73)	–	–
Transfer to Stage 2	(1)	1	–	–
Transfer to Stage 3	–	(66)	66	–
Charge/(reversal) for the year	(214)	(603)	1,762	945
Transfer-out due to increase of present value	–	–	(991)	(991)
Write-offs and transfer-out for the year	–	–	(1,125)	(1,125)
Effect of exchange rate	(15)	1	7	(7)
31 December 2024	579	327	10,820	11,726

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2025	579	51	10,820	11,450
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(2)	65	(63)	–
Transfer to Stage 3	–	(18)	18	–
Charge/(reversal) for the year	(32)	(70)	536	434
Recovery for the year	–	–	141	141
Transfer-out due to increase of present value	–	–	(835)	(835)
Write-offs and transfer-out for the year	–	–	(1,246)	(1,246)
Effect of exchange rate	–	1	(4)	(3)
31 December 2025	545	29	9,367	9,941

	The Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2024	736	757	11,101	12,594
Transfer to Stage 1	73	(73)	–	–
Transfer to Stage 2	(1)	1	–	–
Transfer to Stage 3	–	(66)	66	–
Charge/(reversal) for the year	(214)	(569)	1,762	979
Transfer-out due to increase of present value	–	–	(991)	(991)
Write-offs and transfer-out for the year	–	–	(1,125)	(1,125)
Effect of exchange rate	(15)	1	7	(7)
31 December 2024	579	51	10,820	11,450

9. Other debt investments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds	71,719	33,700	70,642	32,717
Bonds of public entities and quasi-governments	130,427	120,967	128,935	119,809
Bonds of financial institutions	94,818	95,325	94,818	95,325
Corporate bonds	70,104	54,753	70,104	54,753
Sub-total	367,068	304,745	364,499	302,604
Accrued interest	4,092	3,847	4,052	3,812
Total	371,160	308,592	368,551	306,416

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Initial investment cost of other debt investments	366,282	296,979	363,733	294,902
Changes in fair value recorded in other comprehensive income accumulatively	786	7,766	766	7,702
Sub-total	367,068	304,745	364,499	302,604
Accrued interest	4,092	3,847	4,052	3,812
Total	371,160	308,592	368,551	306,416
Allowance for impairment losses on credit set aside accumulatively	(235)	(324)	(235)	(324)

Credit risk and expected credit loss of other bond investments:

	The Group			
	31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Other debt investments	367,009	45	14	367,068
Accrued interest	4,091	1	–	4,092
Book value of other debt investments	371,100	46	14	371,160
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(142)	(49)	(44)	(235)

	The Group 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Other debt investments	304,714	–	31	304,745
Accrued interest	3,847	–	–	3,847
Book value of other debt investments	308,561	–	31	308,592
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(108)	–	(216)	(324)

	The Bank 31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Other debt investments	364,440	45	14	364,499
Accrued interest	4,051	1	–	4,052
Book value of other debt investments	368,491	46	14	368,551
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(142)	(49)	(44)	(235)

	The Bank 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
Other debt investments	302,573	–	31	302,604
Accrued interest	3,812	–	–	3,812
Book value of other debt investments	306,385	–	31	306,416
Allowance for impairment losses on other debt investments recorded into other comprehensive income	(108)	–	(216)	(324)

Changes in allowance for impairment losses on other debt investments are as follows:

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2025	108	–	216	324
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(2)	2	–	–
Transfer to Stage 3	–	–	–	–
Charge/(reversal) for the year	31	47	206	284
Write-offs and transfer-out for the year	–	–	(387)	(387)
Effect of exchange rate	5	–	9	14
31 December 2025	142	49	44	235

	The Group and the Bank			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
1 January 2024	163	–	87	250
Charge/(reversal) for the year	(37)	–	129	92
Effect of exchange rate	(18)	–	–	(18)
31 December 2024	108	–	216	324

10. Other equity instrument investments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Equity investment	5,954	6,233	5,537	5,786

Analysis of information on other equity instrument investments is as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Initial investment cost of other equity instrument investments	7,830	8,152	7,472	7,728
Changes in fair value recorded in other comprehensive income accumulatively	(1,876)	(1,919)	(1,935)	(1,942)
Total	5,954	6,233	5,537	5,786

The equity instruments in the disposal of repossessed shares of the Group had a fair value of RMB426 million (2024: RMB605 million) in 2025, and the cumulative loss on disposal and the amount of transfer from other comprehensive income to retained earnings was RMB225 million (2024: the cumulative loss on disposal and the amount of transfer from other comprehensive income to retained earnings was RMB238 million).

11. Long-term equity investments

	The Bank	
	31 December 2025	31 December 2024
Subsidiaries		
– Huaxia Financial Leasing Co., Ltd.	4,920	4,920
– Huaxia Wealth Management Co., Ltd.	3,000	3,000
– Kunming Chenggong Hua Xia Rural Bank LLC[(1) (2)]	–	35
– Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd.[(2)]	–	35
Total	7,920	7,990

As at 31 December 2025 and 31 December 2024, there was no impairment in the Group's long-term equity investments.

(1) The former "Kunming Chenggong Hua Xia Rural Bank Co., Ltd." was changed to a limited liability company and renamed "Kunming Chenggong Hua Xia Rural Bank LLC" with the approval of the Yunnan Bureau of the National Financial Regulatory Administration in April 2025.

(2) The Bank completed its acquisition of Kunming Chenggong Hua Xia Rural Bank LLC and Sichuan Jiangyou Hua Xia Rural Bank Co., Ltd. in July 2025 and November 2025 respectively, and established sub-branches. For details, please refer to Note VII Business Combination and Consolidated Financial Statements.

12. Fixed assets

	The Group					
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Operating lease assets	Total
Original value						
1 January 2025	15,750	9,890	124	4,797	51,852	82,413
Acquisition in the year	281	745	3	618	13,205	14,852
Transfer-in/(transfer-out) of construction in-process	–	–	–	–	–	–
Sale/disposal	(238)	(428)	(4)	–	(2,458)	(3,128)
Difference from foreign currency translation	–	–	–	–	(91)	(91)
31 December 2025	15,793	10,207	123	5,415	62,508	94,046
Accumulative depreciation						
1 January 2025	(4,828)	(7,122)	(81)	–	(3,195)	(15,226)
Charge for the year	(424)	(849)	(7)	–	(2,412)	(3,692)
Sale/disposal	168	367	4	–	343	882
Difference from foreign currency translation	–	–	–	–	1	1
31 December 2025	(5,084)	(7,604)	(84)	–	(5,263)	(18,035)
Allowance for impairment losses						
1 January 2025	–	–	–	–	(552)	(552)
Charge for the year	–	–	–	–	(425)	(425)
Sale/disposal	–	–	–	–	5	5
31 December 2025	–	–	–	–	(972)	(972)
Net amount						
1 January 2025	10,922	2,768	43	4,797	48,105	66,635
31 December 2025	10,709	2,603	39	5,415	56,273	75,039

	The Group					
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Operating lease assets	Total
Original value						
1 January 2024	15,713	9,890	134	3,388	38,921	68,046
Acquisition in the year	37	549	13	1,409	13,793	15,801
Transfer-in/(transfer-out) of construction in-process	–	–	–	–	–	–
Sale/disposal	–	(549)	(23)	–	(890)	(1,462)
Difference from foreign currency translation	–	–	–	–	28	28
31 December 2024	15,750	9,890	124	4,797	51,852	82,413
Accumulative depreciation						
1 January 2024	(4,398)	(6,738)	(95)	–	(1,247)	(12,478)
Charge for the year	(430)	(880)	(7)	–	(1,976)	(3,293)
Sale/disposal	–	496	21	–	29	546
Difference from foreign currency translation	–	–	–	–	(1)	(1)
31 December 2024	(4,828)	(7,122)	(81)	–	(3,195)	(15,226)
Allowance for impairment losses						
1 January 2024	–	–	–	–	(173)	(173)
Charge for the year	–	–	–	–	(380)	(380)
Sale/disposal	–	–	–	–	1	1
31 December 2024	–	–	–	–	(552)	(552)
Net amount						
1 January 2024	11,315	3,152	39	3,388	37,501	55,395
31 December 2024	10,922	2,768	43	4,797	48,105	66,635

	The Bank				
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Total
Original value					
1 January 2025	15,716	9,845	122	4,797	30,480
Acquisition in the year	281	742	3	618	1,644
Sale/disposal	(238)	(411)	(3)	–	(652)
31 December 2025	15,759	10,176	122	5,415	31,472
Accumulative depreciation					
1 January 2025	(4,815)	(7,086)	(79)	–	(11,980)
Charge for the year	(424)	(843)	(7)	–	(1,274)
Sale/disposal	168	348	3	–	519
31 December 2025	(5,071)	(7,581)	(83)	–	(12,735)
Allowance for impairment losses					
1 January 2025	–	–	–	–	–
Charge for the year	–	–	–	–	–
Sale/disposal	–	–	–	–	–
31 December 2025	–	–	–	–	–
Net amount					
1 January 2025	10,901	2,759	43	4,797	18,500
31 December 2025	10,688	2,595	39	5,415	18,737

	The Bank				
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Construction in-process	Total
Original value					
1 January 2024	15,679	9,845	132	3,388	29,044
Acquisition in the year	37	548	13	1,409	2,007
Transfer-in/(transfer-out) of construction in-process	–	–	–	–	–
Sale/disposal	–	(548)	(23)	–	(571)
31 December 2024	15,716	9,845	122	4,797	30,480
Accumulative depreciation					
1 January 2024	(4,388)	(6,704)	(93)	–	(11,185)
Charge for the year	(427)	(876)	(7)	–	(1,310)
Sale/disposal	–	494	21	–	515
31 December 2024	(4,815)	(7,086)	(79)	–	(11,980)
Allowance for impairment losses					
1 January 2024	–	–	–	–	–
Charge for the year	–	–	–	–	–
Sale/disposal	–	–	–	–	–
31 December 2024	–	–	–	–	–
Net amount					
1 January 2024	11,291	3,141	39	3,388	17,859
31 December 2024	10,901	2,759	43	4,797	18,500

(1) On 31 December 2025, the original value of operating lease assets of Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group was RMB62,508 million (31 December 2024: RMB51,852 million).

(2) As at 31 December 2025 and 31 December 2024, the Group has several houses and buildings that are in use but whose registration of title is in process. The Management of the Group expects that relevant formalities will neither affect the Group's succession of the asset rights nor cause adverse impact on its operation.

13. Right-of-use assets

	The Group			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total
Original value				
1 January 2025	10,006	23	2	10,031
Increase in the year	1,573	–	1	1,574
Decrease in the year	(1,870)	(22)	(2)	(1,894)
Difference from foreign currency translation	(3)	–	–	(3)
31 December 2025	9,706	1	1	9,708
Accumulative depreciation				
1 January 2025	(4,783)	(15)	(1)	(4,799)
Increase in the year	(1,604)	–	–	(1,604)
Decrease in the year	1,641	15	1	1,657
Difference from foreign currency translation	(1)	–	–	(1)
31 December 2025	(4,747)	–	–	(4,747)
Net amount				
1 January 2025	5,223	8	1	5,232
31 December 2025	4,959	1	1	4,961

	The Group			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total
Original value				
1 January 2024	9,839	23	1	9,863
Increase in the year	1,430	–	1	1,431
Decrease in the year	(1,267)	–	–	(1,267)
Difference from foreign currency translation	4	–	–	4
31 December 2024	10,006	23	2	10,031
Accumulative depreciation				
1 January 2024	(4,170)	(15)	(1)	(4,186)
Increase in the year	(1,736)	–	–	(1,736)
Decrease in the year	1,122	–	–	1,122
Difference from foreign currency translation	1	–	–	1
31 December 2024	(4,783)	(15)	(1)	(4,799)
Net amount				
1 January 2024	5,669	8	–	5,677
31 December 2024	5,223	8	1	5,232

	The Bank			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total
Original value				
1 January 2025	9,743	23	2	9,768
Increase in the year	1,388	–	1	1,389
Decrease in the year	(1,589)	(22)	(2)	(1,613)
Difference from foreign currency translation	(3)	–	–	(3)
31 December 2025	9,539	1	1	9,541
Accumulative depreciation				
1 January 2025	(4,627)	(15)	(1)	(4,643)
Increase in the year	(1,552)	–	–	(1,552)
Decrease in the year	1,536	15	1	1,552
Difference from foreign currency translation	(1)	–	–	(1)
31 December 2025	(4,644)	–	–	(4,644)
Net amount				
1 January 2025	5,116	8	1	5,125
31 December 2025	4,895	1	1	4,897

	The Bank			
	Houses and buildings	Office supplies and electronic devices	Transportation facilities and others	Total
Original value				
1 January 2024	9,576	23	1	9,600
Increase in the year	1,408	–	1	1,409
Decrease in the year	(1,245)	–	–	(1,245)
Difference from foreign currency translation	4	–	–	4
31 December 2024	9,743	23	2	9,768
Accumulative depreciation				
1 January 2024	(4,057)	(15)	(1)	(4,073)
Increase in the year	(1,678)	–	–	(1,678)
Decrease in the year	1,107	–	–	1,107
Difference from foreign currency translation	1	–	–	1
31 December 2024	(4,627)	(15)	(1)	(4,643)
Net amount				
1 January 2024	5,519	8	–	5,527
31 December 2024	5,116	8	1	5,125

14. Intangible assets

	The Group		The Bank	
	2025	2024	2025	2024
Original value				
Balance at the beginning of the year	1,944	1,905	1,833	1,832
Increase in the year	41	39	–	1
Decrease in the year	–	–	–	–
Difference from foreign currency translation	–	–	–	–
Balance at the end of the year	**1,985**	**1,944**	**1,833**	**1,833**
Accumulative amortization				
Balance at the beginning of the year	(158)	(113)	(135)	(98)
Increase in the year	(49)	(45)	(37)	(37)
Decrease in the year	–	–	–	–
Difference from foreign currency translation	–	–	–	–
Balance at the end of the year	**(207)**	**(158)**	**(172)**	**(135)**
Allowance for impairment losses				
Balance at the beginning of the year	–	–	–	–
Increase in the year	–	–	–	–
Decrease in the year	–	–	–	–
Difference from foreign currency translation	–	–	–	–
Balance at the end of the year	**–**	**–**	**–**	**–**
Net amount				
Balance at the beginning of the year	1,786	1,792	1,698	1,734
Balance at the end of the year	**1,778**	**1,786**	**1,661**	**1,698**

15. Deferred taxation

Deferred income tax assets and deferred income tax liabilities are stated as follows in net amounts after offsetting:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred income tax assets	6,373	4,885	4,570	3,200

(1) Changes in balance of deferred income tax assets

	The Group		The Bank	
	2025	2024	2025	2024
Balance at the beginning of the year	4,885	9,444	3,200	8,186
Recorded in profit or loss	(312)	(2,720)	(428)	(3,166)
Recorded in other comprehensive income	1,800	(1,839)	1,798	(1,820)
Balance at the end of the year	**6,373**	**4,885**	**4,570**	**3,200**

(2) Deferred income tax assets and deferred income tax liabilities that are not offset are stated as follows:

	The Group			
	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Allowances for impaired loans	25,531	6,088	30,334	7,247
Wages set aside but not paid	6,986	1,735	6,961	1,729
Allowance for impairment losses on other assets	12,155	2,933	12,266	3,104
Changes in fair value of derivative financial instruments	6,428	1,607	19,854	4,963
Changes in fair value of held-for-trading financial assets	801	204	1,797	453
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	106	26	–	–
Changes in fair value of other equity instrument investments	1,935	484	1,949	508
Projected liabilities	1,720	425	1,698	421
Others	5,167	1,289	223	53
Sub-total	60,829	14,791	75,082	18,478
Deferred income tax liabilities				
Changes in fair value of derivative financial instruments	(6,646)	(1,662)	(20,057)	(5,014)
Changes in fair value of held-for-trading financial assets	(4,485)	(1,121)	(9,522)	(2,381)
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	–	–	(147)	(37)
Changes in fair value of other debt investments	(786)	(197)	(7,766)	(1,941)
Changes in fair value of other equity instrument investments	(59)	(14)	(30)	(7)
Others	(21,697)	(5,424)	(16,850)	(4,213)
Sub-total	(33,673)	(8,418)	(54,372)	(13,593)
Net amount	**27,156**	**6,373**	**20,710**	**4,885**

	The Bank			
	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary difference	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Allowances for impaired loans	19,339	4,832	23,901	5,959
Wages set aside but not paid	6,635	1,659	6,657	1,664
Allowance for impairment losses on other assets	10,038	2,510	10,796	2,809
Changes in fair value of derivative financial instruments	6,428	1,607	19,854	4,963
Changes in fair value of held-for-trading financial assets	801	204	1,797	453
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	106	26	–	–
Changes in fair value of other equity instrument investments	1,935	484	1,942	507
Projected liabilities	1,596	399	1,631	408
Others	4,943	1,236	8	2
Sub-total	51,821	12,957	66,586	16,765
Deferred income tax liabilities				
Changes in fair value of derivative financial instruments	(6,646)	(1,662)	(20,057)	(5,014)
Changes in fair value of held-for-trading financial assets	(21,240)	(5,310)	(26,357)	(6,589)
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	–	–	(147)	(37)
Changes in fair value of other debt investments	(766)	(191)	(7,702)	(1,925)
Others	(4,897)	(1,224)	–	–
Sub-total	(33,549)	(8,387)	(54,263)	(13,565)
Net amount	**18,272**	**4,570**	**12,323**	**3,200**

16. Other assets

		The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Receivables and payment on account	(1)	12,984	16,029	7,244	6,815
Operating lease receivables		1,196	1,616	–	–
Operating lease payments advanced		2,077	2,362	–	–
Long-term prepaid expenses		2,365	2,161	2,255	2,070
Repossessed assets to be disposed of	(2)	1,766	2,133	1,766	2,132
Others		9,022	7,560	923	741
Sub-total		29,410	31,861	12,188	11,758
Less: Allowance for impairment losses		(3,784)	(2,981)	(2,928)	(2,451)
Total		25,626	28,880	9,260	9,307

(1) Receivables and payment on account presented by aging

	The Group			
	31 December 2025		31 December 2024	
Aging	Amount	Percentage (%)	Amount	Percentage (%)
No more than 1 year	10,151	78.18	12,178	75.97
1 – 2 years (inclusive)	1,651	12.72	2,308	14.40
2 – 3 years (inclusive)	362	2.79	734	4.58
More than 3 years	820	6.31	809	5.05
Total	12,984	100.00	16,029	100.00

	The Bank			
	31 December 2025		31 December 2024	
Aging	Amount	Percentage (%)	Amount	Percentage (%)
No more than 1 year	5,905	81.52	5,178	75.98
1 – 2 years (inclusive)	342	4.72	409	6.00
2 – 3 years (inclusive)	248	3.42	446	6.54
More than 3 years	749	10.34	782	11.48
Total	7,244	100.00	6,815	100.00

(2) Repossessed assets to be disposed of

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Repossessed assets to be disposed of	1,766	2,133	1,766	2,132
Less: Allowance for impairment losses	(1,036)	(1,428)	(1,036)	(1,427)
Net book value of repossessed assets to be disposed of	730	705	730	705

17. Allowance for impairment losses on credit/assets

	The Group					
	2025					
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year[1]	Recovery for the year	Change in exchange rate	Ending balance
Due from banks	145	23	–	–	(1)	167
Placements with banks and other financial institutions	43	(1)	–	–	(1)	41
Financial assets purchased under agreements to resell	307	–	–	–	–	307
Loans and advances to customers measured at amortized cost	61,327	22,723	(32,783)	5,841	(7)	57,101
Loans and advances to customers measured at fair value through other comprehensive income	51	3	–	–	–	54
Debt investments	11,726	344	(2,081)	141	(3)	10,127
Other debt investments	324	284	(387)	–	14	235
Projected liabilities	1,698	25	–	–	(3)	1,720
Fixed assets	552	425	(5)	–	–	972
Other assets	2,981	1,590	(1,188)	7	394	3,784
Total	79,154	25,416	(36,444)	5,989	393	74,508

	The Group					
	2024					
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year[1]	Recovery for the year	Change in exchange rate	Ending balance
Due from banks	286	(138)	–	–	(3)	145
Placements with banks and other financial institutions	41	(2)	–	–	4	43
Financial assets purchased under agreements to resell	307	–	–	–	–	307
Loans and advances to customers measured at amortized cost	61,587	25,846	(30,432)	4,319	7	61,327
Loans and advances to customers measured at fair value through other comprehensive income	44	(13)	–	–	20	51
Debt investments	12,904	945	(2,116)	–	(7)	11,726
Other debt investments	250	92	–	–	(18)	324
Projected liabilities	1,437	258	–	–	3	1,698
Fixed assets	173	380	(1)	–	–	552
Other assets	2,844	1,423	(1,298)	3	9	2,981
Total	79,873	28,791	(33,847)	4,322	15	79,154

	The Bank					
	2025					
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year[1]	Recovery for the year	Change in exchange rate	Ending balance
Due from banks	145	23	–	–	(1)	167
Placements with banks and other financial institutions	43	(1)	–	–	(1)	41
Financial assets purchased under agreements to resell	307	–	–	–	–	307
Loans and advances to customers measured at amortized cost	54,980	22,297	(32,054)	5,770	32	51,025
Loans and advances to customers measured at fair value through other comprehensive income	51	3	–	–	–	54
Debt investments	11,450	434	(2,081)	141	(3)	9,941
Other debt investments	324	284	(387)	–	14	235
Projected liabilities	1,631	(32)	–	–	(3)	1,596
Other assets	2,451	1,632	(1,155)	–	–	2,928
Total	71,382	24,640	(35,677)	5,911	38	66,294

	The Bank					
	2024					
	Opening balance	Charge/ (reversal) for the year	Write-offs and transfer-out for the year[1]	Recovery for the year	Change in exchange rate	Ending balance
Due from banks	286	(138)	–	–	(3)	145
Placements with banks and other financial institutions	41	(2)	–	–	4	43
Financial assets purchased under agreements to resell	307	–	–	–	–	307
Loans and advances to customers measured at amortized cost	54,979	26,109	(30,373)	4,258	7	54,980
Loans and advances to customers measured at fair value through other comprehensive income	44	(13)	–	–	20	51
Debt investments	12,594	979	(2,116)	–	(7)	11,450
Other debt investments	250	92	–	–	(18)	324
Projected liabilities	1,426	202	–	–	3	1,631
Other assets	2,720	1,023	(1,292)	–	–	2,451
Total	72,647	28,252	(33,781)	4,258	6	71,382

(1) Including transfer-out due to increase of present value.

18. Due to central banks

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Mid-term credit facility	135,320	163,560	135,320	163,560
Others	7,906	6,465	7,906	6,465
Accrued interest	1,025	1,562	1,025	1,562
Total	144,251	171,587	144,251	171,587

19. Due to banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Due to domestic banks	91,391	159,279	91,391	159,358
Due to other domestic financial institutions	556,667	409,755	558,406	411,462
Accrued interest	909	1,423	909	1,423
Total	648,967	570,457	650,706	572,243

20. Placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Placements from domestic banks	199,208	194,203	45,844	41,034
Placements from overseas banks	13,826	31,705	13,826	31,705
Placements from other domestic financial institutions	6,331	5,300	–	–
Accrued interest	1,106	1,566	248	406
Total	220,471	232,774	59,918	73,145

21. Financial assets sold under agreements to repurchase

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds	226,065	154,641	161,728	83,742
Bills	50	704	50	704
Accrued interest	297	69	297	68
Total	226,412	155,414	162,075	84,514

For details on the Group's assets taken as collateral for repurchase, please see Note XI-5 Collateral.

22. Deposits taking

		The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Demand deposits					
Corporate deposits		587,429	544,903	587,460	544,461
Personal deposits		162,475	151,909	162,475	151,841
Time deposits					
Corporate deposits		924,587	909,961	924,587	909,901
Personal deposits		437,306	399,705	437,306	398,355
Security deposit received	(1)	269,035	143,585	269,035	143,503
Outward remittances and remittances outstanding		845	1,306	845	1,305
Others		22	1	22	1
Sub-total		2,381,699	2,151,370	2,381,730	2,149,367
Accrued interest		27,927	32,767	27,927	32,701
Total		2,409,626	2,184,137	2,409,657	2,182,068

(1) Security deposit received is presented by item as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Security deposit for bank acceptance	142,515	100,039	142,515	100,039
Security deposit for L/C issuance	25,580	24,228	25,580	24,228
Security deposit for L/G issuance and guarantee	2,575	2,262	2,575	2,261
Other security deposits	98,365	17,056	98,365	16,975
Total	269,035	143,585	269,035	143,503

23. Accrued payroll

	The Group			
	2025			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Wages and bonuses	6,961	11,676	(11,651)	6,986
Employee welfare	–	463	(463)	–
Social insurance	88	2,817	(2,825)	80
Housing provident fund	13	1,031	(1,031)	13
Labor union funds and employee education expense	520	232	(328)	424
Total	7,582	16,219	(16,298)	7,503

	The Group			
	2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Wages and bonuses	6,945	11,665	(11,649)	6,961
Employee welfare	–	461	(461)	–
Social insurance	49	2,780	(2,741)	88
Housing provident fund	9	1,005	(1,001)	13
Labor union funds and employee education expense	345	517	(342)	520
Total	7,348	16,428	(16,194)	7,582

	The Bank			
	2025			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Wages and bonuses	6,657	11,142	(11,164)	6,635
Employee welfare	–	448	(448)	–
Social insurance	78	2,736	(2,736)	78
Housing provident fund	13	1,005	(1,005)	13
Labor union funds and employee education expense	499	220	(315)	404
Total	7,247	15,551	(15,668)	7,130

	The Bank			
	2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Wages and bonuses	6,682	11,186	(11,211)	6,657
Employee welfare	–	447	(447)	–
Social insurance	38	2,711	(2,671)	78
Housing provident fund	9	981	(977)	13
Labor union funds and employee education expense	322	503	(326)	499
Total	7,051	15,828	(15,632)	7,247

24. Taxes and dues payable

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Enterprise income tax	1,311	423	1,080	305
VAT	1,814	1,422	1,741	1,375
Others	416	389	390	349
Total	3,541	2,234	3,211	2,029

25. Lease liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
No more than year	1,535	1,478	1,509	1,424
1 – 5 years	3,186	3,441	3,146	3,395
Over 5 years	637	829	637	805
Total undiscounted lease liabilities	5,358	5,748	5,292	5,624
Lease liabilities	4,965	5,246	4,901	5,133

26. Debt obligations payable

		The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds payable					
Financial bonds	(1)	201,500	195,000	191,000	191,000
Tier-2 capital bonds	(2)	30,000	30,000	30,000	30,000
Sub-total		231,500	225,000	221,000	221,000
Certificates of deposit with banks and other financial institutions	(3)	403,977	408,774	403,977	408,774
Accrued interest		2,813	3,215	2,727	3,145
Total		638,290	636,989	627,704	632,919

(1) Financial bonds

(i) As approved by the former CBIRC and PBOC, the Bank issued the green financial bond of Hua Xia Bank Co., Ltd. for 2023 on 28 March 2023 and the issuance volume was RMB10 billion. The bonds have a term of three years, the coupon rate is fixed at 2.79% and the interest will be paid annually. The value date is 30 March 2023 and the maturity date is 30 March 2026.

(ii) As approved by the former CBIRC and PBOC, the Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2023 on 28 March 2023 and the issuance volume was RMB20 billion. The bonds have a term of three years, the coupon rate is fixed at 2.80% and the interest will be paid annually. The value date is 30 March 2023 and the maturity date is 30 March 2026.

(iii) As approved by NFRA and PBOC, the Bank issued the financial bond (series 2) of Hua Xia Bank Co., Ltd. for 2023 on 26 May 2023 and the issuance volume was RMB40 billion. The bonds have a term of three years, the coupon rate is fixed at 2.70% and the interest will be paid annually. The value date is 30 May 2023 and the maturity date is 30 May 2026.

(iv) As approved by NFRA and PBOC, the Bank issued the financial bond (series 3) of Hua Xia Bank Co., Ltd. for 2023 on 28 July 2023 and the issuance volume was RMB15 billion. The bonds have a term of three years, the coupon rate is fixed at 2.60% and the interest will be paid annually. The value date is 1 August 2023 and the maturity date is 1 August 2026.

(v) As approved by NFRA and PBOC, the Bank issued the financial bond (series 4) of Hua Xia Bank Co., Ltd. for 2023 on 26 October 2023 and the issuance volume was RMB13 billion. The bonds have a term of three years, the coupon rate is fixed at 2.81% and the interest will be paid annually. The value date is 27 October 2023 and the maturity date is 27 October 2026.

(vi) As approved by NFRA and PBOC, the Bank issued the financial bond (series 5) of Hua Xia Bank Co., Ltd. for 2023 on 23 November 2023 and the issuance volume was RMB23 billion. The bonds have a term of three years, the coupon rate is fixed at 2.80% and the interest will be paid annually. The value date is 27 November 2023 and the maturity date is 27 November 2026.

(vii) As approved by NFRA and PBOC, the Bank issued the financial bond (series 6) of Hua Xia Bank Co., Ltd. for 2023 on 15 December 2023 and the issuance volume was RMB10 billion. The bonds have a term of three years, the coupon rate is fixed at 2.79% and the interest will be paid annually. The value date is 19 December 2023 and the maturity date is 19 December 2026.

(viii) As approved by NFRA and PBOC, the Bank issued the financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2024 on 15 March 2024 and the issuance volume was RMB30 billion. The bonds have a term of three years, the coupon rate is fixed at 2.43% and the interest will be paid annually. The value date is 19 March 2024 and the maturity date is 19 March 2027.

(ix) As approved by NFRA and PBOC, the Bank issued the science and technology innovation bond (series 1) of Hua Xia Bank Co., Ltd. for 2025 on 9 June 2025 and the issuance volume was RMB10 billion. The bonds have a term of five years, the coupon rate is fixed at 1.78% and the interest will be paid annually. The value date is 11 June 2025 and the maturity date is 11 June 2030.

(x) As approved by NFRA and PBOC, the Bank issued the green financial bond (series 1) of Hua Xia Bank Co., Ltd. for 2025 on 21 July 2025 and the issuance volume was RMB20 billion. The bonds have a term of three years, the coupon rate is fixed at 1.66% and the interest will be paid annually. The value date is 23 July 2025 and the maturity date is 23 July 2028.

(xi) As approved by the former CBIRC Yunnan Office and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 1) for 2024 on 29 February 2024 and the issuance volume was RMB2 billion. The bonds have a term of three years, the coupon rate is fixed at 2.46% and the interest will be paid annually. The value date is 4 March 2024 and the maturity date is 4 March 2027.

(xii) As approved by the former CBIRC Yunnan Office and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 2) for 2024 on 23 April 2024 and the issuance volume was RMB2 billion. The bonds have a term of three years, the coupon rate is fixed at 2.16% and the interest will be paid annually. The value date is 25 April 2024 and the maturity date is 25 April 2027.

(xiii) As approved by NFRA and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 1) for 2025 on 24 October 2025 and the issuance volume was RMB2 billion. The bonds have a term of three years, the coupon rate is fixed at 1.91% and the interest will be paid annually. The value date is 28 October 2025 and the maturity date is 28 October 2028.

(xiv) As approved by NFRA and PBOC, Huaxia Financial Leasing Co., Ltd., a subsidiary of the Group, issued the financial bond (series 2) for 2025 on 24 November 2025 and the issuance volume was RMB4.5 billion. The bonds have a term of three years, the coupon rate is fixed at 1.84% and the interest will be paid annually. The value date is 26 November 2025 and the maturity date is 26 November 2028.

(2) Tier-2 capital bonds

(i) As approved by the former CBIRC and PBOC, the Bank issued the tier-2 capital bond (series 1) of Hua Xia Bank Co., Ltd. for 2022 on 23 August 2022 and the issuance volume was RMB30 billion. The bond is a 10-year fixed-rate bond attached with the issuer's conditional right to redeem the bond at face value in part or in whole at the end of the fifth year. The coupon rate is fixed at 3.10%. The value date is 25 August 2022. If the issuer does not exercise its redemption right, the interest period of the bond ranges between 25 August 2022 and 24 August 2032. If the issuer does exercise the redemption right, the interest period of the bond for the part redeemed ranges between 25 August 2022 and 24 August 2027.

(3) Certificates of deposit with banks and other financial institutions

As at 31 December 2025, there were 199 outstanding certificates of deposit with banks and financial institutions with the total face value of RMB406,705 million and terms of 1 month to 1 year, all issued in discount.

27. Projected liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Credit commitments	1,720	1,696	1,596	1,629
Pending legal proceedings	–	2	–	2
Total	1,720	1,698	1,596	1,631

ECL of loan commitments are classified into three stages:

	31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
The Group	1,707	13	–	1,720
The Bank	1,583	13	–	1,596

	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (Not credit-impaired)	Stage 3 Lifetime ECL (Credit-impaired)	Total
The Group	1,665	31	–	1,696
The Bank	1,598	31	–	1,629

28. Other liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Security deposit for financial lease	3,338	3,756	–	–
Funds to be settled and cleared payable	10,336	9,288	10,336	9,288
Dividends payable	1,720	1,591	1,591	1,591
Others	10,251	8,200	7,083	6,502
Total	25,645	22,835	19,010	17,381

29. Share capital

	31 December 2025		31 December 2024	
	Total number of shares (million)	Nominal amount	Total number of shares (million)	Nominal amount
A shares with par value of RMB1 per share registered, issued and paid in full amount	15,915	15,915	15,915	15,915

Note: A shares refer to ordinary shares domestically offered, and subscribed and traded in Renminbi.

As at 31 December 2025, the Bank's paid-in capital had amounted to RMB15,915 million (31 December 2024: RMB15,915 million), with the par value of each share being RMB1.

30. Other equity instruments

In June 2024, the Bank publicly issued RMB40 billion of perpetual bond ("24 Hua Xia Bank Perpetual Bond 01") upon approval by NFRA and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with Interbank Market Clearing House Co., Ltd.

In September 2024, the Bank publicly issued RMB20 billion of perpetual bond ("24 Hua Xia Bank Perpetual Bond 02") upon approval by NFRA and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with Interbank Market Clearing House Co., Ltd.

In November 2025, the Bank publicly issued RMB20 billion of perpetual bond ("25 Hua Xia Bank Perpetual Bond 01") upon approval by NFRA and PBOC in the national interbank bond market and completed the Bond registration and custody formalities with Interbank Market Clearing House Co., Ltd.

Information on issued and outstanding perpetual bonds at the year end:

Outstanding financial instruments	Issuing time	Coupon rate	Issuance price RMB yuan/ RMB100 par value	Number Million shares	Amount RMB1 million	Maturity date	Write-down clauses
Perpetual bonds	June 2024	Note 1	100	400	40,000	Duration of ongoing concern	Note 4
Perpetual bonds	September 2024	Note 2	100	200	20,000	Duration of ongoing concern	Note 4
Perpetual bonds	November 2025	Note 3	100	200	20,000	Duration of ongoing concern	Note 4

Note 1: 24 Hua Xia Bank Perpetual Bond 01 carries a coupon rate adjustable at regular intervals. Starting from the cut-off date for issue payments, every five years will be an interval for coupon rate adjustment. During each interval, interest will be paid at the fixed coupon rate agreed upon. The interest rate is 2.46% in the first interval. The coupon rate of the Bond consists of the benchmark rate and a fixed spread. The benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the ChinaBond 5Y Treasury Bond YTM published by ChinaBond.com (or other website recognized by the China Central Depository & Clearing Co., Ltd.) in the five trading days prior to the publication date of the Bond subscription documents or the date of benchmark interest rate adjustment. The fixed spread is the coupon rate determined at the time of this bond issue minus the benchmark rate at the time of this issue. Once determined, the fixed spread will remain constant. The non-cumulative interest payment method is adopted for the bond. The issuer may cancel all or part of the interest payment on the bond without constituting an event of default.

Note 2: 24 Hua Xia Bank Perpetual Bond 02 carries a coupon rate adjustable at regular intervals. Starting from the cut-off date for issue payments, every five years will be an interval for coupon rate adjustment. During each interval, interest will be paid at the fixed coupon rate agreed upon. The interest rate is 2.23% in the first interval. The coupon rate of the Bond consists of the benchmark rate and a fixed spread. The benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the ChinaBond 5Y Treasury Bond YTM published by ChinaBond.com (or other website recognized by the China Central Depository & Clearing Co., Ltd.) in the five trading days prior to the publication date of the Bond subscription documents or the date of benchmark interest rate adjustment. The fixed spread is the coupon rate determined at the time of this bond issue minus the benchmark rate at the time of this issue. Once determined, the fixed spread will remain constant. The non-cumulative interest payment method is adopted for the bond. The issuer may cancel all or part of the interest payment on the bond without constituting an event of default.

Note 3: 25 Hua Xia Bank Perpetual Bond 01 carries a coupon rate adjustable at regular intervals. Starting from the cut-off date for issue payments, every five years will be an interval for coupon rate adjustment. During each interval, interest will be paid at the fixed coupon rate agreed upon. The interest rate is 2.32% in the first interval. The coupon rate of the Bond consists of the benchmark rate and a fixed spread. The benchmark interest rate is the arithmetic mean (rounded to 0.01%) of the ChinaBond 5Y Treasury Bond YTM published by ChinaBond.com (or other website recognized by the China Central Depository & Clearing Co., Ltd.) in the five trading days prior to the publication date of the Bond subscription documents or the date of benchmark interest rate adjustment. The fixed spread is the coupon rate determined at the time of this bond issue minus the benchmark rate at the time of this issue. Once determined, the fixed spread will remain constant. The non-cumulative interest payment method is adopted for the bond. The issuer may cancel all or part of the interest payment on the bond without constituting an event of default.

Note 4: When the point of non-viability (PONV) trigger event occurs, the issuer is entitled to write down all or part of the principal of the bond without the approval of bond holders. This bond is written down according to the ratio its remaining face value to the total remaining face value of all other tier-1 capital instruments with the same trigger event. The PONV trigger event is the earlier one in: 1) the National Financial Regulatory Administration (NFRA) determines that the issuer will not survive if it does not conduct write-down; and 2) the relevant authorities determine that the issuer will not survive if it does not obtain capital injection from the public sector or the support with the same effect. The written-down portion is not recoverable.

The funds of RMB80,000 million raised by the Bank were all used for replenishing other tier-1 capital.

Information on changes in issued perpetual bonds:

	1 January 2025		Increase in the year		Decrease in the year		31 December 2025	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
	Million shares	RMB1 million	Million shares	RMB1 million	Million shares	RMB1 million	Million shares	RMB1 million
Perpetual bonds	600	60,000	200	20,000	–	–	800	80,000

Information on items attributable to holders of equity instruments is presented below:

	31 December 2025	31 December 2024
Equity attributable to parent company		
Equity attributable to ordinary shareholders of parent company	315,746	301,982
Equity attributable to other shareholders of parent company	80,000	60,000
Of which: Net profit	1,430	1,940
Distributed profit for the period	(1,430)	(1,940)
Equity attributable to minority shareholders	4,054	3,702
Total shareholders' equity	399,800	365,684

31. Capital reserve

	The Group			
	2025			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital reserve	60,730	1	–	60,731

	The Group			
	2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital reserve	60,737	–	(7)	60,730

	The Bank			
	2025			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital reserve	60,730	1	–	60,731

	The Bank			
	2024			
	Opening balance	Increase in the year	Decrease in the year	Ending balance
Capital reserve	60,737	–	(7)	60,730

32. Surplus reserve

	The Group and the Bank	
	31 December 2025	31 December 2024
Statutory surplus reserve	28,907	26,438
Discretionary surplus reserve	111	111
Total	29,018	26,549

(1) According to relevant laws of the People's Republic of China, the Bank must appropriate statutory surplus reserve at 10% of the net profit based on the PRC GAAP until the statutory surplus reserve accumulated to 50% of the share capital. After the statutory surplus reserve is appropriated, the Bank can determine its amount of discretionary surplus reserve on its own upon approval by the Shareholders' Meeting.

(2) As at 31 December 2025, statutory surplus reserve accumulatively appropriated by the Bank had exceeded 50% of the share capital and the surplus reserve in excess of 50% shall be subject to approval by the Shareholders' Meeting.

(3) For details on surplus reserve, please refer to Note VIII-34 Retained Profit.

33. General risk reserve

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
General risk reserve	51,066	50,106	48,276	47,550

(1) As at 1 July 2012, the Bank has set aside general risk reserve in accordance with the *Administrative Measures for Reserve Provisioning of Financial Enterprises* (C.J. [2012] No. 20). The general risk reserve is treated as profit distribution and its balance shall not be lower than 1.5% of the ending balance of risk assets in principle.

(2) For details on surplus reserve, please refer to Note VIII-34 Retained Profit.

(3) According to the regulatory rules, subsidiaries of the Bank should appropriate certain amount from the net profit as general risk reserve. Such general risk reserve is treated as profit distribution.

34. Retained profit

(1) Interim profit distribution for 2025

The Bank has implemented the interim profit distribution plan for 2025 that was approved by the Shareholders' Meeting on 26 December 2025. Particulars are as follows:

(i) Distribute dividends to all ordinary shareholders at the rate of RMB1.00 (pre-tax) per 10 shares, totaling RMB1,591 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of the first half of 2025. Such cash dividends were paid on 23 January 2026.

(2) Profit distribution for 2024

The Bank has implemented the profit distribution plan for 2024 that was approved by the Shareholders' General Meeting on 13 May 2025. Particulars are as follows:

(i) Set aside statutory surplus reserve of RMB2,469 million based on the Bank's net profit for 2024 which is RMB24,685 million;

(ii) Set aside general risk reserve of RMB709 million, after which the Bank's balance of general risk reserve reaches 1.5% of the outstanding risk assets on 31 December 2024;

(iii) Distribute dividends to all ordinary shareholders at the rate of RMB3.05 (pre-tax) per 10 shares, totaling RMB4,855 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of 2024. Such cash dividends were paid on 26 June 2025.

(3) Interim profit distribution for 2024

The Bank has implemented the interim profit distribution plan for 2024 that was approved by the Shareholders' General Meeting on 12 December 2024. Particulars are as follows:

(i) Distribute dividends to all ordinary shareholders at the rate of RMB1.00 (pre-tax) per 10 shares, totaling RMB1,591 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of the first half of 2024. Such cash dividends were paid on 22 January 2025.

(4) Profit distribution for 2023

The Bank has implemented the profit distribution plan for 2023 that was approved by the Shareholders' General Meeting on 20 May 2024. Particulars are as follows:

(i) Set aside statutory surplus reserve of RMB2,430 million based on the Bank's net profit for 2023 which is RMB24,302 million;

(ii) Set aside general risk reserve of RMB1,226 million, after which the Bank's balance of general risk reserve reaches 1.5% of the outstanding risk assets on 31 December 2023;

(iii) Distribute dividends to all ordinary shareholders at the rate of RMB3.84 (pre-tax) per 10 shares, totaling RMB6,111 million, based on the Bank's total ordinary share capital of 15,914,928,468 shares at the end of 2023. The dividend was distributed in 2024.

(5) The interest accrual period for RMB perpetual bonds issued in June 2019 is from 26 June 2023 to 25 June 2024 (at an interest rate of 4.85%), and the accrued interest is RMB1,940 million. Such interest was paid in June 2024.

(6) The interest accrual period for RMB perpetual bonds issued in June 2024 is from 11 June 2024 to 10 June 2025 (at an interest rate of 2.46%), and the accrued interest is RMB984 million (pre-tax). Such interest was paid on 11 June 2025.

(7) The interest accrual period for RMB perpetual bonds issued in September 2024 is from 27 September 2024 to 26 September 2025 (at an interest rate of 2.23%), and the accrued interest is RMB446 million (pre-tax). Such interest was paid on 26 September 2025.

35. Net interest income

	The Group		The Bank	
	2025	2024	2025	2024
Interest income				
Loans and advances to customers	93,426	101,727	88,378	96,282
Of which: Corporate loans and advances to customers	57,516	60,441	52,489	55,025
Personal loans and advances to customers	35,168	40,008	35,147	39,979
Discounted bills	742	1,278	742	1,278
Financial investments	35,565	38,073	31,350	34,817
Of which: Debt investments	26,031	29,200	21,867	25,992
Other debt investments	9,534	8,873	9,483	8,825
Balances with central banks	2,113	2,173	2,111	2,170
Financial assets purchased under agreements to resell	1,714	1,850	1,694	1,813
Placements with banks and other financial institutions	2,024	2,299	2,020	2,299
Due from banks	309	361	154	160
Sub-total	**135,151**	**146,483**	**125,707**	**137,541**
Interest expense				
Deposits taking	(36,223)	(40,357)	(36,187)	(40,312)
Debt obligations payable	(13,172)	(14,854)	(13,065)	(14,752)
Due to banks and other financial institutions	(10,083)	(14,343)	(10,110)	(14,361)
Due to central banks	(3,285)	(4,041)	(3,285)	(4,041)
Placements from banks and other financial institutions	(6,225)	(8,079)	(2,752)	(4,051)
Financial assets sold under agreements to repurchase	(3,031)	(2,459)	(3,029)	(2,457)
Others	(184)	(287)	(184)	(286)
Sub-total	**(72,203)**	**(84,420)**	**(68,612)**	**(80,260)**
Net interest income	**62,948**	**62,063**	**57,095**	**57,281**
Of which: Interest income from impaired financial assets identified	1,581	1,810	1,561	1,805

36. Net fee and commission income

	Note	The Group		The Bank	
		2025	2024	2025	2024
Fee and commission income					
Bank card business		3,959	4,501	3,959	4,501
Agency business	(1)	3,394	2,734	1,966	1,710
Credit commitments		1,441	1,391	1,442	1,392
Custody and other fiduciary services		916	887	916	887
Other business		1,703	1,653	1,730	1,672
Sub-total		**11,413**	**11,166**	**10,013**	**10,162**
Fee and commission expenses					
Fee expense	(2)	(5,837)	(5,723)	(5,743)	(5,664)
Net fee and commission income		**5,576**	**5,443**	**4,270**	**4,498**

(1) The Group provides asset management services for wealth management products. The management fees of wealth management products are recognized to the extent that the uncertainty related to the management fee amount is eliminated and there will be no significant reversal in the future.

The Group distributes financial products for other financial institutions. A performance obligation is established when the customer enters into a contract with the relevant financial institution. The Group usually collects commissions from these financial institutions on a monthly or quarterly basis.

The Group provides underwriting, clearing and settlement services to its customers, and the performance obligation is satisfied at a pint in time. The underwriting fee is usually collected within three months following the issuance of securities.

The original terms of contracts between the Group and its customers are mostly shorter than one year, so the remaining performance obligations under such contracts are not disclosed.

(2) Fee and commission expenses mainly include expenses for third-party services, UnionPay card services and credit card services.

37. Investment gains

	The Group		The Bank	
	2025	2024	2025	2024
Held-for-trading financial assets	11,105	11,387	14,803	11,328
Disposal of debt instruments measured at fair value through other comprehensive income	5,907	4,104	5,973	4,100
Gains on derecognition of financial assets measured at amortized cost	3,124	133	3,122	133
Other equity instrument investments	45	38	45	38
Derivative financial instruments	1	497	1	497
Long-term equity investments	–	–	680	–
Others	(109)	(459)	(72)	(458)
Total	**20,073**	**15,700**	**24,552**	**15,638**

In 2025 and 2024, all the net gains on derecognition of financial assets measured at amortized cost came from profits/losses on trading.

38. Profit or loss on changes in fair value

	The Group		The Bank	
	2025	2024	2025	2024
Held-for-trading financial assets	(4,279)	8,436	(4,116)	11,491
Derivative financial instruments	744	(524)	744	(524)
Total	(3,535)	7,912	(3,372)	10,967

39. Other operating income/costs

The Group's other business income/costs are mainly the income/costs arising from the operating lease business of Huaxia Financial Leasing, a subsidiary of the Group.

40. Exchange gains

The exchange gains of the Group and the Bank mainly include income from foreign exchange differences and translation differences from foreign currency-denominated currency assets and liabilities and the gains/losses on foreign exchange derivatives.

41. Tax and surcharges

	The Group		The Bank	
	2025	2024	2025	2024
Urban maintenance and construction tax	464	468	452	458
Education fee and surcharges	333	334	325	327
Others	287	267	246	227
Total	1,084	1,069	1,023	1,012

42. General and administrative expenses

		The Group		The Bank	
		2025	2024	2025	2024
Staff remuneration and welfare	(1)	16,219	16,428	15,551	15,828
Business expenses	(2)	6,850	7,504	6,745	7,460
Depreciation and amortization		5,064	5,022	4,933	4,851
Total		28,133	28,954	27,229	28,139

(1) Staff remuneration and welfare

	The Group		The Bank	
	2025	2024	2025	2024
Wages and bonuses	11,676	11,665	11,142	11,186
Employee welfare	463	461	448	447
Social insurance	2,817	2,780	2,736	2,711
Housing provident fund	1,031	1,005	1,005	981
Labor union funds and employee education expense	232	517	220	503
Total	16,219	16,428	15,551	15,828

(2) In the general and administrative expenses of the Group and the Bank in 2025, the lease expenses including short-term leases and low-value asset leases stood at RMB171 million (2024: RMB216 million) and RMB164 million (2024: RMB212 million).

43. Impairment losses on credit

	The Group		The Bank	
	2025	2024	2025	2024
Impairment losses of loans and advances to customers	22,726	25,833	22,300	26,096
Impairment losses of due from banks	23	(138)	23	(138)
Impairment losses of placements with banks and other financial institutions	(1)	(2)	(1)	(2)
Impairment losses of debt investments	344	945	434	979
Impairment losses of other debt investments	284	92	284	92
Projected liabilities	25	258	(32)	202
Other assets	1,626	1,439	1,667	1,036
Total	25,027	28,427	24,675	28,265

44. Income tax expense

	The Group		The Bank	
	2025	2024	2025	2024
Current income tax expense	6,111	4,963	5,201	3,899
Deferred income tax expense	312	2,720	428	3,166
Total	6,423	7,683	5,629	7,065

Adjustments to income tax expense and accounting profit are presented as follows:

	The Group		The Bank	
	2025	2024	2025	2024
Pre-tax profit	34,174	35,879	30,125	31,750
Income tax at statutory tax rate of 25%	8,544	8,970	7,531	7,938
Tax effect of tax-exempt income	(3,885)	(3,911)	(3,842)	(3,874)
Effect of different tax rates applicable to subsidiaries	(372)	–	–	–
Non-deductible expenses and other adjustments	2,136	2,624	1,940	3,001
Total	6,423	7,683	5,629	7,065

45. Other comprehensive income

Changes in other comprehensive income attributable to shareholders of the parent company

	2025				
The Group	Opening balance	Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner's equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	7,766	(3,946)	(3,034)	–	786
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	147	(144)	(109)	–	(106)
Allowance for credit losses on other debt investments	324	(89)	–	–	235
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	51	3	–	–	54
Difference from foreign currency translation	(4)	(8)	–	–	(12)
Income tax influence	(2,071)	1,045	785	–	(241)
Sub-total	6,213	(3,139)	(2,358)	–	716
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(1,919)	(85)	–	128	(1,876)
Income tax influence	480	21	–	(31)	470
Total	4,774	(3,203)	(2,358)	97	(690)

The Group	Opening balance	2024 Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner's equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	1,176	7,052	(462)	–	7,766
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(380)	147	380	–	147
Allowance for credit losses on other debt investments	250	74	–	–	324
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	44	7	–	–	51
Difference from foreign currency translation	(8)	4	–	–	(4)
Income tax influence	(271)	(1,821)	21	–	(2,071)
Sub-total	811	5,463	(61)	–	6,213
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(2,152)	(45)	–	278	(1,919)
Income tax influence	538	12	–	(70)	480
Total	(803)	5,430	(61)	208	4,774

Changes in other comprehensive income

The Bank	Opening balance	2025 Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner's equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	7,702	(3,910)	(3,026)	–	766
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	147	(144)	(109)	–	(106)
Allowance for credit losses on other debt investments	324	(89)	–	–	235
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	51	3	–	–	54
Difference from foreign currency translation	(1)	(8)	–	–	(9)
Income tax influence	(2,053)	1,034	784	–	(235)
Sub-total	6,170	(3,114)	(2,351)	–	705
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(1,942)	(176)	–	183	(1,935)
Income tax influence	484	44	–	(45)	483
Total	4,712	(3,246)	(2,351)	138	(747)

The Bank	Opening balance	2024 Amount in the year	Transferred from other comprehensive income to profit or loss	Internal transfer of owner's equity	Ending balance
Other comprehensive income to be classified as profit/loss					
Changes in fair value of other debt investments	1,163	7,001	(462)	–	7,702
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	(380)	147	380	–	147
Allowance for credit losses on other debt investments	250	74	–	–	324
Allowance for credit losses on loans and advances to customers measured at fair value through other comprehensive income	44	7	–	–	51
Difference from foreign currency translation	(5)	4	–	–	(1)
Income tax influence	(267)	(1,807)	21	–	(2,053)
Sub-total	805	5,426	(61)	–	6,170
Other comprehensive income not to be classified as profit/loss					
Changes in fair value of other equity instrument investments	(2,150)	(70)	–	278	(1,942)
Income tax influence	537	17	–	(70)	484
Total	(808)	5,373	(61)	208	4,712

46. Earnings per share

	2025	2024
Net profit attributable to shareholders of the parent company in the year	27,200	27,676
Net profit attributable to ordinary shareholders of the parent company	25,770	25,736
Weighted average ordinary shares in issue (million shares)	15,915	15,915
Basic earnings per share (RMB yuan)	1.62	1.62

The Group has no potential ordinary share issued and outstanding in 2025 or 2024. Thus, there is no need to disclose diluted earnings per share.

47. Cash and cash equivalents

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash on hand	1,849	2,046	1,849	2,042
Balances with central banks	53,313	40,745	53,313	40,690
Due from banks, placements with banks and other financial institutions and financial assets purchased under agreements to resell with the original term less than three months	117,221	55,832	113,549	43,475
Total	172,383	98,623	168,711	86,207

48. Supplementary information on the statement of cash flows

	The Group		The Bank	
	2025	2024	2025	2024
Net profit adjusted into cash flows from operating activities:				
Net profit	27,751	28,196	24,496	24,685
Plus: Impairment losses on credit	25,027	28,427	24,675	28,265
Other impairment losses on assets	389	364	(35)	(13)
Depreciation of fixed assets	3,692	3,293	1,274	1,310
Depreciation of right-of-use assets	1,604	1,736	1,552	1,678
Amortization of intangible assets	49	45	37	37
Amortization on long-term prepaid expenses	2,131	1,924	2,070	1,826
Interest income from investment and investment gains	(53,840)	(51,871)	(54,104)	(48,553)
Net gains or losses on disposal of fixed assets, intangible assets and other long-term assets	(191)	(24)	(165)	5
Unrealized exchange loss/(gain) and loss/(gain) on changes in fair value	3,709	(7,815)	3,511	(10,869)
Deferred income tax	312	2,720	428	3,166
Interest income from credit-impaired financial assets identified	(1,581)	(1,810)	(1,561)	(1,805)
Interest expense on bonds issued	5,786	7,286	5,679	7,184
Interest expenses on lease liabilities	166	193	167	189
Increase of operating receivables	(280,428)	(67,896)	(271,927)	(61,572)
Increase of operating payables	334,487	97,727	339,263	102,000
Net cash flows from operating activities	**69,063**	**42,495**	**75,360**	**47,533**
Net change of cash and cash equivalents:				
Closing balance of cash and cash equivalents	172,383	98,623	168,711	86,207
Less: Opening balance of cash and cash equivalents	(98,623)	(102,122)	(86,207)	(100,373)
Net change of cash and cash equivalents	**73,760**	**(3,499)**	**82,504**	**(14,166)**

Changes in liabilities arising from financing activities were as follows:

The Group	Bonds	Lease liabilities	Dividends and interest payable	Total
1 January 2025	228,215	5,246	1,591	235,052
Non-cash activities				
Interest expense	5,786	166	–	5,952
Profit distribution	–	–	8,005	8,005
Increase in lease liabilities in the year	–	1,574	–	1,574
Cash activities				
Bonds issued in the year	36,500	–	–	36,500
Bonds repaid in the year	(30,000)	–	–	(30,000)
Dividends and interest paid	(6,188)	–	(7,876)	(14,064)
Cash payments for repayment of lease liabilities	–	(2,021)	–	(2,021)
31 December 2025	234,313	4,965	1,720	240,998

The Group	Bonds	Lease liabilities	Dividends and interest payable	Total
1 January 2024	265,580	5,627	–	271,207
Non-cash activities				
Interest expense	7,286	193	–	7,479
Profit distribution	–	–	9,642	9,642
Increase in lease liabilities in the year	–	1,431	–	1,431
Cash activities				
Bonds issued in the year	34,000	–	–	34,000
Bonds repaid in the year	(71,000)	–	–	(71,000)
Dividends and interest paid	(7,651)	–	(8,051)	(15,702)
Cash payments for repayment of lease liabilities	–	(2,005)	–	(2,005)
31 December 2024	228,215	5,246	1,591	235,052

The Bank	Bonds	Lease liabilities	Dividends and interest payable	Total
1 January 2025	224,145	5,133	1,591	230,869
Non-cash activities				
Interest expense	5,679	167	–	5,846
Profit distribution	–	–	7,876	7,876
Increase in lease liabilities in the year	–	1,414	–	1,414
Cash activities				
Bonds issued in the year	30,000	–	–	30,000
Bonds repaid in the year	(30,000)	–	–	(30,000)
Dividends and interest paid	(6,097)	–	(7,876)	(13,973)
Cash payments for repayment of lease liabilities	–	(1,813)	–	(1,813)
31 December 2025	223,727	4,901	1,591	230,219

The Bank	Bonds	Lease liabilities	Dividends and interest payable	Total
1 January 2024	261,469	5,471	–	266,940
Non-cash activities				
Interest expense	7,184	189	–	7,373
Profit distribution	–	–	9,642	9,642
Increase in lease liabilities in the year	–	1,409	–	1,409
Cash activities				
Bonds issued in the year	30,000	–	–	30,000
Bonds repaid in the year	(67,000)	–	–	(67,000)
Dividends and interest paid	(7,508)	–	(8,051)	(15,559)
Cash payments for repayment of lease liabilities	–	(1,936)	–	(1,936)
31 December 2024	224,145	5,133	1,591	230,869

IX. SEGMENT REPORT

The Group determines the operating segments according to the organizational framework, management requirement and internal reporting system, and on this basis, determines the reporting segments.

An operating segment refers to the component within the Group meeting the following conditions at the same time: (1) such component can generate income and incur expenses in the daily activities; (2) the management of the enterprise can regularly assess the operating results of the component to determine the resources allocated to it and assess its performance; (3) the enterprise can obtain the accounting information relating to the component's financial position, operating results and cash flows.

The Group's reporting segments include the Beijing-Tianjin-Hebei Region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Central and Eastern China, Western China, Northeastern China and subsidiaries. Particularly speaking:

(1) Beijing-Tianjin-Hebei Region: Head Office, Credit Card Center, Beijing, Tianjin, Shijiazhuang and Beijing Municipal Administrative Center;

(2) Yangtze River Delta: Nanjing, Hangzhou, Shanghai, Wenzhou, Ningbo, Shaoxing, Changzhou, Suzhou, Wuxi, Hefei and Shanghai FTZ;

(3) Guangdong-Hong Kong-Macao Greater Bay Area: Shenzhen, Guangzhou, Haikou and Hong Kong;

(4) Central and Eastern China: Ji'nan, Wuhan, Qingdao, Taiyuan, Fuzhou, Changsha, Xiamen, Zhengzhou and Nanchang;

(5) Western China: Kunming, Chongqing, Chengdu, Xi'an, Urumqi, Hohhot, Nanning, Yinchuan, Guiyang, Xining and Lanzhou;

(6) Northeastern China: Shenyang, Dalian, Changchun and Harbin;

(7) Subsidiaries: Huaxia Financial Leasing Co., Ltd. and Huaxia Wealth Management Co., Ltd.

When presenting information by operating segment, operating income is divided on the basis of location of branches generating income. Segment assets and capital expenditure are divided by the location of the related assets.

2025	Beijing-Tianjin-Hebei Region	Yangtze River Delta	Guangdong-Hong Kong-Macao Greater Bay Area	Central and Eastern China	Western China	Northeastern China	Subsidiaries	Offset among segments	Total
Operating income	38,059	19,888	6,501	9,716	8,300	690	9,437	(677)	91,914
Net interest income	18,570	19,461	5,559	8,753	8,057	718	1,830	–	62,948
Of which:									
Net external interest income	21,803	19,260	4,669	7,226	7,621	539	1,830	–	62,948
Segmental net interest income	(3,233)	201	890	1,527	436	179	–	–	–
Net fee and commission income	3,618	61	151	535	(34)	(61)	1,303	3	5,576
Other net operating income	15,871	366	791	428	277	33	6,304	(680)	23,390
Operating expenses	(21,005)	(9,740)	(7,756)	(8,395)	(4,094)	(1,934)	(4,703)	2	(57,625)
Operating profit	17,054	10,148	(1,255)	1,321	4,206	(1,244)	4,734	(675)	34,289
Net non-operating income	(110)	(3)	(11)	31	(17)	5	(10)	–	(115)
Total profit	16,944	10,145	(1,266)	1,352	4,189	(1,239)	4,724	(675)	34,174
Supplementary information									
1. Depreciation and amortization expenses	2,985	550	374	513	386	125	2,543	–	7,476
2. Capital expenditures	2,680	442	114	298	346	18	13,000	–	16,898
3. Impairment losses on credit	9,377	3,904	5,494	4,170	728	1,002	352	–	25,027
31 December 2025									
Segment assets	3,494,390	1,116,086	517,546	611,540	497,808	78,940	206,097	(1,791,161)	4,731,246
Undistributed assets									6,373
Total assets									4,737,619
Segment liabilities	3,135,123	1,106,963	519,154	611,095	495,151	82,264	179,191	(1,791,122)	4,337,819
Undistributed liabilities									–
Total liabilities									4,337,819

2024	Beijing-Tianjin-Hebei Region	Yangtze River Delta	Guangdong-Hong Kong-Macao Greater Bay Area	Central and Eastern China	Western China	Northeastern China	Subsidiaries	Offset among segments	Total
Operating income	43,432	19,503	6,084	10,497	8,765	977	7,878	10	97,146
Net interest income	16,608	19,198	5,269	9,899	8,431	932	1,726	–	62,063
Of which:									
Net external interest income	18,581	20,124	4,857	8,149	7,701	925	1,726	–	62,063
Segmental net interest income	(1,973)	(926)	412	1,750	730	7	–	–	–
Net fee and commission income	4,290	(253)	71	340	44	6	935	10	5,443
Other net operating income	22,534	558	744	258	290	39	5,217	–	29,640
Operating expenses	(27,438)	(8,160)	(6,676)	(6,438)	(4,938)	(3,791)	(3,766)	3	(61,204)
Operating profit	15,994	11,343	(592)	4,059	3,827	(2,814)	4,112	13	35,942
Net non-operating income	(79)	2	(3)	18	(5)	–	4	–	(63)
Total profit	15,915	11,345	(595)	4,077	3,822	(2,814)	4,116	13	35,879
Supplementary information									
1. Depreciation and amortization expenses	2,841	578	340	542	411	139	2,147	–	6,998
2. Capital expenditures	3,586	135	58	180	85	37	12,607	–	16,688
3. Impairment losses on credit	15,258	2,200	4,168	2,174	1,653	2,812	162	–	28,427
31 December 2024									
Segment assets	3,326,872	1,046,294	440,356	591,417	469,105	76,704	196,150	(1,775,292)	4,371,606
Undistributed assets									4,885
Total assets									4,376,491
Segment liabilities	3,001,795	1,035,028	441,479	587,728	466,516	81,479	172,032	(1,775,250)	4,010,807
Undistributed liabilities									–
Total liabilities									4,010,807

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related parties

There is no related party that controls or jointly controls the Bank. Other related parties are as follows:

(1) Shareholders holding no less than 5% shares in the Bank and exerting significant influence on the Bank by the year end

Name of related shareholder	Place of registration	Legal representative/ CEO	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
Shougang Group	Beijing	Zhao Minge	Industries, construction, geologic exploration, transportation, foreign trade, telecommunication, finance and insurance, scientific research and comprehensive technological service, domestic commerce, public catering, material supply and sales, warehouse, etc.	RMB30,337 million	21.68	21.68
State Grid Yingda International Holdings Group Ltd.	Beijing	Yang Dongwei	Investment and assets operation and management; assets custody, rendering services for enterprise restructuring, M&A, strategic placement and venture capital investment; investment consultation; and investment advisory	RMB108,112 million	19.33	19.33
PICC Property and Casualty Company Limited	Beijing	Zhang Daoming (acting head)	RMB and foreign currency insurance and related reinsurance; services and consultancy of property insurance, accident insurance and short-term health insurance and reinsurance; handling relevant business on behalf of insurance institutions; investment and fund application, etc.	RMB22,243 million	16.11	16.11
Beijing Infrastructure Investment Co., Ltd.	Beijing	Hao Weiya	Manufacturing of metro vehicles and equipment; investment and investment management; planning, construction and operation management of metro lines; proprietary and agent import & export business of various commodities and technologies; design and repair of metro vehicles; design and installation of metro equipment; project supervision; property management; real estate development; and design and production of metro ads	RMB205,066 million	10.86	10.86

(2) Subsidiaries of the Bank

Please refer to Note VII Business Combination and Consolidated Financial Statements.

(3) Other related parties

Other related parties mainly include:

(i) Key management personnel (directors, supervisors and senior executives), and their close family members;

(ii) Corporations or any other organizations (other than the Bank and its subsidiaries) controlled or jointly controlled by or under significant influence of key management personnel and their close family members;

(iii) Subsidiaries of shareholders holding no less than 5% shares in the Bank and shareholders holding less than 5% shares in the Bank but exerting significant influence on the Bank;

(iv) State Grid Corporation of China (parent company of State Grid Yingda International Holdings Group Ltd., the related shareholder of the Bank) and its subsidiaries; The People's Insurance Company (Group) of China (parent company of PICC Property and Casualty Company Limited, the related shareholder of the Bank) and its subsidiaries;

(v) Other incorporated organizations, unincorporated organizations and natural persons exerting significant influence on operation and management of the Bank.

2. Related party transactions

Related party transactions between the Group and its related parties, whose pricing will be based on general transaction price according to normal commercial terms, shall be subject to the approval of corresponding decision-making institution by transaction type.

(1) Related party transactions with shareholders holding no less than 5% shares in the Bank and exerting significant influence on the Bank and their subsidiaries

	31 December 2025		31 December 2024	
	Transaction balance	Percentage (%)[(i)]	Transaction balance	Percentage (%)[(i)]
Assets				
Due from banks	57	0.19	45	0.21
Loans and advances to customers	16,627	0.66	18,092	0.78
Other assets	473	1.85	5	0.02
Financial investments	51,224	2.98	38,550	2.33
Placements with banks and other financial institutions	–	–	1,081	1.68
Liabilities				
Deposits taking	12,861	0.53	11,594	0.53
Placements from banks and other financial institutions	15,724	7.13	2,385	1.02
Other liabilities	–	–	1	–
Due to banks and other financial institutions	4,288	0.66	25,825	4.53
Off-balance-sheet items				
L/Gs and other payment commitments issued	571	1.27	608	1.35
L/Cs issued	12	0.01	–	–
Bank acceptance drafts	481	0.09	321	0.07
Non-principal-guaranteed wealth management products issued by the Group	280	0.02	609	0.07
Capital expenditure commitments[(ii)]	452	6.56	452	5.50

	2025		2024	
	Transaction amount	Percentage (%)[(i)]	Transaction amount	Percentage (%)[(i)]
Interest income	613	0.45	677	0.46
Interest expense	436	0.60	577	0.68
Fee and commission income	70	0.61	59	0.53
Investment gains	345	1.72	331	2.11
Profit or loss on changes in fair value	(143)	4.05	734	9.28
General and administrative expenses	191	0.68	150	0.52

(i) Percentage of related party transaction balance or amount in the total balance or amount of the Group's transactions of the same type.

(ii) The Bank purchased the tailor-made Digital Technology Building from Beijing Shouqiao Innovation Real Estate Co., Ltd. at a price of RMB4,520 million. As of 31 December 2025, the Company had paid RMB4,068 million of the contract price, and the outstanding amount will be paid in installments according to the progress of project construction, certification and licensing.

(2) Related party transactions with other related legal persons

	31 December 2025		31 December 2024	
	Transaction balance	Percentage (%)[(i)]	Transaction balance	Percentage (%)[(i)]
Assets				
Due from banks	218	0.73	1,193	5.67
Loans and advances to customers	2,950	0.12	3,507	0.15
Placements with banks and other financial institutions	5,506	6.75	5,006	7.76
Financial investments	29,801	1.73	21,849	1.32
Other assets	747	2.92	687	2.38
Liabilities				
Deposits taking	15,611	0.65	6,816	0.31
Due to banks and other financial institutions	3,957	0.61	14,687	2.57
Placements from banks and other financial institutions	9,605	4.36	290	0.12
Other liabilities	355	1.38	5	0.02
Off-balance-sheet items				
L/Cs issued	107	0.07	138	0.09
Bank acceptance drafts	639	0.12	629	0.13
Non-principal-guaranteed wealth management products issued by the Group	1,340	0.11	759	0.09

	2025		2024	
	Transaction amount	Percentage (%)[(i)]	Transaction amount	Percentage (%)[(i)]
Interest income	516	0.38	482	0.33
Interest expense	410	0.57	411	0.49
Fee and commission income	65	0.57	14	0.13
Investment gains	2	0.01	–	–
Profit or loss on changes in fair value	24	N/A	170	2.15
General and administrative expenses	1,166	4.14	984	3.40

(i) Percentage of related party transaction balance or amount in the total balance or amount of the Group's transactions of the same type.

(3) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including directors and senior management members (supervisors were included in 2024). Directors of the Bank are of the view that related party transactions between key management personnel stated above and the Bank are carried out under normal commercial terms as the same with those with non-related parties.

Remunerations of the above key management members received from the Bank are set out below:

	2025	2024
Remunerations	13	24

The final total compensation before tax for Chairman, President and other senior management members of the Bank is in the process of determination, and the remaining part will be disclosed separately after determination. Nevertheless, the Management of the Group expects that the difference between the above amount and the final compensation amount will not pose material influence on the consolidated financial statements of 2025.

(4) Transactions with related natural persons

As at 31 December 2025, the Bank's balance of loans to related natural persons totaled RMB109.50 million (31 December 2024: RMB111.63 million).

(5) Enterprise annuity

Except the normal fund contribution to enterprise annuity created by the Group and general banking businesses, the Group has no related party transactions in 2025 and 2024.

XI. CONTINGENCIES AND COMMITMENTS

1. Pending legal proceedings

As at 31 December 2025, the claimed amount of pending legal proceedings where the Bank or any of its subsidiaries is the defendant or the third party totaled RMB1,883 million. (31 December 2024: RMB2,585 million). Based on court order or suggestions of legal consultants, the Group has set aside provisions for losses arising from legal proceedings against it. The Management of the Group believes that the final court decision on these legal proceedings will not impose material impact on the Group's financial position or operation.

2. Capital expenditure commitments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Capital commitments signed but not confirmed in the financial statements – commitment to purchase long-term assets	6,895	8,225	5,371	5,966

3. Credit commitments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bank acceptance drafts	537,213	478,418	537,492	478,427
L/Cs issued	162,422	149,497	162,862	149,497
L/Gs and other payment commitments issued	44,916	45,039	44,916	45,039
Irrevocable loan commitments	26,385	22,763	26,385	22,763
Unused credit card limit	327,253	341,821	327,253	341,821
Total	1,098,189	1,037,538	1,098,908	1,037,547

4. Financial lease commitments

On the balance sheet date, the minimum lease receipts under the irrevocable financial lease contracts signed by the Group as the leaser is as follows:

	The Group	
	31 December 2025	31 December 2024
Financial lease commitments	23,386	15,227
Total	23,386	15,227

5. Collateral

(1) Collateral assets

On the balance sheet date, the book value of assets used as collateral for transactions under repurchase agreements is as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds	226,664	156,178	162,360	85,260
Bills	50	708	50	708
Total	226,714	156,886	162,410	85,968

On 31 December 2025, the book value of financial assets sold under agreements to repurchase of the Group was RMB226,412 million (31 December 2024: RMB155,414 million). On 31 December 2025, the book value of financial assets sold under agreements to repurchase of the Bank was RMB162,075 million (31 December 2024: RMB84,514 million).

In addition, partial bond investment of the Group is used as collateral for time deposits of commercial banks under cash management of the central treasury and mid-term credit facility of PBOC or as collateral according to regulatory requirements. On 31 December 2025, the book value of the above collaterals was RMB400,308 million (31 December 2024: RMB337,305 million).

Subsidiary of the Group, Huaxia Financial Leasing took out a loan of USD291 million, equivalent to RMB2,048 million (31 December 2024: RMB3,902 million) secured by a certificate of deposit worth RMB2,908 million (31 December 2024: RMB6,284 million).

(2) Collateral received

The Group accepts such pledge as securities in relevant business of purchase under agreements to resell. Some of the securities accepted can be sold or re-used as collateral. On 31 December 2025 and 31 December 2024, the Group and the Bank held neither the pledged assets available for sale in the absence of counterparty's default nor the assets available for re-pledge in other transactions.

6. Government bonds underwriting and redemption

As a member of the underwriter group of savings government bonds of the Ministry of Finance, the Group underwrites and sells savings government bonds as an agent. Holders of savings government bonds may request redemption in advance and the Group is obliged to perform the duty of redemption. The Group is obliged to redeem the principal of the savings government bonds and the interest payable determined according to the early redemption agreement.

On 31 December 2025, the Group was obliged to redeem the savings government bond principal of RMB5,835 million (31 December 2024: RMB6,263 million). The original term of the above savings government bonds ranges from 1 to 5 years. The Management expects that the amount of redemption of these savings government bonds through the Group prior to maturity will not be material.

MOF will not provide fund for the early redemption of these savings government bonds in a timely manner but is obliged to repay the principal and the interest upon maturity or according to documents issued.

7. Entrusted transaction

(1) Entrusted deposits and loans

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Entrusted loans	61,409	66,516	61,409	66,502
Entrusted loan funds	61,409	66,516	61,409	66,502

(2) Entrusted investments

	The Group	
	31 December 2025	31 December 2024
Entrusted investments	1,215,117	833,293

Entrusted investment means that the Group manages customer assets as entrusted by the non-principal-guaranteed wealth management customer and the investment risk of entrusted assets is taken by the customer.

XII. TRANSFER OF FINANCIAL ASSETS

Asset-backed securities

The Group conducts asset-backed securities transactions during the normal operation. The Group sells part of financial assets to the Special Purpose Trust (SPT), which then issues asset-backed securities to investors. The Group decides whether to combine the special-purpose trusts by taking into the following into full account: whether exercising power over such trusts, whether being entitled to variable returns by participating in the activities relating to such trusts; and whether being able to influence its returns by wielding its power over such trusts.

The Group transferred the related financial assets and nearly all risks (mainly including credit risk, prepayment risk and interest rate risk of the target financial assets) thereof and returns arising from the ownership of such assets to other investors, so the Group derecognized such financial assets. As at the transfer date, the book value of the above securitized/structured financial assets of the Group for 2025 totaled RMB787 million (2024: RMB388 million). As at 31 December 2025, the Group held RMB49 million of the above asset-backed securities (2024: RMB19 million).

In case that the Group neither transfers nor retains substantially all the risks and rewards related to ownership of the financial asset and it does not waive control over the financial asset, the Group continues to recognize the asset based on the degree of subsequent involvement. The Group retained certain degree of continuing involvement in the transferred financial assets by holding some investments. On 31 December 2025, the value of assets the Group continued to recognize was RMB636 million (31 December 2024: RMB719 million).

Once the SPT established, such part of financial assets shall be discriminated from other assets without SPT when the above financial assets are being transferred. According to relevant transaction documents, in case of dissolution, liquidation, bankruptcy of the Group according to law, assets under the SPT shall not be subject to the liquidation. As the issuance consideration equaled to the book value of the transferred financial assets, the Group did not recognize any gains or losses from the transfer of such assets. The Group will charge certain fees as financial assets service provider subsequently. Please see Note XIII Structured Entities.

Repurchase agreements

A repurchase agreement means a deal in which the Group sells a financial asset while agreeing with the counterparty to buy back the asset (or substantially the same financial asset) at fixed price on a specified date in the future. As the buyback price is fixed, the Group still takes nearly all the risk and return related to the ownership of the sold asset and thus the asset is not derecognized in financial statements. The Group recognizes a financial liability for the received consideration and records it as financial asset sold under agreements to repurchase at the same time.

For the book value of bond assets and bill assets sold by the Group under repurchase agreements as at 31 December 2025 and 31 December 2024, please see Note XI-5(1).

Credit assets transfer

In 2025, the Group disposed of loans with a book value of RMB11,474 million via transfer to third parties (2024: RMB7,056 million). The Group has transferred almost all the risk and return relating to the ownership of the above loans, and therefore they have been derecognized.

XIII. STRUCTURED ENTITIES

1. Interests and rights enjoyed in structured entities sponsored excluded from the consolidated financial statements

1.1 Interests and rights enjoyed in structured entities sponsored by the Group but excluded in the consolidated financial statements

Structured entities sponsored by the Group but excluded in the consolidated financial statements mainly include asset-backed securities and non-principal-guaranteed wealth management products issued by the Group. The nature and purpose of these structured entities are to manage investors' assets and charge management fees. They raise funds by issuing investment products to investors.

As at the date of the balance sheet, the amount of unconsolidated structured entities sponsored by the Group and rights and interests therefrom are listed as follows:

The Group

	31 December 2025				
	Balance of products	Book value of shareholdings	Maximum loss exposure	Income from structured entities in the year	Major income type
Non-principal-guaranteed wealth management products	1,215,117	500	500	2,046	Fee income, investment income and loss/(gain) on changes in fair value
Total	1,215,117	500	500	2,046	

	31 December 2024				
	Balance of products	Book value of shareholdings	Maximum loss exposure	Income from structured entities in the year	Major income type
Non-principal-guaranteed wealth management products	833,293	910	910	1,683	Fee income, investment income and loss/(gain) on changes in fair value
Total	833,293	910	910	1,683	

As at 31 December 2025 and 31 December 2024, for the information on the Group's interests in unconsolidated structured entities set up in asset-backed transactions, please see Note "XII. Asset-backed securities". For the years 2025 and 2024, the Group's income from the above structured entities was not material.

As at 31 December 2025 and 31 December 2024, the Group provided no financial or other supports to structured entities excluded in the consolidated financial statements. It also has no plan to do so.

1.2 Rights and interests enjoyed in structured entities sponsored by third-party institutions

The Group enjoys rights and interests in structured entities sponsored by third-party institutions by directly holding investments. These structured entities mainly include asset-backed securities, wealth management products, financial institutions' asset management plans, fund investments and beneficiary rights of assets, whose nature and purpose are to manage investors' assets and charge management fees. They raise funds by issuing investment products to investors.

The book value and maximum loss exposure of rights and interests enjoyed by the Group in structured entities sponsored by third-party institutions by directly holding investments are presented as follows:

	31 December 2025			
The Group	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Asset-backed securities	–	1,489	1,130	2,619
Asset management plan of financial institutions	380	72,211	–	72,591
Fund investments	281,342	–	–	281,342
Beneficiary rights of assets and others	3,969	34,415	–	38,384
Total	285,691	108,115	1,130	394,936

	31 December 2024			
The Group	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Asset-backed securities	–	1,403	1,947	3,350
Asset management plan of financial institutions	29,005	85,781	–	114,786
Fund investments	297,975	–	–	297,975
Beneficiary rights of assets and others	3,728	21,745	–	25,473
Total	330,708	108,929	1,947	441,584

Note: On 31 December 2025 and 31 December 2024, asset-backed securities were included in financial institution bonds and corporate bonds under Note VIII-8 Debt Investments and Note VIII-9 Other Debt Investments.

2. Consolidated structured entities

Consolidated structured entities of the Group are ABS trust plans, asset management plans of financial institutions and trust product investment. As the Group has power over such structured entities and is entitled to variable return by participating the relevant activities and able to influence the return amount through its right on the investee, the Group has control over such structured entities. The Group provided no financial support for consolidated structured entities.

XIV. RISK MANAGEMENT

1. Overview

The Group mainly faces credit risk, market risk and liquidity risk. Market risk includes exchange rate risk, interest rate risk and other price risks.

2. Risks management framework

The Board of Directors of the Group is responsible for reviewing and confirming the risk appetite of the Group, and reviewing and approving the risk management objectives and strategies of the Group.

The risk management framework includes the following: The Group keeps improving its organizational structure for risk management that covers all types of business and risks, with clear responsibilities and effective checks and balances. The Board of Directors and the Senior Management assume the ultimate responsibility and implementation responsibility for enterprise risk management, respectively. The business departments, risk and compliance management departments audit departments play their respective roles to ensure that the "three lines of defense" for risk management are full-functioning to prevent and control risks through the business process.

3. Credit risk

3.1 Credit risk management

Credit risk refers to the possibility of loss and uncertainty of income caused by customer default or decreased credit standing to a commercial bank, when the bank operates credit, inter-bank lending and investment businesses. The credit risk of the Group mainly exists in the on-balance-sheet and off-balance-sheet businesses including loans and advances to customers, placements with banks and other financial institutions, interbank lending, bond investments, bill acceptance, letters of credit, and letters of guarantee. The credit risk management process of the Group confirms and manages the above risks by mainly focusing on pre-loan due diligence, credit rating, loan approval, loan-granting management, post-lending monitoring and loan collection management procedure.

Before granting credit to a single customer, the Group will conduct credit appraisal first and regularly inspect the credit limit granted. The means for credit risk mitigation include acquisition of collaterals and warranty. As for the off-balance-sheet businesses, the Group will charge security deposit in corresponding proportion based on the credit status of customers and business risk level to reduce the credit risk.

The Group classifies loans and advances to customers into five categories, namely pass, special-mention, substandard, doubtful and loss. The last three categories are deemed as non-performing loans (NPLs). Loan impairment is mainly determined by the possibility of repayment and recovery of principal and interest. Major assessment factors include repayment ability, credit record, repayment willingness, profitability of loan project, guarantee or mortgage measures and legal liability for loan repayment of the borrower. The Group measures and sets aside allowance for impairment losses using the ECL model method.

According to the Rules on Risk Classification of Financial Assets of Commercial Banks (Order No. 1 of China Banking and Insurance Regulatory Commission and People's Bank of China in 2023) issued by the former CBIRC and PBOC, the definitions of the Group's five-tier classifications of loans and advances to customers are listed as below:

- Pass: The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time;
- Special-Mention: The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations;
- Substandard: The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment;
- Doubtful: The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment;
- Loss: None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

Measurement of expected credit loss

As from 1 January 2019, the Group measures the credit losses on debt instruments-related financial assets measured at amortized cost and those measured at fair value through other comprehensive income using the "ECL Model" in accordance with the New Financial Instrument Standards.

For financial assets subject to ECL measurement, the Group assesses whether the credit risk of relevant financial assets has increased significantly since initial recognition and uses the "three-stage" impairment model to measure their allowance for impairment losses respectively and recognize the ECL and its changes:

Stage 1: For financial instruments that have not had a significant increase in credit risk since initial recognition, their ECL amount over the next 12 months should be recognized;

Stage 2: For financial instruments that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, their ECL amount over the remaining life should be recognized;

Stage 3: For financial assets that have objective evidence of impairment on the balance sheet date, their ECL amount over the remaining life should be recognized.

Risk grouping

The Group classifies credit risk exposure into risk groups based on credit risk characteristics such as product type, customer type, customer industry and market distribution. Non-retail business risks are mainly grouped into "transportation, manufacturing, construction, real estate, wholesale and retail, financials, services and other industries". Retail business risks are mainly grouped into "residential mortgages, personal consumption loans, personal business loans, micro and small retail loans, internet loans, credit card (qualifying revolving retail) and others".

Significant increase in credit risk

The Group monitors all financial assets that meet impairment requirements to assess whether their credit risk has increased significantly or not since initial recognition. If the credit risk has increased significantly, the Group will measure allowance for impairment losses according to lifetime ECL rather than 12-month ECL.

If a financial instrument triggers one or more of the following criteria, the Group deems that the financial instrument has had a significant increase in credit risk:

i. The principal or interest is overdue for more than 30 days;

ii. The credit transaction is risk-classified as special mention;

iii. The debtor has undergone a deterioration in key financial indicators, with a marked rise in default risk;

iv. The credit risk has increased significantly in other circumstances.

Default and credit impairment

Where a financial instrument meets one or more of the following conditions, the Group will define the financial asset as credit-impaired:

i. The principal or interest is overdue for more than 90 days;

ii. The debtor goes bankrupt or suffers serious financial difficulties, expected to incur a major loss;

iii. The financial asset is classified by risk category as Substandard, Doubtful or Loss;

iv. Other objective evidences indicating impairment of the financial assets.

The financial instrument in Stage 1 that has experienced significant deterioration in credit risk should be moved to Stage 2. The financial instrument in Stage 2 can move back to Stage 1 if it has improved to the extent of no longer showing significant deterioration in credit risk. The financial instrument in Stage 3 cannot be moved directly to Stage 1.

Parameters of ECL measurement

According to whether credit risk has increased significantly and whether the asset has been credit-impaired or not, the Group measures allowance for impairment losses for different assets at an amount equal to 12-month or lifetime ECL. Relevant terms are defined as follows:

i. Probability of default means the likelihood that the borrower will be unable to meet its debt obligations in the coming 12 months or remaining lifetime;

ii. Loss given default means the Group's projected level of loss on exposure at the time of default. LGD varies with the type of counterparty, the way and priority of recourse and availability of collateral and other credit enhancements. LGD is the loss expressed as a percentage of total exposure at the time of default, which is measured based on the coming 12 months or lifetime;

iii. Exposure at default means the total amount of projected exposure of on-balance-sheet and off-balance-sheet items at the time of default. It reflects the total amount of possible losses. EAD generally includes used balance of credit, outstanding interest receivable and expected drawdown of unused credit limit and related possible expenses.

The Group has grouped exposures with similar risk characteristics into different categories to estimate the PD, LGD and EAD separately. The Group has acquired sufficient information to ensure their statistical reliability. The Group regularly monitors and back-tests the model rating outcomes according to actual defaults and losses of customers.

Forward-looking information

The Group uses forward-looking information that is available without undue cost or effort to measure ECL. The Group uses historical data on macroeconomic indicators and systemic factors and establishes the relationship between macroeconomic indicators or systemic factors and actual default rate using statistical methods, so as to adjust the default rate parameters of the expected loss model. The macroeconomic indicators or systemic factors used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). According to the predicted values of relevant indicators, the relationship between the macroeconomic indicators or systemic factors and actual default rate is established and different scenario weights are set to adjust the impact on the expected credit losses. The expected credit loss calculation involves forward-looking information.

In 2025, the significant macroeconomic indicators used by the Group in various macroeconomic scenarios included the quarterly year-on-year growth rate of GDP, cumulative year-on-year growth rate of GDP, CPI and PPI. When it comes to the quarterly year-on-year growth rate of GDP, its average forecast was between 4% and 5% under all scenarios at the end of 2025.

The Group determine economic forecasts and their weights under a variety of scenarios in the light of statistical analysis and expert judgment. The economic scenarios determined include baseline, optimistic and pessimistic scenarios, with stress scenarios also considered. In 2025, the baseline scenarios had the biggest weight, with other scenarios weighting between 30% and 35%. The Group measures the allowance for impairment losses according to the expected credit losses weighted by different scenarios.

The Group conducts sensitivity analysis on the major economic indicators used in the forward-looking information. When the predicted value of a major economic indicator changes by 10%, the expected credit loss changes by no more than 5% of the current expected credit loss measurement.

3.2 Maximum credit risk exposure

Without regard to the available collateral or other credit enhancement measures, the amounts of the maximum credit exposure on the balance sheet date are presented as follows:

	The Group	
	31 December 2025	31 December 2024
Balances with central banks	178,899	165,653
Due from banks	29,752	21,048
Placements with banks and other financial institutions	81,560	64,469
Derivative financial assets	6,646	20,057
Financial assets purchased under agreements to resell	88,681	31,389
Loans and advances to customers	2,518,416	2,313,356
Held-for-trading financial assets	187,537	106,376
Debt investments	867,197	898,236
Other debt investments	371,160	308,592
Other financial assets	11,432	16,092
Sub-total	4,341,280	3,945,268
Off-balance-sheet credit risk exposure	1,119,855	1,051,069
Total	5,461,135	4,996,337

	The Bank	
	31 December 2025	31 December 2024
Balances with central banks	178,899	165,300
Due from banks	23,180	13,058
Placements with banks and other financial institutions	81,228	64,469
Derivative financial assets	6,646	20,057
Financial assets purchased under agreements to resell	87,092	26,963
Loans and advances to customers	2,400,306	2,200,098
Held-for-trading financial assets	111,355	79,983
Debt investments	710,333	713,686
Other debt investments	368,551	306,416
Other financial assets	5,352	5,791
Sub-total	3,972,942	3,595,821
Off-balance-sheet credit risk exposure	1,097,312	1,035,918
Total	5,070,254	4,631,739

The Group will adopt a series of policies and credit enhancement measures to reduce the credit risk exposure to an acceptable level. Among them, common methods include asking the borrower to pay security deposit or providing collaterals or warranty. The amount and type of collaterals required by the Group depend on the assessment of the credit risk of the counterparty. As for the type and assessment parameters of collaterals, the Group has formulated relevant guidelines and it takes the acceptable type and its value as the specific implementation standard.

The types of collaterals accepted by the Group are as follows:

(1) Reverse repurchase transactions: bills, bonds, etc.;

(2) Corporate loans: house property, land use rights, certificate of deposits and equity, etc.;

(3) Personal loans: house property and certificate of deposits, etc.

The Management regularly organizes an inspection of the value of collateral and requires the counterparty to increase the collateral if necessary.

3.3 Off-balance-sheet business risk

The Group includes the off-balance-sheet business with credit risk exposures into unified credit management. As for the off-balance-sheet businesses such as bank acceptance drafts, L/Cs and L/Gs, the Bank requires authentic trading background, charges security deposit in corresponding proportion based on the credit status of customers and business risk level, and requires effective guarantee for the remaining parts. The Group strictly controls financing L/Gs and other high-risk off-balance-sheet businesses.

3.4 Credit quality of financial instruments subject to impairment assessment

	31 December 2025				
The Group	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	178,899	–	–	–	178,899
Due from banks	29,914	–	5	(167)	29,752
Placements with banks and other financial institutions	81,571	–	30	(41)	81,560
Financial assets purchased under agreements to resell	88,682	–	306	(307)	88,681
Loans and advances to customers measured at amortized cost	2,347,199	85,575	50,668	(57,101)	2,426,341
Debt investments	856,554	2,306	18,464	(10,127)	867,197
Other financial assets	8,741	3,713	1,726	(2,748)	11,432
Sub-total	3,591,560	91,594	71,199	(70,491)	3,683,862
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	92,075	–	–	Note	92,075
Other debt investments	371,100	46	14	Note	371,160
Sub-total	463,175	46	14	Note	463,235
Off-balance-sheet items	1,118,234	3,155	186	(1,720)	1,119,855
Total	5,172,969	94,795	71,399	(72,211)	5,266,952

The Group	31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	165,653	–	–	–	165,653
Due from banks	21,188	–	5	(145)	21,048
Placements with banks and other financial institutions	64,482	–	30	(43)	64,469
Financial assets purchased under agreements to resell	31,390	–	306	(307)	31,389
Loans and advances to customers measured at amortized cost	2,164,121	85,437	42,926	(61,327)	2,231,157
Debt investments	885,673	3,142	21,147	(11,726)	898,236
Other financial assets	14,555	1,962	1,128	(1,553)	16,092
Sub-total	3,347,062	90,541	65,542	(75,101)	3,428,044
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	82,199	–	–	Note	82,199
Other debt investments	308,561	–	31	Note	308,592
Sub-total	390,760	–	31	Note	390,791
Off-balance-sheet items	1,049,657	2,577	531	(1,696)	1,051,069
Total	4,787,479	93,118	66,104	(76,797)	4,869,904

The Bank	31 December 2025				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	178,899	–	–	–	178,899
Due from banks	23,342	–	5	(167)	23,180
Placements with banks and other financial institutions	81,239	–	30	(41)	81,228
Financial assets purchased under agreements to resell	87,093	–	306	(307)	87,092
Loans and advances to customers measured at amortized cost	2,233,279	76,633	49,344	(51,025)	2,308,231
Debt investments	700,405	1,405	18,464	(9,941)	710,333
Other financial assets	3,106	3,013	1,125	(1,892)	5,352
Sub-total	3,307,363	81,051	69,274	(63,373)	3,394,315
Financial assets measured at fair value through other comprehensive income:					
Loans and advances to customers measured at fair value through other comprehensive income	92,075	–	–	Note	92,075
Other debt investments	368,491	46	14	Note	368,551
Sub-total	460,566	46	14	Note	460,626
Off-balance-sheet items	1,095,568	3,155	185	(1,596)	1,097,312
Total	4,863,497	84,252	69,473	(64,969)	4,952,253

The Bank	31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Book value
Financial assets measured at amortized cost:					
Balances with central banks	165,300	–	–	–	165,300
Due from banks	13,198	–	5	(145)	13,058
Placements with banks and other financial institutions	64,482	–	30	(43)	64,469
Financial assets purchased under agreements to resell	26,964	–	306	(307)	26,963
Loans and advances to customers measured at amortized cost	2,056,598	74,867	41,414	(54,980)	2,117,899
Debt investments	701,749	2,240	21,147	(11,450)	713,686
Other financial assets	4,533	1,827	455	(1,024)	5,791
Sub-total	3,032,824	78,934	63,357	(67,949)	3,107,166
Financial assets measured at fair value through other comprehensive income[(1)]:					
Loans and advances to customers measured at fair value through other comprehensive income	82,199	–	–	Note	82,199
Other debt investments	306,385	–	31	Note	306,416
Sub-total	388,584	–	31	Note	388,615
Off-balance-sheet items	1,034,439	2,577	531	(1,629)	1,035,918
Total	4,455,847	81,511	63,919	(69,578)	4,531,699

Note: Allowances for impairment losses on financial assets measured at fair value through other comprehensive income are not included in book value. Therefore, the allowance for impairment losses for this item are not disclosed in the table.

3.5 Loans and advances to customers

(1) The Loans and advances to customers are distributed by industry as follows:

	The Group			
	31 December 2025		31 December 2024	
Industry	Amount	Percentage (%)	Amount	Percentage (%)
Leasing and commercial services	527,840	20.57	481,803	20.36
Manufacturing	303,989	11.84	256,067	10.82
Water conservancy, environment and public facilities management	151,998	5.92	135,604	5.73
Wholesale and retail	131,377	5.12	135,387	5.72
Electric power, heat, gas and water production and supply industry	104,301	4.06	87,989	3.72
Real estate	103,504	4.03	99,208	4.19
Construction industry	101,835	3.97	93,858	3.97
Transportation, warehousing and post industry	101,789	3.97	80,987	3.42
Financial services	77,485	3.02	62,999	2.66
Mining industry	47,464	1.85	35,973	1.52
Other corporate industries	117,896	4.60	98,360	4.17
Discounted bills	98,414	3.83	76,055	3.21
Personal loans	698,774	27.22	722,027	30.51
Total	2,566,666	100.00	2,366,317	100.00

Industry	The Bank			
	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Leasing and commercial services	508,379	20.81	458,174	20.39
Manufacturing	298,004	12.20	250,878	11.17
Water conservancy, environment and public facilities management	138,372	5.67	113,946	5.07
Wholesale and retail	130,036	5.32	133,555	5.94
Real estate	103,504	4.24	99,171	4.41
Construction industry	100,673	4.12	91,980	4.09
Transportation, warehousing and post industry	80,386	3.29	62,406	2.78
Financial services	77,485	3.17	62,999	2.80
Electric power, heat, gas and water production and supply industry	64,714	2.65	54,686	2.43
Mining industry	46,951	1.92	34,865	1.55
Other corporate industries	111,545	4.57	95,034	4.25
Discounted bills	98,414	4.03	76,055	3.39
Personal loans	684,106	28.01	712,967	31.73
Total	2,442,569	100.00	2,246,716	100.00

For breakdown of personal loans, please see Note VIII-6(1).

(2) The loans and advances to customers are distributed by region as follows:

Regions	The Group			
	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Yangtze River Delta	802,743	31.28	726,525	30.70
Beijing-Tianjin-Hebei Region	552,781	21.54	529,624	22.38
Central and Eastern China	397,199	15.48	362,562	15.32
Western China	341,386	13.30	308,983	13.06
Guangdong-Hong Kong-Macao Greater Bay Area	298,049	11.61	270,354	11.43
Northeastern China	50,411	1.96	48,668	2.06
Subsidiaries	124,097	4.83	119,601	5.05
Total	2,566,666	100.00	2,366,317	100.00

Regions	The Bank			
	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Yangtze River Delta	802,743	32.86	726,525	32.34
Beijing-Tianjin-Hebei Region	552,781	22.63	529,624	23.57
Central and Eastern China	397,199	16.26	362,562	16.14
Western China	341,386	13.98	308,983	13.75
Guangdong-Hong Kong-Macao Greater Bay Area	298,049	12.21	270,354	12.03
Northeastern China	50,411	2.06	48,668	2.17
Total	2,442,569	100.00	2,246,716	100.00

(3) The loans and advances to customers are distributed by collateral as follows:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Unsecured loans	813,355	705,279	792,431	678,320
Guaranteed loans	795,705	708,874	704,668	627,297
Collateral loans	859,192	876,109	847,056	865,044
Of which: Mortgage loans	684,917	712,452	679,817	704,547
Pledged loans	174,275	163,657	167,239	160,497
Sub-total	2,468,252	2,290,262	2,344,155	2,170,661
Discounted bills	98,414	76,055	98,414	76,055
Total	2,566,666	2,366,317	2,442,569	2,246,716

(4) Overdue loans

	The Group				
	31 December 2025				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	Overdue for 361 days to 3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	5,276	7,096	1,661	404	14,437
Guaranteed loans	1,936	2,547	1,607	1,158	7,248
Mortgage loans	5,128	6,032	4,391	1,585	17,136
Pledged loans	904	559	1,053	90	2,606
Total	13,244	16,234	8,712	3,237	41,427

	The Group 31 December 2024				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	Overdue for 361 days to 3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	4,751	4,921	1,361	553	11,586
Guaranteed loans	3,513	1,745	2,091	1,533	8,882
Mortgage loans	4,921	5,945	6,325	1,018	18,209
Pledged loans	306	582	627	85	1,600
Total	13,491	13,193	10,404	3,189	40,277

	The Bank 31 December 2025				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	Overdue for 361 days to 3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	5,137	7,096	1,661	404	14,298
Guaranteed loans	1,465	2,517	1,413	1,158	6,553
Mortgage loans	5,101	6,032	4,391	1,585	17,109
Pledged loans	904	559	999	90	2,552
Total	12,607	16,204	8,464	3,237	40,512

	The Bank 31 December 2024				
	Overdue for 1 day to 90 days (inclusive)	Overdue for 91 to 360 days (inclusive)	Overdue for 361 days to 3 years (inclusive)	Overdue for more than 3 years	Total
Unsecured loans	4,751	4,921	1,359	553	11,584
Guaranteed loans	2,696	1,356	1,924	1,533	7,509
Mortgage loans	4,043	5,932	6,188	1,014	17,177
Pledged loans	306	467	627	85	1,485
Total	11,796	12,676	10,098	3,185	37,755

Note: If the principal or interest of any period of a loan is overdue for one day or above, the whole loan shall be classified as an overdue loan.

(5) Credit quality of loans and advances to customers

	The Group 31 December 2025				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,674,342	65,859	35,616	(33,352)	1,742,465
Personal loans and advances to customers	664,317	19,405	15,052	(23,749)	675,025
Sub-total:	2,338,659	85,264	50,668	(57,101)	2,417,490
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	92,075	–	–	Note	92,075
Total	2,430,734	85,264	50,668	(57,101)	2,509,565

	The Group 31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,464,819	67,767	29,505	(38,444)	1,523,647
Personal loans and advances to customers	691,254	17,352	13,421	(22,883)	699,144
Sub-total:	2,156,073	85,119	42,926	(61,327)	2,222,791
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	82,199	–	–	Note	82,199
Total	2,238,272	85,119	42,926	(61,327)	2,304,990

	The Bank				
	31 December 2025				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,574,937	57,159	34,292	(27,850)	1,638,538
Personal loans and advances to customers	649,871	19,183	15,052	(23,175)	660,931
Sub-total:	2,224,808	76,342	49,344	(51,025)	2,299,469
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	92,075	–	–	Note	92,075
Total	2,316,883	76,342	49,344	(51,025)	2,391,544

	The Bank				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Allowance for impairment losses	Amount at year end
Loans and advances to customers measured at amortized cost					
Corporate loans and advances to customers	1,366,247	57,291	28,012	(32,412)	1,419,138
Personal loans and advances to customers	682,283	17,282	13,402	(22,568)	690,399
Sub-total:	2,048,530	74,573	41,414	(54,980)	2,109,537
Loans and advances to customers measured at fair value through other comprehensive income					
Corporate loans and advances to customers	82,199	–	–	Note	82,199
Total	2,130,729	74,573	41,414	(54,980)	2,191,736

Note: Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income are not included in book value. Therefore, the allowance for impairment losses for this item are not disclosed in the table.

Credit-impaired loans and advances to customers

	The Group		
	31 December 2025		
	Corporate loans and advances to customers	Personal loans and advances to customers	Total
Original value of credit-impaired loans	35,616	15,052	50,668
Less: Allowance for impairment losses	(17,488)	(12,206)	(29,694)
Book value	18,128	2,846	20,974
Collateral value	48,518	10,387	58,905

	The Group		
	31 December 2024		
	Corporate loans and advances to customers	Personal loans and advances to customers	Total
Original value of credit-impaired loans	29,505	13,421	42,926
Less: Allowance for impairment losses	(17,181)	(11,177)	(28,358)
Book value	12,324	2,244	14,568
Collateral value	33,191	10,658	43,849

	The Bank		
	31 December 2025		
	Corporate loans and advances to customers	Personal loans and advances to customers	Total
Original value of credit-impaired loans	34,292	15,052	49,344
Less: Allowance for impairment losses	(16,711)	(12,206)	(28,917)
Book value	17,581	2,846	20,427
Collateral value	48,318	10,387	58,705

	The Bank		
	31 December 2024		
	Corporate loans and advances to customers	Personal loans and advances to customers	Total
Original value of credit-impaired loans	28,012	13,402	41,414
Less: Allowance for impairment losses	(16,133)	(11,166)	(27,299)
Book value	11,879	2,236	14,115
Collateral value	32,743	10,612	43,355

3.6 Credit quality of debt instruments

	The Group 31 December 2025			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Government bonds	111,081	293,386	71,719	476,186
Bonds of public entities and quasi-governments	29,363	290,211	130,427	450,001
Bonds of financial institutions	16,111	1,106	94,818	112,035
Corporate bonds	22,978	169,307	70,104	262,389
Certificates of deposit with banks and other financial institutions	7,006	–	–	7,006
Asset management plan of financial institutions	–	75,720	–	75,720
Debt financing plans	–	200	–	200
Beneficiary rights of assets and others	–	38,764	–	38,764
Sub-total	186,539	868,694	367,068	1,422,301
Accrued interest	998	8,630	4,092	13,720
Allowance for impairment losses	–	(10,127)	–	(10,127)
Total	187,537	867,197	371,160	1,425,894

	The Group 31 December 2024			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Government bonds	21,889	306,400	33,700	361,989
Bonds of public entities and quasi-governments	4,152	293,846	120,967	418,965
Bonds of financial institutions	21,050	2,880	95,325	119,255
Corporate bonds	50,987	159,504	54,753	265,244
Certificates of deposit with banks and other financial institutions	7,439	–	–	7,439
Asset management plan of financial institutions	–	90,808	–	90,808
Debt financing plans	–	15,428	–	15,428
Beneficiary rights of assets and others	–	28,182	–	28,182
Sub-total	105,517	897,048	304,745	1,307,310
Accrued interest	859	12,914	3,847	17,620
Allowance for impairment losses	–	(11,726)	–	(11,726)
Total	106,376	898,236	308,592	1,313,204

	The Bank			
	31 December 2025			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Government bonds	75,053	281,541	70,642	427,236
Bonds of public entities and quasi-governments	9,209	152,628	128,935	290,772
Bonds of financial institutions	9,954	193	94,818	104,965
Corporate bonds	9,135	162,635	70,104	241,874
Certificates of deposit with banks and other financial institutions	7,006	–	–	7,006
Asset management plan of financial institutions	–	75,720	–	75,720
Debt financing plans	–	200	–	200
Beneficiary rights of assets and others	–	38,764	–	38,764
Sub-total	110,357	711,681	364,499	1,186,537
Accrued interest	998	8,593	4,052	13,643
Allowance for impairment losses	–	(9,941)	–	(9,941)
Total	111,355	710,333	368,551	1,190,239

	The Bank			
	31 December 2024			
	Held-for-trading financial assets	Debt investments	Other debt investments	Total
Government bonds	20,122	298,563	32,717	351,402
Bonds of public entities and quasi-governments	2,917	127,977	119,809	250,703
Bonds of financial institutions	10,681	1,829	95,325	107,835
Corporate bonds	40,391	152,959	54,753	248,103
Certificates of deposit with banks and other financial institutions	5,013	–	–	5,013
Asset management plan of financial institutions	–	90,808	–	90,808
Debt financing plans	–	15,428	–	15,428
Beneficiary rights of assets and others	–	27,452	–	27,452
Sub-total	79,124	715,016	302,604	1,096,744
Accrued interest	859	10,120	3,812	14,791
Allowance for impairment losses	–	(11,450)	–	(11,450)
Total	79,983	713,686	306,416	1,100,085

The debt instruments are classified based on credit ratings of credit rating agencies widely accepted in the market

	The Group					
	31 December 2025					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	266,534	202,047	7,441	164	–	476,186
Bonds of public entities and quasi-governments	446,196	3,805	–	–	–	450,001
Bonds of financial institutions	4,809	83,227	1,097	12,492	10,410	112,035
Corporate bonds	174,778	38,209	17,562	8,822	23,018	262,389
Certificates of deposit with banks and other financial institutions	7,006	–	–	–	–	7,006
Asset management plan of financial institutions	75,566	154	–	–	–	75,720
Debt financing plans	200	–	–	–	–	200
Beneficiary rights of assets and others	38,764	–	–	–	–	38,764
Total	1,013,853	327,442	26,100	21,478	33,428	1,422,301

	The Group					
	31 December 2024					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	230,292	128,197	3,500	–	–	361,989
Bonds of public entities and quasi-governments	413,159	5,806	–	–	–	418,965
Bonds of financial institutions	21,711	72,870	2,354	15,731	6,589	119,255
Corporate bonds	178,010	49,097	20,923	5,974	11,240	265,244
Certificates of deposit with banks and other financial institutions	7,439	–	–	–	–	7,439
Asset management plan of financial institutions	90,568	90	150	–	–	90,808
Debt financing plans	15,428	–	–	–	–	15,428
Beneficiary rights of assets and others	28,182	–	–	–	–	28,182
Total	984,789	256,060	26,927	21,705	17,829	1,307,310

	The Bank					
	31 December 2025					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	232,288	187,343	7,441	164	–	427,236
Bonds of public entities and quasi-governments	286,967	3,805	–	–	–	290,772
Bonds of financial institutions	3,359	77,771	1,097	12,328	10,410	104,965
Corporate bonds	157,461	35,587	17,211	8,822	22,793	241,874
Certificates of deposit with banks and other financial institutions	7,006	–	–	–	–	7,006
Asset management plan of financial institutions	75,566	154	–	–	–	75,720
Debt financing plans	200	–	–	–	–	200
Beneficiary rights of assets	38,764	–	–	–	–	38,764
Total	801,611	304,660	25,749	21,314	33,203	1,186,537

	The Bank					
	31 December 2024					
	Unrated	AAA	AA	A	Below A	Total
Government bonds	219,989	127,913	3,500	–	–	351,402
Bonds of public entities and quasi-governments	244,897	5,806	–	–	–	250,703
Bonds of financial institutions	10,291	72,870	2,354	15,731	6,589	107,835
Corporate bonds	160,869	49,097	20,923	5,974	11,240	248,103
Certificates of deposit with banks and other financial institutions	5,013	–	–	–	–	5,013
Asset management plan of financial institutions	90,568	90	150	–	–	90,808
Debt financing plans	15,428	–	–	–	–	15,428
Beneficiary rights of assets	27,452	–	–	–	–	27,452
Total	774,507	255,776	26,927	21,705	17,829	1,096,744

4. Liquidity risk

Liquidity risk is the risk that funds will not be available to make repayments when liabilities fall due. Liquidity risk may be resulted from mismatch of cash flows or terms between assets and liabilities.

The Bank has established the Asset & Liabilities Management Committee which is responsible for formulation, organization and implementation of the administrative policies on liquidity risk, established multi-channel financing mechanism, and designed a series of daily liquidity monitoring indicator systems complying with the actuality of the Bank based on the applicability principle, in accordance with the indicator system on liquidity risk monitoring of regulatory authorities. Meanwhile, taking into account both the economic efficiency and liquidity, the Bank held some government bonds and central bank bills in the assets portfolio, which could not only achieve stable investment income, but also be sold off or repurchased in the secondary market at any time to fulfill the liquidity requirements.

4.1 Liquidity analysis

(1) Maturity analysis

The table below analyzes the carrying amount of financial assets and liabilities during the residual maturity from the end of reporting period to expiry date of contract:

	The Group 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	124,548	56,200	–	–	–	–	–	180,748
Due from banks	–	28,514	22	37	1,179	–	–	29,752
Placements with banks and other financial institutions	–	–	8,696	4,776	27,922	40,166	–	81,560
Derivative financial assets	–	–	1,517	1,379	2,675	1,030	45	6,646
Financial assets purchased under agreements to resell	–	–	88,681	–	–	–	–	88,681
Loans and advances to customers	17,110	–	190,599	196,386	834,204	813,554	466,563	2,518,416
Held-for-trading financial assets	1,312	283,579	2,145	1,495	18,107	82,749	84,341	473,728
Debt investments	8,822	–	18,757	43,921	151,015	426,691	217,991	867,197
Other debt investments	–	–	11,900	10,343	76,702	156,874	115,341	371,160
Other equity instrument investments	5,954	–	–	–	–	–	–	5,954
Other financial assets	3,152	5,049	219	876	1,344	432	360	11,432
Total financial assets	**160,898**	**373,342**	**322,536**	**259,213**	**1,113,148**	**1,521,496**	**884,641**	**4,635,274**

	The Group 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	1,411	36,384	106,456	–	–	144,251
Due to banks and other financial institutions	–	120,088	137,296	191,873	199,710	–	–	648,967
Placements from banks and other financial institutions	–	–	35,708	60,647	116,039	5,463	2,614	220,471
Derivative financial liabilities	–	–	1,389	1,321	2,733	950	35	6,428
Financial assets sold under agreements to repurchase	–	–	139,497	53,321	33,594	–	–	226,412
Deposits taking	–	859,476	172,394	283,522	534,896	559,338	–	2,409,626
Lease liabilities	–	–	221	234	1,010	2,937	563	4,965
Debt obligations payable	–	–	54,238	114,389	369,163	70,500	30,000	638,290
Other financial liabilities	–	16,752	1,197	348	862	3,857	2,196	25,212
Total financial liabilities	–	996,316	543,351	742,039	1,364,463	643,045	35,408	4,324,622
Net position	160,898	(622,974)	(220,815)	(482,826)	(251,315)	878,451	849,233	310,652

	The Group 31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,457	45,242	–	–	–	–	–	167,699
Due from banks	–	21,018	–	30	–	–	–	21,048
Placements with banks and other financial institutions	–	–	6,519	12,635	26,489	18,826	–	64,469
Derivative financial assets	–	–	3,639	3,488	11,788	1,142	–	20,057
Financial assets purchased under agreements to resell	–	–	29,966	1,423	–	–	–	31,389
Loans and advances to customers	15,835	–	204,212	174,714	736,123	739,325	443,147	2,313,356
Held-for-trading financial assets	1,066	302,007	7,113	2,678	20,653	59,697	44,780	437,994
Debt investments	6,365	–	19,470	44,142	140,440	399,262	288,557	898,236
Other debt investments	31	–	4,892	12,926	48,082	156,712	85,949	308,592
Other equity instrument investments	6,233	–	–	–	–	–	–	6,233
Other financial assets	1,651	7,107	699	335	3,269	3,031	–	16,092
Total financial assets	153,638	375,374	276,510	252,371	986,844	1,377,995	862,433	4,285,165

	The Group 31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	10,244	33,702	127,641	–	–	171,587
Due to banks and other financial institutions	–	47,828	111,919	223,415	187,295	–	–	570,457
Placements from banks and other financial institutions	–	–	53,414	59,836	107,198	12,326	–	232,774
Derivative financial liabilities	–	–	3,351	3,953	11,292	1,257	1	19,854
Financial assets sold under agreements to repurchase	–	–	117,752	35,559	2,103	–	–	155,414
Deposits taking	–	824,114	134,703	252,478	547,093	425,749	–	2,184,137
Lease liabilities	–	–	191	218	969	3,146	722	5,246
Debt obligations payable	–	–	26,794	106,712	308,483	165,000	30,000	636,989
Other financial liabilities	–	15,303	1,025	294	730	3,212	1,845	22,409
Total financial liabilities	–	887,245	459,393	716,167	1,292,804	610,690	32,568	3,998,867
Net position	153,638	(511,871)	(182,883)	(463,796)	(305,960)	767,305	829,865	286,298

	The Bank 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	124,548	56,200	–	–	–	–	–	180,748
Due from banks	–	23,180	–	–	–	–	–	23,180
Placements with banks and other financial institutions	–	–	8,064	4,776	27,922	40,466	–	81,228
Derivative financial assets	–	–	1,517	1,379	2,675	1,030	45	6,646
Financial assets purchased under agreements to resell	–	–	87,092	–	–	–	–	87,092
Loans and advances to customers	16,607	–	189,929	195,793	828,755	761,816	407,406	2,400,306
Held-for-trading financial assets	1,312	282,361	982	1,294	12,699	66,870	199,452	564,970
Debt investments	8,822	–	18,354	42,692	146,809	382,109	111,547	710,333
Other debt investments	–	–	11,894	10,136	76,613	155,400	114,508	368,551
Other equity instrument investments	5,537	–	–	–	–	–	–	5,537
Other financial assets	2,656	2,373	–	–	–	323	–	5,352
Total financial assets	159,482	364,114	317,832	256,070	1,095,473	1,408,014	832,958	4,433,943

	The Bank 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	1,411	36,384	106,456	–	–	144,251
Due to banks and other financial institutions	–	121,827	137,296	191,873	199,710	–	–	650,706
Placements from banks and other financial institutions	–	–	19,307	29,441	10,718	452	–	59,918
Derivative financial liabilities	–	–	1,389	1,321	2,733	950	35	6,428
Financial assets sold under agreements to repurchase	–	–	75,160	53,321	33,594	–	–	162,075
Deposits taking	–	859,507	172,394	283,522	534,896	559,338	–	2,409,657
Lease liabilities	–	–	211	228	983	2,916	563	4,901
Debt obligations payable	–	–	54,238	114,348	369,118	60,000	30,000	627,704
Other financial liabilities	–	16,094	1,156	177	462	42	666	18,597
Total financial liabilities	–	997,428	462,562	710,615	1,258,670	623,698	31,264	4,084,237
Net position	159,482	(633,314)	(144,730)	(454,545)	(163,197)	784,316	801,694	349,706

	The Bank 31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,160	45,182	–	–	–	–	–	167,342
Due from banks	–	13,058	–	–	–	–	–	13,058
Placements with banks and other financial institutions	–	–	6,519	12,635	26,489	18,826	–	64,469
Derivative financial assets	–	–	3,639	3,488	11,788	1,142	–	20,057
Financial assets purchased under agreements to resell	–	–	25,540	1,423	–	–	–	26,963
Loans and advances to customers	14,560	–	204,124	174,361	730,098	682,666	394,289	2,200,098
Held-for-trading financial assets	1,066	300,172	7,060	2,268	13,672	51,061	178,670	553,969
Debt investments	6,365	–	18,369	43,182	138,042	383,494	124,234	713,686
Other debt investments	31	–	4,888	12,913	47,931	155,026	85,627	306,416
Other equity instrument investments	5,786	–	–	–	–	–	–	5,786
Other financial assets	1,258	3,483	–	–	–	1,050	–	5,791
Total financial assets	151,226	361,895	270,139	250,270	968,020	1,293,265	782,820	4,077,635

	The Bank 31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	10,244	33,702	127,641	–	–	171,587
Due to banks and other financial institutions	–	49,584	111,949	223,415	187,295	–	–	572,243
Placements from banks and other financial institutions	–	–	36,859	29,937	6,349	–	–	73,145
Derivative financial liabilities	–	–	3,351	3,953	11,292	1,257	1	19,854
Financial assets sold under agreements to repurchase	–	–	46,953	35,559	2,002	–	–	84,514
Deposits taking	–	823,536	134,616	252,301	546,471	425,144	–	2,182,068
Lease liabilities	–	–	186	211	929	3,104	703	5,133
Debt obligations payable	–	–	26,794	106,672	308,453	161,000	30,000	632,919
Other financial liabilities	–	14,827	992	152	396	36	571	16,974
Total financial liabilities	–	887,947	371,944	685,902	1,190,828	590,541	31,275	3,758,437
Net position	151,226	(526,052)	(101,805)	(435,632)	(222,808)	702,724	751,545	319,198

(2) Undiscounted contract cash flows classified by expiry date of contract

The table below presents the undiscounted cash flows of financial assets and liabilities during the residual maturity from the end of reporting period to expiry date of the contract:

	The Group 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	124,548	56,200	–	714	2,160	–	–	183,622
Due from banks	–	28,520	22	37	1,202	–	–	29,781
Placements with banks and other financial institutions	–	–	8,837	5,047	29,019	41,050	–	83,953
Financial assets purchased under agreements to resell	–	–	88,706	–	–	–	–	88,706
Loans and advances to customers	17,190	–	197,559	208,177	878,180	927,060	570,049	2,798,215
Held-for-trading financial assets	1,312	283,581	2,168	1,655	19,822	96,173	104,958	509,669
Debt investments	8,932	–	18,760	45,094	161,128	462,156	243,103	939,173
Other debt investments	–	–	11,973	10,756	81,468	176,265	131,171	411,633
Other equity instrument investments	5,954	–	–	–	–	–	–	5,954
Other financial assets	3,152	5,049	223	905	1,463	433	367	11,592
Total financial assets	161,088	373,350	328,248	272,385	1,174,442	1,703,137	1,049,648	5,062,298

	The Group 31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	1,412	36,540	107,769	–	–	145,721
Due to banks and other financial institutions	–	120,088	137,458	191,944	200,901	–	–	650,391
Placements from banks and other financial institutions	–	–	35,834	61,000	117,201	5,902	2,682	222,619
Financial assets sold under agreements to repurchase	–	–	139,515	53,428	33,799	–	–	226,742
Deposits taking	–	859,476	174,773	287,900	546,255	601,978	–	2,470,382
Lease liabilities	–	–	242	239	1,054	3,186	637	5,358
Debt obligations payable	–	–	54,291	115,034	374,360	76,659	31,860	652,204
Other financial liabilities	–	16,752	1,197	348	862	3,857	2,196	25,212
Total financial liabilities	–	996,316	544,722	746,433	1,382,201	691,582	37,375	4,398,629
Net position	161,088	(622,966)	(216,474)	(474,048)	(207,759)	1,011,555	1,012,273	663,669
Derivative financial instruments settled on a net basis	–	–	108	32	(46)	72	10	176
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	–	–	50,647	65,534	47,235	6,305	–	169,721
Cash outflows	–	–	(50,627)	(65,508)	(47,247)	(6,297)	–	(169,679)

	The Group 31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,457	45,242	–	656	1,983	–	–	170,338
Due from banks	–	21,020	–	30	–	–	–	21,050
Placements with banks and other financial institutions	–	–	6,660	12,912	27,211	19,183	–	65,966
Financial assets purchased under agreements to resell	–	–	29,970	1,426	–	–	–	31,396
Loans and advances to customers	15,950	–	211,603	186,968	782,150	864,764	547,835	2,609,270
Held-for-trading financial assets	1,066	302,007	7,153	2,813	22,229	64,663	46,655	446,586
Debt investments	6,365	–	19,581	45,759	154,852	460,909	333,619	1,021,085
Other debt investments	31	–	4,936	13,278	52,950	174,593	98,402	344,190
Other equity instrument investments	6,233	–	–	–	–	–	–	6,233
Other financial assets	1,651	7,107	755	341	3,491	3,191	–	16,536
Total financial assets	153,753	375,376	280,658	264,183	1,044,866	1,587,303	1,026,511	4,732,650

	The Group							
	31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	10,254	33,863	129,725	–	–	173,842
Due to banks and other financial institutions	–	48,151	112,657	224,529	187,991	–	–	573,328
Placements from banks and other financial institutions	–	–	53,500	60,162	108,858	12,649	–	235,169
Financial assets sold under agreements to repurchase	–	–	117,756	35,704	2,122	–	–	155,582
Deposits taking	–	824,113	138,035	259,118	563,436	465,009	–	2,249,711
Lease liabilities	–	–	206	234	1,038	3,441	829	5,748
Debt obligations payable	–	–	26,820	107,473	314,665	173,960	32,790	655,708
Other financial liabilities	–	15,303	1,025	294	730	3,212	1,845	22,409
Total financial liabilities	–	887,567	460,253	721,377	1,308,565	658,271	35,464	4,071,497
Net position	153,753	(512,191)	(179,595)	(457,194)	(263,699)	929,032	991,047	661,153
Derivative financial instruments settled on a net basis	–	–	247	(58)	345	(137)	(1)	396
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	–	–	38,631	74,292	109,687	2,865	–	225,475
Cash outflows	–	–	(38,590)	(74,699)	(109,536)	(2,843)	–	(225,668)

	The Bank							
	31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	124,548	56,200	–	714	2,160	–	–	183,622
Due from banks	–	23,185	–	–	–	–	–	23,185
Placements with banks and other financial institutions	–	–	8,204	5,047	29,019	41,050	–	83,320
Financial assets purchased under agreements to resell	–	–	87,117	–	–	–	–	87,117
Loans and advances to customers	16,686	–	196,890	207,584	872,732	875,322	510,980	2,680,194
Held-for-trading financial assets	1,312	282,361	1,000	1,411	13,761	73,782	201,495	575,122
Debt investments	8,932	–	18,363	43,864	156,879	417,306	136,546	781,890
Other debt investments	–	–	11,967	10,545	81,349	174,604	130,220	408,685
Other equity instrument investments	5,537	–	–	–	–	–	–	5,537
Other financial assets	2,656	2,373	–	–	–	323	–	5,352
Total financial assets	159,671	364,119	323,541	269,165	1,155,900	1,582,387	979,241	4,834,024

	The Bank							
	31 December 2025							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	1,412	36,540	107,769	–	–	145,721
Due to banks and other financial institutions	–	121,827	137,458	191,944	200,901	–	–	652,130
Placements from banks and other financial institutions	–	–	19,345	29,605	10,856	468	–	60,274
Financial assets sold under agreements to repurchase	–	–	75,177	53,428	33,799	–	–	162,404
Deposits taking	–	859,507	174,773	287,900	546,255	601,978	–	2,470,413
Lease liabilities	–	–	233	235	1,041	3,146	637	5,292
Debt obligations payable	–	–	54,291	114,985	374,195	65,825	31,860	641,156
Other financial liabilities	–	16,094	1,156	177	462	42	666	18,597
Total financial liabilities	–	997,428	463,845	714,814	1,275,278	671,459	33,163	4,155,987
Net position	159,671	(633,309)	(140,304)	(445,649)	(119,378)	910,928	946,078	678,037
Derivative financial instruments settled on a net basis	–	–	108	32	(46)	72	10	176
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	–	–	50,647	65,534	47,235	6,305	–	169,721
Cash outflows	–	–	(50,627)	(65,508)	(47,247)	(6,297)	–	(169,679)

	The Bank							
	31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial assets								
Cash on hand and balances with central banks	122,160	45,182	–	654	1,979	–	–	169,975
Due from banks	–	13,060	–	–	–	–	–	13,060
Placements with banks and other financial institutions	–	–	6,660	12,912	27,211	19,183	–	65,966
Financial assets purchased under agreements to resell	–	–	25,543	1,426	–	–	–	26,969
Loans and advances to customers	14,673	–	211,505	186,598	776,076	808,043	498,935	2,495,830
Held-for-trading financial assets	1,066	300,172	7,072	2,319	14,720	54,800	180,272	560,421
Debt investments	6,365	–	18,468	44,612	149,364	421,630	157,310	797,749
Other debt investments	31	–	4,932	13,263	52,774	172,772	98,054	341,826
Other equity instrument investments	5,786	–	–	–	–	–	–	5,786
Other financial assets	1,258	3,483	–	–	–	1,050	–	5,791
Total financial assets	151,339	361,897	274,180	261,784	1,022,124	1,477,478	934,571	4,483,373

	The Bank							
	31 December 2024							
	Overdue/ unlimited duration	Repayment on demand	No more than 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities								
Due to central banks	–	–	10,254	33,863	129,725	–	–	173,842
Due to banks and other financial institutions	–	49,907	112,687	224,529	187,991	–	–	575,114
Placements from banks and other financial institutions	–	–	36,906	30,119	6,426	–	–	73,451
Financial assets sold under agreements to repurchase	–	–	46,957	35,704	2,020	–	–	84,681
Deposits taking	–	823,535	137,941	258,928	562,781	464,325	–	2,247,510
Lease liabilities	–	–	201	227	996	3,395	805	5,624
Debt obligations payable	–	–	26,820	107,424	314,621	169,775	32,790	651,430
Other financial liabilities	–	14,827	992	152	396	36	571	16,974
Total financial liabilities	–	888,269	372,758	690,946	1,204,956	637,531	34,166	3,828,626
Net position	151,339	(526,372)	(98,578)	(429,162)	(182,832)	839,947	900,405	654,747
Derivative financial instruments settled on a net basis	–	–	247	(58)	345	(137)	(1)	396
Derivative financial instruments settled on a gross basis								
Of which: Cash inflows	–	–	38,631	74,292	109,687	2,865	–	225,475
Cash outflows	–	–	(38,590)	(74,699)	(109,536)	(2,843)	–	(225,668)

4.2 Off-balance-sheet items

Off-balance-sheet items of the Group mainly include bank acceptance drafts, letter of credit issued, letter of guarantee issued, irrevocable loan commitments and unused credit card limit. Amounts of off-balance-sheet items are presented in the table below by residual maturity of contract:

	The Group 31 December 2025			
	No more than 1 year	1 – 5 years	Over 5 years	Total
Bank acceptance drafts	537,213	–	–	537,213
L/Cs issued	161,492	930	–	162,422
L/Gs and other payment commitments issued	27,367	17,292	257	44,916
Irrevocable loan commitments	32,939	14,416	2,416	49,771
Unused credit card limit	327,253	–	–	327,253
Total	1,086,264	32,638	2,673	1,121,575

	The Group 31 December 2024			
	No more than 1 year	1 – 5 years	Over 5 years	Total
Bank acceptance drafts	478,418	–	–	478,418
L/Cs issued	148,932	565	–	149,497
L/Gs and other payment commitments issued	28,947	15,892	200	45,039
Irrevocable loan commitments	23,624	10,972	3,394	37,990
Unused credit card limit	341,821	–	–	341,821
Total	1,021,742	27,429	3,594	1,052,765

	The Bank			
	31 December 2025			
	No more than 1 year	1 – 5 years	Over 5 years	Total
Bank acceptance drafts	537,492	–	–	537,492
L/Cs issued	161,632	1,230	–	162,862
L/Gs and other payment commitments issued	27,367	17,292	257	44,916
Irrevocable loan commitments	9,553	14,416	2,416	26,385
Unused credit card limit	327,253	–	–	327,253
Total	1,063,297	32,938	2,673	1,098,908

	The Bank			
	31 December 2024			
	No more than 1 year	1 – 5 years	Over 5 years	Total
Bank acceptance drafts	478,427	–	–	478,427
L/Cs issued	148,932	565	–	149,497
L/Gs and other payment commitments issued	28,947	15,892	200	45,039
Irrevocable loan commitments	8,397	10,972	3,394	22,763
Unused credit card limit	341,821	–	–	341,821
Total	1,006,524	27,429	3,594	1,037,547

5. Market risk

Market risk means the possibility of loss to the Group's on- and off-balance-sheet businesses that results from changes in the market prices (including exchange rate, interest rate, commodity price and stock price). Market risk of the Group mainly consists of exchange rate risk, interest rate risk and commodity risk. Exchange rate risk of the Group mainly refers to risk of loss caused by exchange rate fluctuation in exposure of assets and liabilities denominated in foreign currency. Interest rate risk mainly refers to risk of loss caused by interest rate fluctuation arising from mismatches between the repricing dates of interest-generating assets and interest-bearing liabilities.

5.1 Exchange rate risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD and other currencies. Transactions in foreign currencies mainly include the Group's treasury operation exposure and foreign exchange business.

As for the business varieties involving exchange rate risk, the Group strictly manages various links of development, launching and operation, and formulates necessary risk control system in terms of business authorization, exposure limits and process monitoring. The Bank divides its foreign exchange trading businesses between banking book and trading book and the foreign exchange exposure of the whole bank is managed by the Head Office in a unified manner.

At the end of the reporting period, exchange rate risk of financial assets and financial liabilities is as follows:

	The Group 31 December 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	178,758	1,924	24	42	180,748
Due from banks	20,734	6,137	441	2,440	29,752
Placements with banks and other financial institutions	78,670	2,890	–	–	81,560
Derivative financial assets	1,527	4,970	44	105	6,646
Financial assets purchased under agreements to resell	88,681	–	–	–	88,681
Loans and advances to customers	2,449,805	40,716	25,316	2,579	2,518,416
Held-for-trading financial assets	464,825	8,903	–	–	473,728
Debt investments	856,927	9,811	–	459	867,197
Other debt investments	310,339	52,626	3,510	4,685	371,160
Other equity instrument investments	5,931	18	5	–	5,954
Other financial assets	10,736	484	206	6	11,432
Total financial assets	**4,466,933**	**128,479**	**29,546**	**10,316**	**4,635,274**

	The Group 31 December 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	144,251	–	–	–	144,251
Due to banks and other financial institutions	648,495	426	–	46	648,967
Placements from banks and other financial institutions	167,318	50,936	1,717	500	220,471
Derivative financial liabilities	1,506	4,817	43	62	6,428
Financial assets sold under agreements to repurchase	224,295	2,117	–	–	226,412
Deposits taking	2,298,723	88,210	14,918	7,775	2,409,626
Lease liabilities	4,883	–	82	–	4,965
Debt obligations payable	635,602	2,688	–	–	638,290
Other financial liabilities	24,500	710	–	2	25,212
Total financial liabilities	**4,149,573**	**149,904**	**16,760**	**8,385**	**4,324,622**
Net exposure	**317,360**	**(21,425)**	**12,786**	**1,931**	**310,652**

	The Group 31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	165,995	1,635	29	40	167,699
Due from banks	12,161	5,542	573	2,772	21,048
Placements with banks and other financial institutions	59,206	4,763	–	500	64,469
Derivative financial assets	1,097	18,418	98	444	20,057
Financial assets purchased under agreements to resell	31,389	–	–	–	31,389
Loans and advances to customers	2,244,207	36,765	23,682	8,702	2,313,356
Held-for-trading financial assets	427,408	10,586	–	–	437,994
Debt investments	869,613	24,997	–	3,626	898,236
Other debt investments	260,232	41,461	4,718	2,181	308,592
Other equity instrument investments	6,210	18	5	–	6,233
Other financial assets	14,430	1,451	194	17	16,092
Total financial assets	**4,091,948**	**145,636**	**29,299**	**18,282**	**4,285,165**

	The Group 31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	171,587	–	–	–	171,587
Due to banks and other financial institutions	564,051	6,347	–	59	570,457
Placements from banks and other financial institutions	170,586	50,992	9,159	2,037	232,774
Derivative financial liabilities	1,137	17,873	103	741	19,854
Financial assets sold under agreements to repurchase	151,149	4,265	–	–	155,414
Deposits taking	2,090,896	70,740	10,096	12,405	2,184,137
Lease liabilities	5,238	–	8	–	5,246
Debt obligations payable	635,049	–	–	1,940	636,989
Other financial liabilities	21,575	772	48	14	22,409
Total financial liabilities	**3,811,268**	**150,989**	**19,414**	**17,196**	**3,998,867**
Net exposure	**280,680**	**(5,353)**	**9,885**	**1,086**	**286,298**

	The Bank 31 December 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	178,758	1,924	24	42	180,748
Due from banks	15,131	5,168	441	2,440	23,180
Placements with banks and other financial institutions	78,970	2,258	–	–	81,228
Derivative financial assets	1,527	4,970	44	105	6,646
Financial assets purchased under agreements to resell	87,092	–	–	–	87,092
Loans and advances to customers	2,337,487	34,924	25,316	2,579	2,400,306
Held-for-trading financial assets	556,067	8,903	–	–	564,970
Debt investments	700,063	9,811	–	459	710,333
Other debt investments	307,730	52,626	3,510	4,685	368,551
Other equity instrument investments	5,514	18	5	–	5,537
Other financial assets	4,696	444	206	6	5,352
Total financial assets	**4,273,035**	**121,046**	**29,546**	**10,316**	**4,433,943**

	The Bank				
	31 December 2025				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	144,251	–	–	–	144,251
Due to banks and other financial institutions	650,234	426	–	46	650,706
Placements from banks and other financial institutions	18,883	38,818	1,717	500	59,918
Derivative financial liabilities	1,506	4,817	43	62	6,428
Financial assets sold under agreements to repurchase	159,958	2,117	–	–	162,075
Deposits taking	2,298,754	88,210	14,918	7,775	2,409,657
Lease liabilities	4,819	–	82	–	4,901
Debt obligations payable	625,016	2,688	–	–	627,704
Other financial liabilities	18,316	279	–	2	18,597
Total financial liabilities	**3,921,737**	**137,355**	**16,760**	**8,385**	**4,084,237**
Net exposure	**351,298**	**(16,309)**	**12,786**	**1,931**	**349,706**

	The Bank				
	31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Cash on hand and balances with central banks	165,638	1,635	29	40	167,342
Due from banks	5,724	3,989	573	2,772	13,058
Placements with banks and other financial institutions	59,206	4,763	–	500	64,469
Derivative financial assets	1,097	18,418	98	444	20,057
Financial assets purchased under agreements to resell	26,963	–	–	–	26,963
Loans and advances to customers	2,134,333	33,381	23,682	8,702	2,200,098
Held-for-trading financial assets	543,383	10,586	–	–	553,969
Debt investments	685,063	24,997	–	3,626	713,686
Other debt investments	258,056	41,461	4,718	2,181	306,416
Other equity instrument investments	5,763	18	5	–	5,786
Other financial assets	4,167	1,413	194	17	5,791
Total financial assets	**3,889,393**	**140,661**	**29,299**	**18,282**	**4,077,635**

	The Bank				
	31 December 2024				
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Other currencies (RMB equivalent)	Total
Due to central banks	171,587	–	–	–	171,587
Due to banks and other financial institutions	565,837	6,347	–	59	572,243
Placements from banks and other financial institutions	19,756	42,193	9,159	2,037	73,145
Derivative financial liabilities	1,137	17,873	103	741	19,854
Financial assets sold under agreements to repurchase	80,249	4,265	–	–	84,514
Deposits taking	2,092,912	70,740	10,096	8,320	2,182,068
Lease liabilities	5,125	–	8	–	5,133
Debt obligations payable	630,979	–	–	1,940	632,919
Other financial liabilities	16,441	471	48	14	16,974
Total financial liabilities	**3,584,023**	**141,889**	**19,414**	**13,111**	**3,758,437**
Net exposure	**305,370**	**(1,228)**	**9,885**	**5,171**	**319,198**

The potential impact on pre-tax profit and shareholders' equity is presented below, in the case that the spot and forward exchange rates of RMB against all foreign currencies appreciate or depreciate by 5% at the same time.

	The Group and the Bank			
	31 December 2025		31 December 2024	
	Pre-tax profit	Shareholders' equity	Pre-tax profit	Interests
Appreciation by 5%	337	335	(280)	(281)
Depreciation by 5%	(337)	(335)	280	281

Impact on pre-tax profit arises from impact of RMB exchange rate fluctuation on net exposure of monetary assets and liabilities and monetary derivative instruments denominated in foreign currency.

The impact on pre-tax profit is determined based on the assumption that the Group's exchange rate sensitive position and net position of monetary derivative instruments remain unchanged on balance sheet dates. The Group actively adjusts foreign currency exposure and applies proper derivative instruments to reduce the foreign exchange risk, based on the Management's judgment on the exchange rate fluctuation trend. Therefore, the sensitivity analysis above may deviate from the actualities to some extent.

5.2 Interest rate risk

Interest rate risk is defined as the risk of loss in the overall gain and economic value arising from adverse movements in interest rate and term structure. Interest rate risks are divided into interest rate risk in the trading book and interest rate risk in the banking book.

Interest rate risk in the trading book

During the reporting period, the Group controlled the interest rate risk in the trading book by setting limits on exposure, stop-loss, interest rate sensitivity and value at risk (VaR), strengthening market assessment and mark-to-market management, conducting stress tests in a timely manner, carrying out risk hedging as appropriate, and flexibly adjusting durations. During the reporting period, all the indicators fell within the market risk appetite and limit and the interest rate risk in the trading book remained under control.

Interest rate risk in the banking book (IRRBB)

During the reporting period, the Group implemented a prudent IRRBB appetite and risk management strategy. The Group controlled the IRRBB by closely monitoring the movements in domestic and foreign policies and interest rates and making well-timed improvements in the structure of assets and liabilities through gap analysis, sensitivity analysis and stress testing and other methods in coordination with the internal fund transfer pricing (FTP) policy. During the reporting period, the Group maintained stability in all monitoring indicators and the IRRBB was basically kept under control.

At the end of reporting periods, the expiry date of contract or repricing date (whichever is earlier) of financial assets and financial liabilities is as follows:

	The Group 31 December 2025						
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	176,572	–	–	–	–	4,176	180,748
Due from banks	26,834	34	1,160	–	–	1,724	29,752
Placements with banks and other financial institutions	8,676	4,737	27,909	40,166	–	72	81,560
Derivative financial assets	–	–	–	–	–	6,646	6,646
Financial assets purchased under agreements to resell	88,653	–	–	–	–	28	88,681
Loans and advances to customers	596,572	533,841	1,034,570	251,507	75,965	25,961	2,518,416
Held-for-trading financial assets	281,925	1,279	17,496	82,749	84,341	5,938	473,728
Debt investments	17,174	41,025	146,890	426,665	217,991	17,452	867,197
Other debt investments	10,948	9,264	74,641	156,874	115,341	4,092	371,160
Other equity instrument investments	–	–	–	–	–	5,954	5,954
Other financial assets	3,075	876	1,344	408	360	5,369	11,432
Total financial assets	**1,210,429**	**591,056**	**1,304,010**	**958,369**	**493,998**	**77,412**	**4,635,274**
Due to central banks	1,386	35,821	106,019	–	–	1,025	144,251
Due to banks and other financial institutions	257,034	191,570	199,454	–	–	909	648,967
Placements from banks and other financial institutions	35,511	60,125	115,652	5,463	2,614	1,106	220,471
Derivative financial liabilities	–	–	–	–	–	6,428	6,428
Financial assets sold under agreements to repurchase	139,416	53,159	33,540	–	–	297	226,412
Deposits taking	1,060,642	256,045	523,393	541,463	–	28,083	2,409,626
Lease liabilities	221	234	1,010	2,937	563	–	4,965
Debt obligations payable	54,239	113,136	367,602	70,500	30,000	2,813	638,290
Other financial liabilities	–	–	–	–	–	25,212	25,212
Total financial liabilities	**1,548,449**	**710,090**	**1,346,670**	**620,363**	**33,177**	**65,873**	**4,324,622**
Net position	**(338,020)**	**(119,034)**	**(42,660)**	**338,006**	**460,821**	**11,539**	**310,652**

	The Group						
	31 December 2024						
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	162,424	–	–	–	–	5,275	167,699
Due from banks	19,797	30	–	–	–	1,221	21,048
Placements with banks and other financial institutions	6,478	12,597	26,490	18,826	–	78	64,469
Derivative financial assets	–	–	–	–	–	20,057	20,057
Financial assets purchased under agreements to resell	29,951	1,419	–	–	–	19	31,389
Loans and advances to customers	701,343	388,629	884,998	245,419	68,766	24,201	2,313,356
Held-for-trading financial assets	303,555	2,429	20,262	59,696	44,780	7,272	437,994
Debt investments	17,576	39,676	133,912	399,236	288,557	19,279	898,236
Other debt investments	10,642	17,021	48,247	143,162	85,642	3,878	308,592
Other equity instrument investments	–	–	–	–	–	6,233	6,233
Other financial assets	3,396	335	3,269	2,586	–	6,506	16,092
Total financial assets	**1,255,162**	**462,136**	**1,117,178**	**868,925**	**487,745**	**94,019**	**4,285,165**
Due to central banks	10,000	33,048	126,977	–	–	1,562	171,587
Due to banks and other financial institutions	159,211	222,890	186,933	–	–	1,423	570,457
Placements from banks and other financial institutions	53,064	59,193	106,900	12,051	–	1,566	232,774
Derivative financial liabilities	–	–	–	–	–	19,854	19,854
Financial assets sold under agreements to repurchase	117,741	35,504	2,100	–	–	69	155,414
Deposits taking	924,906	261,813	551,176	413,420	–	32,822	2,184,137
Lease liabilities	191	218	969	3,146	722	–	5,246
Debt obligations payable	26,794	104,993	306,987	165,000	30,000	3,215	636,989
Other financial liabilities	–	–	–	–	–	22,409	22,409
Total financial liabilities	**1,291,907**	**717,659**	**1,282,042**	**593,617**	**30,722**	**82,920**	**3,998,867**
Net position	**(36,745)**	**(255,523)**	**(164,864)**	**275,308**	**457,023**	**11,099**	**286,298**

	The Bank						
	31 December 2025						
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	176,572	–	–	–	–	4,176	180,748
Due from banks	21,481	–	–	–	–	1,699	23,180
Placements with banks and other financial institutions	8,044	4,737	27,909	40,466	–	72	81,228
Derivative financial assets	–	–	–	–	–	6,646	6,646
Financial assets purchased under agreements to resell	87,064	–	–	–	–	28	87,092
Loans and advances to customers	595,902	533,248	1,029,121	199,769	16,897	25,369	2,400,306
Held-for-trading financial assets	280,042	1,079	12,088	66,867	199,453	5,441	564,970
Debt investments	16,781	39,810	142,697	382,083	111,547	17,415	710,333
Other debt investments	10,948	9,074	74,570	155,399	114,508	4,052	368,551
Other equity instrument investments	–	–	–	–	–	5,537	5,537
Other financial assets	1,824	–	–	299	–	3,229	5,352
Total financial assets	1,198,658	587,948	1,286,385	844,883	442,405	73,664	4,433,943
Due to central banks	1,386	35,821	106,019	–	–	1,025	144,251
Due to banks and other financial institutions	258,773	191,570	199,454	–	–	909	650,706
Placements from banks and other financial institutions	19,230	29,281	10,707	452	–	248	59,918
Derivative financial liabilities	–	–	–	–	–	6,428	6,428
Financial assets sold under agreements to repurchase	75,079	53,159	33,540	–	–	297	162,075
Deposits taking	1,060,673	256,045	523,393	541,463	–	28,083	2,409,657
Lease liabilities	211	228	983	2,916	563	–	4,901
Debt obligations payable	54,239	113,136	367,602	60,000	30,000	2,727	627,704
Other financial liabilities	–	–	–	–	–	18,597	18,597
Total financial liabilities	1,469,591	679,240	1,241,698	604,831	30,563	58,314	4,084,237
Net position	(270,933)	(91,292)	44,687	240,052	411,842	15,350	349,706

	The Bank						
	31 December 2024						
	Within 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Overdue/ non-interest generating	Total
Cash on hand and balances with central banks	162,072	–	–	–	–	5,270	167,342
Due from banks	11,837	–	–	–	–	1,221	13,058
Placements with banks and other financial institutions	6,478	12,597	26,490	18,826	–	78	64,469
Derivative financial assets	–	–	–	–	–	20,057	20,057
Financial assets purchased under agreements to resell	25,525	1,419	–	–	–	19	26,963
Loans and advances to customers	701,254	388,276	878,976	188,761	19,909	22,922	2,200,098
Held-for-trading financial assets	302,571	2,019	13,280	51,061	174,584	10,454	553,969
Debt investments	16,709	39,526	133,262	383,470	124,234	16,485	713,686
Other debt investments	10,642	17,021	48,114	141,477	85,319	3,843	306,416
Other equity instrument investments	–	–	–	–	–	5,786	5,786
Other financial assets	1,307	–	–	604	–	3,880	5,791
Total financial assets	1,238,395	460,858	1,100,122	784,199	404,046	90,015	4,077,635
Due to central banks	10,000	33,048	126,977	–	–	1,562	171,587
Due to banks and other financial institutions	160,997	222,890	186,933	–	–	1,423	572,243
Placements from banks and other financial institutions	36,673	29,754	6,312	–	–	406	73,145
Derivative financial liabilities	–	–	–	–	–	19,854	19,854
Financial assets sold under agreements to repurchase	46,942	35,504	2,000	–	–	68	84,514
Deposits taking	924,252	261,646	550,573	412,840	–	32,757	2,182,068
Lease liabilities	186	211	929	3,104	703	–	5,133
Debt obligations payable	26,794	104,993	306,987	161,000	30,000	3,145	632,919
Other financial liabilities	–	–	–	–	–	16,974	16,974
Total financial liabilities	1,205,844	688,046	1,180,711	576,944	30,703	76,189	3,758,437
Net position	32,551	(227,188)	(80,589)	207,255	373,343	13,826	319,198

The Group measures the possible effects of interest rate changes on the Group's net interest income and equity through sensitivity analysis. The table below presents the results of interest rate sensitivity analysis based on assets and liabilities on 31 December 2025 and 31 December 2024.

	The Group			
	31 December 2025		31 December 2024	
Change in interest rate (basis points)	Net interest income	Shareholders' equity	Net interest income	Shareholders' equity
Up 100 bps	(4,391)	(13,810)	(3,100)	(10,364)
Down 100 bps	4,391	15,011	3,100	11,244

	The Bank			
	31 December 2025		31 December 2024	
Change in interest rate (basis points)	Net interest income	Shareholders' equity	Net interest income	Shareholders' equity
Up 100 bps	(3,190)	(13,708)	(1,883)	(10,295)
Down 100 bps	3,190	14,896	1,883	11,165

The above sensitivity analysis is conditional upon the static interest rate risk structure of assets and liabilities.

The relevant analysis only measures interest rate changes in one year, reflecting the impact of the Group's non-derivative asset and liability repricing within one year on annualized interest income of the Group upon the following assumptions: (i) the 100 bps change in interest rate represents the interest rate change over the next full year commencing on the balance sheet date; (ii) the yield curve moves in parallel with interest rate changes; (iii) no other changes occur to the asset and liability portfolios.

Sensitivity analysis on equity is conducted based on the impact of interest rate change on changes in fair value of fixed-rate financial assets measured at fair value through other comprehensive income held on balance sheet dates after revaluation.

This analysis will not take into account the impact of risk management methods the Management may take. Given the above assumptions, the actual changes in the Group's net interest income resulting from interest rate changes may be different from the sensitivity analysis results.

6. Capital management

The Group manages capital in accordance with the *Rules on Capital Management of Commercial Banks (*NFRA No. 4 Decree in 2023, hereinafter referred to as the "Capital Rules") and relevant regulatory rules. The Group measures credit risk-weighted assets using the weighting approach, market risk-weighted assets using the standardized approach, and operational risk-weighted assets using the standardized approach.

Capital composition of the Group is as follows:

Net core tier-1 capital: paid-in capital, capital reserve, surplus reserve, general risk reserve, retained profit, cumulative other comprehensive income, and recognizable part of capital contribution from minority shareholders;

Other tier-1 capital: other tier 1 capital instruments and their premiums, recognizable part of capital contribution from minority shareholders;

Tier-2 capital: tier-2 capital instruments and premium thereof, excessive allowance for impairment losses and recognizable part of capital contribution from minority shareholders.

Net capital is calculated by deducting corresponding capital deductions from capital at all levels in accordance with the *Capital Rules*.

Guided by the new *Capital Rules*, the Group adhered to the capital-light and asset-light approach to operation and strengthened Group-wide and fine-grained management, comprehensively promoted the capital development based on internal replenishments. Ongoing efforts were made to improve the structure and efficiency of capital use, enhance the self-balancing ability of capital and ensure the regulatory compliance of capital adequacy ratios, thereby supporting the healthy development across business segments.

The Group calculates the net capital at all levels and the capital adequacy ratio in accordance with the *Capital Rules*. Particulars are as follows:

	31 December 2025	31 December 2024
Net core tier-1 capital	318,270	304,366
Net tier-1 capital	398,621	364,696
Net capital	446,594	418,820
Risk-weighted Assets	3,393,641	3,116,604
Core tier-1 capital adequacy ratio	9.38%	9.77%
Tier-1 capital adequacy ratio	11.75%	11.70%
Capital adequacy ratio	13.16%	13.44%

7. Fair value of financial assets and financial liabilities

Fair value refers to the amount received from selling an asset or the amount to be paid for transferring a liability by market players in orderly transactions on the measurement date. Whether the fair value is observed or estimated with valuation techniques, it is the basis of the fair value measured and disclosed in these financial statements. The Group measures and discloses the fair value of financial instruments on the following levels:

Level 1: Fair value measurement refers to the unadjusted quotation of the same assets or liabilities obtainable in the active market on the measurement date;

Level 2: Fair value measurement refers to the directly or indirectly observable input value of related assets or liabilities other than the input value in Level 1. Most bond investments classified on Level 2 are RMB bonds. The fair value of these bonds is determined on the valuation results provided by CCDC. Also on the level are most OTC derivatives. Valuation techniques include forward pricing, swap modeling and option pricing & modeling. The entered parameters come from the observable open markets such as Bloomberg, Wind and Reuters trading systems.

Level 3: Fair value measurement refers to the unobservable input value of related assets or liabilities.

Fair value measurement of financial assets and financial liabilities of the Group did not shift between Level 1 or Level 2 and Level 3.

7.1 Fair value of financial assets and financial liabilities continuously measured at fair value

The following table shows the financial instruments measured at fair value evaluated at three levels:

	The Group			
	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	6,646	–	6,646
Loans and advances to customers measured at fair value through other comprehensive income	–	92,075	–	92,075
Held-for-trading financial assets	43,083	425,473	5,172	473,728
Other debt investments	–	371,160	–	371,160
Other equity instrument investments	738	–	5,216	5,954
Financial liabilities				
Derivative financial assets	–	6,428	–	6,428

	The Group			
	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	20,057	–	20,057
Loans and advances to customers measured at fair value through other comprehensive income	–	82,199	–	82,199
Held-for-trading financial assets	57,185	375,647	5,162	437,994
Other debt investments	–	308,592	–	308,592
Other equity instrument investments	859	9	5,365	6,233
Financial liabilities				
Derivative financial assets	–	19,854	–	19,854

	The Bank			
	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	6,646	–	6,646
Loans and advances to customers measured at fair value through other comprehensive income	–	92,075	–	92,075
Held-for-trading financial assets	43,071	516,727	5,172	564,970
Other debt investments	–	368,551	–	368,551
Other equity instrument investments	660	–	4,877	5,537
Financial liabilities				
Derivative financial assets	–	6,428	–	6,428

	The Bank			
	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	–	20,057	–	20,057
Loans and advances to customers measured at fair value through other comprehensive income	–	82,199	–	82,199
Held-for-trading financial assets	56,991	491,816	5,162	553,969
Other debt investments	–	306,416	–	306,416
Other equity instrument investments	742	9	5,035	5,786
Financial liabilities				
Derivative financial assets	–	19,854	–	19,854

Fair value measurement of financial assets and financial liabilities of the Group neither materially shifted between Level 1 and Level 2 nor shifted between Level 1 or Level 2 and Level 3 in the year and the previous year. For financial assets and liabilities stipulated by standard articles and traded on the active market, their fair value shall be determined separately with reference to the buy-in and sell-out prices available on the market. When the quotation is not available in the active market, the Group determines the fair value of financial assets and financial liabilities continuously measured at fair value by valuation techniques.

Valuation techniques used by the Group include cash flow discounting model for some derivative financial instruments whose quotation is not available in the active market (including FX forward, FX swap, interest rate swap, etc.) and the Black-Scholes option pricing model for valuation of option derivative instruments and the market comparison method for other equity instrument investments. Parameters used by the cash flow discounting model mainly include recent transaction prices and related yield curve while those used by the Black-Scholes option pricing model are related yield curve, exchange rate and volatility of underlying assets, etc. The main parameters used by the market comparison method include industry price-to-book ratio, price-to-earnings ratio and other industry ratios and liquidity discount.

The fair value of other financial instruments (including interbank market securities) is determined according to the general pricing model which is based on the future cash flow discounting method. No major changes occurred to the valuation techniques the Group used for fair value measurement in 2025 or 2024.

Except the financial assets and financial liabilities continuously measured at fair value, the Group held no financial instruments not continuously measured at fair value.

The table below presents the changes between opening balance and ending balance of fair value measured at Level 3 of fair value.

	2025		
The Group	Held-for-trading financial assets	Other equity instrument investments	Total
1 January 2025	5,162	5,365	10,527
Additions	144	6	150
Decrease	(137)	(48)	(185)
Losses recorded in profit or loss	3	–	3
Losses recorded in other comprehensive income	–	(107)	(107)
31 December 2025	5,172	5,216	10,388

	2024		
The Group	Held-for-trading financial assets	Other equity instrument investments	Total
1 January 2024	5,379	5,301	10,680
Additions	205	190	395
Decrease	(144)	–	(144)
Losses recorded in profit or loss	(278)	–	(278)
Losses recorded in other comprehensive income	–	(126)	(126)
31 December 2024	5,162	5,365	10,527

	2025		
The Bank	Held-for-trading financial assets	Other equity instrument investments	Total
1 January 2025	5,162	5,035	10,197
Additions	144	6	150
Decrease	(137)	(48)	(185)
Losses recorded in profit or loss	3	–	3
Losses recorded in other comprehensive income	–	(116)	(116)
31 December 2025	5,172	4,877	10,049

The Bank	2024 Held-for-trading Financial assets	2024 Other equity instrument investments	2024 Total
1 January 2024	5,379	5,001	10,380
Additions	205	190	395
Decrease	(144)	–	(144)
Losses recorded in profit or loss	(278)	–	(278)
Losses recorded in other comprehensive income	–	(156)	(156)
31 December 2024	5,162	5,035	10,197

Effects of Level 3 assets on profit or loss for the year:

The Group and the Bank	2025 Realized	2025 Unrealized	2025 Total	2024 Realized	2024 Unrealized	2024 Total
Effect on net gains	–	3	3	(6)	(272)	(278)

7.2 Financial assets and financial liabilities not measured at fair value

The table below shows the book value and fair value of financial assets and financial liabilities that are not presented by fair value. Financial assets and financial liabilities with similar book value and fair value are not included in the table below, including balances with central banks, due from banks, placements with banks and other financial institutions, financial assets purchased under agreements to resell, loans and advances to customers measured at amortized costs, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under agreements to repurchase, deposits taking etc.

	The Group			
	31 December 2025		31 December 2024	
Financial assets	Book value	Fair value	Book value	Fair value
Debt investments	867,197	885,121	898,236	932,461

	The Group			
	31 December 2025		31 December 2024	
Financial liabilities	Book value	Fair value	Book value	Fair value
Debt obligations payable	638,290	640,044	636,989	641,445

	The Bank			
	31 December 2025		31 December 2024	
Financial assets	Book value	Fair value	Book value	Fair value
Debt investments	710,333	720,003	713,686	734,949

	The Bank			
	31 December 2025		31 December 2024	
Financial liabilities	Book value	Fair value	Book value	Fair value
Debt obligations payable	627,704	629,457	632,919	637,337

The table below lists the levels of fair value of financial assets and financial liabilities that are not presented at fair value on the balance sheet date:

	The Group			
	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	–	776,116	109,005	885,121
Financial liabilities				
Debt obligations payable	–	640,044	–	640,044

	The Group			
	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	–	808,231	124,230	932,461
Financial liabilities				
Debt obligations payable	–	641,445	–	641,445

	The Bank			
	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	–	610,998	109,005	720,003
Financial liabilities				
Debt obligations payable	–	629,457	–	629,457

	The Bank			
	31 December 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt investments	–	611,344	123,605	734,949
Financial liabilities				
Debt obligations payable	–	637,337	–	637,337

As for the financial institutions' asset management plans and beneficiary rights of assets classified as debt investments, its fair value will be determined based on the cash flow discounting model and the unobservable discounting rate which reflects credit risk of counterparties and is adjusted based on the liquidity profile. These financial instruments are classified into Level 3.

The fair value of other financial instruments is determined according to the general pricing model which is based on the future cash flow discounting method. These financial instruments are classified into Level 2.

XV. POST BALANCE SHEET DATE EVENTS

The Bank held a meeting of the Board of Directors on 27 March 2026, approving to distribute dividend of RMB3.20 (before tax) per 10 shares after setting aside statutory surplus reserve and general risk reserve. Calculated based on the shares issued by the Bank as at 31 December 2025, the dividends distributed totaled RMB5,093 million. The above profit distribution plan is subject to approval by the Shareholders' Meeting. Before that, accounting treatment is not made to the proposed surplus reserve, general risk reserve and dividend distribution.

XVI. COMPARATIVE DATA

Certain comparative data have been reclassified to be consistent with this year's presentation of financial statements.

XVII. APPROVAL OF THE FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors of the Bank on 27 March 2026.

UNAUDITED SUPPLEMENTARY INFORMATION

1 January to 31 December 2025 (In RMB millions, unless otherwise stated)

1. DETAIL LIST OF EXTRAORDINARY PROFIT AND LOSS

The table below is prepared in accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss* (CSRC Announcement [2023] No. 65) issued by CSRC.

	2025	2024
Profit/loss from the disposal of assets	191	24
Government subsidies	49	63
Other net operating income and expenses	(109)	(48)
Income tax influence of extraordinary profit and loss	(79)	(34)
Less: Extraordinary profit and loss attributable to minority shareholders	(5)	(7)
Total extraordinary profit and loss attributable to ordinary shareholders of the parent company	47	(2)

Extraordinary profit and loss refers to the profit or loss resulting from transactions and events that have no direct relation with normal operation of the Group or that although have direct relation with normal operation of the Group, they may affect the financial statements users' normal judgment on the Group's operating results and profitability due to their special and accidental nature.

2. RETURN ON EQUITY AND EARNINGS PER SHARE

The table below is prepared in accordance with the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share* (2010 Revision) issued by CSRC. During relevant periods, basic earnings per share will be calculated by dividing the current net profit with the weighted average ordinary shares issued.

	2025	2024
Net profit attributable to ordinary shareholders of the parent company	25,770	25,736
Weighted average return on equity, %	8.32	8.84
Basic earnings per share (RMB yuan, share)	1.62	1.62
Net profit attributable to ordinary shareholders of the parent company after deduction of extraordinary profit and loss	25,723	25,738
Weighted average return on equity, %	8.31	8.84
Basic earnings per share (RMB yuan, share)	1.62	1.62

The Group has no potential diluted ordinary share.

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