招商銀行
CHINA MERCHANTS BANK

招商銀行股份有限公司

CHINA MERCHANTS BANK CO., LTD.

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

(H Share Stock Code: 03968)

2025 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of China Merchants Bank Co., Ltd. (the "**Company**") hereby announces the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2025. This announcement, containing the full text of the 2025 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results. The 2025 Interim Report of the Company will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.cmbchina.com) in due course and will be delivered to the H-share shareholders of the Company by the means of receipt of corporate communication(s) at the option of the H-share shareholders of the Company.

Publication of Results Announcement

Both the Chinese and English versions of this results announcement are available on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.cmbchina.com). In the event of any discrepancies in interpretations between the English version and the Chinese version, the Chinese version shall prevail.

The Company also prepared the Interim Report in Chinese in accordance with the PRC Generally Accepted Accounting Principles, which is available on the websites of Shanghai Stock Exchange (www.sse.com.cn) and the Company (www.cmbchina.com).

The Board of Directors of
China Merchants Bank Co., Ltd.

29 August 2025

As at the date of this announcement, the executive directors of the Company are Wang Liang and Zhong Desheng; the shareholder directors (non-executive directors) of the Company are Miao Jianmin, Shi Dai, Sun Yunfei, Zhu Eric Liwei and Huang Jian; and the independent non-executive directors of the Company are Li Menggang, Liu Qiao, Tian Hongqi, Li Chaoxian, Shi Yongdong and Li Jian.

Contents

Definitions

The Company, the Bank, CMB or China Merchants Bank:

China Merchants Bank Co., Ltd.

The Group:

China Merchants Bank and its subsidiaries

CSRC:

China Securities Regulatory Commission

Hong Kong Stock Exchange or SEHK:

The Stock Exchange of Hong Kong Limited

Hong Kong Listing Rules:

The Rules Governing the Listing of Securities on the SEHK

CMB Wing Lung Bank:

CMB Wing Lung Bank Limited

CMB Wing Lung Group:

CMB Wing Lung Bank and its subsidiaries

CMB Financial Leasing or CMBFL:

CMB Financial Leasing Co., Ltd.

CMB International Capital or CMBIC:

CMB International Capital Holdings Corporation Limited

CMB Wealth Management:

CMB Wealth Management Company Limited

China Merchants Fund or CMFM:

China Merchants Fund Management Co., Ltd.

CIGNA & CMAM:

CIGNA & CMB Asset Management Company Limited

CMB Europe S.A.:

China Merchants Bank (Europe) Co., Ltd.

CMB Investment:

China Merchants Bank Financial Asset Investment Co., Ltd. (under preparation)

CIGNA & CMB Life Insurance:

CIGNA & CMB Life Insurance Co., Ltd.

Merchants Union Consumer Finance or MUCFC:

Merchants Union Consumer Finance Company Limited

CMB YunChuang:

CMB YunChuang Information Technology Co., Ltd. with 100% equity interest held by the Company indirectly

CMB Network Technology:

China Merchants Bank Network Technology (Shenzhen) Co., Ltd. with 100% equity interest held by the Company indirectly

Ernst & Young Hua Ming:

Ernst & Young Hua Ming LLP

Articles of Association:

Articles of Association of China Merchants Bank Co., Ltd.

SFO:

Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Model Code:

Model Code for Securities Transactions by Directors of Listed Issuers of Hong Kong Stock Exchange

Significant Risk Warning

The Company has disclosed herein the major risks involved in its operations and the proposed risk management measures. Please refer to Chapter III for the details in relation to risk management.

Important Notice

1. The Board of Directors, the Board of Supervisors, Directors, Supervisors and senior management of the Company confirm that the contents in this interim report are true, accurate, and complete and have no false representations, misleading statements or material omissions, and they will severally and jointly accept legal responsibility for such contents.

2. This report has been reviewed and approved at the Board meeting of the Company held on 29 August 2025. All Directors of the Company attended the meeting.

3. The 2025 interim profit appropriation plan has been approved at the 2024 Annual General Meeting and will be specifically implemented by the Board based on the items approved by the general meeting. The date for cash dividend distribution of the 2025 interim profit appropriation is between January and February 2026. The specific date for cash dividend distribution and the record date for shareholding will be announced separately by the Company.

4. The financial report in this report is unaudited. The 2025 interim financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles have been reviewed by Ernst & Young Hua Ming, and the 2025 interim financial statements prepared in accordance with the IFRS Accounting Standards have been reviewed by Ernst & Young.

5. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

6. Miao Jianmin, Chairman of the Company, Wang Liang, President and Chief Executive Officer, Peng Jiawen, Executive Vice President, Chief Financial Officer and Secretary of the Board of Directors and Sun Zhihua, the person in charge of the Financial Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in this report.

7. We have included in this report certain forward-looking statements with respect to the financial position, operating results and business development of the Group. We use words such as "will", "may", "expect", "try", "strive", "plan", "anticipate", "aim at", and similar expressions to indicate forward-looking statements. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we give no assurance that these expectations will turn into reality or prove to be correct. Therefore, they should not be deemed as the Group's commitments. Investors should not place undue reliance on such statements and should pay attention to investment risks. You are cautioned that such forward-looking statements are related to future events or future financial position, business, or other performances of the Group, and are subject to a number of uncertainties which may cause substantial differences from those in the actual results.

Company Profile

1.1 Company Profile

1.1.1 **Registered Company Name in Chinese:** 招商銀行股份有限公司(Abbreviated Name in Chinese: 招商銀行)

Registered Company Name in English: China Merchants Bank Co., Ltd.

1.1.2 **Legal Representative:** Miao Jianmin

Authorised Representatives: Wang Liang, Peng Jiawen

Secretary of the Board of Directors: Peng Jiawen

Joint Company Secretaries: Peng Jiawen, Ho Wing Tsz Wendy

Securities Representative: Xia Yangfang

1.1.3 **Registered and Office Address:** 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

1.1.4 **Contact Details:**

Address: 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

Postcode: 518040

Tel: +86 755 8319 8888

Fax: +86 755 8319 5555

E-mail: cmb@cmbchina.com

Website: www.cmbchina.com

Customer complaint hotline: 95555-7

Credit card complaint hotline: +86 400 820 5555-7

1.1.5 **Principal Place of Business in Hong Kong:** 31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, the PRC

1.1.6 **Share Listing:**

A Shares: Shanghai Stock Exchange
Abbreviated Name of A Shares: CMB
Stock Code: 600036

H Shares: SEHK
Abbreviated Name of H Shares: CM BANK
Stock Code: 03968

Domestic Preference Shares: Shanghai Stock Exchange
Abbreviated Name of Shares: Zhao Yin You 1 (招銀優1)
Stock Code: 360028

1.1.7 **Domestic Auditor:** Ernst & Young Hua Ming
Office Address: Room 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC
Signing Certified Public Accountants: Feng Suoteng, Fan Xun

International Auditor: Ernst & Young
Office Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, the PRC

1.1.8 **Legal Advisor as to PRC Law:** JunHe LLP

Legal Advisor as to Hong Kong Law: Herbert Smith Freehills Kramer

1.1.9 **Registrar for A Shares:**

China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

Address: 188 South-Yanggao Road, Pudong New Area, Shanghai, the PRC

Tel: +86 4008 058 058

Share Register and Transfer Office as to H Shares:

Computershare Hong Kong Investor Services Ltd.

Address: Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the PRC

Tel: +852 2862 8555

Registrar for Domestic Preference Shares: China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

1.1.10 **Newspapers and Websites Designated for Information Disclosure:**

The Chinese mainland:	"China Securities Journal" (www.cs.com.cn), "Securities Times" (www.stcn.com),
	"Shanghai Securities News" (www.cnstock.com)
	website of Shanghai Stock Exchange (www.sse.com.cn)
	website of the Company (www.cmbchina.com)
Hong Kong:	website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk)
	website of the Company (www.cmbchina.com)

Place for maintenance of periodic reports: Office of the Board of Directors of the Company and principal place of business of the Company

1.2 Corporate Business Overview

Founded in 1987, the Company is headquartered in Shenzhen, China. The branches of the Company are mainly located in major cities in the Chinese mainland, as well as international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. The Company was listed on the Shanghai Stock Exchange in April 2002 and the SEHK in September 2006.

The Company provides customers with various wholesale and retail banking products and services, and maintains financial markets businesses for proprietary purpose and client flow trading. Many innovative products and services of the Company have been well accepted by the market. Retail banking services include the account, payment and settlement services based on the "All-in-one" multifunction debit card and credit card, segmentation and classification-based wealth management services including the "Sunflower Wealth Management" services and private banking services, retail credit services, CMB APP, CMB Life APP, "All-in-one Net" comprehensive online banking service platform, and other online services. Wholesale banking services include payment and settlement, wealth management, investment and financing and digital services, cash management, technology finance, green finance, inclusive finance, retirement finance, digital finance, supply chain finance and cross-border finance services, asset management, asset custody and investment banking services etc. The Company continues to tap further into the living and business circles of customers to provide customers with customised, intelligent and comprehensive solutions for their supply chains and investment chains.

The Company has come up with the strategic vision of "building the best value creation bank that is innovation-driven, model-leading, and distinctive in features" based on the internal and external situation and its own development. In line with the trends of Chinese modernisation, economic globalisation, a new wave of technological revolution and industrial upgrade, the Company consistently enhances its quality and efficiency in serving the real economy and social well-being, accelerates transformation through "the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative", and strives to create more value for customers, employees, shareholders, partners and society, with the aim of making greater contributions to Chinese modernisation.

Summary of Accounting Data and Financial Indicators

2.1 Key Accounting Data and Financial Indicators of the Group

(in millions of RMB, unless otherwise specified)	January to June 2025	January to June 2024	Changes +/-%
Operating Results			
Net operating income[(1)]	**169,923**	172,922	-1.73
Profit before tax	**88,906**	89,641	-0.82
Net profit attributable to shareholders of the Bank	**74,930**	74,743	0.25
Per Share (RMB yuan)			
Basic earnings attributable to ordinary shareholders of the Bank[(2)]	**2.89**	2.89	–
Diluted earnings attributable to ordinary shareholders of the Bank	**2.89**	2.89	–

(in millions of RMB, unless otherwise specified)	30 June 2025	31 December 2024	Changes +/-%
Volume Indicators			
Total assets	**12,657,151**	12,152,036	4.16
of which: total loans and advances to customers[(3)]	**7,116,616**	6,888,315	3.31
Total liabilities	**11,360,291**	10,918,561	4.05
of which: total deposits from customers[(3)]	**9,422,379**	9,096,587	3.58
Total equity attributable to shareholders of the Bank	**1,289,233**	1,226,014	5.16
Net assets per share attributable to ordinary shareholders of the Bank (RMB yuan)[(2)]	**42.10**	41.46	1.54

Notes:

(1) Net operating income is the sum of net interest income, net fee and commission income, other net income as well as share of profits of joint ventures and associates.

(2) When calculating the indicators such as basic earnings per share attributable to ordinary shareholders, return on average equity and net assets per share, dividends on the preference shares and interests on perpetual bonds shall be deducted from "net profit attributable to shareholders of the Bank", while the preference shares and perpetual bonds shall be deducted from both the "average equity" and the "net assets".

(3) Unless otherwise stated, the balance of the relevant financial instrument items herein and set out below excludes accrued interest.

2.2 Financial Ratios of the Group

(%)	January to June 2025	January to June 2024	Changes
Profitability indicators (annualised)			
Return on average assets attributable to shareholders of the Bank	**1.21**	1.32	Decreased by 0.11 percentage point
Return on average equity attributable to ordinary shareholders of the Bank	**13.85**	15.44	Decreased by 1.59 percentage points
Net interest spread(1)	**1.79**	1.88	Decreased by 0.09 percentage point
Net interest margin(2)	**1.88**	2.00	Decreased by 0.12 percentage point
As percentage of net operating income			
– Net interest income	**62.43**	60.40	Increased by 2.03 percentage points
– Net non-interest income	**37.57**	39.60	Decreased by 2.03 percentage points
Cost-to-income ratio(3)	**30.11**	29.75	Increased by 0.36 percentage point

(%)	30 June 2025	31 December 2024	Changes over 2024 year-end
Capital adequacy indicators under the Advanced Measurement Approach(4)			
Core Tier 1 capital adequacy ratio	**14.00**	14.86	Decreased by 0.86 percentage point
Tier 1 capital adequacy ratio	**17.07**	17.48	Decreased by 0.41 percentage point
Capital adequacy ratio	**18.56**	19.05	Decreased by 0.49 percentage point
Equity to total assets	**10.25**	10.15	Increased by 0.10 percentage point
Asset quality indicators			
Non-performing loan ratio	**0.93**	0.95	Decreased by 0.02 percentage point
Allowance coverage ratio(5)	**410.93**	411.98	Decreased by 1.05 percentage points
Allowance-to-loan ratio(6)	**3.83**	3.92	Decreased by 0.09 percentage point

	January to June 2025	January to June 2024	Changes
Credit cost ratio (annualised)(7)	**0.67**	0.77	Decreased by 0.10 percentage point

Notes:

(1) Net interest spread = average yield of the total interest-earning assets – average cost ratio of total interest-bearing liabilities.

(2) Net interest margin = net interest income/average balance of total interest-earning assets.

(3) Cost-to-income ratio = operating expenses/net operating income. The numerator does not include taxes and surcharges and the depreciation charges on fixed assets under operating lease and investment properties and others.

(4) 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 under the Weighted Approach were 11.92%, 14.53% and 15.61% respectively.

(5) Allowance coverage ratio = allowances for impairment losses/balance of non-performing loans.

(6) Allowance-to-loan ratio = allowances for impairment losses/total loans and advances to customers.

(7) Credit cost ratio = expected credit losses of loans and advances to customers/the average of total loans and advances to customers, the average of total loans and advances to customers = (total loans and advances to customers at the beginning of the period + total loans and advances to customers at the end of the period)/2.

Management Discussion and Analysis

3.1 Analysis of Overall Operation

3.1.1 External economic situation and industry development

In the first half of 2025, China's economy faced a complex situation and multiple challenges, but still achieved steady growth. External demand remained resilient, while domestic demand actively stepped up. The transition from old to new growth drivers accelerated. China proactively addressed the uncertainties brought by changing tariffs with the certainty of high-quality growth.

Against the backdrop of policy support, ongoing recovery in domestic demand, and improving growth momentum, China's banking industry has operated steadily overall, with continuous growth in scale. However, influenced by factors such as the reduction of the LPR (Loan Prime Rate) and insufficient effective credit demand, banks' net interest margins have further narrowed, and net operating income still faced considerable pressure. Despite these challenges, the banking industry remained committed to high-quality development, actively implemented various macroeconomic policies, and continuously enhanced the quality and efficiency of its services to the real economy.

3.1.2 Summary of operations

During the reporting period, the Group adhered to the concept of dynamically balanced development of "Quality, Profitability and Scale", took the strategic target of building a value creation bank and carried out various businesses in a sound manner. Both the scale of assets and liabilities grew steadily. The operating profitability showed a favourable trend, and the overall asset quality was stable.

During the reporting period, the Group realised the net operating income of RMB169.923 billion, representing a year-on-year decrease of 1.73%; realised the net profit attributable to shareholders of the Bank of RMB74.930 billion, representing a year-on-year increase of 0.25%; realised the net interest income of RMB106.085 billion, representing a year-on-year increase of 1.57%; and realised the net non-interest income of RMB63.838 billion, representing a year-on-year decrease of 6.77%. The annualised return on average asset (ROAA) attributable to shareholders of the Bank and the annualised return on average equity (ROAE) attributable to ordinary shareholders of the Bank were 1.21% and 13.85%, down by 0.11 percentage point and 1.59 percentage points year-on-year, respectively.

As at the end of the reporting period, the Group's total assets amounted to RMB12,657.151 billion, representing an increase of 4.16% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB7,116.616 billion, representing an increase of 3.31% as compared with the end of the previous year. Total liabilities amounted to RMB11,360.291 billion, representing an increase of 4.05% as compared with the end of the previous year. Total deposits from customers amounted to RMB9,422.379 billion, representing an increase of 3.58% as compared with the end of the previous year.

As at the end of the reporting period, the Group had a balance of non-performing loans of RMB66.370 billion, representing an increase of RMB760 million as compared with the end of the previous year. The non-performing loan ratio was 0.93%, representing a decrease of 0.02 percentage point as compared with the end of the previous year. The allowance coverage ratio was 410.93%, representing a decrease of 1.05 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 3.83%, representing a decrease of 0.09 percentage point as compared with the end of the previous year.

3.2 Analysis of Income Statement

3.2.1 Financial highlights

During the reporting period, the Group realised a profit before tax of RMB88.906 billion, representing a year-on-year decrease of 0.82%. The effective income tax rate was 15.19%, representing a year-on-year decrease of 0.72 percentage point. The following table sets out the major income/loss items of the Group during the reporting period.

(in millions of RMB)	January to June 2025	January to June 2024
Net interest income	**106,085**	104,449
Net fee and commission income	**37,602**	38,328
Other net income	**24,564**	28,595
Operating expenses	**(56,383)**	(56,345)
Expected credit losses	**(24,623)**	(26,928)
Impairment losses on other assets	**(11)**	(8)
Share of profits of joint ventures and associates	**1,672**	1,550
Profit before tax	**88,906**	89,641
Income tax	**(13,501)**	(14,262)
Net profit	**75,405**	75,379
Net profit attributable to shareholders of the Bank	**74,930**	74,743

3.2.2 Net operating income

During the reporting period, the Group realised the net operating income of RMB169.923 billion, representing a year-on-year decrease of 1.73%, of which net interest income accounted for 62.43%, and net non-interest income accounted for 37.57% with a year-on-year decrease of 2.03 percentage points.

3.2.3 Interest income

During the reporting period, the Group recorded an interest income of RMB177.014 billion, representing a year-on-year decrease of 5.84%, mainly due to the declined yields on interest-earning assets. Interest income from loans and advances to customers continued to be the largest component of the interest income of the Group.

Interest income from loans and advances to customers

During the reporting period, the interest income from loans and advances to customers of the Group was RMB119.080 billion, representing a year-on-year decrease of 9.93%, mainly due to the decreased interest rate for existing residential mortgage loans and the downturn of the LPR (Loan Prime Rate).

The following table sets forth the average balance (daily average balance, same as below), interest income and average yield of each component of loans and advances to customers of the Group for the periods indicated.

	January to June 2025			2024			January to June 2024		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Annualised average yield (%)
Corporate loans	**2,983,898**	**43,421**	**2.93**	2,746,039	93,282	3.40	2,728,631	47,396	3.49
Retail loans	**3,634,069**	**73,526**	**4.08**	3,533,131	161,740	4.58	3,489,495	81,771	4.71
Discounted bills	**337,400**	**2,133**	**1.27**	387,017	5,551	1.43	401,467	3,047	1.53
Loans and advances to customers	**6,955,367**	**119,080**	**3.45**	6,666,187	260,573	3.91	6,619,593	132,214	4.02

During the reporting period, from the perspective of the maturity structure of loans and advances to customers of the Group, the average balance of short-term loans was RMB2,697.496 billion with the interest income amounting to RMB52.750 billion, and the annualised average yield reached 3.94%; the average balance of medium- and long-term loans was RMB4,257.871 billion with the interest income amounting to RMB66.330 billion, and the annualised average yield reached 3.14%. The average yield of short-term loans was higher than that of medium- and long-term loans, which was mainly attributable to the higher yield of credit card loans and consumer loans (as short-term loans) and the higher proportion thereof.

Interest income from investments

During the reporting period, the interest income from investments of the Group was RMB44.933 billion, representing a year-on-year increase of 8.05%, which was mainly attributable to the increase in the scale of bond investments. The annualised average yield of investments was 2.89%, representing a year-on-year decrease of 25 basis points, which was mainly attributable to the impact of the falling market interest rates.

Interest income from balances and placements with banks and other financial institutions

During the reporting period, the interest income of the Group from balances and placements with banks and other financial institutions was RMB8.414 billion, representing a year-on-year decrease of 9.19%, which was primarily attributable to a year-on-year decrease in yield of balances and placements with banks and other financial institutions.

3.2.4 Interest expense

During the reporting period, the interest expense of the Group was RMB70.929 billion, representing a year-on-year decrease of 15.10%, mainly due to the decrease in the cost ratio of the interest-bearing liabilities.

Interest expense on deposits from customers

During the reporting period, the Group's interest expense on deposits from customers was RMB56.519 billion, representing a year-on-year decrease of 15.04%, mainly due to the decrease in the interest rate of the deposits.

The following table sets forth the average balances, interest expenses and average cost ratios of the deposits from corporate and retail customers of the Group for the periods indicated.

	January to June 2025			2024			January to June 2024		
(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Deposits from corporate customers									
Demand	2,543,886	7,848	0.62	2,488,102	20,762	0.83	2,477,895	11,100	0.90
Time	2,412,901	24,830	2.08	2,305,745	56,547	2.45	2,230,190	28,240	2.55
Subtotal	4,956,787	32,678	1.33	4,793,847	77,309	1.61	4,708,085	39,340	1.68
Deposits from retail customers									
Demand	1,950,792	791	0.08	1,798,328	3,903	0.22	1,813,666	2,671	0.30
Time	2,132,669	23,050	2.18	1,923,491	49,612	2.58	1,816,056	24,517	2.71
Subtotal	4,083,461	23,841	1.18	3,721,819	53,515	1.44	3,629,722	27,188	1.51
Total	9,040,248	56,519	1.26	8,515,666	130,824	1.54	8,337,807	66,528	1.60

Interest expense on deposits and placements from banks and other financial institutions

During the reporting period, the interest expense on deposits and placements from banks and other financial institutions of the Group amounted to RMB9.565 billion, representing a year-on-year decrease of 8.06%, which was primarily attributable to the year-on-year decrease of cost ratio of deposits and placements from banks and other financial institutions.

Interest expense on debt securities issued

During the reporting period, the interest expense on debt securities issued of the Group amounted to RMB2.923 billion, representing a year-on-year decrease of 24.66%, mainly due to the year-on-year decrease of scale of interbank certificates of deposits and financial bonds issued.

3.2.5 Net interest income

During the reporting period, the Group's net interest income amounted to RMB106.085 billion, representing a year-on-year increase of 1.57%.

The following table sets out the average balances, interest income/interest expense and average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

	January to June 2025			2024			January to June 2024		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets									
Loans and advances to customers	**6,955,367**	**119,080**	**3.45**	6,666,187	260,573	3.91	6,619,593	132,214	4.02
Financial investments	**3,134,608**	**44,933**	**2.89**	2,757,151	84,924	3.08	2,659,309	41,585	3.14
Balances with the central bank	**554,452**	**4,587**	**1.67**	580,940	9,698	1.67	588,947	4,933	1.68
Balances and placements with banks and other financial institutions	**714,185**	**8,414**	**2.38**	681,863	19,076	2.80	622,174	9,265	2.99
Total	**11,358,612**	**177,014**	**3.14**	10,686,141	374,271	3.50	10,490,023	187,997	3.60
(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities									
Deposits from customers	**9,040,248**	**56,519**	**1.26**	8,515,666	130,824	1.54	8,337,807	66,528	1.60
Deposits and placements from banks and other financial institutions	**1,157,083**	**9,565**	**1.67**	946,264	19,629	2.07	948,680	10,404	2.21
Debt securities issued	**187,954**	**2,923**	**3.14**	252,448	7,656	3.03	258,043	3,880	3.02
Borrowings from the central bank	**190,440**	**1,708**	**1.81**	207,453	4,428	2.13	230,549	2,495	2.18
Lease liabilities	**12,404**	**214**	**3.48**	12,847	457	3.56	12,876	241	3.76
Total	**10,588,129**	**70,929**	**1.35**	9,934,678	162,994	1.64	9,787,955	83,548	1.72
Net interest income	**/**	**106,085**	**/**	/	211,277	/	/	104,449	/
Net interest spread	**/**	**/**	**1.79**	/	/	1.86	/	/	1.88
Net interest margin	**/**	**/**	**1.88**	/	/	1.98	/	/	2.00

During the reporting period, the annualised average yield of the interest-earning assets of the Group was 3.14%, representing a year-on-year decrease of 46 basis points; the annualised average cost ratio of the interest-bearing liabilities was 1.35%, representing a year-on-year decrease of 37 basis points; the net interest spread was 1.79%, representing a year-on-year decrease of 9 basis points and the net interest margin was 1.88%, representing a year-on-year decrease of 12 basis points.

The following table sets forth the breakdown of changes in interest income and interest expense due to changes in volumes and interest rates of the Group for the periods indicated. Changes in volumes were measured by changes in average balances, while changes in interest rates were measured by changes in the average interest rates; the changes in interest income and interest expense due to changes in both volumes and interest rates have been included in the amounts of changes in interest income and interest expense due to changes in volumes.

	January to June 2025 compared to January to June 2024		
	Increase (decrease) due to		
(in millions of RMB)	Volume	Interest rate	Net increase (decrease)
Interest-earning assets			
Loans and advances to customers	5,943	(19,077)	(13,134)
Financial investments	6,760	(3,412)	3,348
Balances with the central bank	(303)	(43)	(346)
Balances and placements with banks and other financial institutions	1,057	(1,908)	(851)
Changes in interest income	13,457	(24,440)	(10,983)
Interest-bearing liabilities			
Deposits from customers	4,233	(14,242)	(10,009)
Deposits and placements from banks and other financial institutions	1,730	(2,569)	(839)
Debt securities issued	(1,100)	143	(957)
Borrowings from the central bank	(357)	(430)	(787)
Lease liabilities	(8)	(19)	(27)
Changes in interest expense	4,498	(17,117)	(12,619)
Changes in net interest income	8,959	(7,323)	1,636

The following table sets out the average balances, interest income/interest expense and annualised average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

	April to June 2025			January to March 2025		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	6,995,664	58,928	3.38	6,914,622	60,152	3.53
Financial investments	3,227,381	22,959	2.85	3,040,804	21,974	2.93
Balances with the central bank	536,209	2,240	1.68	572,898	2,347	1.66
Balances and placements with banks and other financial institutions	692,734	3,817	2.21	735,874	4,597	2.53
Total	11,451,988	87,944	3.08	11,264,198	89,070	3.21

(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	9,085,053	27,835	1.23	8,994,945	28,684	1.29
Deposits and placements from banks and other financial institutions	1,208,419	4,762	1.58	1,105,177	4,803	1.76
Debt securities issued	165,473	1,322	3.20	210,685	1,601	3.08
Borrowings from the central bank	186,186	835	1.80	194,741	873	1.82
Lease liabilities	12,248	101	3.31	12,562	113	3.65
Total	10,657,379	34,855	1.31	10,518,110	36,074	1.39
Net interest income	/	53,089	/	/	52,996	/
Net interest spread	/	/	1.77	/	/	1.82
Net interest margin	/	/	1.86	/	/	1.91

In the second quarter of 2025, the net interest margin and the net interest spread of the Group were 1.86% and 1.77%, respectively, representing a quarter-to-quarter decrease of 5 and 5 basis points, respectively. For the analysis of the reasons behind the decrease in the net interest margin, please refer to 3.9.1 "Net interest margin" in this chapter.

3.2.6 Net non-interest income

During the reporting period, the Group recorded a net non-interest income of RMB63.838 billion, representing a year-on-year decrease of 6.77%. The components are as follows:

Net fee and commission income amounted to RMB37.602 billion, representing a year-on-year decrease of 1.89%. Among the fee and commission income, fee and commission income from wealth management amounted to RMB12.797 billion, representing a year-on-year increase of 11.89%; fee and commission income from asset management amounted to RMB5.453 billion, representing a year-on-year decrease of 6.91%; income from bank card fees amounted to RMB7.221 billion, representing a year-on-year decrease of 16.37%; income from settlement and clearing fees amounted to RMB7.602 billion, representing a year-on-year decrease of 3.27%; commission income from credit commitment and loan business amounted to RMB2.289 billion, representing a year-on-year decrease of 6.95%; commission income from custody businesses amounted to RMB2.607 billion, representing a year-on-year increase of 4.95%; and income from others amounted to RMB3.898 billion, representing a year-on-year increase of 2.04%. For analysis of the reasons for changes in fee and commission income, please refer to 3.9.2 "Net non-interest income" in this chapter.

Other net non-interest income amounted to RMB26.236 billion, representing a year-on-year decrease of 12.97%, of which net investment income amounted to RMB20.222 billion, representing a year-on-year increase of 12.66%, which was mainly due to the increase in bond investment income and dividends from non-money-market fund investment; net profit or loss from changes in fair value amounted to RMB-4.819 billion, mainly due to the decrease in fair value caused by decrease in fair value of bond investment and increase in dividends from non-money-market fund investment; the net exchange gain amounted to RMB1.451 billion, representing a year-on-year decrease of 25.55%, mainly due to the decrease in the exchange rate of foreign currencies against RMB which resulted in a year-on-year decrease in the foreign exchange gains and losses arising from the foreign currency-denominated monetary items; and other income amounted to RMB7.710 billion, representing a year-on-year increase of 20.26%, mainly due to the increase in revenue related to the operating leasing business of CMB Financial Leasing.

In terms of business segments, the net non-interest income from retail finance business amounted to RMB25.442 billion, representing a year-on-year decrease of 0.66% and accounting for 39.85% of the Group's net non-interest income; the net non-interest income from wholesale finance business amounted to RMB30.678 billion, representing a year-on-year decrease of 9.83% and accounting for 48.06% of the Group's net non-interest income; the net non-interest income from other businesses[1] amounted to RMB7.718 billion, representing a year-on-year decrease of 12.69% and accounting for 12.09% of the Group's net non-interest income.

(in millions of RMB, except for percentages)	January to June 2025	January to June 2024	Changes +/-%
Fee and commission income(Note)	**41,867**	42,552	-1.61
Fees and commissions from wealth management	**12,797**	11,437	11.89
Fees and commissions from asset management	**5,453**	5,858	-6.91
Bank card fees	**7,221**	8,634	-16.37
Settlement and clearing fees	**7,602**	7,859	-3.27
Commissions from credit commitment and loan business	**2,289**	2,460	-6.95
Commissions from custody businesses	**2,607**	2,484	4.95
Others	**3,898**	3,820	2.04
Fee and commission expense	**(4,265)**	(4,224)	0.97
Net fee and commission income	**37,602**	38,328	-1.89
Other net non-interest income	**26,236**	30,145	-12.97
Other net income	**24,564**	28,595	-14.10
Net profit/(loss) from fair value change	**(4,819)**	2,286	N/A
Net investment income	**20,222**	17,949	12.66
Net exchange gain	**1,451**	1,949	-25.55
Other income	**7,710**	6,411	20.26
Share of profits of joint ventures and associates	**1,672**	1,550	7.87
Total net non-interest income	**63,838**	68,473	-6.77

Note: Fees and commissions from wealth management include income from agency distribution of funds, income from agency distribution of insurance policies, income from agency distribution of trust schemes, income from agency distribution of wealth management products, income from securities brokerage and income from agency distribution of precious metals. Fees and commissions from asset management mainly include the income from the issuance and management of various asset management products such as funds, wealth management products and asset management plans of our subsidiaries, namely China Merchants Fund, CMB International Capital, CMB Wealth Management and CIGNA & CMAM. Commissions from custody businesses include income from basic asset custody services and value-added services. Others mainly include income from underwriting of bonds and equity, income from service fees from securitisation of credit assets, income from consultancy and advisory services and income from other intermediary businesses.

[1] Including investment properties and related businesses of subsidiaries, associates and joint ventures except for CMB WLB and CMBFL.

3.2.7 Operating expenses

During the reporting period, the Group's operating expenses amounted to RMB56.383 billion, representing a year-on-year increase of 0.07%, among which staff costs amounted to RMB35.484 billion, representing a year-on-year decrease of 0.80%. Other operating expenses amounted to RMB20.899 billion, representing a year-on-year increase of 1.57%. During the reporting period, the cost-to-income ratio of the Group was 30.11%, representing an increase of 0.36 percentage point as compared with the corresponding period of the previous year. The Group adhered to lean management, guaranteed its input in key strategic areas, while strengthening cost control and input-output evaluation of key projects to improve cost efficiency.

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

(in millions of RMB)	**January to June 2025**	January to June 2024
Staff costs	**35,484**	35,769
Other operating expenses	**20,899**	20,576
Of which: depreciation, amortisation and rental expenses	**8,118**	8,107
Other general and administrative expenses	**11,290**	10,962
Taxes and surcharges	**1,491**	1,507
Total operating expenses	**56,383**	56,345

3.2.8 Expected credit losses

During the reporting period, the expected credit losses of the Group were RMB24.623 billion, representing a year-on-year decrease of 8.56%.

The following table sets forth, for the periods indicated, the principal components of expected credit losses of the Group.

(in millions of RMB)	**January to June 2025**	January to June 2024
Loans and advances to customers	**23,341**	25,433
Financial investments	**(415)**	(1,058)
Amounts due from banks and other financial institutions	**182**	509
Expected credit losses relating to financial guarantees and loan commitments	**1,446**	2,370
Others	**69**	(326)
Total expected credit losses	**24,623**	26,928

According to the standards for financial instruments, the Group prudently assessed and measured allowances for credit risk losses by taking the expected credit loss model as the foundation and using the risk quantification parameters such as the probability of customer defaults and the loss given defaults, after taking into consideration the latest forward-looking information indicators. During the reporting period, the expected credit losses of loans and advances to customers of the Group were RMB23.341 billion, representing a year-on-year decrease of RMB2.092 billion; the expected credit losses relating to financial guarantees and loan commitments amounted to RMB1.446 billion, representing a year-on-year decrease of RMB924 million, mainly because the Group continued to optimise its asset structure and customer structure, and the quality of its loans and guarantee commitment business assets remained stable.

3.3 Analysis of Balance Sheet

3.3.1 Assets

As at the end of the reporting period, the total assets of the Group amounted to RMB12,657.151 billion, representing an increase of 4.16% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and financial investments of the Group.

The following table sets forth, as at the dates indicated, the components of the total assets of the Group.

	30 June 2025		31 December 2024	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Total loans and advances to customers	**7,116,616**	**56.23**	6,888,315	56.68
Allowances for impairment losses on loans[(1)]	**(270,752)**	**(2.14)**	(265,365)	(2.18)
Net loans and advances to customers	**6,845,864**	**54.09**	6,622,950	54.50
Investment securities and other financial assets	**3,973,551**	**31.39**	3,705,919	30.50
Cash, precious metals and balances with the central bank	**568,565**	**4.49**	583,202	4.80
Inter-bank transactions	**934,457**	**7.38**	896,707	7.38
Goodwill	**9,954**	**0.08**	9,954	0.08
Other assets[(2)]	**324,760**	**2.57**	333,304	2.74
Total assets	**12,657,151**	**100.00**	12,152,036	100.00

Notes:

(1) The allowances for impairment losses on loans represent the allowance for impairment losses on loans and advances to customers measured at amortised cost.

(2) "Other assets" include fixed assets, right-of-use assets, intangible assets, investment properties, deferred tax assets, accrued interest and other assets.

3.3.1.1 Loans and advances to customers

As at the end of the reporting period, total loans and advances to customers of the Group amounted to RMB7,116.616 billion, representing an increase of 3.31% as compared with the end of the previous year; total loans and advances to customers accounted for 56.23% of the total assets, representing a decrease of 0.45 percentage point as compared with the end of the previous year. For details of the loans and advances to customers of the Group, please refer to section 3.4 "Analysis of Loan Quality" in this chapter.

3.3.1.2 Investment securities and other financial assets

The Group's investment securities and other financial assets consist of listed and unlisted financial instruments denominated in RMB and foreign currencies.

The following table sets forth, as at the dates indicated, the components of investment securities and other financial assets of the Group by line items.

(in millions of RMB, except for percentages)	30 June 2025 Amount	30 June 2025 Percentage of the total amount (%)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)
Derivative financial assets	21,397	0.54	32,533	0.88
Financial investments at fair value through profit or loss	660,819	16.63	617,018	16.65
– Bond investments	364,541	9.17	265,717	7.17
– Non-standardised asset investments	8,408	0.21	596	0.02
– Others(Note)	287,870	7.25	350,705	9.46
Debt investments at amortised cost	1,986,403	49.99	1,920,461	51.82
– Bond investments	1,939,117	48.80	1,848,162	49.87
– Non-standardised asset investments	81,592	2.05	107,105	2.89
– Others	667	0.02	653	0.02
– Less: allowances for impairment losses	(34,973)	(0.88)	(35,459)	(0.96)
Debt investments at fair value through other comprehensive income	1,248,050	31.41	1,082,577	29.21
Equity investments designated at fair value through other comprehensive income	23,834	0.60	22,315	0.60
Investments in joint ventures and associates	33,048	0.83	31,015	0.84
Total investment securities and other financial assets	3,973,551	100.00	3,705,919	100.00

Note: Including equity investments, investments in funds, wealth management products, long position in precious metal contracts and others.

Derivative financial instruments

As at the end of the reporting period, the major categories and amount of derivative financial instruments held by the Group are indicated in the following table. For details, please refer to Note 41(f) to the financial statements.

(in millions of RMB)	30 June 2025 Notional amount	30 June 2025 Fair value Assets	30 June 2025 Fair value Liabilities	31 December 2024 Notional amount	31 December 2024 Fair value Assets	31 December 2024 Fair value Liabilities
Interest rate derivatives	2,837,929	8,888	(9,127)	2,099,152	11,269	(11,526)
Currency derivatives	2,357,723	11,987	(13,222)	1,987,795	21,002	(19,934)
Other derivatives	16,587	522	(475)	11,124	262	(123)
Total	5,212,239	21,397	(22,824)	4,098,071	32,533	(31,583)

The above table shows the notional amount and fair value of the Group's derivatives by their remaining maturity on each balance sheet date. The notional amount refers only to the transaction volumes that have not yet been due or completed on the balance sheet date, and does not represent the amount at risk.

During the reporting period, as an integrated market maker in the interbank RMB foreign exchange market and a quote provider for derivatives in the local currency market, the Group actively participated in market making trading in the financial market to facilitate the steady development of the market. Meanwhile, by continuously leveraging its professional strengths in financial markets derivative transactions, the Group kept up its effort in publicising the "exchange rate risk-neutral" concept, helping customers carry out hedging transactions to enhance the ability to manage exchange rate and interest rate risks and reduce financial costs, and supporting the high-quality development of the real economy.

Financial investments at fair value through profit or loss

As at the end of the reporting period, the balance of the financial investments at fair value through profit or loss of the Group amounted to RMB660.819 billion, with bonds and funds investments etc. being the major categories. The investments were primarily held by the Group based on assessments of, among other factors, macro economy, monetary and fiscal policies, industrial policies and market supply and demand, so as to obtain investment income by capturing trading opportunities in the market. During the reporting period, the Group made comprehensive use of various methods to explore structural trading opportunities, while stepping up the execution of hedging strategies to better smooth out the impact of market fluctuations. For details, please refer to Note 17(a) to the financial statements.

Debt investments at amortised cost

As at the end of the reporting period, the balance of the Group's debt investments at amortised cost amounted to RMB1,986.403 billion. Among them, the bond investments mainly involved bonds issued by government and policy banks. This type of investment was held on a long-term basis for the strategic allocation of assets and liabilities of the Group, based on the requirements of interest rate risk management of banking book and liquidity management, while taking into account returns and risks. For details, please refer to Note 17(b) to the financial statements.

Debt investments at fair value through other comprehensive income

As at the end of the reporting period, the balance of debt investments at fair value through other comprehensive income of the Group amounted to RMB1,248.050 billion, with interest rate bonds such as government bonds and policy bank bonds, and medium-to-high rating quality credit bonds being the major categories. This type of investment was primarily held by the Group based on the research and analysis on the bond market, with the purpose of obtaining investment return by capturing investment and allocation opportunities in the market and constantly optimising asset allocation structure. For details, please refer to Note 17(c) to the financial statements.

Equity investments designated at fair value through other comprehensive income

As at the end of the reporting period, the balance of equity investments designated at fair value through other comprehensive income of the Group amounted to RMB23.834 billion. Such investments were mainly non-trading equity investments held by the Group in the investees over whom the Group had no control, joint control or significant influence. For details, please refer to Note 17(d) to the financial statements.

The composition of the Group's total bond investments classified by the issuing entities

(in millions of RMB)	**30 June 2025**	31 December 2024
Official authorities	**2,343,726**	2,026,230
Policy banks	**600,602**	572,863
Commercial banks and other financial institutions	**421,503**	394,704
Others	**185,877**	202,659
Total bond investments	**3,551,708**	3,196,456

Note: "Official authorities" include the Ministry of Finance of the PRC, local governments and the central bank, etc.; "Others" mainly refer to enterprises.

Investments in joint ventures and associates

As at the end of the reporting period, the Group's net investments in joint ventures and associates amounted to RMB33.048 billion, up by 6.55% as compared with the end of the previous year. For details, please refer to Note 18 and Note 19 to the financial statements.

3.3.1.3 Goodwill

As at the end of the reporting period, the Group had a balance of allowances for impairment losses on goodwill of RMB579 million and the carrying value of goodwill was RMB9.954 billion.

3.3.2 Liabilities

As at the end of the reporting period, the total liabilities of the Group amounted to RMB11,360.291 billion, representing an increase of 4.05% as compared with the end of the previous year, which was primarily attributable to the steady growth of customer deposits as compared with the end of the previous year.

The following table sets forth, as at the dates indicated, the components of the total liabilities of the Group.

(in millions of RMB, except for percentages)	30 June 2025		31 December 2024	
	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from customers	**9,422,379**	**82.94**	9,096,587	83.31
Inter-bank transactions	**1,118,033**	**9.84**	1,017,506	9.32
Borrowings from the central bank	**171,752**	**1.51**	189,511	1.74
Financial liabilities at fair value through profit or loss and derivative financial liabilities	**122,103**	**1.07**	99,044	0.91
Debt securities issued	**162,020**	**1.43**	221,583	2.03
Others(Note)	**364,004**	**3.21**	294,330	2.69
Total liabilities	**11,360,291**	**100.00**	10,918,561	100.00

Note: "Others" including salaries and welfare payable, taxes payable, contract liabilities, lease liabilities, expected liabilities, deferred income tax liabilities, accrued interest and other liabilities.

Deposits from customers

As at the end of the reporting period, total deposits from customers of the Group amounted to RMB9,422.379 billion, representing an increase of 3.58% as compared with the end of the previous year, accounting for 82.94% of the total liabilities of the Group.

The following table sets forth, as at the dates indicated, the deposits from customers of the Group by product type and customer type.

(in millions of RMB, except for percentages)	30 June 2025		31 December 2024	
	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from corporate customers				
Demand	**2,747,953**	**29.16**	2,772,365	30.47
Time	**2,422,201**	**25.71**	2,291,188	25.19
Subtotal	**5,170,154**	**54.87**	5,063,553	55.66
Deposits from retail customers				
Demand	**2,060,485**	**21.87**	1,980,251	21.77
Time	**2,191,740**	**23.26**	2,052,783	22.57
Subtotal	**4,252,225**	**45.13**	4,033,034	44.34
Total deposits from customers	**9,422,379**	**100.00**	9,096,587	100.00

During the reporting period, the percentage of daily average balance of the demand deposits to that of the total deposits from customers of the Group was 49.72%, representing a decrease of 0.62 percentage point as compared with the previous year. Among these, the daily average balance of demand deposits from corporate customers accounted for 51.32% of that of the total deposits from corporate customers, representing a decrease of 0.58 percentage point as compared with the previous year; the daily average balance of demand deposits from retail customers accounted for 47.77% of that of the total deposits from retail customers, representing a decrease of 0.55 percentage point as compared with the previous year. The decrease in the proportion of demand deposits in total deposits was mainly due to the fact that during the reporting period, the situation of insufficient liquidity activities of enterprises had not been significantly improved, with residents' savings demand remaining strong, and the whole market showed a trend of shifting towards time deposits.

3.3.3 Shareholders' equity

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank was RMB1,289.233 billion, representing an increase of 5.16% as compared with the end of the previous year, among which retained profits amounted to RMB656.267 billion, representing an increase of 3.50% as compared with the end of the previous year; investment revaluation reserve amounted to RMB33.875 billion, representing a decrease of 11.75% as compared with the end of the previous year, mainly due to the decrease in fair value of the investments measured at fair value through other comprehensive income; and foreign currency translation adjustment amounted to RMB3.035 billion, representing a decrease of 36.98% as compared with the end of the previous year, mainly due to the fluctuations in RMB exchange rate.

3.4 Analysis of Loan Quality

3.4.1 Distribution of loans by 5-tier loan classification

The following table sets forth the 5-tier loan classification of the Group as at the dates indicated.

The Group

	30 June 2025		31 December 2024	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Normal	6,948,779	97.64	6,733,625	97.76
Special mention	101,467	1.43	89,080	1.29
Substandard	17,486	0.25	16,872	0.25
Doubtful	20,068	0.28	23,054	0.33
Loss	28,816	0.40	25,684	0.37
Total loans and advances to customers	7,116,616	100.00	6,888,315	100.00
Non-performing loans	66,370	0.93	65,610	0.95

Note: Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans and loss loans.

During the reporting period, the Group insisted on strict classification of asset risks to truly reflect the asset quality. As at the end of the reporting period, the balance of the Group's non-performing loans amounted to RMB66.370 billion, representing an increase of RMB760 million as compared with the end of the previous year, with a non-performing loan ratio of 0.93%, representing a decrease of 0.02 percentage point as compared with the end of the previous year.

3.4.2 Distribution of loans and non-performing loans by product type

The Group

(in millions of RMB, except for percentages)	30 June 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)
Corporate loans	3,089,691	43.42	28,648	0.93	2,863,740	41.57	30,475	1.06
Working capital loans	1,328,632	18.67	7,773	0.59	1,178,412	17.11	9,900	0.84
Fixed asset loans	867,039	12.19	13,713	1.58	852,115	12.37	13,820	1.62
Trade finance	464,261	6.52	166	0.04	430,268	6.25	167	0.04
Others(2)	429,759	6.04	6,996	1.63	402,945	5.84	6,588	1.63
Discounted bills(3)	348,737	4.90	9	0.00	379,950	5.52	–	–
Retail loans	3,678,188	51.68	37,713	1.03	3,644,625	52.91	35,135	0.96
Micro-finance loans	843,644	11.85	8,050	0.95	825,443	11.98	6,538	0.79
Residential mortgage loans	1,438,379	20.21	6,611	0.46	1,417,450	20.58	6,840	0.48
Credit card loans	924,489	12.99	16,155	1.75	947,843	13.76	16,560	1.75
Consumer loans	416,288	5.85	5,865	1.41	396,161	5.75	4,116	1.04
Others(4)	55,388	0.78	1,032	1.86	57,728	0.84	1,081	1.87
Total loans and advances to customers	7,116,616	100.00	66,370	0.93	6,888,315	100.00	65,610	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Consists primarily of other corporate loans such as financial leasing, M&A loans and corporate mortgage loans.

(3) The Company will transfer discounted bills to corporate loans for accounting purposes once overdue.

(4) Consists primarily of commercial housing loans, automobile loans, home renovation loans, education loans and other personal loans secured by monetary assets.

With regard to corporate loans, the Group actively responded to the national policies, empowered the real economy, and promoted the structural adjustment of asset businesses, thereby maintaining stable asset quality. As at the end of the reporting period, the balance of the Group's corporate loans amounted to RMB3,089.691 billion, representing an increase of 7.89% as compared to the end of the previous year. Corporate loans accounted for 43.42% of the total loans. As at the end of the reporting period, the amount of non-performing corporate loans of the Group reached RMB28.648 billion, representing a decrease of RMB1.827 billion as compared with the end of the previous year; and the non-performing loan ratio of corporate loans was 0.93%, down by 0.13 percentage point as compared with the end of the previous year.

With regard to retail loans, the Group proactively implemented various policies and regulatory requirements, continued to focus on meeting demands of first-time home buyers and diversified housing demands for improvement of home upgraders, and accelerated the promotion of second-hand housing business, thus achieving stable and healthy development of the residential mortgage loan business. While maintaining proper risk management, the Group increased its efforts in the granting of micro-finance loans and consumer loans. Furthermore, the Group adhered to its "stability and low volatility" operation strategy by continuing to optimise its customer groups and asset structure, and steadily developing its credit card business. As at the end of the reporting period, the balance of the Group's retail loans amounted to RMB3,678.188 billion, representing an increase of 0.92% as compared to the end of the previous year. Retail loans accounted for 51.68% of the total loans. As at the end of the reporting period, the balance of non-performing retail loans of the Group amounted to RMB37.713 billion, representing an increase of RMB2.578 billion as compared with the end of the previous year. The non-performing ratio of retail loans was 1.03%, representing an increase of 0.07 percentage point as compared to the end of the previous year.

3.4.3 Distribution of loans and non-performing loans by industry

The Group

(in millions of RMB, except for percentages)	30 June 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)
Corporate loans	3,089,691	43.42	28,648	0.93	2,863,740	41.57	30,475	1.06
Manufacturing	722,023	10.15	3,188	0.44	669,630	9.72	3,250	0.49
Transportation, storage and postal services	563,391	7.92	1,140	0.20	542,095	7.87	1,191	0.22
Production and supply of electric power, heat, gas and water	388,201	5.45	563	0.15	343,256	4.98	405	0.12
Property development	311,554	4.38	14,774	4.74	318,551	4.62	15,728	4.94
Wholesale and retail	250,248	3.52	2,500	1.00	227,711	3.31	2,436	1.07
Leasing and commercial services	227,661	3.20	214	0.09	194,492	2.82	788	0.41
Information transmission, software and IT service	161,196	2.26	598	0.37	135,017	1.96	542	0.40
Finance	139,860	1.96	349	0.25	140,264	2.04	369	0.26
Construction	127,144	1.79	1,399	1.10	107,966	1.57	1,371	1.27
Mining	59,628	0.84	95	0.16	51,967	0.75	550	1.06
Water conservancy, environment and public utilities	37,939	0.53	197	0.52	37,779	0.55	152	0.40
Others(2)	100,846	1.42	3,631	3.60	95,012	1.38	3,693	3.89
Discounted bills	348,737	4.90	9	0.00	379,950	5.52	–	–
Retail loans	3,678,188	51.68	37,713	1.03	3,644,625	52.91	35,135	0.96
Total loans and advances to customers	7,116,616	100.00	66,370	0.93	6,888,315	100.00	65,610	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of scientific research and technical services, accommodation and catering, health and social work, etc.

The Group strove to improve the quality and efficiency of its services for the real economy, deepening engagement in five major areas, namely technology finance, green finance, inclusive finance, retirement finance and digital finance. During the reporting period, the Group continued to optimise the industry-based credit policies to meet the needs of the industries, relying on the industrial clusters policies to anchor high-quality customers, reinforced the access review mechanism, strengthened the management and control over key risk areas, and consolidated the foundation of financial support for the real economy. As at the end of the reporting period, the balance of the Group's loans extended to the manufacturing industry amounted to RMB722.023 billion, representing an increase of 7.82% as compared with the end of the previous year, and accounting for 10.15% of the total loans and advances to customers, with the proportion up by 0.43 percentage point as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[1]
Corporate loans	2,798,720	41.41	24,346	0.87	2,590,409	39.56	26,132	1.01
Manufacturing	691,308	10.23	3,134	0.45	641,476	9.80	3,194	0.50
Transportation, storage and postal services	488,409	7.23	1,022	0.21	465,129	7.10	1,071	0.23
Production and supply of electric power, heat, gas and water	308,923	4.57	322	0.10	280,675	4.29	388	0.14
Property development	280,305	4.15	12,786	4.56	286,365	4.37	13,587	4.74
Wholesale and retail	245,051	3.63	2,496	1.02	223,739	3.42	2,431	1.09
Leasing and commercial services	214,868	3.18	163	0.08	181,427	2.77	731	0.40
Information transmission, software and IT service	145,206	2.15	429	0.30	122,375	1.87	374	0.31
Construction	126,148	1.87	1,369	1.09	106,744	1.63	1,340	1.26
Finance	114,217	1.69	89	0.08	112,367	1.72	87	0.08
Mining	58,131	0.86	95	0.16	50,494	0.77	550	1.09
Water conservancy, environment and public utilities	33,942	0.50	85	0.25	32,658	0.50	52	0.16
Others[2]	92,212	1.35	2,356	2.55	86,960	1.32	2,327	2.68
Discounted bills	348,737	5.16	9	0.00	379,392	5.80	–	–
Retail loans	3,611,408	53.43	37,568	1.04	3,577,919	54.64	34,985	0.98
Total loans and advances to customers	6,758,865	100.00	61,923	0.92	6,547,720	100.00	61,117	0.93

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of scientific research and technical services, accommodation and catering, health and social work, etc.

3.4.4 Distribution of loans and non-performing loans by region

The Group

(in millions of RMB, except for percentages)	30 June 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(1)
Head Office(2)	990,965	13.93	17,820	1.80	982,386	14.26	18,137	1.85
Yangtze River Delta	1,600,785	22.49	14,337	0.90	1,544,721	22.42	13,717	0.89
Bohai Rim	1,042,978	14.66	4,789	0.46	998,754	14.50	5,918	0.59
Pearl River Delta and Western Taiwan Straits Economic Zone	1,330,307	18.69	11,448	0.86	1,256,355	18.24	9,413	0.75
North-eastern China	171,400	2.41	2,933	1.71	173,569	2.52	3,002	1.73
Central China	763,018	10.72	5,640	0.74	740,872	10.76	5,606	0.76
Western China	762,134	10.71	4,610	0.60	753,564	10.94	4,972	0.66
Overseas	82,744	1.16	346	0.42	81,575	1.18	352	0.43
Subsidiaries	372,285	5.23	4,447	1.19	356,519	5.18	4,493	1.26
Total loans and advances to customers	7,116,616	100.00	66,370	0.93	6,888,315	100.00	65,610	0.95

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) The Head Office includes Credit Card Centre.

The Group proactively responded to the national strategies of coordinated regional development, followed the trend of the industrial cluster development, paid close attention to changes in the market, and continued to carry out research on regional credit policies to implement differentiated regional operation strategies, thus accelerating development of key branches, as well as expediting the optimisation of the regional structure layout of the Group.

3.4.5 Distribution of loans and non-performing loans by type of guarantees

The Group

(in millions of RMB, except for percentages)	30 June 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(Note)	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)(Note)
Credit loans	2,890,892	40.62	29,611	1.02	2,800,227	40.64	26,942	0.96
Guaranteed loans	962,204	13.52	15,122	1.57	872,494	12.67	17,154	1.97
Collateralised loans	2,441,416	34.31	17,984	0.74	2,381,108	34.57	17,987	0.76
Pledged loans	473,367	6.65	3,644	0.77	454,536	6.60	3,527	0.78
Discounted bills	348,737	4.90	9	0.00	379,950	5.52	–	–
Total loans and advances to customers	7,116,616	100.00	66,370	0.93	6,888,315	100.00	65,610	0.95

Note: Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

As at the end of the reporting period, the Group's credit loans, guaranteed loans, collateralised loans and the pledged loans increased by 3.24%, 10.28%, 2.53% and 4.14% respectively as compared with the end of the previous year.

3.4.6 Loans to the top ten single borrowers

The Group

(in millions of RMB, except for percentages)

Top ten borrowers	Industry	Loan balance as at 30 June 2025	Percentage of net capital (under the Advanced Measurement Approach) (%)	Percentage of the total loans and advances (%)
A	Information transmission, software and IT services	**24,999**	1.82	0.35
B	Finance	**24,700**	1.80	0.35
C	Transportation, storage and postal services	**22,090**	1.61	0.31
D	Transportation, storage and postal services	**20,032**	1.46	0.28
E	Transportation, storage and postal services	**13,941**	1.01	0.20
F	Transportation, storage and postal services	**11,494**	0.84	0.16
G	Information transmission, software and IT services	**10,915**	0.79	0.15
H	Production and supply of electric power, heat, gas and water	**10,333**	0.75	0.15
I	Production and supply of electric power, heat, gas and water	**10,272**	0.75	0.14
J	Property development	**10,210**	0.74	0.14
Total		**158,986**	11.57	2.23

As at the end of the reporting period, the loan balance of the Group's largest single borrower amounted to RMB24.999 billion, representing 1.82% of the Group's net capital under the Advanced Measurement Approach. As at the end of the reporting period, the loan balance of the Group's top ten single borrowers totalled RMB158.986 billion, representing 11.57% of the Group's net capital under the Advanced Measurement Approach, 11.71% of the Group's net capital under the Weighted Approach, and 2.23% of the Group's total loans and advances, respectively.

3.4.7 Distribution of loans by overdue term

The Group

(in millions of RMB, except for percentages)	30 June 2025		31 December 2024	
	Loans and advances to customers	Percentage of the total loans (%)	Loans and Advances to customers	Percentage of the total loans (%)
Overdue within 3 months	**45,076**	**0.63**	42,228	0.61
Overdue from 3 months up to 1 year	**27,339**	**0.38**	25,201	0.37
Overdue from 1 year up to 3 years	**17,842**	**0.25**	17,517	0.25
Overdue more than 3 years	**6,827**	**0.10**	6,929	0.10
Total overdue loans	**97,084**	**1.36**	91,875	1.33
Total loans and advances to customers	**7,116,616**	**100.00**	6,888,315	100.00

As at the end of the reporting period, overdue loans of the Group amounted to RMB97.084 billion, up by RMB5.209 billion from the end of the previous year and accounting for 1.36% of its total loans and advances, representing an increase of 0.03 percentage point as compared with the end of the previous year. Of the overdue loans, collateralised and pledged loans accounted for 34.42%; guaranteed loans accounted for 16.46%; and credit loans accounted for 49.12% (the majority of which were overdue loans of credit cards). The Group adopted prudent asset classification criteria for overdue loans. As at the end of the reporting period, the Group's ratio of non-performing loans to the loans overdue more than 90 days was 1.28, and the Company's ratio of non-performing loans to the loans overdue more than 60 days was 1.12.

3.4.8 Restructured loans

The Group

(in millions of RMB, except for percentages)	30 June 2025		31 December 2024	
	Loan balance	Percentage of total loans and advances (%)	Loan balance	Percentage of total loans and advances (%)
Restructured loans	26,123	0.37	24,826	0.36
Of which: restructured loans overdue more than 90 days	9,109	0.13	8,084	0.12

The Group imposed strict and prudent management and control over loan restructuring. As at the end of the reporting period, the percentage of the Group's restructured non-performing loans to total loans and advances was 0.37%, up by 0.01 percentage point as compared with the end of the previous year.

3.4.9 Repossessed assets and impairment allowances

As at the end of the reporting period, the balance of repossessed assets (other than financial instruments) of the Group amounted to RMB505 million. After deducting the impairment allowances of RMB137 million, the net carrying value amounted to RMB368 million. The balance of repossessed financial instruments amounted to RMB5.476 billion.

3.4.10 Changes in the allowances for impairment losses on loans

The following table sets forth the changes in the allowances for impairment losses on loans of the Group.

The Group

(in millions of RMB)	January to June 2025	2024
Balance as at the end of the previous year	270,301	269,534
Charge for the period	23,341	43,608
Recovery of loans previously written off	5,514	10,274
Write-offs/disposal for the period	(26,054)	(53,154)
Foreign exchange rate and other movements	(369)	39
Balance as at the end of the period	272,733	270,301

The Group continued to adopt a stable and prudent policy in respect of making allowances. As at the end of the reporting period, the balance of allowances for impairment losses on loans of the Group amounted to RMB272.733 billion, representing an increase of RMB2.432 billion as compared with the end of the previous year. The allowance coverage ratio was 410.93%, representing a decrease of 1.05 percentage points as compared with the end of the previous year; and the allowance-to-loan ratio was 3.83%, representing a decrease of 0.09 percentage point as compared with the end of the previous year. For details of the changes in allowances for impairment losses on loans, please refer to Note 16(c) to the financial statements.

3.5 Analysis of Capital Adequacy

3.5.1 Capital regulatory requirements

In accordance with the capital requirements of the financial regulatory authorities and additional capital and leverage ratio requirements under the Additional Regulatory Rules on Systemically Important Banks (Provisional), the capital adequacy ratio, Tier 1 capital adequacy ratio and core Tier 1 capital adequacy ratio of the Group and the Company shall be no less than 11.25%, 9.25% and 8.25% respectively, and the leverage ratio shall be no less than 4.375%. During the reporting period, the Group and the Company have consistently met the regulatory requirements for capital and leverage ratio.

3.5.2 Scope for calculating capital adequacy ratio

The scope for calculating the Group's capital adequacy ratio includes China Merchants Bank and the financial institutions in which the Company has direct or indirect investments in compliance with the requirements under the Rules on Capital Management of Commercial Banks (hereinafter referred to as the "New Capital Rules"). The scope of entities for calculating the capital adequacy ratio of the Company includes all the domestic and overseas branches and sub-branches of China Merchants Bank. As at the end of the reporting period, the Group's subsidiaries that were within the scope of consolidated statements in respect of the capital adequacy ratio included: CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB Europe S.A.

According to the regulatory requirements, the Group includes neither the industrial and commercial enterprises, nor the companies of the insurance type in the calculation of consolidated capital adequacy ratio. Different types of investees are given different treatments for the calculation of consolidated capital adequacy ratio.

No.	Type of investee	Treatment
1	Financial institutions with majority voting rights or controlling interests (excluding insurance companies)	Included in the calculation of consolidated capital adequacy ratio.
2	Insurance companies with majority voting rights or controlling interests	Excluded from the calculation of consolidated capital adequacy ratio, deducted corresponding capital investment from capital at all tiers; deducted the corresponding capital shortfall, if any.
3	Significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio, deducted the part of core Tier 1 capital investments exceeding 10% of the Company's net core Tier 1 capital and deducted all of additional Tier 1 and Tier 2 capital investments from corresponding tiers of capital. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets.
4	Non-significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio and correspondingly deducted the part of total investments exceeding 10% of the Company's net core Tier 1 capital from regulatory capital at all tiers. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets.
5	Investments in the equity of industrial and commercial enterprises	Excluded from the calculation of consolidated capital adequacy ratio and calculated as risk-weighted assets.

As at the end of the reporting period, there was no regulatory capital shortfall in the financial institutions in which the majority or controlling interests are held by the Company as measured in accordance with local regulatory requirements. During the reporting period, there was no major restriction on capital transfer within the Group.

3.5.3 Information on capital adequacy ratio

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Advanced Measurement Approach were 14.00%, 17.07% and 18.56% respectively, representing a decrease of 0.86, 0.41 and 0.49 percentage point respectively, as compared with the end of the previous year. The decrease in capital adequacy ratios at all tiers was mainly attributable to the impact of cash dividends.

The Group

(in millions of RMB, except for percentages)	30 June 2025	31 December 2024	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach[(1)]			
Net core Tier 1 capital	**1,036,591**	1,023,048	1.32
Net Tier 1 capital	**1,264,037**	1,203,494	5.03
Net capital	**1,374,534**	1,311,742	4.79
Risk-weighted assets (without taking into consideration the capital floor requirements)	**7,404,703**	6,885,783	7.54
Of which: Credit risk-weighted assets	**6,308,229**	5,973,261	5.61
Market risk-weighted assets	**380,712**	196,760	93.49
Operational risk-weighted assets	**715,762**	715,762	–
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,404,703**	6,885,783	7.54
Core Tier 1 capital adequacy ratio	**14.00%**	14.86%	Decreased by 0.86 percentage point
Tier 1 capital adequacy ratio	**17.07%**	17.48%	Decreased by 0.41 percentage point
Capital adequacy ratio	**18.56%**	19.05%	Decreased by 0.49 percentage point
Information on leverage ratio[(2)]			
Balance of adjusted on- and off-balance sheet assets	**14,904,577**	14,218,773	4.82
Leverage ratio	**8.48%**	8.46%	Increased by 0.02 percentage point

Notes:

(1) The "Advanced Measurement Approach" refers to the Internal Ratings-Based (IRB) Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk set out in the New Capital Rules issued by the National Financial Regulatory Administration (NFRA) on 1 November 2023 (same as below). A commercial bank shall use both the Advanced Measurement Approach for capital measurement and other approaches to calculate capital adequacy ratios, and comply with the capital floor requirements.

(2) Starting from 2024, the leverage ratio shall be calculated based on the provisions of the New Capital Rules (leverage ratio = net Tier 1 capital/ balance of adjusted on- and off-balance sheet assets). The leverage ratios of the Group were 8.35%, 8.46% and 8.27% respectively as at the end of the first quarter of 2025, the end of 2024 and the end of the third quarter of 2024.

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Advanced Measurement Approach were 13.82%, 17.03% and 18.55% respectively, representing a decrease of 1.02, 0.50 and 0.62 percentage point(s) respectively, as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2025	31 December 2024	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach			
Net core Tier 1 capital	**921,977**	914,275	0.84
Net Tier 1 capital	**1,135,846**	1,080,144	5.16
Net capital	**1,237,182**	1,180,786	4.78
Risk-weighted assets (without taking into consideration the capital floor requirements)	**6,669,094**	6,160,977	8.25
Of which: Credit risk-weighted assets	**5,667,426**	5,321,453	6.50
Market risk-weighted assets	**341,301**	179,157	90.50
Operational risk-weighted assets	**660,367**	660,367	–
Risk-weighted assets (taking into consideration the capital floor requirements)	**6,669,094**	6,160,977	8.25
Core Tier 1 capital adequacy ratio	**13.82%**	14.84%	Decreased by 1.02 percentage points
Tier 1 capital adequacy ratio	**17.03%**	17.53%	Decreased by 0.50 percentage point
Capital adequacy ratio	**18.55%**	19.17%	Decreased by 0.62 percentage point

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Weighted Approach were 11.92%, 14.53% and 15.61% respectively, representing a decrease of 0.51, 0.10 and 0.12 percentage point respectively as compared with the end of the previous year. The decrease in capital adequacy ratios at all tiers was mainly attributable to the impact of cash dividends.

The Group

(in millions of RMB, except for percentages)	30 June 2025	31 December 2024	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach[Note]			
Net core Tier 1 capital	**1,036,591**	1,023,048	1.32
Net Tier 1 capital	**1,264,037**	1,203,494	5.03
Net capital	**1,357,875**	1,293,801	4.95
Risk-weighted assets	**8,697,376**	8,227,390	5.71
Core Tier 1 capital adequacy ratio	**11.92%**	12.43%	Decreased by 0.51 percentage point
Tier 1 capital adequacy ratio	**14.53%**	14.63%	Decreased by 0.10 percentage point
Capital adequacy ratio	**15.61%**	15.73%	Decreased by 0.12 percentage point

Note: The "Weighted Approach" refers to the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in accordance with the provisions of the New Capital Rules. Same as below.

As at the end of the reporting period, the core Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Weighted Approach were 11.58%, 14.27% and 15.35% respectively, representing a decrease of 0.61, 0.13 and 0.14 percentage point respectively as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2025	31 December 2024	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach			
Net core Tier 1 capital	**921,977**	914,275	0.84
Net Tier 1 capital	**1,135,846**	1,080,144	5.16
Net capital	**1,221,773**	1,162,413	5.11
Risk-weighted assets	**7,961,761**	7,503,260	6.11
Core Tier 1 capital adequacy ratio	**11.58%**	12.19%	Decreased by 0.61 percentage point
Tier 1 capital adequacy ratio	**14.27%**	14.40%	Decreased by 0.13 percentage point
Capital adequacy ratio	**15.35%**	15.49%	Decreased by 0.14 percentage point

3.5.4 Measurement of credit risk capital

Balance of credit risk exposures

During the reporting period, the credit risk of the Company under the IRB Approach was classified into six types of risk exposures: sovereign, financial institution, corporate, retail, shareholding and others. As at the end of the reporting period, the balances of various risk exposures were as follows.

(in millions of RMB)	Type of risk exposure	30 June 2025 The Company	30 June 2025 The Group
Portion covered by the IRB Approach	Financial institution	**1,333,487**	**1,332,580**
	Corporate	**2,948,682**	**2,948,682**
	Retail	**4,635,351**	**4,635,351**
	Of which: Residential mortgage loans	**1,415,949**	**1,415,949**
	Qualified revolving retail	**2,428,461**	**2,428,461**
	Other retail	**790,941**	**790,941**
Portion not covered by the IRB Approach	On-balance sheet	**5,712,835**	**6,568,710**
	Off-balance sheet	**240,274**	**285,672**
	Counterparty	**25,508**	**29,723**

Balance of asset securitisation risk exposures

The Group uses the Standardised Approach to calculate its capital requirements of asset securitisation risk exposures. Risk weight is determined according to the credit ratings of eligible external rating institutions and the type of asset securitisation. As at the end of the reporting period, the capital requirement of asset securitisation risk exposure of the Group was RMB1.937 billion and the risk-weighted assets were RMB24.213 billion. As at the end of the reporting period, the balance of the asset securitisation risk exposures of the Group was as follows.

Items (in millions of RMB)	30 June 2025 Traditional	30 June 2025 Synthetic
Balance of on-balance sheet asset securitisation risk exposures	**6,976**	**–**
Balance of off-balance sheet asset securitisation risk exposures	**655**	**–**

3.5.5 Measurement of market risk capital

The Group uses the Standardised Approach to calculate its market risk capital requirement. As at the end of the reporting period, the market risk-weighted assets of the Group were RMB380.712 billion, and the market risk capital requirement was RMB30.457 billion.

3.5.6 Measurement of operational risk capital

The Group uses the Standardised Approach to calculate its operational risk capital requirement. As at the end of the reporting period, the operational risk-weighted assets of the Group were RMB715.762 billion and the operational risk capital requirement was RMB57.261 billion.

3.6 Results of Operating Segments

The principal business segments of the Group include retail finance and wholesale finance. The following table summarises the operating results of each business segment of the Group for the periods indicated.

Items	January to June 2025		January to June 2024	
(in millions of RMB)	Profit before tax by business segments	Net operating income	Profit before tax by business segments	Net operating income
Retail finance	52,036	96,179	51,198	95,939
Wholesale finance	37,057	70,301	36,433	72,022
Other businesses	(187)	3,443	2,010	4,961
Total	88,906	169,923	89,641	172,922

During the reporting period, profit before tax of retail finance business of the Group amounted to RMB52.036 billion, up by 1.64% year-on-year, and accounting for 58.53% of the profit before tax of the Group, representing a year-on-year increase of 1.42 percentage points; net operating income amounted to RMB96.179 billion, up by 0.25% year-on-year, and accounting for 56.60% of the net operating income of the Group, representing a year-on-year increase of 1.12 percentage points. At the same time, during the reporting period, the cost-to-income ratio of retail finance business of the Group was 31.37%, representing a year-on-year increase of 0.86 percentage point.

For the detailed figures of the Group's business and geographical segments, please refer to Note 38 to the financial statements.

3.7 Other Financial Disclosures under the Regulatory Requirements

3.7.1 Balance of off-balance sheet items that may have a material effect on the financial position and operating results and the related information

The Group's off-balance sheet items include derivative financial instruments, commitments and contingent liabilities. Commitments and contingent liabilities include credit commitments, leasing commitments, capital commitments, securities underwriting commitments, bonds redemption commitments, outstanding litigations and disputes and other contingent liabilities, among which the credit commitments are the primary component. As at the end of the reporting period, the balance of credit commitments of the Group was RMB3,258.649 billion. For details of the contingent liabilities and commitments, please refer to Note 39(a) to the financial statements.

3.7.2 Outstanding overdue debts

As at the end of the reporting period, the Group did not have any outstanding overdue debts.

3.8 Implementation of Development Strategies

During the reporting period, the Company further promoted the strategy of "building a value creation bank". It adhered to high-quality development and balanced multiple objectives, and accelerated transformation through "the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative", while cultivating core values, business philosophy and corporate culture. The Company continuously strengthened its capabilities, and deepened the development of a new high-quality development model driven by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)". As a result, the Company maintained steady and improving operating performance.

3.8.1 Enhanced value creation

Adhering to the value creation chain of "volume growth – revenue growth – profit growth – value growth", the Company was committed to creating greater overall value for customers, employees, shareholders, partners and society. The Company continuously strove to become the best bank in customer service to support customers' fund security, financial health, and wealth preservation and growth, aiming to earn recognition, trust and preference from more customers. As of the end of the reporting period, the Company's retail customers reached 216 million in total, representing an increase of 2.86% as compared with the end of the previous year; and the Company's corporate customers reached 3.3679 million in total, representing an increase of 6.36% as compared with the end of the previous year. The Company continuously strove to become the best bank in employee development, and accelerated the development of a "professional, diverse, market-driven, and international" talent system, thereby providing a platform for employees to give full play to their abilities and realise their value. The total number of employees was nearly 120,000, and employee satisfaction continued to improve. The Company continuously strove to become the best bank in shareholders' return, with annualised ROAA and ROAE of 1.21% and 13.85% respectively during the reporting period, maintaining a relatively high level globally. The Company continuously strove to become the most trusted bank by partners, deepening the development of ecosystems in extensive wealth management, investment banking, inter-bank business, and technology finance. "Zhao Cai Hao (招財號)", an open platform of wealth management business of the Company on CMB APP, has onboarded 167 institutions with industry representativeness. The Company continuously strove to become the most socially responsible bank, actively fulfilling its mission of serving the real economy, adhering to ESG concept, actively participating in public welfare and charity, and vigorously supporting rural revitalisation.

3.8.2 Accelerating and enhancing efficiency of international development

The Company actively served the global operation of Chinese enterprises and met customers' global asset allocation needs. It seized the opportunity arising from the consolidation and enhancement of Hong Kong's status as an international financial centre, and the continued recovery of the Hong Kong capital market. The Company continuously improved its cross-border financial service framework, and further enhanced the internationalisation of its institutions, businesses, talent pool and management. **Performance of overseas institutions remained stable and positive.** As of the end of the reporting period, the Company had 6 branches and 3 wholly-owned subsidiaries overseas. Building on market differences, the overseas institutions[2] adhered to the "compliance-first" approach, clarified their direction and positioning, and continued to consolidate their foundation. Their total assets at the end of the period increased by 6.56% as compared with the end of the previous year, and the net operating income during the reporting period increased by 23.72% year-on-year. The Group's institutions in Hong Kong[3] played an active role in serving the consolidation and enhancement of Hong Kong's status as an international financial centre. Their total assets at the end of the period increased by 9.49% as compared with the end of the previous year, and the net operating income during the reporting period increased by 25.28% year-on-year. **The development of cross-border business accelerated.** During the reporting period, the Company had 78,569 corporate customers in respect of international balance of payments, and the international balance of payments for corporate customers amounted to USD222.635 billion[4]. Southbound trading under the Cross-border Wealth Management Connect realised the "online migration of whole-process". As one of the first batch of pilot banks in China to launch the Payment Connect, the Company was also the first to introduce a MasterCard debit card settled in RMB for use both domestically and internationally. **The foreign exchange business developed rapidly.** During the reporting period, the number of wholesale customers involved in client flow tradings of financial market increased by 14.95% year-on-year, and the transaction volume of client flow tradings of wholesale customers of financial market increased by 25.16% year-on-year.

2 The data for overseas institutions and institutions in Hong Kong in this paragraph is before elimination on consolidation.

3 Including the Company's Hong Kong branch, CMB Wing Lung Bank and CMB International Capital, etc.

4 Starting from the annual report 2024, securities investment was no longer included in the statistical calibre of the international balance of payments for corporate customers.

3.8.3 Continuous advancement of comprehensive operations

Through wholly-owned, controlling and joint venture structures, the Group established a comprehensive portfolio of financial licenses covering commercial banking, fund management, insurances, wealth management, financial leasing, consumer finance, international investment banking, etc. During the reporting period, the Group fully leveraged the advantages of its licenses, embraced the "One CMB" philosophy and provided customers with comprehensive financial services. **The Group improved the comprehensive layout.** During the reporting period, the Group actively applied to establish a financial asset investment company to enhance the service capabilities regarding integration of investment banking and commercial banking. This application was officially approved on 3 July 2025, and the related preparations are currently progressing steadily. **The Group promoted quality and efficiency enhancement in the development of subsidiaries and joint ventures.** The Company exercised its shareholders' rights in compliance with laws and regulations and strengthened the overall management of its subsidiaries and joint ventures, thereby enabling them to continuously consolidate their customer base, business foundation, management foundation, and talent pool. As of the end of the reporting period, the balance of wealth management products of CMB Wealth Management was RMB2.46 trillion, keeping the leading position in the industry of wealth management companies of banks. The leasing business of CMB Financial Leasing during the reporting period was RMB55.427 billion, maintaining at the forefront of the financial leasing industry. As of the end of the reporting period, the scale of non-money-market mutual funds of China Merchants Fund was RMB522.889 billion, maintaining the forefront position in the industry. As of the end of the reporting period, the balance of loans of Merchants Union Consumer Finance was RMB164.388 billion, and its asset scale, asset quality and net profit level remained at the forefront of the industry. CIGNA & CMB Life Insurance accelerated the transformation of the health business, with its market share of high-end group medical insurance ranking among the top in the industry. As of the end of the reporting period, the scale of insurance funds under entrusted management of CIGNA & CMAM was RMB214.016 billion, representing an increase of 12.85% as compared with the end of the previous year. The number of Hong Kong IPO underwritten and sponsored by CMB International Capital during the reporting period ranked the first and fourth respectively in the Hong Kong market[5]. As of the end of the reporting period, the balance of total assets under management (AUM) from retail customers of CMB Wing Lung Bank was HKD623.693 billion, up by 16.51% as compared with the end of the previous year. **The Group enhanced synergy and linkage.** Guided by the principle of creating maximum value for customers, the Group strengthened the synergy mechanisms, reinforced risk and compliance management, and provided customers with comprehensive, integrated, and full-cycle services, thereby advancing the high-quality development of the Group. As of the end of the reporting period, the total assets of major subsidiaries[6] reached RMB932.090 billion, up by 9.00% as compared with the end of the previous year, and their net operating income accounted for 12.54% of the total net operating income of the Group during the reporting period, up by 2.93 percentage points year-on-year.

3.8.4 More prominent differentiated competitive advantages

During the reporting period, the Company adhered to its differentiated development positioning, and maintained the strategic dominant position of retail finance. It promoted the coordinated development of four major sectors, namely "retail finance, corporate finance, investment banking and financial markets, wealth management and asset management". The Company focused on highlighting key regions and segmented areas, engaging in differentiated competition and building core advantages, and connecting the specific with the strategic to enhance holistic competitiveness.

The systematic advantages of the Company's retail finance sector were consolidated and expanded. Focusing on the needs of customers in "deposit, loan, and remittance", the Company enriched its product offerings, and strengthened customer management, and continuously promoted the digital intelligence transformation of customer services. As of the end of the reporting period, the Company's balance of total assets under management (AUM) from retail customers amounted to RMB16.03 trillion, representing an increase of 7.39% as compared with the end of the previous year; the balance of deposits from retail customers amounted to RMB4,016.624 billion, representing an increase of 4.99% as compared with the end of the previous year; and the balance of retail loans amounted to RMB3,611.408 billion, representing an increase of 0.94% as compared with the end of the previous year. Retail finance business contributed more than 55% to both the net operating income and profit of the Company. During the reporting period, the fee and commission income from retail wealth management business grew by 6.00% year-on-year.

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5 According to the statistics of Bloomberg.

6 Including CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, China Merchants Fund, CMB Wealth Management, CMB Europe S.A. and CIGNA & CMAM.

The Company's corporate finance sector continuously developed featured finance services. Focusing on areas such as technology finance, green finance, inclusive finance, intelligent manufacturing finance, digital finance, cross-border finance, automobile finance and retirement finance, the Company deepened high-quality corporate customer acquisition and upgraded operation and service models such as "One Entire Bank for One Customer". As of the end of the reporting period, the balance of deposits from corporate customers amounted to RMB5,046.808 billion, representing an increase of 1.91% as compared with the end of the previous year; and the balance of loans to corporate customers amounted to RMB2,798.720 billion, representing an increase of 8.04% as compared with the end of the previous year. Among them, the growth rate of loans in key areas such as technology finance, green finance and manufacturing industry was significantly higher than the average growth rate of the loans extended by the Company. As of the end of the reporting period, the balance of loans extended by the Company to the sci-tech enterprises was RMB696.205 billion, representing an increase of 17.91% as compared with the end of the previous year; the balance of green loans to corporate customers amounted to RMB414.714 billion[7], representing an increase of 12.90% as compared with the beginning of the year; and the balance of loans extended to the manufacturing industry amounted to RMB691.308 billion, representing an increase of 7.77% as compared with the end of the previous year.

The competitiveness of the Company's investment banking and financial markets sector continued to grow. As of the end of the reporting period, the balance of the financing products aggregate to corporate customers (FPA) contributed by the investment banking business increased by 8.90% as compared with the beginning of the year; and the M&A financing business volume achieved a year-on-year increase of 27.39%, of which the amount of RMB M&A loans increased by 129.37% year-on-year. In terms of financial markets business, the Company comprehensively enhanced its global trading and customer service capabilities. During the reporting period, the number of the Company's wholesale customers involved in client flow tradings of financial market was 66,585, representing a year-on-year increase of 14.95%. With the on-going improvement of the integrated operation capability of bill business, the Company further intensified its comprehensive services for bill customers. As of the end of the reporting period, the scale of direct bill discounting business remained the second in the market (data from the China Banking Association), and the number of customers of the Company using the new generation bill business system[8] exceeded 1 million.

Transformation and upgrading of the Company's wealth management and asset management sector were continuously enhanced. Focusing on the wealth management needs of residents and enterprises, the Company enriched its product offerings, enhanced its professional service capabilities, and accelerated the transformation and upgrading of the sector. As of the end of the reporting period, the number of retail customers holding wealth management products distributed by the Company reached 61,070,000, representing an increase of 4.90% as compared with the end of the previous year. The number of customers who conducted asset allocation under the "CMB TREE Asset Allocation Service System" reached 11,326,700, representing an increase of 9.17% as compared with the end of the previous year. During the reporting period, the average daily balance of corporate wealth management products reached RMB459.059 billion, representing an increase of 14.80% as compared with the previous year. As of the end of the reporting period, the total asset management business amounted to RMB4.45 trillion[9]. As of the end of the reporting period, the scale of custody of the Company reached RMB24.14 trillion, ranking among the top in the industry.

3.8.5 Accelerating the digital and intelligent transformation to build a Digital & Intelligent CMB

With adherence to "upholding fundamental principles and breaking new ground (守正創新)", the Company implemented the strategy of developing the Bank with technology, and promoted innovation in key areas such as products, services, operation and management by leveraging technology. The Company propelled the development of a "Digital & Intelligent CMB" following the direction of "online, data-based, intelligent, platform-based and ecological operation", comprehensively embraced the new generation of AI revolution represented by large model, accelerated the construction of "AI + finance", striving to excel in digital finance. During the reporting period, the Company's information technology input amounted to RMB4.444 billion, representing 2.93% of the Company's net operating income. The Company attached great importance to the construction of a talent pool with digital and intelligent expertise. As of the end of reporting period, the number of R&D personnel of the Group reached 10,782, accounting for 9.13% of the total number of employees of the Group. Leveraging the Fintech Innovation Project Fund which focused on the strategic directions, AI development, and cutting-edge technology, the Company comprehensively promoted its construction of digital and intelligent capabilities. During the reporting period, 386 new Fintech innovation projects were launched, and 214 new projects were put into operation. As of the end of reporting period, the number of the Bank's Fintech innovation projects launched and put into operation reached an aggregate of 4,796 and 4,007, respectively.

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7 Green loans are calculated based on the latest statistical calibre of the People's Bank of China.

8 Refers to the new generation of bill system launched by the Shanghai Commercial Paper Exchange Corporation Ltd. in August 2022.

9 Refers to the total scale of asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB International Capital, all being subsidiaries of the Company.

In terms of retail business, the Company comprehensively promoted the construction of "digital and intelligent retail sector" and continued to empower and improve intelligent service experience for customers. As of the end of reporting period, the monthly active users (MAU) of the CMB APP and the CMB Life APP totalled 121 million. Leveraging large model technology, the Company enhanced its service quality and efficiency and comprehensively upgraded its "Xiao Zhao (小招)" intelligent services, enhancing expert-type and steward-type services. By utilising intelligent analysis to gain insights into customer needs, the Company provided tailored wealth management advice. The Company impelled the digital and intelligent transformation of retail credit and strengthened integration with external data sources. It was dedicated to building a quantitative risk control system encompassing data, models, and strategies, thereby effectively enhancing its capability to identify high-quality retail credit customers. The Company empowered its private banking business with digital and intelligent technologies, and iterated the Premium Version of CMB APP. It also upgraded its intelligent service capabilities for asset allocation, and built digital and intelligent support capabilities for family trust operations, with an aim of comprehensively improving the quality of intelligent professional services.

In terms of wholesale business, the Company deepened the development of digital and intelligent capabilities, and comprehensively improved quality and efficiency of customer service and operations, thus strongly supporting the high-quality development of the real economy. As of the end of the reporting period, 94.26% of financing business were conducted online, and 84.33% of foreign exchange business were conducted online, representing an increase of 0.45 percentage point and 6.92 percentage points as compared with the end of the previous year respectively. The number of monthly active customers of wholesale online channels reached 2,130,500, representing a year-on-year increase of 12.61%. The Company provided digital and intelligent treasury management services to enterprises at different development stages, actively embedding digital transformation initiatives centred around their production and operation scenarios. As of the end of the reporting period, Treasury Management Cloud (財資管理雲) served 709,200 customers, representing an increase of 15.28% as compared with the end of the previous year. The Company empowered provident fund services through digital intelligence, creating provident fund digital products such as AI intelligent customer service, calculation of contributions for flexible employees and business fund management system, etc. As of the end of the reporting period, the Company engaged in digital and intelligent cooperation with 111 provident fund centres to promote the deep integration of "finance + government services". The Company continuously advanced the intelligent features of its products and services, and developed an intelligent wealth manager for customers called "Zhaoyingtong AI Xiao Zhao (招贏通AI小招)". This solution is designated to help customers easily complete various high-frequency operations through natural interactions, thereby significantly improving customer experience.

In terms of risk management, the Company continuously enhanced its risk management capabilities and efficiency, and promoted the digital and intelligent transformation of risk management. The Company accelerated the construction of the Group Risk-management System (GRS), and built a leading, convenient and effective full-process risk management platform for corporate asset business. The automation adoption rate of due diligence reports for small enterprises reached 70.00%, and report writing efficiency improved by 15.97%. The exchange and sharing of risk information was maintained within the Group within the compliance framework of information management. During the reporting period, the online risk control platform continued to be upgraded, with newly-granted corporate loans amounting to RMB279.105 billion, a year-on-year increase of 47.96%. Leveraging internal and external data, the Company reinforced the application of large model in risk management scenarios, and created the "Risk Assistant (風險小助)", an intelligent assistant for risk and compliance management, which empowered relationship managers by embedding AI into the operation process, and explored the reshaping of the credit process by AI. The Company focused on the development of intelligent agents[10] for relationship managers, risk managers, and credit officers, as well as the construction of large model for risk reasoning. These efforts continuously improved credit approval efficiency and risk management capabilities.

10 An intelligent agent refers to an intelligent system of functions or a hardware and software platform developed by using the Agent framework within the banking system. It simulates or replaces the behaviour of business personnel by leveraging algorithms and knowledge, automatically generating information and taking actions based on specific business scenarios.

In terms of operation management, the Company leveraged digital and intelligent tools to enhance the quality and efficiency of the Bank's operation management, providing a solid foundation for business development. For the retail line, using the intelligent retail assistants as carrier, the Company accelerated the integration of intelligent technologies and knowledge bases, and reconstructed the interaction between intelligent applications and internal users. This aimed to continuously empower relationship managers and middle-office teams in key work scenarios such as business opportunity identification, customer service, and strategic analysis. For the wholesale line, the Company focused on the intelligent upgrade of the main process of customer marketing, and created "CRM Assistant (CRM小助)" for relationship managers, enabling scenario-based functions of intelligent marketing assistance. As of the end of the reporting period, "CRM Assistant (CRM小助)" had over 7,000 monthly active users, effectively improving the work efficiency of relationship managers. The Company continued to build an innovation-driven digital and intelligent management system, deeply exploring the integration of intelligent agents with capital management scenarios through "Smart Capital GPT (智本GPT)", and advancing the development of large model from "data inquiry assistant" in specialised fields to "data analysis expert". The Company innovatively built the product pricing management system "Smart Price GPT (智價GPT)", and launched a multi-dimensional input-output intelligent analysis matrix to enhance refined and intelligent pricing management. Additionally, the Company introduced a new generation of digital productive forces represented by digital assistants, among which "digital beauty (數字美眉)" innovated the digital and intelligent service model for human resources. As of the end of the reporting period, "digital beauty (數字美眉)" has been used 149,100 times, providing intelligent services to employees.

In terms of internal operation, the Company upgraded the intelligent operation mode driven by digital intelligence to empower operational activities and management efficiency, achieving a high-quality balance of experience, efficiency, risk and cost. The Company continuously optimised the "Ying Xiao Zhu (營小助)", a large model intelligent operation assistant, and deployed 23 scenario-based applications including "Ying Xiao Zhu (營小助)" digital assistant, operational knowledge Q&A, intelligent business review, automated data entry, and intelligent service training simulation. As of the end of the reporting period, the monthly active users covered over 80% of the operating staff. In response to the national promotion of electronic invoicing, the Company fully implemented electronic invoice issuing services. Also, the Company presented an integrated solution of "invoice, finance, tax and file", accelerated the intelligent transformation of financial operations, and realised the innovative application of large model in the field of financial reimbursement review. During the reporting period, 548,600 paperless reimbursement claims were processed, with an increase in efficiency of 54.05% as compared with traditional paper-based reimbursement.

In terms of technological infrastructure, the Company continued to strengthen the technological foundation of "cloud + AI + middle platform", and established complete large model technical capabilities, comprehensively promoting the implementation of large model applications. Cloud platform was optimised and upgraded. The Company continued to improve the CMB Cloud by focusing on consolidating availability and improving resource efficacy, and the overall availability of cloud exceeded 99.999% during the reporting period. **The construction of the middle platform achieved remarkable results.** In terms of the technical middle platform, the Company focused on building industry-leading technical support capabilities and continued to improve the scale and quality of application components. As of the end of the reporting period, a total of 6,314 application components were launched. The reuse level of IT resources across the Bank was enhanced, and the business needs were quickly responded to. The Company deepened the application of the large model-assisted programming product "Yun Xiao AI Assistant (雲效 AI 助手)", realizing the coverage rate of R&D personnel of more than 80%, and effectively improving the efficiency of research and development. In terms of the data middle platform, with continuous improvement in data asset management, the Company actively participated in building the data factor market and in the development and application of public data, promoting intelligent data asset discovery and data analytics services. As of the end of the reporting period, big data services covered nearly 65% of the Bank's business personnel. **AI development and application were comprehensively promoted.** The Company made synergized efforts in the areas of technical system, scenario application and ecosystem construction. **In terms of the technical system**, the Company built an industry-leading intelligent computing infrastructure, and continuously improved model performance and computing efficiency through innovation in underlying technology. It developed an enterprise-level AI middle platform featuring a low barrier to entry and fast integration capabilities, supporting the full-scale deployment of large model applications across the Bank. **In terms of scenario application**, 184 were deployed across multiple fields such as retail banking, corporate banking, risk control, operation, office and other areas, effectively enhancing business processing efficiency and service quality. During the reporting period, working efficiency improvement resulted in saving 4.75 million working hours, and generated approximately RMB390 million in economic benefits through procurement substitution and provision of intelligent recommendation services to customers. **In terms of ecosystem construction**, the Company refined its internal large model experience platform "AI Co-Creation (愛共創)" internally, and provided AI mindset and skill training to employees across various roles, cultivating a group of large model talents proficient in both business and technology. It systematically consolidated professional knowledge and experience within the business domains to enable the transformation of technology into business value. Externally, the Company continuously contributed CMB's independently developed results to mainstream projects in the open-source community, and actively participated in building a collaborative large model technology ecosystem.

3.8.6 Strengthening management to reduce costs, improve quality and efficiency

During the reporting period, the Company continued to build a standardised, refined, empowering, systematic and scientific management system, so as to safeguard the high-quality development. **The Company strengthened asset-liability management**, further constructed the asset-liability management system from a customer perspective, optimised the portfolio allocation of assets and liabilities, strengthened the origination of high-quality assets and the expansion of high-quality liabilities, maintained the structural advantages of assets and liabilities, and further consolidated its leading position in net interest margin. **The Company strengthened cost management**, improved the long-term mechanism of cost reduction and efficiency enhancement, adhered to the principle of retaining necessary expenses and reducing those with lower priority, established a lean and standardised cost management system and strictly enforced financial discipline. During the reporting period, the operating expenses of the Company decreased by 1.01% year-on-year. **The Company strengthened operation management**, enhanced its centralisation and intensification of operation services, leveraged AI digital intelligence to improve service and management quality and efficiency. **The Company strengthened service management and consumer rights protection**, incorporated them into key aspects of operation management and business development. The consumer rights protection review coverage rate of the Company's products and services was 100%, and the Company continued to improve customer service experience and fully protect the legitimate rights and interests of customers. **The Company strengthened construction of human resources management system**, closely followed the strategic direction to optimise the organisational structure, focused on the improvement of employees' capabilities, actively embraced AI technology innovation, and strove to build a "professional, diverse, market-driven, and international" talent team.

3.8.7 In-depth advancement of development in key regions

During the reporting period, the Company proactively responded to the national strategies of coordinated regional development, followed the trend of the industrial cluster development, and continued to promote the branches located in the Yangtze River Delta, the Pearl River Delta, Chengdu-Chongqing Region, the Western Taiwan Straits Economic Zone and other regions to enhance differentiated capabilities in key regions, while boosting featured contributions from key regions, enabling these branches to better support the high-quality development of their respective regions. As of the end of the reporting period, the growth rates of customer base, total assets under management (AUM) from retail customers, core deposits, loans and other core indicators of the branches in key regions were all higher than the average level of domestic branches as compared with the end of the previous year. During the reporting period, the share of average daily balance of core deposits[11] from the 16 branches in key regions in the total of all domestic branches increased by 0.43 percentage point as compared with the previous year; as at the end of the reporting period, the share of loan[12] balance from the 16 branches in key regions in the total of all domestic branches increased by 0.22 percentage point as compared with the end of the previous year.

3.8.8 Consolidating fortress-style comprehensive risk and compliance management system

During the reporting period, the Company adhered to the principle of "risk-based approach and quality foremost", continuously consolidating its fortress-style risk and compliance management system. On the one hand, the Company further promoted the prevention and mitigation of risks in key areas such as property development, retail credit, anti-money laundering and sanctions compliance, intensified the efforts in the collection and disposal of non-performing assets, and firmly safeguarded the lifeline of asset quality. As of the end of the reporting period, the non-performing loan ratio of the Company was 0.92%, representing a decrease of 0.01 percentage point as compared with the end of the previous year. On the other hand, the Company coordinated development and security, continuously improving consolidation management, credit policies, and authorisation system in line with business development and management needs. It also continued to strengthen the key mechanisms, effectively rectified the root cause of the problem, diligently implemented the "Compliance Performance Year" initiative, and facilitated the smooth transition to the Group Risk-management System (GRS), thereby laying a solid foundation for risk and compliance management.

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11 The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

12 Excluding credit card loans.

3.9 Key Business Concerns in Operation

3.9.1 Net interest margin

During the reporting period, the Group's net interest margin was 1.88%, representing a decrease of 12 basis points year-on-year; and the Company's net interest margin was 1.94%, representing a decrease of 13 basis points year-on-year. Both the net interest margin of the Group and the Company recorded a decrease of 10 basis points over the previous year. In the second quarter of 2025, the net interest margin of the Group and the Company were 1.86% and 1.91% respectively, both representing a decrease of 5 basis points as compared with the first quarter of 2025. Such decrease in net interest margin was mainly due to the reasons on both the asset and liability sides. On the asset side, firstly, due to the decreased interest rate for existing residential mortgage loans in the previous year, the downturn of the LPR (Loan Prime Rate) and the insufficient effective credit demand, the pricing of newly granted loans had continued to decline, and average loan yields had been going down; secondly, market interest rates had been on a sustained downward trend following the downward adjustment of policy interest rates, leading to a continuous decline in yields of market-oriented assets such as bond investments and bill discounting. On the liability side, with insufficient liquidity in corporate and household funds, the growth of low-cost demand deposits was under pressure. The trend of shifting towards time deposits continued, and the decrease in cost ratio of deposits was smaller than the decline in loan yield. In order to maintain a relatively stable net interest margin, the Group strengthened the management of its asset and liability portfolio and refined management during the reporting period. On the asset side, the Group persisted in increasing effective asset origination, strengthened the collaborative management of assets, and accelerated the turnover of low-yield assets. On the liability side, the Group strictly managed cost of liabilities, continuously driving growth in low-cost core deposits. By flexibly arranging the acquisition of market-oriented funds, the Group maintained its strengths in cost of liabilities.

Currently, the interest rates have experienced continuous decline, and the low interest rate environment has brought greater pressure on the operation of the banking industry. The overall net interest margin of the banking industry is at a historically low level and still faces certain downward pressure in the near term. Looking forward to the second half of the year, the Group's net interest margin will remain under pressure, while there are also favourable factors. In terms of pressure, on the asset side, it will still take time for the existing policy factors affecting the return on assets to be worked through, with effective demand for credit remaining insufficient. It is expected that the return on assets will continue the downward trend in the second half of the year. On the liability side, the trend of shifting towards time deposits will continue unabatedly, leading to the pressure in managing and controlling the cost of liabilities. In terms of favourable factors, firstly, following the introduction of a package of financial policies in May 2025, monetary policy, financial regulatory policy and capital market policy have been closely coordinated and implemented as a combined effort. Their effectiveness will continue to become apparent, which is conducive to improving the confidence and expectations of market entities, further consolidating the economy's upward momentum, and supporting the recovery of the banking industry's fundamentals; secondly, the interest rates of deposits have further declined under the impetus of regulatory policies and market factors. In addition, the self-discipline mechanism for setting interest rates has strengthened the restraint for irrational competition in the market, creating a favourable external environment to manage and control the cost of deposits.

The Group will take various measures to promote the reasonable and stable operation of net interest margin. On the asset side, the Group will fully leverage various supportive policies to accelerate loan issuance, actively serve the real economy, ensure sound asset origination, and constantly optimise its business structure and customer base structure. Furthermore, the Group will focus on optimising the structure of asset, strengthen the allocation of bills, bonds and interbank assets in asset portfolio, and maintain a reasonable level of return on assets. On the liability side, the Group will continue to maintain the fundamentals of high-quality increase in deposits and expand the sources of low-cost and high-quality deposits, seize the opportunities brought by the policies on the deepening marketisation of interest rates of deposits, and steer deposit costs towards a gradual decline amid stability, while intensifying the portfolio management of liabilities, looking ahead to study the trend of the market interest rates, flexibly arranging the acquisition of market-oriented funds and consolidating its advantage in terms of the overall cost of liabilities.

3.9.2 Net non-interest income

During the reporting period, the Group implemented requirements for high-quality development, focused on customer needs, accelerated product transformation and service upgrades, strove to support the real economy and continuously improved the quality and efficiency of customer services. During the reporting period, the Group realised net non-interest income of RMB63.838 billion, representing a decrease of 6.77% year-on-year, accounting for 37.57% of net operating income and representing a decrease of 2.03 percentage points year-on-year. Among the Group's net non-interest income, net fee and commission income was RMB37.602 billion, representing a decrease of 1.89% year-on-year, accounting for 58.90% of the net non-interest income; and other net non-interest income was RMB26.236 billion, representing a decrease of 12.97% year-on-year. For reasons for the changes in other net non-interest income, please refer to 3.2.6 "Net non-interest income" in this chapter. During the reporting period, the Group's income contributed by extensive wealth management was RMB20.857 billion[13], representing an increase of 5.45% year-on-year.

The major items under the Group's net fee and commission income during the reporting period are analysed as follows. **Fee and commission income from wealth management** amounted to RMB12.797 billion, representing a year-on-year increase of 11.89%. Among them, income from agency distribution of wealth management products was RMB4.591 billion, representing a year-on-year increase of 26.27%, which was mainly driven by the growth of the volume of agency distribution and the optimisation of product structure. Income from agency distribution of insurance policies amounted to RMB3.209 billion, representing a year-on-year decrease of 18.76%, mainly due to changes in business structure. Income from agency distribution of funds amounted to RMB2.438 billion, representing a year-on-year increase of 14.35%, which was mainly due to the year-on-year increase in the holding volume and sales of equity funds. Income from agency distribution of trust schemes amounted to RMB1.563 billion, representing a year-on-year increase of 46.90%, which was mainly due to the increase in the volume of agency distribution of trust schemes. Income from securities brokerage was RMB823 million, representing a year-on-year increase of 66.94%, which was mainly due to the increasing customer demand for securities transactions in Hong Kong capital market. **Fee and commission income from asset management** amounted to RMB5.453 billion, representing a year-on-year decrease of 6.91%, which was mainly due to fluctuations in the investment market and changes in management scale. **Commission income from custody business** was RMB2.607 billion, representing a year-on-year increase of 4.95%, mainly due to the increase of the scale of custody. **Income from bank card fees** amounted to RMB7.221 billion, representing a year-on-year decrease of 16.37%, and **income from settlement and clearing fees** amounted to RMB7.602 billion, representing a year-on-year decrease of 3.27%, both mainly due to the decline in transaction volume of credit cards.

Looking ahead to the second half of the year, the Group will further implement the strategy of building a value creation bank and continue to promote the high-quality development of its intermediary business. Firstly, the Group will continue to leverage the advantages of its systematic retail financial services, capitalise on opportunities arising from changes in residents' wealth allocation needs and the stabilisation of the capital market, optimise the structure of wealth products, deepen asset allocation services, seize opportunities from structural recovery in consumption, and enhance payment and settlement scenarios as well as online operations. Secondly, the Group will continue to impel the specialised development of its corporate finance business with meticulous effort, leverage its technological advantages to deepen customer scenario operation, strengthen and expand its wholesale customer base, enhance customer loyalty, and focus on creating a new growth pole for net non-interest income. Thirdly, the Group will further tap into the market potential of the investment banking and financial markets sector, strengthen market research and professional capability development, deeply explore structural opportunities in bond underwriting, increase its market share in corporate wealth management, expand and improve the custody business, improve the integrated service system, and boost the contribution of this sector to net non-interest income. Fourthly, the Group will expedite the transformation and upgrading of its asset management business, strengthen innovation in asset management products and system development, enhance investment research capabilities for global assets, and drive steady growth in asset management business income.

13 The income from extensive wealth management includes the fee and commission income from wealth management, asset management and custody business.

3.9.3 Risk management and control in the real estate sector

During the reporting period, in line with the national policy guidance and regulatory requirements, under the premise of controllable risks, and in light of the structural differentiation characteristics of the real estate market, the Company enhanced the allocation of credit resources towards high-quality urban agglomerations and carried out business with a focus on high-quality projects. Meanwhile, the Company continued to promote the urban real estate financing coordination mechanism, expanding the scope of the "whitelist" and increasing its effect, so as to meet the reasonable financing needs of real estate projects, actively supported the construction of a new model for real estate development, and contributed to consolidating the stable performance of the real estate market.

As at the end of the reporting period, the Group's total balance of real estate related businesses which were subject to credit risks, such as the actual and contingent credit, proprietary bond investments, and proprietary investment of non-standardised assets, amounted to RMB360.962 billion, representing a decrease of 3.51% as compared with the end of the previous year. The Group's total balance of businesses which were not subject to credit risks, such as wealth management fund financing, entrusted loans, agency distribution of trust schemes under the active management by cooperative institutions, and debt financing instruments with the Group as the lead underwriter, amounted to RMB194.312 billion, representing a decrease of 12.84% as compared with the end of the previous year. As at the end of the reporting period, the Company's balance of loans granted to the property development industry was RMB280.305 billion, representing a decrease of RMB6.060 billion as compared with the end of the previous year, accounting for 4.15% of the Company's total loans and advances to customers, representing a decrease of 0.22 percentage point as compared with the end of the previous year, among which, over 85% of loans for real estate development were in the urban areas of first-tier and second-tier cities and the regional structure remained sound. As at the end of the reporting period, the Company's non-performing loan ratio of the property development industry was 4.56%, representing a decrease of 0.18 percentage point as compared with the end of the previous year.

The Company will continue to closely follow the national policy direction and changes in market situation, continue to implement the expansion of the scope of "whitelist" projects and increase its effect to achieve "involvement of all who qualify" for compliant projects, and extend more loans for "whitelist" projects. At the same time, the Company will continue to reasonably differentiate between the risks of project subsidiaries and those of the holding companies of the groups, continuously strengthen centralised risk management and post-investment and post-loan management, and strictly enforce the requirements for the closed management of real estate loans, so as to effectively prevent and control project risks. In accordance with the principles of compliance with laws and regulations, controllable risk and commercial sustainability, the Company will promote the risk resolution and disposal of real estate enterprises, so as to maintain an overall stable quality of real estate assets.

3.9.4 Deposits from customers

As at the end of the reporting period, the balance of customer deposits of the Company amounted to RMB9,063.432 billion, representing an increase of 3.25% as compared with the end of the previous year, which is a steady increase on the basis of achieving relatively rapid growth in 2024. In the first half of 2025, despite the gradual recovery of the macro-economy, the improvement in the liquidity of enterprises' funds remained insignificant. The residents' demand for time deposits remained strong, and the trend of shifting towards time deposits in the whole market continued. The Company maintained a relatively outstanding level of deposit structure by taking various measures such as strengthening customer-oriented thinking, expanding the source of customers, reinforcing the management and control of deposit cost and increasing capital retention. During the reporting period, the Company's average daily balance of core deposits[14] was RMB7,609.058 billion, representing an increase of 7.77% as compared with the previous year; it accounted for 87.36% of the average daily balance of customer deposits, representing an increase of 1.12 percentage points as compared with the previous year. The average daily balance of demand deposits was RMB4,377.736 billion, representing an increase of 4.78% as compared with the previous year; it accounted for 50.26% of the average daily balance of customer deposits, representing a decrease of 0.77 percentage point as compared with the previous year.

[14] The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

Looking forward to the future, the competition for deposits acquisition among banks is expected to intensify. The trend of shifting towards time deposits is likely to continue. Meanwhile, interest rate cuts will accelerate the diversion of deposits into wealth management products, further increasing the pressure on deposit growth. In order to promote stable and high-quality growth of deposits, the Company will take the following measures. Firstly, the Company will return to the origin of customer acquisition, strengthen customer base expansion and consolidate the foundation for deposit growth. Secondly, the Company will strengthen internal management, adhere to the priority of growth in core deposits, and continue to optimise deposit structure. Thirdly, the Company will improve comprehensive service level, expand low-cost deposits through settlement services, wealth management, product innovation and other means. Fourthly, the Company will strengthen the management and control of high-cost deposits. Through comprehensive policy implementation, the Company will maintain the deposit cost ratio at a desirable level.

3.9.5 Assets allocation

During the reporting period, the Company continued to strengthen its asset origination capabilities and continuously improved the quality and efficiency of its services for the real economy. As at the end of the reporting period, the Company's total loans and advances to customers amounted to RMB6,758.865 billion, representing an increase of 3.22% as compared with the end of the previous year, accounting for 57.28% of the total assets of the Company, representing a decrease of 0.26 percentage point as compared with the end of the previous year. Among them, retail loans amounted to RMB3,611.408 billion, representing an increase of 0.94% as compared with the end of the previous year, accounting for 53.43% of the loans and advances to customers of the Company, representing a decrease of 1.21 percentage points as compared with the end of the previous year. This was mainly due to the continued adjustment and transformation of the economic structure, where consumers' spending intentions still needed further recovery, putting pressure on the growth of credit card and consumer loans. The Company continued to enhance its service level for retail customers, and promote the high-quality operation of retail loans. As of the end of the reporting period, corporate loans amounted to RMB2,798.720 billion, representing an increase of 8.04% as compared with the end of the previous year, accounting for 41.41% of the loans and advances to customers of the Company, representing an increase of 1.85 percentage points as compared with the end of the previous year. This was mainly because corporate financing demand maintained a stable level in the first half of the year. The Company actively implemented various policies to stabilise growth, increased loan issuance in key areas of the real economy, and promoted steady growth and further structure optimisation of corporate loans. As at the end of the reporting period, the Company's bond investments amounted to RMB3,184.084 billion, representing an increase of 10.60% as compared with the end of the previous year, accounting for 26.98% of the total assets of the Company, representing an increase of 1.68 percentage points as compared with the end of the previous year.

In the second half of the year, the Company will continue to track changes in internal and external operating conditions and make comprehensive arrangements for loan operations. In terms of retail loans, the Company will closely monitor the real estate market conditions in various regions and actively seize opportunities in the residential mortgage loan market. Meanwhile, by fully leveraging product features, the Company will continue to promote the steady growth of micro-finance loans and consumer loans under enhanced risk management controls. In terms of corporate loans, the Company will continuously enhance its corporate loan origination capabilities and comprehensive customer service level, strengthen support for loan issuance in key areas such as technology finance, green finance, inclusive finance, retirement finance and digital finance, and contribute to promoting high-quality financial development. In terms of bond investments, the Company will further strengthen its analysis on the trend of interest rates of the domestic and foreign currencies, manage a reasonable investment scale and allocation timing, and improve the overall return on fund utilisation.

3.9.6 The formation and disposal of non-performing assets

During the reporting period, the newly formed non-performing loans of the Company amounted to RMB32.721 billion, representing a year-on-year increase of RMB749 million; the formation ratio of non-performing loans (annualised) was 0.98%, representing a year-on-year decrease of 0.04 percentage point. From the perspective of major business categories, the amount of newly formed non-performing corporate loans was RMB2.222 billion, representing a year-on-year decrease of RMB3.292 billion. The amount of newly formed non-performing retail loans (excluding credit card loans) was RMB10.730 billion, representing a year-on-year increase of RMB4.301 billion. The amount of newly formed non-performing credit card loans was RMB19.769 billion, representing a year-on-year decrease of RMB260 million.

The Company always adhered to value customer selection, optimised the asset portfolio allocation, and ensured adequate risk compensation in key areas of credit assets. As at the end of the reporting period, the balance of the Company's allowances for impairment losses on loans was RMB261.704 billion, representing an increase of RMB1.819 billion as compared with the end of the previous year. The allowance coverage ratio was 422.63%, representing a decrease of 2.60 percentage points as compared with the end of the previous year. The allowance-to-loan ratio was 3.87%, representing a decrease of 0.10 percentage point as compared with the end of the previous year. During the reporting period, the credit cost ratio was 0.67% (annualised), representing a year-on-year decrease of 0.07 percentage point.

During the reporting period, the Company played an active role in the disposal of non-performing assets, taking various approaches to reduce and dispose of risk assets. During the reporting period, the disposal of non-performing loans by the Company amounted to RMB31.846 billion, of which RMB14.621 billion was securitised, RMB12.719 billion was written off, RMB3.091 billion was recovered by cash collection, and RMB1.415 billion was disposed of by other means such as repossession, transfer, restructuring, upward migration and remission.

In the second half of the year, the Company will closely track changes in the macro situation, strengthen the analysis and judgment of risk situations, optimise its business and risk control strategies, continue to prevent and resolve risks in key areas, implement strict asset classification, make adequate allowances, strengthen the management of special-mentioned and overdue loans, and actively use various means to increase efforts for the recovery and disposal of non-performing assets, so as to maintain the overall stability of asset quality.

3.9.7 Asset quality in key areas

During the reporting period, the Company strengthened risk control over residential mortgage loans, consumer credit business, micro-finance loans and other key areas, and the asset quality was generally stable. In the second half of the year, the Company will actively respond to the changes in the external macro-economic situation and continue to strengthen the investigation, research and judgement on the risk situation in key areas for better risk prevention and control in a forward-looking manner. For details of the quality of real estate assets, please refer to 3.9.3 "Risk management and control in the real estate sector" in this chapter.

The following table sets out the asset quality of the Company's loans and advances by product type as of the date indicated.

	30 June 2025						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	2,798,720	24,346	0.87	23,923	0.85	28,386	1.01
Discounted bills	348,737	9	0.00	20	0.01	–	–
Retail loans	3,611,408	37,568	1.04	69,867	1.93	61,887	1.71
Micro-finance loans	841,751	8,050	0.96	4,784	0.57	9,956	1.18
Residential mortgage loans	1,423,859	6,522	0.46	20,157	1.42	11,841	0.83
Consumer credit business	1,340,661	22,018	1.64	44,898	3.35	39,104	2.92
Credit card loans	924,373	16,153	1.75	42,479	4.60	32,011	3.46
Consumer loans	416,288	5,865	1.41	2,419	0.58	7,093	1.70
Others(Note)	5,137	978	19.04	28	0.55	986	19.19
Total loans and advances to customers	6,758,865	61,923	0.92	93,810	1.39	90,273	1.34

	31 December 2024						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	2,590,409	26,132	1.01	18,562	0.72	24,375	0.94
Discounted bills	379,392	–	–	42	0.01	–	–
Retail loans	3,577,919	34,985	0.98	63,891	1.79	62,291	1.74
Micro-finance loans	823,893	6,538	0.79	4,038	0.49	8,016	0.97
Residential mortgage loans	1,403,755	6,761	0.48	17,933	1.28	11,383	0.81
Consumer credit business	1,343,870	20,673	1.54	41,875	3.12	41,855	3.11
Credit card loans	947,709	16,557	1.75	39,564	4.17	36,663	3.87
Consumer loans	396,161	4,116	1.04	2,311	0.58	5,192	1.31
Others(Note)	6,401	1,013	15.83	45	0.70	1,037	16.20
Total loans and advances to customers	6,547,720	61,117	0.93	82,495	1.26	86,666	1.32

Note: Primarily consists of commercial housing loans, automobile loans, home renovation loans, education loans and other personal loans secured by monetary assets.

Risk control over residential mortgage loans

The Company actively promoted the implementation of various policies to stem the downturn and restore stability in the real estate market, adhered to the implementation of city-specific policy, and focused on supporting the demands of customers who are first-time homebuyers and home upgraders, so as to steadily conduct residential mortgage loan business. During the reporting period, the amount of residential mortgage loans newly granted by the Company in the first-tier and second-tier cities accounted for 91.56% of the total amount of residential mortgage loans newly granted by the Company, representing an increase of 0.59 percentage point year-on-year. The closing balance of residential mortgage loans in the first-tier and second-tier cities accounted for 87.94% of the closing balance of the Company's residential mortgage loans, representing an increase of 0.31 percentage point as compared with the end of the previous year.

As at the end of the reporting period, the non-performing loan ratio of the Company's residential mortgage loans was 0.46%, representing a decrease of 0.02 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 1.42%, representing an increase of 0.14 percentage point as compared with the end of the previous year; and the overdue loan ratio was 0.83%, representing an increase of 0.02 percentage point as compared with the end of the previous year. The Company had always been regularly monitoring and revaluating the value of the existing collaterals so that adjustments to their values have been timely made. As at the end of the reporting period, the weighted average loan-to-value ratio of the Company's residential mortgage loans was 38.39%, representing an increase of 1.24 percentage points as compared with the end of the previous year, and the collaterals were sufficient and stable. The overall risk of residential mortgage loans was controllable.

In terms of customer selection, the Company offered priority support to customers who are first-time homebuyers and home upgraders, so as to ensure the healthy development of the residential mortgage loan business from the origin. In the future, under the general trend that the government will support the smooth development of the real estate market and the continuous accumulation of external favourable factors, the Company will strive to maintain a relatively outstanding level of residential mortgage loan assets quality in the industry.

Risk control over consumer credit business

The Company adhered to the premise of safeguarding the bottom line of risks, intensified efforts to acquire high-quality customers, optimised regional strategies and customer base operation strategies, so as to develop the consumer credit business in a steady and healthy manner. At the same time, targeting customer needs, the Company gained insights into the full life-cycle needs of customers, provided continuous engagement services, and met customers' reasonable consumer financing needs. The Company continued to optimise the application of various risk management strategies to maintain stable growth of its consumer credit business.

As at the end of the reporting period, the non-performing loan amount of the Company's consumer credit business was RMB22.018 billion, representing an increase of RMB1.345 billion as compared with the end of the previous year; the non-performing loan ratio was 1.64%, representing an increase of 0.10 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 3.35%, representing an increase of 0.23 percentage point as compared with the end of the previous year; and the overdue loan ratio was 2.92%, representing a decrease of 0.19 percentage point as compared with the end of the previous year.

In the future, the Company will continue to improve the refined risk management and control strategy for consumer credit business. In terms of customer selection, the Company will continue to optimise its customer base structure, asset structure and quantitative risk control model, rigorously review the credit risk profile of its customers, focus on customers with good credit record and stable income source, provide credit facility properly and keep alert to any risks of joint debts. In terms of post-loan management, the Company will leverage big data quantitative risk control technology to strengthen the monitoring of any changes in the risk profile of its customer base, make risk pre-warning in a timely manner, actively dispose of non-performing assets, allocate more resources in post-loan disposal of consumer loans, explore diversified disposal methods, improve the efficiency of post-loan disposal of consumer loans, and strive to maintain a relatively outstanding level of consumer credit business assets quality in the industry.

Risk control over micro-finance loan business

The Company adhered to the implementation of the national strategy of vigorously supporting the development of small- and micro-sized enterprises, strictly implemented various regulatory requirements, continuously improved its product policies, refined its product and service system, continuously expanded credit granting to small- and micro-sized customers, and continuously improved the quality and efficiency of its services for small- and micro-sized customers.

As at the end of the reporting period, the non-performing loan ratio of the Company's retail micro-finance loans was 0.96%, representing an increase of 0.17 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 0.57%, representing an increase of 0.08 percentage point as compared with the end of the previous year; and the overdue loan ratio was 1.18%, representing an increase of 0.21 percentage point as compared with the end of the previous year.

In the future, the Company will continue to guard the risk bottom line, pay close attention to changes in the market situation, and improve the capabilities to analyse and judge the risk situation. The Company will continuously enhance its digital risk control capabilities, implement differentiated risk strategies by segmenting customer groups, adhere to the principle of "early identification, early collection, and early disposal", and improve the effectiveness of risk monitoring, early warning and disposal, so as to maintain a relatively outstanding level of retail micro-finance loan assets quality in the industry.

3.9.8 Capital management

During the reporting period, the Company continuously optimised and adjusted its business structure and operating strategies, and strengthened capital management under the guidance of the New Capital Rules. The Company's capital adequacy ratio at all tiers, leverage ratio and other operating indicators were maintained at a relatively high level, which met various capital requirements and additional regulatory requirements of the regulatory authorities of the finance industry during the reporting period with sufficient capital buffer. As at the end of the reporting period, the ratio of risk-weighted assets to total assets of the Company under the Advanced Measurement Approach was 56.52%. During the reporting period, the risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach of the Company was 23.53%.

The Company continuously advances the innovation and development of asset securitisation business and continuously enriches capital management tools. During the reporting period, the Company issued 5 asset securitisation projects through the inter-bank market with a total scale of RMB1.563 billion. The underlying assets were non-performing loans.

In the future, the Company will continue to optimise the capital allocation strategies, strengthen the asset-liability portfolio management, continue to enhance the refined capital management, improve the capital return management mechanism, improve the efficiency of capital use, promote the dynamically balanced development of "Quality, Profitability and Scale", constantly enhance the capability of endogenous growth of capital and make comprehensive plan of the use of various capital instruments and raise capital in numerous channels and methods to ensure the steady operation of the capital adequacy ratio.

3.10 Business Operation

3.10.1 Retail finance business

Business overview

During the reporting period, the profit before tax from the retail finance business of the Company amounted to RMB49.977 billion, representing a year-on-year increase of 0.02%. The net operating income from the retail finance business amounted to RMB93.256 billion, representing a year-on-year decrease of 0.71% and accounting for 61.56% of the net operating income of the Company. Among them, the net interest income from the retail finance business amounted to RMB69.130 billion, representing a year-on-year increase of 0.32% and accounting for 74.13% of the net operating income from retail finance; the net non-interest income from the retail finance business amounted to RMB24.126 billion, representing a year-on-year decrease of 3.56%, accounting for 25.87% of the net operating income from retail finance and 49.63% of the net non-interest income of the Company. During the reporting period, the fee and commission income from retail wealth management business of the Company was RMB11.272 billion, representing a year-on-year increase of 6.00% and accounting for 48.32% of the net fee and commission income from retail finance; the Company recorded a fee income of RMB7.159 billion from retail bank card business, representing a year-on-year decrease of 16.48%.

During the reporting period, by adhering to its core value of "being customer-centric and creating value for customers", the Company focused on customers' need in "deposit, loan, and remittance", enriched its product offerings, deepened customer operation, continued to consolidate its systematic strengths in retail finance to provide customers with comprehensive retail finance services. During the reporting period, the Company's retail business maintained a strong momentum overall.

Retail customers and total assets under management for retail customers

During the reporting period, the Company always started from the needs of customers, focused on value creation and persistently enhanced quality and efficiency of customer services. On one hand, the Company strengthened customer acquisition. The Company deeply promoted the strategic deployment in key regions, continuously strengthened its customer acquisition capabilities in group finance service, and tapped into the growth potential of high-quality customer base. On the other hand, the Company deepened customer service. The Company looked back to the origin of customer demand, improved the service system, and continued to push forward the digital intelligence transformation of customer service. During the reporting period, the number of retail customers and the balance of the total assets under management (AUM) from retail customers of the Company maintained stable growth.

As of the end of the reporting period, the Company had 216 million retail customers (including debit and credit card customers), representing an increase of 2.86% as compared with the end of the previous year, among which the number of customers in the level of Golden Sunflower and above (those with minimum daily average total assets of RMB500,000 for each month) reached 5,632,300, representing an increase of 7.57% as compared with the end of the previous year.

As of the end of the reporting period, the balance of total assets under management (AUM) from retail customers of the Company amounted to RMB16,029.395 billion, representing an increase of 7.39% as compared with the end of the previous year. As of the end of the reporting period, the balance of deposits from retail customers of the Company amounted to RMB4,016.624 billion, representing an increase of 4.99% as compared with the end of the previous year. During the reporting period, 48.92% of the daily average balance of deposits from retail customers of the Company was demand deposits.

Wealth management

As of the end of the reporting period, the Company's balance of retail wealth management products amounted to RMB4,280.504 billion, representing an increase of 8.84% as compared with the end of the previous year. The increase was mainly due to the fact that the Company seized the market opportunities, increased the allocation of stable products and laid out diversified strategies based on customers' wealth management needs, meanwhile the scale of wealth management products continued to grow. During the reporting period, the agency distribution of non-money-market mutual funds of the Company totalled RMB266.378 billion, representing a decrease of 7.84% year-on-year. The decrease was mainly due to the marginal improvement in customers' risk appetite, with a year-on-year increase in allocation of option-embedded products, while the sales of more stable bond fund declined year-on-year. During the reporting period, the Company recorded RMB91.836 billion in agency distribution of trust schemes, representing an increase of 175.24% as compared with the corresponding period of the previous year, which was mainly due to the marginal improvement in customers' risk appetite and increased demand in equity asset allocation. During the reporting period, the Company achieved the agency distribution of insurance premiums of RMB85.160 billion, representing an increase of 32.77% year-on-year, which was mainly due to the fact that the Company continuously promoted the transformation towards protection insurance and fully grasped the long-term stable asset allocation needs of customers.

During the reporting period, the Company recorded a fee and commission income from retail wealth management business of RMB11.272 billion. Among them, income from agency distribution of wealth management products amounted to RMB4.383 billion. Income from agency distribution of insurance policies amounted to RMB2.624 billion. Income from agency distribution of funds amounted to RMB2.537 billion. Income from agency distribution of trust schemes amounted to RMB1.556 billion. Other income amounted to RMB172 million. For details of the reasons of changes in fee and commission income from wealth management business, please refer to 3.9.2 "Net non-interest income" in this chapter.

During the reporting period, starting from customers' needs, the Company focused on value creation, seized market opportunities, improved management level, and continuously iterated its omni-channel service system to provide customers with high-quality wealth management services.

First, the Company improved its wealth management operation system, strengthened the professional service capability of wealth management, and continued to increase the number of customers holding our wealth management products. Through keen insights into customers' needs, the Company has constantly enhanced its omni-channel, whole-journey and all-product service experience for customers, expanding the scale of customers holding our wealth management products. As of the end of the reporting period, the Company had 61,070,000 customers holding our wealth management products, representing an increase of 4.90% as compared with the end of the previous year.

Second, the Company provided customers with diversified product offerings in response to changes in customers' needs. In terms of wealth management, the Company refined the classification of products based on their return and risk characteristics in accordance with customer' asset allocation needs, and promoted the transformation of the product allocation structure centred on stable products. In terms of funds, the Company further enhanced its research and analysis of market trends and policy guidance to enhance the product holding experience. In terms of insurance, the Company flexibly leveraged different products to meet customers' diverse needs, such as health, elderly care, and inheritance. At the same time, the Company continued to deepen customer service, and promoted the growth of business scale and expanded customer coverage through the segmentation and classification-based refined operation.

Third, the Company constantly promoted the "CMB TREE Asset Allocation Service System", focused on promoting the implementation of multi-asset and multi-strategy allocation, and utilised the value-creating power of diversified asset allocation. The Company provided a one-stop asset allocation solution for customers with varying risk appetite. It has deepened product management, established a customer engagement mechanism, and strengthened integrated online-offline reach service at key timing such as market changes and fluctuations in product net value. As of the end of the reporting period, the Company had 11,326,700 customers who conducted asset allocation under such system, representing an increase of 9.17% as compared with the end of the previous year.

Fourth, the Company worked with partners to build a wealth management ecosystem to enhance comprehensive wealth management service capabilities. The Company constantly optimised the service capabilities of "Zhao Cai Hao (招財號)", an open platform of wealth management business on CMB APP, deepened operational cooperation, and jointly built service scenarios to create value for partners and customers. As of the end of the reporting period, "Zhao Cai Hao (招財號)" on CMB APP has onboarded in total 167 institutions with industry representativeness.

Private banking

As of the end of the reporting period, the Company had 182,740 private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million per month), representing an increase of 8.07% as compared with the end of the previous year.

During the reporting period, the Company strengthened its professional guidance and coordination between corporate banking business and private banking business, built an efficient integrated service matrix by enhancing its capabilities in terms of investment research and asset allocation, and continuously improved and upgraded the comprehensive service system of "individual, family, enterprise and society"[15].

Firstly, the Company strengthened asset allocation in response to changes in market. By capitalising on customers' core demands for stable and safe products and responding to their risk appetite and changes thereof, the Company provided differentiated asset allocation strategies and reinforced the utilisation of all products, including fixed-income, conservative, and equity-based products. In a volatile market environment, underpinned by professional investment research, the Company continuously carried out asset review and engagement with customers to constantly improve their investment experience.

Secondly, the Company deepened technological empowerment and optimised customer experience. The Company iterated Premium Version of CMB APP to create a more user-friendly online service experience. By leveraging digital and intelligent technologies to upgrade its professional service capabilities, the Company provided customers with a one-stop and visualised asset allocation service solutions. It also built its digital support capabilities for family trust operation and explored investment and service tools for family office, thereby enhancing the quality and efficiency of its professional services.

Thirdly, the Company fulfilled its social responsibility and promoted wealth for common good. Adhering to the mission of serving the real economy, the Company integrated resources through collaboration between its corporate banking business and private banking business to meet the comprehensive needs of entrepreneurial clients in wealth management, corporate financing, social charity, etc. By enriching the variety of family trust, and exploring innovative services such as charitable trust, the Company empowered its customers to create social value.

Fourthly, the Company strengthened compliance foundation and enhanced risk management capabilities. The Company focused on investor suitability management, continuously improved risk matching between customers and products, strengthened the whole-process compliance sales by building digital monitoring models, standardising marketing activities and improving inspection mechanism, and intensified consumer rights protection, so as to ensure the sound operation of the business.

Credit cards

As of the end of the reporting period, the Company had issued an aggregate of 96.9267 million active credit cards, and there were 69.6332 million active credit card users. During the reporting period, the credit card transactions of the Company amounted to RMB2,020.960 billion, representing a decrease of 8.54% as compared with the corresponding period of the previous year. Interest income from credit cards amounted to RMB30.612 billion, representing a decrease of 4.96% as compared with the corresponding period of the previous year. Non-interest income from credit cards amounted to RMB10.471 billion, representing a decrease of 16.23% as compared with the corresponding period of the previous year. For details of the scale and quality of the credit card loans of the Company, please refer to 3.9.7 "Asset quality in key areas" in this chapter.

In terms of risk management, the Company continuously deepened its operation strategy focusing on "stability and low volatility", and insisted on optimising its customer base and asset structure, so as to strengthen its post-loan digital operation capabilities. During the reporting period, the quality of credit card assets remained stable. As of the end of the reporting period, the balance of non-performing credit card loans was RMB16.153 billion, with a non-performing loan ratio of 1.75%, remaining at the same level as compared with the end of the previous year. In view of the current complicated external environment, the Company will closely monitor market trends, strengthen forward-looking risk assessment, continuously enhance acquisition of value customer base, support the growth of medium- and low-risk assets, improve the efficiency of non-performing asset disposal, and effectively promote the steady development of its credit card business.

15 The term "individual, family, enterprise and society" specifically refers to the needs of individuals, families, enterprises and the society.

In terms of business development, the Company adhered to the value-oriented and innovation-driven approach to promote the high-quality development of its credit card business. Firstly, the Company continued to promote high-quality customer acquisition and continuously improved its credit card product portfolio. It launched the "Ele.me Co-branded Credit Card – Super Foodie Edition (餓了麼聯名信用卡超級吃貨版)", enhanced the development of local lifestyle ecosystem, and upgraded the One Piece (航海王) series credit cards to meet the diverse needs of young customers. Secondly, the Company took multiple measures to help boost consumption by targeting consumption hotspots such as holiday tourism and e-commerce promotions, and carried out a series of marketing activities. It also closely followed the national policy directions, increased resource allocation, and launched a special marketing campaign called "Access National Subsidies at CMB (國補有招)" to help unleash consumption potential. Thirdly, the Company enhanced its high-quality asset origination capabilities and continued to promote the development of its instalment asset business. Furthermore, it deepened automobile instalment operation, optimised customer experience, and strengthened organisation of marketing activities, thus continuously enhancing its comprehensive service capabilities. Fourthly, the Company deepened the application of Fintech and strengthened AI capability development, helping improve both operational efficiency and customer experience. In addition, the Company has further deepened the operation of the CMB Life APP. For details of the CMB Life APP, please refer to 3.10.3 "Distribution channels" in this chapter.

Retail loans

As of the end of the reporting period, the balance of retail loans of the Company amounted to RMB3,611.408 billion, representing an increase of 0.94% as compared with the end of the previous year and accounting for 53.43% of the Company's total loans and advances to customers, down by 1.21 percentage points as compared with the end of the previous year. Among them, the balance of the Company's retail loans (excluding credit card loans) reached RMB2,687.035 billion, representing an increase of 2.16% as compared with the end of the previous year, accounting for 39.76% of total loans and advances to customers of the Company and representing a decrease of 0.41 percentage point as compared with the end of the previous year.

In terms of risk management, the Company kept intensifying its risk management and control capabilities. First, the Company strengthened the monitoring and prediction of risk situations, and optimised its risk management and control strategies in a timely manner in line with changes in market conditions; second, the Company focused on the deployment in areas with sound economic development and market potential, while adhering to the preference for customers with good credit records and stable repayment sources as the main business targets and selecting premium property development projects in core regions as collaterals; third, the Company continued to strengthen its big data quantitative risk control capabilities and enhance the digital level of risk management through Fintech, actively expanded access to internal and external data sources, continuously enriched data tag system, rapidly iterated strategic risk model, and strengthened the application of quantitative risk control tools in the whole process of pre-lending approval, lending monitoring and post-lending management so as to accurately identify and effectively manage and control risks; fourth, the Company improved the risk monitoring system during the post-lending process, expanded the range of risk warning indicators, and strengthened the mechanisms for early identification, early warning, early exposure and early resolution of risks, thereby further enhancing the timeliness and effectiveness of risk prevention and control. Due to the impact of external risk situation, the balance of retail special-mentioned loans, special-mentioned loan ratio, the balance of non-performing loans and non-performing loan ratio of the Company have increased. As of the end of the reporting period, the balance of the Company's retail special-mentioned loans (excluding credit card loans) amounted to RMB27.388 billion, with the special-mentioned loan ratio being 1.02%, representing an increase of 0.10 percentage point as compared with the end of the previous year. The balance of the Company's non-performing retail loans (excluding credit card loans) amounted to RMB21.415 billion, with the non-performing loan ratio of 0.80%, representing an increase of 0.10 percentage point as compared with the end of the previous year.

In terms of business development, during the reporting period, the Company proactively promoted the implementation of various policies to stem the downturn and restore stability in the real estate market, adhered to the implementation of city-specific policy, continued to focus on meeting demands of first-time home buyers and diversified housing demands for improvement of home upgraders, and accelerated the promotion of second-hand housing business, thus achieving stable and healthy development of the residential mortgage loan business. Furthermore, while maintaining proper risk control management, the Company continuously optimised its business structure and maintained its efforts in the reasonable granting of micro-finance loans and consumer loans. With respect to micro-finance loans, the Company strictly implemented various regulatory requirements, constantly improved product policies, strengthened product and service systems, continuously expanded credit supply for micro-finance loan customers, reasonably determined product pricing, thus enhancing the quality and efficiency of services for micro-finance loan customers. With respect to the consumer loan business, the Company adhered to the premise of safeguarding the bottom line of risks, selected high-quality customer groups, increased loans extended to high-quality customers with good credit standing, and provided customers with continuous accompanying services based on customer needs. At the same time, the Company continued to improve its big data risk control capabilities, carried out segmentation and classification-based management of customer groups with different needs, stroke a balance between returns and risks, and reduced operating costs. As of the end of the reporting period, the Company recorded a balance of residential mortgage loans of RMB1,423.859 billion, representing an increase of 1.43% as compared with the end of the previous year. The balance of retail micro-finance loans amounted to RMB841.751 billion, representing an increase of 2.17% as compared with the end of the previous year. The balance of consumer loans amounted to RMB416.288 billion, up by 5.08% as compared with the end of the previous year.

3.10.2 Wholesale finance

Business overview

During the reporting period, the Company achieved profit before tax from wholesale finance business of RMB33.135 billion, representing a decrease of 5.73% as compared with the corresponding period of the previous year. The net operating income from wholesale finance business of the Company was RMB60.872 billion, representing a decrease of 5.87% as compared with the corresponding period of the previous year, and accounting for 40.18% of the net operating income of the Company. Among them, net interest income of wholesale finance business amounted to RMB38.110 billion, representing an increase of 2.92% as compared with the corresponding period of the previous year, and accounting for 62.61% of the net operating income of wholesale finance business; the net non-interest income of wholesale finance business amounted to RMB22.762 billion, representing a decrease of 17.65% as compared with the corresponding period of the previous year, and accounting for 37.39% of the net operating income of wholesale finance business, and 46.82% of the net non-interest income of the Company.

During the reporting period, the Company adhered to serving national strategies, continuously promoted the optimisation and adjustment of the customer structure and business structure of wholesale finance, and accelerated the development of its advantages of featured finance, so as to enhance the quality and efficiency of serving the real economy and diligently serve as an "accelerator" for economic development.

The Company has always been dedicated to meeting customers' needs, provided multi-dimensional, all-round and multi-level financing support to corporate clients by focusing on the direct and indirect financing markets and leveraged the service concept of integrating investment banking and commercial banking to support the development of the real economy. As of the end of the reporting period, the Company's balance of the financing products aggregate to corporate customers (FPA) was RMB6,454.492 billion[16], representing an increase of RMB395.469 billion over the beginning of the year. Among them, the balance of traditional financing[17] was RMB3,781.130 billion, representing an increase of RMB197.251 billion over the beginning of the year; the balance of non-traditional financing[18] was RMB2,673.362 billion, representing an increase of RMB198.218 billion over the beginning of the year. The balance of non-traditional financing accounted for 41.42% of the balance of FPA, representing an increase of 0.57 percentage point over the beginning of the year.

16 Since the scope of cross-border coordination financing and other businesses included in FPA was adjusted in this period, the same-calibre adjustment was made to the data at the beginning of the period, with the opening balance of the adjusted FPA of RMB6,059.023 billion, of which the balance of traditional financing totalled RMB3,583.879 billion and the balance of non-traditional financing totalled RMB2,475.144 billion.

17 Traditional financing comprises general corporate loans and commercial bills discounting (including transfer-out of outstanding bills), acceptance, letters of credit, financial letters of guarantee and non-financial letters of guarantee.

18 The eight compositions of non-traditional financing include: asset operation, proprietary non-standardised corporate investments, financing wealth management, debt financing instruments with the Company as the lead underwriter, matching transactions, financial leasing, cross-border coordination financing and arranging syndicated loans.

Wholesale customers

The Company has established a corporate customer service system with segmentation and classification-based management for strategic customers, institutional customers, financial institution customers, cross-border customers and basic customers. During the reporting period, the Company, bearing in mind its responsibility to implement national strategies and serve the real economy, continuously deepened the segmentation and classification-based management, and adhered to optimising high-quality corporate customer acquisition model by focusing on the direction of industrial upgrade. Accordingly, both the quantity and quality of wholesale customers have been improved. As of the end of the reporting period, the total number of corporate customers of the Company was 3,367,900, representing an increase of 6.36% as compared with the end of the previous year. The number of newly acquired corporate customers during the reporting period was 305,100.

In terms of its strategic customers, the Company focused on industry-specialised operation, upgraded the industrial service model through innovation, and accelerated the construction of a strategic customer operation system with CMB characteristics. As of the end of the reporting period, the Company had 321 strategic customers of the Head Office level[19], with a daily average balance of deposits of RMB1,061.958 billion, representing a decrease of 0.51% as compared with the previous year, and the balance of loans was RMB1,272.374 billion, representing an increase of 4.63% as compared with the end of the previous year. As of the end of the reporting period, the number of strategic customers of the Company of the branch level[20] was 7,084. The daily average balance of deposits was RMB864.639 billion, representing an increase of 11.66% on the same calibre as compared with the previous year, and the balance of loans was RMB432.079 billion, representing an increase of 6.09% as compared with the beginning of the year.

With regard to its institutional customers, the Company continued to solidify its service and operating foundation with key customers from sectors such as finance, housing and construction, tobacco, and government funds, while actively expanding its reach to potential customers and steadily advancing specialised services for target customers. In terms of serving national government institutions, the Company aligned with policy directions, and strove to build a new benchmark for specialised, featured, digital and differentiated services by centring on qualification acquisition, platform access and data collaboration. During the reporting period, the Company successfully won the bid for the Central Government's Non-Tax Revenue Collection Agency Qualification again with outstanding performance, and became one of the first batch of banks to achieve system integration and cooperation with the Ministry of Civil Affairs' fund supervision platform. In terms of serving local government institutions, the Company took promoting high-quality development as its core orientation, focusing on intellectual, financing, project, and technology support to build a government industry-finance service system, continuously iterated solutions, and boasted market recognition with its comprehensive service capabilities. As of the end of the reporting period, the Company had 66,100 institutional customers, representing an increase of 3.28% as compared with the end of the previous year, with an average daily RMB deposit balance of RMB993.121 billion, representing an increase of 8.33% as compared with the previous year.

With regard to its financial institution customers, the Company adopted a customer-centric approach, promoted the operation of top-tiered customers and industries, returned to its origin of financial institution customer acquisition, and aimed to strengthen, expand, and optimise the financial institution customer group. The Company focused on providing deep and comprehensive specialised services to the group of top-tiered financial institution customers. At the same time, the Company continued to collaborate with policy banks to enhance the coverage of funds from sub-loans for inclusive small- and micro-sized enterprises in manufacturing, technology and foreign trade and other sectors in pilot areas, thus better serving small- and micro-sized enterprises.

With regard to its cross-border customers, the Company, guided by policies to expand high-level opening-up and actively stabilise foreign trade and foreign investment, seized market opportunities arising from government measures to stabilise foreign trade development, vigorously attract foreign investment and adjust import and export structures, as well as from the global operation of Chinese enterprises. Cross-border finance was positioned as an important channel for acquiring and operating high-quality customers of corporate finance, striving to build CMB into the "principal bank for settlement" of cross-border business for customers and the "global principal bank" for core clients. During the reporting period, the Company had 78,569 corporate customers in respect of international balance of payments.

With regard to basic customers, the Company used digital intelligence to reshape the service journey and restructured the service matrix incorporating the Head Office and branches, forming a virtuous cycle of upgrade and tiered growth of basic customers, with continuous optimisation of the customer group structure. During the reporting period, the Company effectively reached and served 2,022,300 corporate customers through online and offline channels, representing a year-on-year increase of 19.58%. During the reporting period, the Company had 1,332,400 corporate customers for withholding transactions, representing a year-on-year increase of 12.12%. The transaction amount was RMB1.28 trillion, representing a year-on-year increase of 10.34%.

19 The number of strategic customers of the Head Office level refers to the number of strategic customer groups at the Head Office level served by the Company.

20 The number of strategic customers of the branch level refers to the corporate legal entity number of strategic customers of the branch level served by the Company. There was an adjustment to the list of strategic customers of the branch level in 2025, and the same-calibre adjustment was made to the 2024 data.

Corporate customer deposits

During the reporting period, the Company strengthened its macro-market research, and continued to pay attention to policy changes in the market liquidity. On one hand, the Company followed the flow of market funds to enhance business opportunities arising from key funds. On the other hand, the Company reaffirmed its focus on customer-centric service, adhered to high-quality customer acquisition, improved the segmentation and classification-based customer service system, and leveraged digital tools to strengthen deposit acquisition from key corporate operational scenarios and enhance customer service capabilities, thereby promoting high-quality development of deposit business. As of the end of the reporting period, corporate customer deposit balance was RMB5,046.808 billion, representing an increase of 1.91% as compared with the end of the previous year. The average daily balance was RMB4,848.231 billion, representing an increase of 3.89% as compared with the previous year. Demand deposits accounted for 51.33% of the average daily balance of corporate customers' deposits, representing a decrease of 0.80 percentage point as compared with the previous year. During the reporting period, the average cost rate of corporate customer deposits was 1.31%, representing a decrease of 27 basis points as compared with the previous year.

Corporate loans

As of the end of the reporting period, the Company's total corporate loans amounted to RMB2,798.720 billion, representing an increase of 8.04% as compared with the end of the previous year, accounting for 41.41% of the Company's total loans and advances and representing an increase of 1.85 percentage points as compared with the end of the previous year. Among them, the balance of medium- and long-term domestic corporate loans amounted to RMB1,596.222 billion, representing an increase of 4.84% as compared with the end of the previous year, accounting for 58.94% of the total domestic corporate loans and representing a decrease of 1.96 percentage points as compared with the end of the previous year. The non-performing loan ratio of the corporate loans was 0.87%, representing a decrease of 0.14 percentage point as compared with the end of the previous year.

As of the end of the reporting period, the balance of loans to domestic national-standard large enterprises was RMB1,176.938 billion, representing an increase of 6.11% as compared with the end of the previous year, accounting for 43.46% of the domestic corporate loans, and representing a decrease of 0.90 percentage point as compared with the end of the previous year. The balance of loans to domestic national-standard medium-sized enterprises was RMB607.809 billion, representing an increase of 5.93% as compared with the end of the previous year, accounting for 22.44% of the domestic corporate loans and representing a decrease of 0.51 percentage point as compared with the end of the previous year. The balance of domestic national-standard small- and micro-sized enterprise loans was RMB695.505 billion, representing an increase of 11.65% as compared with the end of the previous year, accounting for 25.69% of the domestic corporate loans and representing an increase of 0.77 percentage point as compared with the end of the previous year. The balance of other domestic loans to enterprises[21] was RMB227.857 billion, representing an increase of 17.37% as compared with the end of the previous year, accounting for 8.41% of the domestic corporate loans and representing an increase of 0.64 percentage point as compared with the end of the previous year.

During the reporting period, the Company steadily promoted the structural adjustment of asset business, and empowered the high-quality development of the real economy in response to national policy guidance. As of the end of the reporting period, the balance of the corporate loans extended to the manufacturing industry was RMB691.308 billion, representing an increase of RMB49.832 billion as compared with the end of the previous year, accounting for 24.70% of the total corporate loans, and representing a decrease of 0.06 percentage point as compared with the end of the previous year. The balance of corporate green loans was RMB414.714 billion, representing an increase of RMB47.379 billion as compared with the beginning of the year, accounting for 14.82% of the total corporate loans, and representing an increase of 0.64 percentage point as compared with the beginning of the year. The balance of loans to strategic emerging industries was RMB373.873 billion, representing an increase of RMB2.317 billion as compared with the end of the previous year, accounting for 13.36% of the total corporate loans, and representing a decrease of 0.98 percentage point as compared with the end of the previous year. For loans in key areas such as real estate, please refer to Chapter 3.9.3. For the details of green finance business, please refer to Chapter 4.2.3.

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[21] Such loans include loans made by domestic institutions to overseas and offshore customers, domestic non-enterprise customers and self-employed businesses.

Technology finance business

The Company took technology finance as the main direction of serving the real economy, driving high-quality development of financial services supporting technological innovation through deepening the "systematisation, specialisation and ecologicalisation" framework. In terms of systematisation, the Company leveraged its "1+20+100" technology finance organisational structure[22] to continuously deepen the construction of the "six specialised" work mechanism which covers specialised policies, products, processes, institutions, teams, and assessments, thereby increasing policy support and resource investment in technology finance. Regarding specialisation, the Company closely followed regulatory innovation policies, focusing on scenarios such as bank financing and cross-border development for product and service innovations which are highly needed by sci-tech enterprises. Building upon the financing product exclusively designed for sci-tech enterprises, "Sci-Tech Loan (科創貸)", the Company introduced "Sci-Tech Talent Loan (科創人才貸)". Simultaneously, it facilitated the rapid implementation of M&A loans for sci-tech enterprises and underwriting of technological innovation bonds, and other businesses. Concerning ecologicalisation, the Company strengthened channel collaboration around the innovation ecosystem, capital ecosystem, and industrial ecosystem for science and technology, enhancing the effectiveness of full-spectrum services for a broader scope of sci-tech enterprises. As of the end of the reporting period, the number of sci-tech enterprise customers of the Company reached 169,700, representing an increase of 4.43% as compared with the end of the previous year; and the balance of loans extended to sci-tech enterprises amounted to RMB696.205 billion, representing an increase of 17.91% as compared with the end of the previous year.

Inclusive finance business

During the reporting period, the Company tapped further into inclusive finance, and was committed to promoting the innovation of standardised products and business models based on the direction of building a distinctive new model for the development of inclusive finance, so as to continuously improve the quality and efficiency of serving the real economy. As of the end of the reporting period, the balance of loans granted by the Company to inclusive small- and micro-sized enterprises amounted to RMB913.347 billion, representing an increase of 2.89% as compared with the end of the previous year. The number of inclusive small- and micro-sized enterprises with loan balance was 1,038,500. During the reporting period, the Company has newly issued inclusive loans of RMB315.980 billion for inclusive small- and micro-sized enterprises, with an average interest rate of 3.42%, down by 80 basis points as compared with the previous year.

With regard to its supply chain and scenario-based finance, the Company, relying on the national modernisation system and the policy for industries with regional advantages, further enhanced its supply chain product system in accordance with the requirements of the policy of "strengthening financial services for supply chain and industry chain" advocated by the country. The Company provided integrated and localised supply chain finance and comprehensive financial services to core enterprises in the supply chain and their upstream and downstream enterprises through the innovative service model of "One Entire Bank for One Customer". During the reporting period, the business volume of the Company's supply chain financing amounted to RMB500.854 billion, representing a year-on-year increase of 10.58%. The Company served 6,625 core enterprises of the supply chain, representing a year-on-year increase of 24.84%, and served 36,804 upstream and downstream entities, representing a year-on-year increase of 30.07%.

[22] Refers to the organisational structure comprising 1 technology finance committee, 20 key technology finance branches, and 100 specialised technology finance sub-branches.

Retirement finance business

During the reporting period, the Company continued to deepen its business presence in the three major areas of pension finance, elderly care service finance and elderly care industry finance and built four-in-one innovative advantage by integrating "products + services + channels + technology", striving to establish itself as the best professional elderly care financial service organisation in China. In terms of elderly care service finance, focusing on the elderly care service needs of consumer clients, based on a financial perspective, the Company developed an "all-round" and "full-cycle" elderly care service solution and built an integrated elderly care service system. In terms of elderly care industry finance, the Company rendered adaptive corporate financial products and services for different business models of the elderly care industry, and effectively increased the financial supply of the silver economy. In terms of pension finance, centring on policies such as convenient public services, expanding coverage of annuities and full implementation of private pension system, the Company leveraged the advantages of multi-licensed operations to deepen and expand financial services for the three-pillar pension insurance system.

In terms of the first pillar, the Company offered convenient online services for insured persons such as social security inquiry, qualification certification, annual report review and other services. As of the end of the reporting period, the Company has issued a total of 85,034,500 electronic social security cards, representing an increase of 10.34% as compared with the end of the previous year.

In terms of the second pillar, the Company strengthened core capability building and restructured its customer service system to forge new advantages in segmented areas. As of the end of the reporting period, the Company provided occupational annuity trusteeship and custody services to more than 30 co-ordination areas across the country and provided entrusted annuity and account management services to more than 10,000 enterprises. As of the end of the reporting period, the number of individual customers associated with enterprise annuity account management services exceeded 2,300,000.

In terms of the third pillar, as of the end of the reporting period, over 13,000,000 private pension accounts had been opened, and the amount of contributions was among the highest in the market.

At the same time, in terms of custody business, the Company focused on operational, risk control, and investment research scenarios, combined the Company's professional capabilities with Fintech such as big data, cloud computing, and artificial intelligence to build a comprehensive and multi-dimensional digital service system, providing in-depth service to the three-pillar pension insurance system. As of the end of the reporting period, the pension funds under custody amounted to RMB1.41 trillion.

Bill business

During the reporting period, the Company further deepened the transformation of comprehensive services for bill customers, continuously improved the service experience of bill customers, enhanced asset operation capabilities, and actively responded to the changes in the external markets. During the reporting period, the number of customers of bill business of the Company was 171,674 with a year-on-year increase of 19.25%, of which micro-, small- and medium-sized customers accounted for 82.05%. The volume of direct bill discounting business of the Company was RMB1,363.607 billion during the reporting period, representing a year-on-year increase of 4.86%, ranking second in the market (data from the China Banking Association), of which the volume of commercial acceptance bill discounting business was RMB147.496 billion. As of the end of the reporting period, the Company's bill discounting balance was RMB348.737 billion, representing a decrease of 8.08% as compared with the end of the previous year, mainly due to the fact that the Company adjusted and optimised asset allocation driven by the decreased interest rate in the bill market.

Transaction banking business

During the reporting period, the Company continuously upgraded its distinctive "Enterprise Digital Intelligent Finance (企業數智金融)" brand, accelerated product innovation and upgrades driven by user experience, and provided an integrated product service system[23] of "Collection, Payment, Treasury Management, Financing, and Connection" based on production and operation scenarios of enterprises. By actively integrating with the digital transformation of enterprises that empowered the bidirectional circulation of enterprise operation and capital operation, the Company continued to create value for its corporate customers and build differentiated competitive advantages in corporate finance.

Leveraging Fintech, the Company accelerated the digital and intelligent transformation of corporate banking business and enhanced the convenience and efficiency of "Online Finance" services. During the reporting period, the online operation of the financing business of the Company was further enhanced. Based on digital risk control technology, the Company continued to upgrade its "Flash Series (閃電系列)" of domestic trade finance products to improve the handling efficiency of short-term financing for enterprises. Furthermore, the Company continued to expand the application of artificial intelligence technology, initially establishing the corporate intelligent assistant, "AI Xiao Zhao (AI小招)", to assist customers in handling complicated operations of corporate financial products. As at the end of the reporting period, "AI Xiao Zhao (AI小招)" accumulatively served 61,300 corporate customers for a total of 458,500 times. During the reporting period, the issuance of domestic letters of credit and domestic letters of guarantee of the Company amounted to RMB333.451 billion, representing a year-on-year increase of 28.83%; and the domestic trade finance business volume amounted to RMB792.614 billion, representing a year-on-year increase of 20.64%.

Based on the demand for upgrading treasury management, the Company took the Treasury Management Cloud as the digital service platform for enterprises to assist different types of enterprises in improving their efficiency in allocating financial resources. At the same time, actively responding to the needs of large enterprises to accelerate the construction of treasury systems, the Company provided professional and comprehensive treasury management solutions for central state-owned enterprises, provincial and municipal state-owned enterprises, listed companies, and cross-border customers through an advisory service approach combining "Consulting + Technology + Finance". During the reporting period, the Company successfully implemented treasury management projects of numerous leading enterprises, developing a brand reputation in industries such as high-end manufacturing, biomedicine, and new economy and consumer goods. As of the end of the reporting period, the number of customers of Treasury Management Cloud services reached 709,200, representing an increase of 15.28% as compared with the end of the previous year.

The Company also actively explored the comprehensive digital services for enterprises under the scenario of "integration of business and finance". Based on the scenario-driven needs of the whole procurement process of enterprises and treasury fund operations, the Company upgraded the comprehensive service capabilities of the "Payment Centre (付款中心)", offering enterprises full-cycle digitalised and scenario-based one-stop procurement payment service to meet the diverse settlement needs of enterprises. As for the corporate sales scenario, building upon the "Corporate Cashier (企業收銀台)" capabilities for omni-channel collection, intelligent reconciliation, and allocation functions, the Company developed standardised enterprise collection services and customised industry cashier solutions based on the needs of corporate customers of different business sizes, facilitating the digital upgrade of customers' sales management. During the reporting period, the Company served 70,500 corporate customers via Corporate Cashier, representing a year-on-year increase of 39.00%; and the transaction amount was RMB1.60 trillion, representing a year-on-year increase of 7.68%.

Also, the Company continued to innovate the "Cloud-based H2H Connection" model to expand the connection between its digital platforms such as the Treasury Management Cloud with digital systems of government agencies, Internet platforms and enterprises. For customers of different business sizes using SaaS digital systems, the Company provided convenient access to its financial services, helping customers achieve digital connectivity throughout the whole business process. As of the end of the reporting period, the number of customers of the Cloud-based H2H Connection service reached 251,300, representing an increase of 13.76% as compared with the end of the previous year.

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23 The integrated product service system of "Collection, Payment, Treasury Management, Financing and Connection" refers to a series of products and services in the scenarios of enterprise collection, payment, treasury management, financing and ecological connection.

Cross-border finance business

During the reporting period, the Company accelerated transformation through "the Internationalisation Initiative", focusing on the target customer group of cross-border business and continuously improving its cross-border financial service system to actively support the stable development of foreign trade and foreign investment. The Company promoted the digital upgrading of cross-border financial products and improved the online substitution rate for international settlement documents, propelling sustained growth in international settlement volumes driven by innovative product offerings. The Company improved its service system for the "global operation of Chinese enterprises", strengthened the basic service capabilities of overseas branches, and enhanced its global service capabilities. Meanwhile, under the guidance of the State Administration of Foreign Exchange, the Company promoted the improvement of quality and coverage of bank's foreign exchange operations reform to better serve the real economy and proactively prevent risks arising from the foreign exchange business. The Company accelerated the facilitation of foreign exchange services, supported the implementation of various high-level opening-up policies, and improved the quality and efficiency of cross-border financial services. Aligning with the trend of RMB internationalisation, the Company actively promoted the development of cross-border RMB business. The Company strengthened proactive prevention and management of money laundering and sanctions risks and continuously enhanced its cross-border digital risk control capabilities. During the reporting period, the Company recorded USD222.635 billion of international balance of payments for corporate customers[24].

Investment banking business

During the reporting period, the Company focused on the investment and financing needs of customers to continuously enhance the professional capabilities of its investment banking business, seize market opportunities, and build its new strengths in specialised sectors.

With respect to its bond underwriting business, the Company continued to broaden financing channels for real economy enterprises and firmly served high-quality development. During the reporting period, the debt financing instruments with the Company as the lead underwriter amounted to RMB274.295 billion. Among them, the Company ranked first in the market in terms of the underwriting size of perpetual bonds and sci-tech innovation bonds (including sci-tech innovation notes) (based on the data from WIND and the National Association of Financial Market Institutional Investors). Meanwhile, the Company received the highest A rating in the 2024 market evaluation of lead underwriting business practices for general lead underwriters of non-financial enterprises debt financing instruments conducted by the National Association of Financial Market Institutional Investors. The Company was also the only institution across the entire market to be recognised as a distinctive lead underwriter in all four aspects: value discovery capability, inclusive capability, pioneering capability, and capability to support opening-up.

With respect to its M&A financing business, the Company focused on serving the real economy, centring on two core business scenarios, namely the merger and acquisition and reorganisation of listed companies, and central state-owned enterprises' deployment in strategic emerging industries. By continuously enriching service content and innovating product models, the Company supported the transformation and upgrading of enterprise industry chains, and expanded industry coverage. Meanwhile, leveraging efficient domestic and overseas coordination and flywheel advantages of the Group, the Company actively seized structural opportunities in cross-border M&A and asset revitalisation markets, providing comprehensive financial services throughout the entire process. During the reporting period, the Company's M&A financing business volume amounted to RMB138.454 billion, representing a year-on-year increase of 27.39%. Among them, the amount of RMB M&A loans granted increased by 129.37% year-on-year, mainly due to the successful execution of several major projects with market influence, including the first syndicated loan for merger and acquisition of a sci-tech enterprise in China, the first project in the market in relation to the offer made by a H-share listed company to acquire the controlling interests in an A-share listed company, and the largest Hong Kong-listed stocks privatisation financing project in the first half of the year.

[24] Since the 2024 Annual Report, the statistical calibre for international balance of payments for corporate customers has excluded securities investment.

With respect to its corporate wealth management business, the Company continuously strengthened the diversification of cooperating institutions and products, building an open platform for corporate wealth management. During the reporting period, the Company's average daily balance of corporate wealth management products was RMB459.059 billion, representing an increase of 14.80% as compared with the previous year, which was mainly due to the stronger demand for wealth management from corporate customers, the gradual improvement of the Company's corporate wealth management service system, continuous updates to system functions, and the continuous enhancement of its market competitiveness.

With respect to its market transactions (matching services) business, the Company remained committed to serving the real economy, focused on the multi-level and diverse financial needs of corporate customers and continuously built capabilities for a service ecology. During the reporting period, the volume of the Company's market transaction (matching services) amounted to RMB228.333 billion, representing a year-on-year increase of 29.09%, mainly driven by the effective business expansion through focusing on the "five major articles".

CMB International Capital, a subsidiary of the Company, made active business coordination with the Bank. The linkage mechanism of investment banking and commercial banking was strengthened. During the reporting period, CMB International Capital completed a total of 6 Hong Kong IPO sponsorship projects and 25 Hong Kong IPO underwriting projects. According to the statistics of Bloomberg, CMB International Capital ranked first in the market in respect of the number of IPO underwriting projects in Hong Kong in the first half of 2025, maintaining its leading position in terms of Hong Kong IPO underwriting business.

Financial institution business

With respect to financial institution liability business, during the reporting period, the daily average balance of financial institution deposits of the Company amounted to RMB753.066 billion, among which financial institution demand deposits accounted for 93.47%. During the reporting period, the Company vigorously expanded the sources of low-cost liabilities, strengthened business management and coordination mechanism across the Bank, and effectively managed cost ratios. The cost ratio of financial institution deposits was 1.06%, representing a decrease of 25 basis points as compared with the previous year.

With respect to its depository service, the Company's security and future margin depository services were in stable operation. The Company partnered with 107 securities companies in third-party depository services and 19,293,900 customers were secured at the end of the reporting period, representing an increase of 4.41% as compared with the end of the previous year. Also, the Company cooperated with 145 futures companies on fund transfer, securing 540,200 customers at the end of the reporting period, representing an increase of 7.25% as compared with the end of the previous year.

Asset Management Business

As of the end of the reporting period, the total asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM, and CMB International Capital, all being subsidiaries of the Company, amounted to RMB4.45 trillion, representing a decrease of 0.51% as compared with the end of the previous year. Among them, the balance of wealth management products of CMB Wealth Management amounted to RMB2.46 trillion, representing a decrease of 0.40% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.54 trillion, representing a decrease of 1.91% as compared with the end of the previous year; the scale of asset management business of CIGNA & CMAM amounted to RMB305.313 billion, representing a decrease of 0.12% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB147.966 billion, representing an increase of 13.53% as compared with the end of the previous year.

CMB Wealth Management adhered to the investment and management philosophy of keeping moving forward while maintaining stability, continuously consolidated its development foundation. **In terms of product scale**, as of the end of the reporting period, the balance of wealth management products managed by CMB Wealth Management decreased slightly as compared with the end of the previous year, but increased by RMB97.129 billion as compared with the end of the first quarter. **In terms of product layout**, CMB Wealth Management continued to build a full-category product line focusing on absolute return targets and supplemented by relative return targets. Based on the scenarios of customers' wealth management needs, it launched the new "Gu Ying Jia (固盈家)" brand in the first half of the year, complementing its existing fixed-income brands including "Short-term Bonds Suite (短債三寶)" and "Wen An Bao (穩安寶)", to achieve preferential coverage of fixed-income products covering full range of maturities. It continuously improved the multi-asset and multi-strategy brand matrix of "Quan + Fu (全+福)", refreshing its rights-attached wealth management[25] brands such as Jia Yue Duo Yuan (嘉悦多元), Jia Yue Shuang Ying (嘉悦雙盈), and Value Selection (價值精選), with sustained growth in product scale. It also enriched product functions such as wealth management regular investment, dividend distribution, and target profit-taking orders to enhance investment experience. **In terms of investment and research capabilities building**, it adhered to a prudent investment direction and continued to develop corresponding investment and research capabilities. On the other hand, CMB Wealth Management deepened the integration of investment and research, deepened industry research, increased the implementation of low-volatility strategies, and strengthened diversified asset allocation capabilities. Its annualised yield of bond-biased hybrid products, equity-biased hybrid products, and equity-based products ranked among the top in the banking industry, and the market share of its rights-attached wealth management products continued to increase. **In terms of risk management**, adhering to a prudent and sound risk management philosophy, CMB Wealth Management formulated and implemented the annual credit investment risk policy during the reporting period to enhance the foresight and effectiveness of market risk management and liquidity risk management, and continued to improve internal control and compliance management. **In terms of technology empowerment**, CMB Wealth Management continued to promote the implementation of AI in core business scenarios such as investment research and risk control. In the investment research and trading sectors, intelligent trading robots assisted in completing 80% of bond transactions, significantly improving investment efficiency.

China Merchants Fund thoroughly implemented the requirements for high-quality development for mutual funds, firmly grasping the two key aspects of customer experience and synergies and collaboration, generally maintaining a healthy and stable development momentum. As of the end of the reporting period, the scale of asset management business of China Merchants Fund amounted to RMB1.54 trillion, of which the scale of mutual funds under management amounted to RMB896.675 billion, representing an increase of 1.93% as compared with the end of the previous year. **In terms of product layout**, China Merchants Fund continued to optimise the product mix, taking the lead in filing and obtaining approval for the industry's first batch of performance-based floating fee rate products and the first batch of CSI AAA Sci-Tech Innovation Bond ETF products. It also successfully launched innovative projects such as the industry's first cross-list ETF product tradable in RMB and the first batch of SSE Science and Technology Innovation Board Composite Index ETFs. **In terms of investment and research capabilities building**, it continuously enhanced its equity investment capabilities and deepened the interaction between investment and research, significantly improving the performance of its equity-biased funds and social security portfolios of the year. **In terms of risk management**, China Merchants Fund continued to promote comprehensive risk management, reinforced risk management and control in key areas, and improved the level of internal control and compliance management, keeping business risks under great control. No major compliance risk incidents occurred during the reporting period. **In terms of customer operations**, China Merchants Fund actively promoted channel and customer base expansion, steadily advanced the operation of fund investment advisory business, took advantage of the opportunity arising from pension business development, further engaged in customer support and investor education, and strove to improve customers' sense of experience and satisfaction.

CIGNA & CMAM was positioned as a professional and stable long-term capital management institution. It proactively integrated with overall strategic objectives of building a value creation bank by leveraging its long-term capital management capabilities and advantages of differentiated product creation. **In terms of the insurance fund fiduciary business**, CIGNA & CMAM continued to improve the allocation of assets and the investment and research capabilities of proactive management, to ensure that the principals can achieve its profit target and maintain sufficient solvency through investment returns. As of the end of the reporting period, the scale of insurance funds under fiduciary management was RMB214.016 billion, representing an increase of 12.85% as compared with the end of the previous year. **In terms of product creation**, CIGNA & CMAM aimed to selectively issue alternative asset management products, and vigorously developed portfolio asset management products with complex strategies, thereby developing investment strategies with differentiated characteristics for insurance asset management, to create new growth engines for the Company. **In terms of operation and risk management**, CIGNA & CMAM proceeded with high-quality ground work, established an efficient operation and management system, continued to improve the comprehensive risk management system, iterated and upgraded investment and product management systems, with steady progress achieved.

[25] Rights-attached wealth management products refer to wealth management products whose underlying asset portfolio includes equity assets. Such products primarily encompass enhanced fixed-income, hybrid, equity-based, and commodity-derivative products with a risk rating of R3 or higher.

CMB International Capital kept leveraging its differentiated advantages, achieving constant improvement of its operational efficiency. **In respect of domestic equity investment funds business**, the investment efficiency and industry influence of CMB International Capital continued to improve. During the reporting period, 1 investment project successfully achieved an IPO, and 1 investment project issued a prospectus. **In respect of overseas asset management business**, it completed full exit after the IPO of a total of 2 investment projects with respect to CMB International Capital's private equity products during the reporting period. CMB International Capital continued to make great efforts to develop its mutual funds business. During the reporting period, it launched 1 new money-market mutual fund, as of the end of the reporting period, increasing the scale of mutual funds under management by RMB16.115 billion, bringing the total scale of mutual funds to RMB31.515 billion. As of the end of the reporting period, the performances of the issued USD money-market mutual funds and investment-grade bond mutual funds have consistently ranked among the top of their peers in Hong Kong since their launch.

Assets custody business

As of the end of the reporting period, the balance of assets under custody of the Company was RMB24.14 trillion, representing an increase of 5.60% as compared with the end of the previous year. The total scale of custody ranked among the top of the industry.

The Company is committed to becoming the first choice of customers in respect of global custody banks with more professionalism, stronger technology and better service. Centring on the origin of custody business, the Company has strengthened its performance of custodianship duties, and continuously improved its custodian professionalism and service capabilities.

Firstly, the Company's emphasis on both quantity and quality has driven the optimisation of the structure of custody business. As of the end of the reporting period, the Company's asset management products[26] contributed to 105.43% of its incremental custody scale, surpassing the average proportion of the industry. The structure of custody business has been optimised continuously.

Secondly, the Company has strengthened technological innovation and technology-enabled service capabilities. Its custody services won market recognition, thus the Company was awarded as the "Best Custody Bank in China" by The Asian Banker. Focusing on customer needs and guided by the "China Merchants Bank Custody+" service brand, the Company has built a new ecosystem of custody services that is "efficient, intelligent, safe and collaborative", to continuously help customers reduce costs and increase efficiency and achieve high-quality development.

Financial markets business

During the reporting period, the Company continuously enhanced strategic research, strengthened market timing, and enriched interest rate risk management tools, thereby comprehensively improving its global trading capabilities and customer service capabilities. The financial markets business achieved high-quality and resilient growth.

In terms of investment transactions, the Company adhered to prudent operation, further intensified macro policy research and market analysis and judgement, strengthened strategic innovation, optimised the portfolio structure and enhanced investments returns. At the same time, the Company increased its holdings of sci-tech innovation bonds, green bonds, SME bonds and sustainable development bonds, thereby supporting the development of the real economy. Furthermore, the Company continued to actively perform its duties as a market maker, and continuously strengthened its market-making capabilities, through various measures such as increasing resource investment, accelerating technology empowerment and strengthening customer base expansion. During the reporting period, the transaction volume of RMB bond investments amounted to RMB4.58 trillion[27], representing a year-on-year increase of 182.72%, mainly due to the substantial growth in the scale of market making business.

In terms of client flow trading business, the Company continued to advocate the concept of exchange rate risk neutrality to corporate customers, deepened the "product + customer base" scenario-based business model, and closely focused on customer needs and market changes to provide solutions against financial market risks such as exchange rate and interest rate risks to enterprises. Meanwhile, the Company accelerated the promotion of the construction of an integrated domestic and overseas customer trading system to serve the global development and risk management needs of enterprises. During the reporting period, the number of wholesale customers of the Company involved in client flow trading of financial market was 66,585, representing a year-on-year increase of 14.95%, and the transaction volume of client flow trading of wholesale customers of financial market amounted to USD159.176 billion, representing a year-on-year increase of 25.16%.

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26 According to the statistical calibre of the Custody Business Professional Committee under China Banking Association, the custody of asset management products includes custody of securities investments funds, customer asset management of fund companies, customer asset management of securities companies, bank wealth management, trust property, private equity investment funds, insurance assets, pension funds, QDII products, QFI products, futures, etc.

27 Refers to transaction volume of RMB bond investment of the Company's Global Markets Centre.

In terms of digital transformation, the Company closely followed the opportunities brought by breakthroughs in AI large models, and accelerated to explore the integration and application of related technologies in the financial markets business, so as to drive the transformation of investment transactions from digital decision-making to intelligent decision-making. The Company advanced the construction of financial markets business systems of its overseas branches, enhanced the service capabilities of the CMB hedging platform, and improved the foresight and accuracy of transaction risk management.

In terms of internationalisation, the Company actively supported the internationalisation of RMB and the opening up of China's bond market, and continuously participated in "Bond Connect" and "Swap Connect" trading through the National Interbank Funding Centre to promote interconnection between Hong Kong and Chinese mainland's financial markets. It provided high-quality services to foreign investors, and received the "Northbound Top Market Maker" award from Bond Connect Company Limited for six consecutive years.

3.10.3 Distribution channels

The Company provides products and services via multiple distribution channels, which mainly consist of offline distribution channels and online banking channels.

Offline channels

The Company's business is mainly in the market of China, and its distribution network is mainly located in major central cities in the Chinese mainland and some international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. As of the end of the reporting period, the Company has 143 branches and 1,800 sub-branches in the Chinese mainland, two branch-level specialised institutions (a Credit Card Centre and a Global Markets Centre), 2,178 self-service banks, 5,132 cash self-service devices and 4,636 visual counters. The Company has a Hong Kong branch in China's Hong Kong, a representative office in Chinese Taipei, a New York branch in the United States, a London branch in the UK, a Singapore branch in Singapore, a Luxembourg branch in Luxembourg, and a Sydney branch in Australia.

Online channels

Major online channels for retail

CMB APP

During the reporting period, the Company continuously upgraded CMB APP in response to national economic development needs, the advancements of artificial intelligence technology and changes in customer demands. Firstly, the Company deepened the construction of master accounts and built an intelligent accounting service system, to cover the accounting management needs of customers in all scenarios, from the bank and beyond the bank, from individuals to families, and from present to future. Secondly, the Company upgraded its insurance services to cover the three stages of "planning, product selection, and companion". From the perspective of families, the Company launched insurance benefit illustrations and product selection tools, and introduced value-added services of insurance companies, enabling customers to make informed and confident purchasing decisions. Thirdly, the Company continued to upgrade its credit product service matrix to accurately match customers' needs and restructure the loan product shelf. During the reporting period, the monthly active users of the CMB APP reached 83,636,700.

CMB Life APP for Credit Card

During the reporting period, the Company continued to enhance the customer service and customer engagement capabilities of the CMB Life APP. By tapping further into high-frequency consumption scenarios, connecting with quality partners, the Company improved the online service ecosystem, upgraded platform interaction capabilities, and continuously optimised the user experience. Furthermore, in coordination with critical consumption periods such as May Day and 618, the Company launched a series of diversifying themed marketing campaigns, with a view to continuously improving the ability to increase customer engagement. During the reporting period, the number of monthly active users of the CMB Life APP for credit card was 37,085,200. In terms of user engagement, CMB Life APP was in the front rank among other credit card APPs in the banking industry.

Remote Operation Service

The Company provides real-time, comprehensive and prompt integrated services to its customers via multimedia services such as telephone, network and video. It uses digital and intelligent technology to solve common customer inquiries and provide quick guidance on service needs. During peak service hours or operational disruptions, it will actively identify these situations and give a reminder via short message service or APP messages, guiding customers directly to online customer service to avoid service gaps. At the same time, the Company further opened up the channels for providing feedback and enquiries about customers' complaints, and provided quick feedback on complaints and enquiries about the handling progress through the online section of "Consultation and Complaints (諮詢與投訴)". During the reporting period, the remote online omni-channel manual service connection rate was 98.87%, the remote online omni-channel manual service 20-second response rate was 93.52%, and the remote online omni-channel customer satisfaction rate was 99.76%.

Smart Service System

In terms of debit card smart service system, during the reporting period, the Company renewed the intelligent service "Xiao Zhao (小招)" by utilising large model technology. Firstly, the Company promoted the upgrading of the role of "Xiao Zhao (小招)" to "steward", enabling it not only to respond to customer inquiries passively, but also to gain insights into customers' wealth management needs based on intelligent analysis. Secondly, the Company promoted the upgrading of the role of "Xiao Zhao (小招)" to "expert", enabling it not only to answer "what", but also explain "why", and further provide recommendations to customers centring on "how to proceed".

In terms of credit card smart service system, during the reporting period, the Company continued to push forward the digital intelligence transformation of customer service for credit card business, optimised intelligent interaction experience and enhanced service efficiency. The Company expanded the deployment of intelligent service channels, strengthened the construction of AI agents for business scenarios, and optimised the human-robot collaboration model of the "Xiao Zhao (小招)" of the CMB Life APP for credit cards, continuously improving its problem-solving ability. The Company actively built large model AI applications for customer service employees to achieve whole-process assistance before, during and after the service, and gave full play to the advantages of "human" in emotional communication and handling complex issues, so as to create more intelligent and more warm-hearted customer service experience.

Major wholesale online channels

The Company focuses on the digital transformation needs of corporate treasury management and continues to optimise the two major service channels of CMB Corporate U-Bank and CMB Corporate APP. During the reporting period, the Company's CMB Corporate U-Bank explored the intelligent transformation of platform services, to provide enterprises with "lightweight", "standardised" and "one-stop" online digital and intelligent service platform. CMB Corporate APP focused on mobile officing and digital and intelligent services to create differentiated capabilities, so as to provide convenient treasury services to legal persons, executives and other key personnel of enterprises via the mobile terminals. As of the end of the reporting period, the Company had 3,271,600 wholesale customers on the online channels, representing an increase of 6.70% as compared with the end of the previous year. The coverage rate of wholesale customers on the online channels was 97.14%, representing an increase of 0.31 percentage point as compared with the end of the previous year. During the reporting period, the Company had 2,130,500 monthly active customers of wholesale online channels, representing a year-on-year increase of 12.61%; the total number of wholesale transactions handled by the Company through online channels reached 258 million, representing a year-on-year increase of 15.18%; and the total value of wholesale transactions through online channels amounted to RMB113.48 trillion, representing a year-on-year increase of 3.80%.

3.10.4 Overseas branches

Hong Kong Branch

Established in 2002, the Hong Kong Branch of the Company is the first branch duly established overseas by the Company, which can engage in comprehensive commercial banking businesses, including corporate and retail banking businesses. With regard to corporate banking business, the Hong Kong Branch provides diversified corporate banking products and services, such as deposit-taking, settlement, trade financing, bilateral loans, syndicated loans, cross-border M&A comprehensive solutions and asset custody, and engages in transaction of funds, bond trading and foreign exchange trading with financial institutions, and conducts funds clearing and asset transfer with financial institution customers. With respect to retail banking business, the Hong Kong Branch can provide personal banking services and private wealth management services for customers. Featured products include "Hong Kong All-in-one Card" and "Hong Kong Bank-Securities Express".

During the reporting period, the Hong Kong Branch continued to optimise the structure of interest-earning assets, achieved growth in asset scale while extending the duration of assets, actively expanded high-quality businesses and focused on increasing the scale of wealth management. During the reporting period, the Hong Kong Branch achieved the net operating income of HKD1.538 billion.

New York Branch

Established in 2008, the New York Branch of the Company is the first branch of Chinese banks approved in the U.S. since the implementation of U.S. Foreign Bank Supervision Enhancement Act in 1991. The New York Branch is located in the global financial centre and is committed to establishing a cross-border finance platform characterised by coordination between China and the U.S., so as to offer diversified and all-round banking services for the companies in China and the U.S. Such services and products mainly include: deposit-taking, settlement, foreign exchange transactions, international settlement documents, trade financing, bilateral loans, syndicated loans, working capital financing, M&A financing, privatisation financing, fund financing, etc. At the same time, the New York Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the New York Branch actively implemented a sustainable and high-quality development strategy and achieved progress in customer base expansion, product innovation, risk compliance construction, and improvement of profitability. During the reporting period, the New York Branch achieved the net operating income of USD48.9733 million.

Singapore Branch

Established in 2013, the Singapore Branch of the Company is positioned as a significant cross-border finance platform in Southeast Asia. Based in Singapore and expanding to Southeast Asia, the Singapore Branch takes cross-border finance and wealth management as its core businesses. In terms of cross-border finance business, the Singapore Branch strives to provide all-round one-stop solutions to the Chinese companies "going global" and the foreign companies "brought in" located in Singapore and other Southeast Asian countries. The main services and products of the Singapore Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, syndicated loans, M&A financing and delisting financing, etc. In terms of wealth management business, the Private Banking (Singapore) Centre provided private banking products and value-added services with integrated investment and financing services, such as cash management, asset allocation and wealth inheritance to high-net-worth customers.

During the reporting period, the Singapore Branch closely seized the market opportunities and continuously enhanced the customer service capabilities by focusing on its core customer groups such as high-quality Chinese enterprises, Singapore's leading enterprises and premium financial institutions in Southeast Asia. During the reporting period, the Singapore Branch achieved the net operating income of USD18.0577 million.

Luxembourg Branch

The Luxembourg Branch of the Company, established in 2015, is positioned as an important cross-border finance platform in the continental Europe, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and the companies "brought in" located in Europe. Its main services and products include: deposit-taking, loans, project financing, trade financing, M&A financing, M&A consulting and bond underwriting, etc. The branch is also committed to building a business platform for the Company in Europe by combining the advantages of the Bank and European characteristics. In addition, the branch actively built a global service network for private banking customers and provided high-quality non-financial value-added services to high-net-worth private banking customers.

During the reporting period, the Luxembourg Branch continued to expand its high-quality customer groups, continuously increased its business scale, actively assisted other financial institutions in the issuance of bonds, and widely participated in interbank lending and deposits businesses. During the reporting period, the Luxembourg Branch achieved the net operating income of EUR12.7146 million.

London Branch

Established in 2016, the London Branch of the Company was the first branch approved to be established in the United Kingdom among all Chinese joint-stock commercial banks, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and leading companies "brought in" located in the UK. The main services and products of the London Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, bilateral loans, syndicated loans and M&A financing, etc. At the same time, the London Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the London Branch actively implemented the development philosophy of "emphasising both quantity and quality, putting quality and efficiency first", and improved the branch's operating efficiency through measures such as deepening customer base operation and strengthening refined management. During the reporting period, the London Branch achieved the net operating income of USD21.6047 million.

Sydney Branch

The Sydney Branch of the Company was established in 2017 and was the first branch approved to be established in Australia among all Chinese joint-stock commercial banks. The Sydney Branch established a foothold in businesses derived from China-Australia economic, trade and investment exchanges. The Sydney Branch focuses on the needs of the strategic customers "going global" and top-tiered customers of Australia and New Zealand, creating value for customers through providing two-way cross-border financial services. The main services and products of the Sydney Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, M&A financing and commitment, project financing, syndicated loans and fund financing, etc. At the same time, the branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the Sydney Branch steadily improved its comprehensive operating capabilities by optimising asset allocation, strengthening the expansion of local customer base, promoting digital transformation, and strengthening deposit acquisition through trade finance products. During the reporting period, the Sydney Branch achieved the net operating income of AUD33.9476 million.

3.10.5 Major subsidiaries

The Company exercises the rights of shareholders in compliance with the law, keeps on strengthening the comprehensive management over the corporate governance, capital management, risk management, financial management and other aspects of its subsidiaries, and capitalises on the synergy of comprehensive operation to enhance the Group's capabilities of providing comprehensive financial services to customers while achieving their own high-quality growth.

CMB Wing Lung Bank

Founded in 1933, CMB Wing Lung Bank has a registered capital of HKD1.161 billion, and it is a wholly-owned subsidiary of the Company in Hong Kong. CMB Wing Lung Bank provides customers with diversified banking products and services, including retail and private banking, corporate banking and other banking businesses. CMB Wing Lung Bank also provides trust, asset management and insurance brokerage services through its subsidiaries.

As of the end of the reporting period, the total assets of CMB Wing Lung Group amounted to HKD520.957 billion. Total equity attributable to shareholders amounted to HKD52.484 billion. During the reporting period, CMB Wing Lung Group realised a net profit attributable to shareholders of HKD3.037 billion.

CMB Financial Leasing

CMB Financial Leasing was established in 2008 with a registered capital of RMB18 billion. It is a wholly-owned subsidiary of the Company. CMB Financial Leasing has established three major business segments, namely aviation, shipping and equipment, aiming to build a financial leasing service system based on the "six new" industries of new energy, new infrastructure, new technology, new mobility, new intelligent manufacturing and new materials, so as to meet the needs of lessees to purchase equipment, promote sales, revitalise assets, balance tax burden and improve financial structure.

As of the end of the reporting period, the total assets of CMB Financial Leasing were RMB328.960 billion and the net assets were RMB39.769 billion. During the reporting period, the net profit was RMB2.839 billion.

CMB International Capital

Established in 1993, CMB International Capital is a wholly-owned subsidiary of the Company in Hong Kong with a registered capital of HKD4.129 billion. The business scope of CMB International Capital and its subsidiaries mainly covers corporate financing, asset management, wealth management, global markets business and structured financing.

As of the end of the reporting period, the total assets of CMB International Capital amounted to HKD89.620 billion, and its net assets amounted to HKD19.962 billion. During the reporting period, it realised a net profit of HKD1.371 billion.

CMB Wealth Management

CMB Wealth Management was established in 2019 with a registered capital of approximately RMB5.556 billion. As of the end of the reporting period, the Company and JPMorgan Asset Management (Asia Pacific) Limited held 90% and 10% of CMB Wealth Management's shares respectively. The business scope of CMB Wealth Management includes the issuance of wealth management products, the provision of wealth management consultancy and advisory services, and other businesses approved by regulatory authorities.

As of the end of the reporting period, CMB Wealth Management had total assets of RMB25.363 billion and net assets of RMB24.413 billion. During the reporting period, the net profit was RMB1.364 billion.

China Merchants Fund

Established in 2002, China Merchants Fund had a registered capital of RMB1.31 billion. As of the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of China Merchants Fund's shares, respectively. The business scope of China Merchants Fund covers fund establishment, fund management and other businesses approved by the CSRC.

As of the end of the reporting period, the total assets of China Merchants Fund amounted to RMB15.391 billion, and its net assets amounted to RMB10.565 billion. It realised a net profit of RMB789 million during the reporting period.

CIGNA & CMAM

CIGNA & CMAM was established in 2020 with a registered capital of RMB500 million, and it is an indirectly owned subsidiary of the Company, which is owned as to 87.3458% and 12.6542% by CIGNA & CMB Life Insurance, a joint venture of the Company, and CMB International Capital, a subsidiary of the Company, respectively. The business scope of CIGNA & CMAM includes entrusted management of client's funds, issuance of insurance asset management products and consultation business related to asset management.

As of the end of the reporting period, CIGNA & CMAM had total assets of RMB1.116 billion, with net assets of RMB920 million and achieved a net profit of RMB71 million during the reporting period.

CMB Europe S.A.

CMB Europe S.A. was established in 2021 with a registered capital of EUR100 million. It is a wholly-owned subsidiary of the Company in Europe and the regional headquarters of the Company in the European Union and European Economic Area. CMB Europe S.A. provides its customers with diversified financial products and services such as cross-border financing, M&A finance, private banking, investment management, financial markets, bond underwriting, trade financing, and operates and allocates the global assets of enterprises and individuals.

As of the end of the reporting period, CMB Europe S.A. had total assets of EUR465 million and net assets of EUR89 million, and achieved a net profit of EUR-1,025,000 during the reporting period.

3.10.6 Major joint ventures[28]

CIGNA & CMB Life Insurance

CIGNA & CMB Life Insurance, a joint venture of the Company, was established in 2003 with a registered capital of RMB2.8 billion. As of the end of the reporting period, the Company held 50% shares in CIGNA & CMB Life Insurance and Cigna Health and Life Insurance Company held the other 50% shares. CIGNA & CMB Life Insurance is mainly engaged in insurance businesses such as life insurance, health insurance, accident injury insurance and the reinsurance of the above insurances.

As of the end of the reporting period, the total assets of CIGNA & CMB Life Insurance amounted to RMB236.689 billion, and its net assets amounted to RMB17.075 billion. During the reporting period, CIGNA & CMB Life Insurance realised a net profit of RMB308 million.

Merchants Union Consumer Finance

Merchants Union Consumer Finance, a joint venture of the Company, was established in 2015 with a registered capital of RMB10.0 billion. As of the end of the reporting period, the Company held 50% shares in Merchants Union Consumer Finance and China United Network Communications Limited held the other 50% shares. Merchants Union Consumer Finance is mainly engaged in the granting of personal consumer loans.

As of the end of the reporting period, the total assets of Merchants Union Consumer Finance amounted to RMB157.722 billion and the net assets were RMB24.167 billion. It realised a net profit of RMB1.504 billion during the reporting period.

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[28] The major joint ventures of the Company include CIGNA & CMB Life Insurance and Merchants Union Consumer Finance, and their financial data has been adjusted in accordance with the accounting policies of the Group, where necessary.

3.11 Risk Management

Closely focusing on the strategy of building a value creation bank, the Company adhered to a solid and prudent risk culture and risk appetite, continued to consolidate a fortress-style risk and compliance management system and safeguarded against systemic risks. The Risk and Compliance Management Committee of the Head Office is responsible for reviewing and determining the most significant bank-wide risk management policies under the framework of risk appetite, strategies, policies and authorisations approved by the Board of Directors.

During the reporting period, the Company took risk prevention as the foundation, development as the focus, and capability as the cornerstone. The Company strengthened comprehensive risk management, increased support for the real economy, prevented and mitigated risks in key areas, accelerated the digital and intelligent transformation of risk management, and maintained the stability of various risk indicators.

3.11.1 Credit risk management

Credit risk refers to the risk arising from a bank's borrowers or counterparties failing to perform their obligations as agreed. The Company has always been adhering to the concept of balanced returns and risks and the prudent business strategy in which risks can be ultimately covered by capital, adhered to pursuing dynamically balanced development of "Quality, Profitability and Scale", implemented a unified risk preference, improved the full-life cycle credit risk management process, continuously upgraded management tools, reinforced the construction of three lines of defence, improved forward-looking risk management and made good asset portfolio allocation planning, so as to prevent and reduce credit risk loss.

During the reporting period, the Company actively responded to the changes in the risk situation, improved management quality and efficiency, maintained a firm risk bottom line, and ensured overall stability of asset quality. With regard to corporate loans, the Company mainly took the following measures to enhance credit risk management. Firstly, the risk policies were precisely implemented to facilitate the expansion of coverage and volume of the asset origination. Adhering to the customer-centric philosophy, the Company optimised approval and authorisation, improved medium- and long-term asset origination strategies, and further promoted the "one branch, one policy" customer list-based system for the asset business, consolidated the customer base, and optimised asset allocation. Secondly, the Company focused on key areas and strengthened risk prevention and mitigation. Focusing on the new model of real estate development and the mitigation of local debts, the Company strictly implemented the latest national and regulatory policies, steadily mitigated existing risks, and strictly controlled incremental risks. The Company conducted risk screening for customers granted with large credit facility and various special screenings, dynamically adjusted risk management strategies, and carried out forward-looking risk trend analysis and prevention. Thirdly, the Company promoted mechanism enhancement to promote the improvement of quality and efficiency of risk management. The Company enhanced centralised credit management for group client members, strengthened product risk management, built a risk monitoring and management system for the full-life cycle of off-balance sheet businesses, and improved the whole process control of monitoring, early warning, classification, disposal, etc. Fourthly, the Company adopted stratified measures and increased the efforts to recover and dispose of assets with exposed risks. The Company focused on key areas, optimised the division of labour and cooperation mechanism, implemented the four-classification method to improve the refinement of risk mitigation and disposal, and steadily improved the quality and efficiency of recovery and disposal. Fifthly, the Company strengthened the application of science and technology, and orderly promoted the digital and intelligent construction in risk management. The Company smoothly completed the switch towards the Group Risk-management System (GRS), continuously enriched the risk data mart, improved risk measurement capabilities, and strengthened digital and intelligent risk control empowerment. For details on credit risk management of retail loans, please refer to the section 3.9.7 and the "Credit cards" and "Retail loans" of section 3.10.1.

For more information about the Company's credit risk management, please refer to Note 41(a) to the financial statements.

3.11.2 Management of large exposure

In accordance with provisions of the Rules on Large Exposure of Commercial Banks《(商業銀行大額風險暴露管理辦法》), large exposure refers to the risk exposure (including risk exposures in the banking book and trading book) to a single customer or a group of related customers of a commercial bank that exceeds 2.5% of its net Tier 1 capital. During the reporting period, the Company has incorporated large exposure management into its overall risk management system, continued to improve customer credit management requirements, continued to optimise risk exposure measurement rules, and reported regularly on large exposure indicators and related management to regulatory authorities, so as to effectively control customer concentration risks. As of the end of the reporting period, other than customers with regulatory exemption, single non-financial institution customers, group non-financial institution customers, single financial institution customers and group financial institution customers of the Company that reached the standards of large exposure were all in compliance with the regulatory requirements.

3.11.3 Country risk management

Country risks represent the risks of political, economic, social changes and incidents in a country or region that may cause debtors in that country or region to be unable or unwilling to fulfill their obligations to banks, or incur losses to commercial presences of the Company in that country or region, or other losses to the Company in that country or region.

The Company strictly implemented relevant regulatory requirements and followed the principles of soundness and prudence, established a country risk management system compatible with strategic objectives, risk profile and complexity, and incorporated country risk management into its overall risk management system so as to promptly identify, measure, evaluate, monitor, report, control and mitigate country risks, assess the country risk in a regular manner and implement limit management, while steering business towards relatively-low-risk countries or regions.

During the reporting period, in the face of a more complex and volatile international political and economic situation, the Company continued to pay attention to the changes in the situation of key countries or regions in the world, dynamically updated the country risk ratings according to the risk changes, tightened the monitoring and limit control of country risk and strictly restricted the growth of business in high-risk countries or regions. At the end of the reporting period, the Company's country risk exposure was mainly concentrated in relatively-low-risk countries or regions. The country risk would not have a significant impact on the Company's business operation.

3.11.4 Market risk management

The Company's market risk arises from trading book and banking book, and the interest rate risk and exchange rate risk are the major market risks faced by the Company.

Interest rate risk management

Trading book

The Company uses volume indicators, market risk value indicators (VaR, covering interest rate risk factors of various currencies and durations relating to trading book business), interest rate stress testing loss indicators, interest rate sensitivity indicators and accumulative loss indicators and other risk indicators, to measure, monitor and manage the interest rate risk of trading book. The interest rate risk factors used for risk measurement cover all businesses under the trading book, and are comprised of around 200 interest rate indicators or bond yield curves. VaR is calculated using historical simulation based on a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. The interest rate stress testing scenarios include the upward parallel move, upward steep move and twisted change of interest rates at various degrees and various unfavourable market scenarios designed based on the characteristics of investment portfolios. Among them, the extreme interest rate scenario may move up by 300 basis points and cover the extremely unfavourable conditions of the market. Major interest rate sensibility indicator reflects the duration of bonds and PV01 of bonds and interest rate derivatives (the change in the market value when an interest rate fluctuates unfavourably by 1 basis point). As for routine risk management, the annual scope of authorisation and the market risk limits for the interest rate risk businesses under the trading book are set in accordance with the risk appetite, business planning and risk prediction of the Board of Directors at the beginning of the year for which the Market Risk Management Department is responsible for routine monitoring and continuous reporting.

During the reporting period, the domestic interest rate saw an upward trend followed by a downward trend, and the yield of China 10-year government bonds decreased from 1.67% to 1.65%. Uncertainties including the differentiated global economic recovery and geopolitical conflicts have been lingering. The scope of investment in the Company's trading book mainly covered RMB bonds. The Company generally adopted a prudent trading strategy and prudent risk control measures to ensure that all interest rate risk indicators of the trading book remained within the target range.

Banking book

In accordance with external regulatory requirements and internal banking book interest rate risk management policies, the Company has established and continuously improved the banking book interest rate risk management system, clarified the interest rate risk governance structure and established the management process of interest rate risk identification, measurement, monitoring, control and reporting. The Company mainly adopts the re-pricing gap analysis, duration analysis, interest rate benchmark-correlated analysis, scenario simulation and other methods to regularly measure and analyse the interest rate risk of the banking book. The re-pricing gap analysis mainly monitors the distribution of re-pricing duration and mismatch of assets and liabilities; the duration analysis monitors the duration of major product types and the change in the duration gap of assets and liabilities of the Bank as a whole; the benchmark-correlated analysis assesses the benchmark risk existing between different pricing benchmark interest rate curves, as well as between the different duration points on each of such curves based on the benchmark-correlated coefficients calculated using our internal models; the scenario simulation is the major approach for the Company to conduct interest rate risk analysis and measurement, which comprises a number of ordinary scenarios and stress scenarios, including the interest rate benchmark impact, the parallel move and the change in the shape of yield curves, the extreme changes in interest rates in history, and the most possible changes in interest rates in the future as predicted by experts and other scenarios. The changes in net interest income (NII) and economic value of equity (EVE) are calculated through simulation of the scenario of changes in interest rates. The NII changes and the EVE changes of certain scenarios are included into the interest rate risk limit indicator system of the Bank. In addition, the internal limit indicator system has included the standardised measurement indicators set out in the Guidelines on the Management of Interest Rate Risk of Banking Book of Commercial Banks (Revised).

During the reporting period, with adherence to a sound and prudent interest rate risk preference, the Company paid close attention to changes in the external environment and internal interest rate risk exposure structure, and continued to monitor and analyse various interest rate risks, especially the gap risk as a result of asset and liability re-pricing mismatch, benchmark risk arising from inconsistent changes in the pricing benchmarks of products, and optionality risk due to the prepayment of loans triggered by changes in external interest rates. The Company predicted and analysed interest rate trends based on macro-quantitative models and experts' research and judgement, prospectively deployed active interest rate risk management strategies and adjusted them flexibly considering the trend of risk exposure changes. The Company adjusted the structure of assets and liabilities on the balance sheet and hedged interest rate derivatives off the balance sheet to manage risks. As of the end of the reporting period, the Company's on- and off-balance-sheet management measures were carried out as planned, the interest rate risk level was controlled within the interest rate risk control target range of the year, and various indicators including the stress test results were kept within the limits and warning values. The banking book interest rate risk was generally controllable.

Exchange rate risk management

Trading book

The Company uses risk exposure indicator, market risk value indicator (VaR, covering foreign exchange rate risk factors of various currencies related to transactions on the trading book), the exchange loss indicator under stress test, option-sensitive indicator and accumulated loss indicator and other risk indicators to conduct risk measurement and monitoring management. As for risk measurement, the selected exchange rate risk factor is applied on spot prices, forward prices and volatilities in all transaction currencies under the trading book. Market risk value is calculated using historical simulation based on a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. Exchange rate stress test scenarios cover 5%, 10%, 15% or more adverse changes in every transaction currency against RMB, and changed volatility of foreign exchange options. Major option-sensitive indicators include Delta, Gamma, Vega and other indicators. For routine management, the Company set annual limits on authorisation associated with exchange rate risks under the trading book and relevant market exposure at the beginning of the year according to the risk appetite, business planning and risk forecast of the Board of Directors, and delegated the Market Risk Management Department to perform routine monitoring and on-going reporting.

During the reporting period, the U.S. dollar was weakened by domestic policy uncertainty in the United States, with the U.S. dollar index falling to its lowest point since March 2022. The RMB exchange rate demonstrated strong stability and resilience against the backdrop of a complex and volatile global economic situation. The Company's trading book supported customers' demand for foreign exchange hedging mainly through the foreign exchange client flow trading, thus obtaining the related service income, and implemented rigorous internal control and management through a well-established and efficient management system, and closely monitored changes of limit indicators such as sensitivity index and stop-loss indicator. All exchange rate risk indicators of the Company's trading book were within the target range as of the end of the reporting period.

Banking book

The Company mainly uses foreign exchange exposure analysis, scenario simulation analysis, stress test, and other methods for measurement and analysis of exchange rate risk of its banking book. The foreign exchange exposure measurement uses the short-sided method, the correlation approach and the aggregation approach; scenario simulation and stress test analysis are two important exchange rate risk management tools of the Company for managing foreign exchange rate risk, covering the standard scenario, historical scenario, forward scenario and stress scenario, which include scenarios such as spot and forward exchange rate fluctuations and historical extreme exchange rate fluctuations of various currencies. Each scenario could simulate the impact on the Company's profit or loss. The effects of certain scenario simulation on the profit and loss as a share of net capital are taken as reference in the routine management as a limit indicator. The Company conducts back-testing and assessment on relevant model parameters on a regular basis to verify the effectiveness of measurement models.

The Company regularly measures and analyses foreign exchange exposure of banking book and scenario simulation results, monitors and reports exchange rate risk on a monthly basis under its quota limit framework, and adjusts its foreign exchange exposure accordingly based on the trend of foreign exchange movements, so as to avoid the relevant foreign exchange risk of banking book.

During the reporting period, the Company paid close attention to exchange rate movements, studied and analysed the impact of exchange rate changes in light of the macroeconomic conditions at home and abroad, and proposed a balance sheet optimisation program as a scientific reference for the management's decision-making. During the reporting period, the Company increased its efforts to monitor and analyse foreign exchange exposure and imposed a stringent control over the scale of foreign exchange risk exposure. The Company was prudent about the exchange rate risk. As of the end of the reporting period, the scale of foreign exchange exposure of the Company's banking book was at a relatively low level. The exchange rate risk of the Company was generally stable with all the core limit indicators, general scenarios and stress testing results satisfying the regulatory limit requirement.

For more information about the Company's market risk management, please refer to Note 41(b) to the financial statements.

3.11.5 Operational risk management

Operational risk refers to the risk of loss arising from inappropriate or problematic internal procedures, incompetent personnel or IT systems, or external events. In view of the various aspects and wide range of operational risks, the Company's operational risk management is based on the management principles of prudence, comprehensiveness, matching and effectiveness. The Company strengthened the establishment of operational risk management system, implemented internal control system, continued to carry out various businesses steadily and reduced or prevented losses from operational risk. In the process of operational risk management, within the risk limits set by the Board of Directors, the Company, through measures such as improving the risk management mechanism, strengthening risk prevention and control in key areas, conducting in-depth risk monitoring and pre-warning, improving assessment and evaluation mechanism, and cultivating operational risk prevention culture, further improved operational risk management capabilities and effectiveness, prevented and reduced operational risk losses.

During the reporting period, aiming at preventing losses arising from systematic operational risk and major operational risk, the Company continued to improve its operational risk management system. Firstly, the Company strengthened management mechanism of operational risk event and loss, established rules for handling expected losses from operational risk events, and completed operational risk stress testing under the new Standardised Approach for operational risks. Secondly, the Company focused on risk control in key business areas, and selected institutions to conduct operational risk monitoring and assessment. Thirdly, the Company focused on network security and data security, reinforced system operational risk management, and consolidated the foundation of technology security management. Fourthly, the Company further improved management on business continuity and strengthened business continuity risk response. Fifthly, the Company improved the management tools and functions of the system to enhance its digitisation capability.

3.11.6 Liquidity risk management

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds at a reasonable cost in a timely manner to grow its assets, pay maturing debts and perform other payment obligations. The liquidity risk management of the Company is based on the principles of prudence, foresight and comprehensiveness, which is appropriate for the current development stage of the Company. The current liquidity risk management policies and systems of the Company have satisfied the regulatory requirements and its own management needs.

Based on the principle of separating policy-making, strategy implementation and supervision of liquidity risk management, the Company has established a liquidity risk management governance structure under which the roles, responsibilities and reporting lines of the Board of Directors, the Risk and Capital Management Committee, the Board of Supervisors, senior management, special committees and relevant departments are segregated to ensure the effectiveness of liquidity risk management.

During the reporting period, based on the analysis of macroeconomic and market trends, the Company dynamically quantified and forecasted the future risk situation, and proactively arranged the asset-liability management strategy to achieve the balance between risk and yield. Firstly, the Company constantly optimised the asset-liability structure, promoted the steady growth of customer deposits, and enhanced the origination and support of assets, realising the smooth operation of assets and liabilities. Secondly, the Company strengthened forward-looking forecasts of liquidity risk, flexibly carried out active liability management of treasury based on the operation of major businesses and indicators and in line with market trends, expanded diversified financing channels, and stabilised the sources of long-term liabilities through bond issuance and other means. Thirdly, the Company strengthened liquidity risk monitoring and management for business lines, overseas branches and subsidiaries with reasonable control of maturity mismatches. Fourthly, the Company continued to carry out liquidity stress testing and contingency drills, implemented liquidity emergency management, and effectively improved the ability to respond to liquidity risk events.

As of the end of the reporting period, all liquidity indicators of the Company met the regulatory requirements and the Company had sufficient funding sources to meet the needs of sustainable and healthy development of its business. In accordance with the requirements of the PBOC, the Company's statutory reserve requirement ratio for RMB deposit was 5.5%, and the statutory reserve requirement ratio for foreign exchange deposit was 4%. The Company's liquidity indicators operated well. Deposits maintained steady growth. Liquidity reserves were sufficient and overall liquidity was at a safe level.

For more information about the Company's liquidity risk management, please refer to Note 41(c) to the financial statements.

3.11.7 Reputational risk management

Reputational risk refers to the risk that the Company might be negatively evaluated by relevant stakeholders, the public and the media due to institutional behaviours of the Company, its employees or external incidents, which is detrimental to the brand value and normal operation of the Company, or, to the extent, affects the market and social stability. Reputational risk management is an important part of the corporate governance and the overall risk management system of the Company, covering all activities, operations and businesses undertaken by the Company and its subsidiaries. The Company has established and formulated the reputational risk management rules and system, taking the initiatives to effectively prevent the reputational risk and coping with any incidents in relation to reputation, so as to reduce loss and negative impact to the greatest extent.

During the reporting period, the Company strictly fulfilled the relevant requirements of the "Rules on Reputational Risk Management of Banking and Insurance Institutions (Provisional)", revised and improved the reputational risk management system based on its own operation situations, adhered to the reputational risk management principles of forward-looking, matching, full-coverage, effectiveness and subjectivity, and continued to optimise the reputational risk management mechanism. The Company strictly promoted the management of the entire process of reputational risk, taking early steps, paying attention to early and minor issues and conducting regular inspections. The Company optimised the public opinion incidents monitoring and identification mechanism, and properly responded to reputation risk events. The Company emphasised on addressing both symptoms and root causes. In addition to properly handling of public opinion incidents, the Company also investigated the causes thereof, pushing for improvements in operation management and services. The Company strengthened contingency drills for public opinion incidents and management training, and cultivated a reputation risk management culture. The Company carried out positive publicity activities to continuously enhance the image of the Company.

3.11.8 Compliance risk management

Compliance risk refers to the possibility that financial institutions or their employees will bear criminal, administrative, and civil legal liabilities, property losses, reputational losses, and other negative impacts due to violations of compliance regulations with respect to financial institutions' operating and management behaviours or employee performance behaviours. The Company set up three lines of defence for compliance management comprising business lines, compliance management department and auditing department through the establishment of a management structure comprising the Risk and Capital Management Committee under the Board of Directors, the Risk and Compliance Management Committee, heads of compliance, compliance officers as well as compliance supervisors of the Head Office and its branches, thereby forming a compliance management organisational system with well-developed organisation, clearly defined rights and responsibilities, reasonable work allocation and mutual coordination and collaboration. Meanwhile, through system management, legal compliance reviews, compliance risk assessment and monitoring, construction of compliance culture, management of employee behaviour and system building, the Company continuously improved compliance risk management techniques and optimised management procedures and established a complete and effective compliance risk management system to achieve effective control of compliance risks.

During the reporting period, in the face of the severe and complex domestic and international environment, risk and challenges, the Company took active coping measures and continued to consolidate its internal control and compliance management system through various measures. The first was to continue to internalise external regulations, strengthen the interpretation and conveyance of the new regulatory requirements, and promote the implementation of the new regulatory requirements such as the "Measures for the Compliance Management of Financial Institutions" in the Company. The second was to implement strict legal compliance review requirements and prudently control legal compliance risks associated with innovative products and major projects. The third was to organise compliance culture publicity events such as "2025 Compliance Performance Year" and "Legal Compliance Forum", and continuously reinforce employee behaviour management. The fourth was to tighten up supervision, inspection, and problem rectification management, and improve the quality and efficiency of inspection and rectification work. The fifth was to actively promote the digital and intelligent construction in compliance to ensure the high-quality development of the Company.

3.11.9 Money laundering risk management

Money laundering risk refers to the risk that the Company may be exposed to because of being used by the three types of activities, namely "money laundering", "terrorist financing" and "proliferation financing" in the course of conducting business and managing operations. The Company has established a relatively sound money laundering risk management mechanism, including a money laundering risk management structure with clear responsibilities assumed by the Board of Directors, the Board of Supervisors, senior management, functional departments, branches and subsidiaries, an anti-money laundering system with comprehensive coverage, an effectively operating risk assessment and dynamic monitoring mechanism, scientific and reasonable anti-money laundering data governance mechanism, targeted management strategy of customers and businesses associated with high risks, advanced and efficient IT system support, independent inspection and auditing mechanism, as well as continuous anti-money laundering training and promotion mechanism, so as to provide compliance guarantee for the Company's stable operations.

During the reporting period, the Company proactively fulfilled its anti-money laundering obligations and constantly improved the quality and efficiency of its money laundering risk management. The first was to strengthen training and promotion on the Anti-Money Laundering Law, resolutely implement laws and regulations and regulatory requirements in relation to anti-money laundering such as the Anti-Money Laundering Law, optimise the money laundering risk management policies and procedures, and improve the anti-money laundering mechanism. The second was to continuously strengthen money laundering risk management for customers and products, with a focus on identifying, assessing, and managing high-risk customers and products. The third was to improve the tools for monitoring suspicious transactions and endeavour to enhance the quality and efficiency of suspicious transaction monitoring and analysis. The fourth was to continue to increase technology input in key anti-money laundering fields, promote the development of digital intelligence in anti-money laundering, and provide more efficient digital and intelligent management tools and data-powered decision support.

3.12 Outlook and Coping Tactics

On the international front, supported by fiscal expansion, the economic aggregates of major economies may continue to grow at a moderate pace. The US Federal Reserve is expected to start cutting rates, but the room for rate cuts may be limited by the inflationary effect of tariffs. In the environment of high inflation and high interest rates, the Company needs to be vigilant of the potential contagion of the sovereign debt risks in some economies.

On the domestic front, there is solid support for achieving the annual economic growth target of approximately 5% in 2025. Firstly, the contribution of consumption to economic growth will increase and various policies to boost consumption will be adopted, with commodity consumption trending towards "new and trendy" and service consumption improving in quality and efficiency. Secondly, real estate investment may continue to decline, but its drag on economic growth is weakening. Thirdly, the economic policies will be anchored on the economic and social development tasks with efforts exerted continuously and enhanced when appropriate. The anti-involution policy will help address the imbalance between strong supply and weak demand, and low price levels.

In the second half of the year, the Company will further advance the value creation bank strategy, consolidate fundamentals, accelerate transformation, and actively respond to the challenges of a low interest rate environment, creating more and greater value for customers, employees, shareholders, partners, and society, and contributing to the construction of a financial powerhouse, and advancing the path of China's distinctive financial development.

Firstly, the Company will solidify its foundation and maintain coordinated development of quality, profitability, and scale. Focusing on its foundation, the Company will perform well in the three basic businesses of deposits, loans, and intermediary business, consolidating the three fundamentals of customer base, asset quality, and market share. The Company will continuously strengthen high-quality customer acquisition and operation, driving the development of various businesses through expansion of customer base; maintain leading advantages in indicators such as asset quality, allowance coverage ratio, and capital adequacy ratio; continuously consolidate and enhance its market share in various businesses; increase efforts in high-quality liability expansion and asset origination; and promote the recovery growth in non-interest income businesses.

Secondly, the Company will accelerate transformation through the "Four Initiatives" to build sustainable development capabilities. The Company will **accelerate "the Internationalisation Initiative"**, promoting the development of overseas institutions, especially those in Hong Kong, to improve quality and efficiency, enhance international service capabilities, and actively expand overseas, cross-border, and foreign exchange businesses. The Company will **extensively advance "the Comprehensive Operation Initiative"**, fully leverage the advantages of its financial licenses and business presence, enhance comprehensive customer service capabilities, and improve the level of income diversification. The Company will **create competitive strengths through "the Differentiation Initiative"**, secure the strategic dominant position of retail finance, strengthen and improve its systematic advantages in retail business, accelerate the transformation and upgrading of extensive wealth management, accelerate development in key regions, and create new advantages in more specialised fields. The Company will **accelerate transformation through "the Digitisation and Intelligence Initiative"**, lead the construction of the Digital & Intelligent CMB with "AI First", prioritise AI capability building, take the lead in building an AI-driven organisation, and strive to become a world-leading intelligent bank. The Company will continuously solidify the digital and intelligent foundation of "cloud + AI + middle platform", enhance the AI mindset and AI literacy of all employees, strengthen business-technology co-creation, explore "AI + finance" and "people + digital intelligence" models, and accelerate the building of a Digital & Intelligent CMB.

Thirdly, the Company will adhere to the bottom line and persistently strengthen risk and compliance management. The Company will strengthen the prevention and mitigation of risks in key areas, enhance forward-looking prevention of risks in fields such as real estate, supply-demand mismatches in production capacity, and retail credit, and strengthen the recovery and disposal of non-performing assets. The Company will strengthen comprehensive management and penetrating management, and improve the consolidated risk management system. The Company will strengthen compliance management, solidly promote the construction of a rule-of-law enterprise, and strengthen anti-money laundering and sanctions compliance management. The Company will continuously enhance risk and compliance management capabilities, continuously innovate methods, technologies, and tools for risk management, and accelerate the application of AI technology in risk and compliance management. The Company will continuously foster a solid and prudent risk culture and a compliance culture of abiding by laws and disciplines.

Fourthly, the Company will continuously build a high-quality development model of "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)". The Company will **strengthen asset-liability management**, improve the refinement and forward-looking level of asset-liability management, optimise asset-liability portfolio management, strengthen asset-liability management from a customer perspective, and maintain net interest margin advantages and liquidity safety. The Company will **strengthen holistic cost management**, coordinate the management of various costs such as liabilities, operations, and credit, improve the level of lean management, optimise strategy-oriented resource allocation, and achieve cost reduction and efficiency enhancement. The Company will **strengthen innovation-driven development**, closely focus on the needs of the nation, the needs of customers, and the capabilities of China Merchants Bank, increase innovation in products, services, management, technology, models, and systems and mechanisms, vigorously promote the innovative culture of "daring to be the first", foster an innovative atmosphere, enhance innovative momentum, and maintain industry leadership.

Environmental, Social and Governance (ESG)

4.1 ESG Review

The Company actively embraces ESG philosophy, effectively fulfills social responsibility, and continuously creates comprehensive value for customers, employees, shareholders, partners and the society, contributing to the sustainable development of the economy and society.

4.2 Environmental Information

During the reporting period, in active response to the national strategic objectives of carbon peak and carbon neutrality, the Company accelerated the development of green finance, improved the management system for green operation, promoted the transformation of green development, and boosted the harmonious coexistence of human and nature. During the reporting period, the Company did not experience any unexpected major environmental incidents, nor was it subject to any serious administrative penalties or criminal liabilities imposed by the Ministry of Ecology and Environment and other relevant departments as a result of environmental incidents.

4.2.1 Environment (climate) related governance framework

The Board of Directors of the Company plays its strategic leadership role in environmental (climate) management and green finance, regularly reviews the sustainable development report, strategic implementation report and comprehensive risk report with the Board of Supervisors, and effectively assumes its primary responsibility for environmental governance, climate risk management and green finance, so as to improve the Company's ESG management capability and performance. At the same time, relevant special committees under the Board of Directors are in place to highlight the Company's concern about environmental (climate) management, green finance and green operation, and provide professional opinions and advice to the Board of Directors.

In terms of green finance, the Green Finance Business Development Committee of the Company is responsible for coordinating and promoting work related to green finance across the Bank, including formulating strategic plans, development targets, key customer bases and business operation strategies regarding green finance, and promoting green finance product service system and green risk management system construction, contemplating resource allocation and green finance assessment supporting policies, advancing information disclosure competency, building green finance brand, and enhancing the effectiveness of the Company's ESG governance. Meanwhile, the special committee has set up relevant project teams that operate in close and effective coordination and collaboration. During the reporting period, the Green Finance Business Development Committee formulated, reviewed and approved the "2025 Green Finance Action Plan", which clarified the annual green finance development goals and promoted the development of green finance business across the Bank. In terms of green operation, the Green Operation Management Committee of the Company is mainly responsible for the planning, resolutions review, implementation and supervision related to green operation, ensuring the effective implementation of decisions and measures related to green operation, and coordinating 13 departments of the Head Office and 7 major subsidiaries to collaboratively promote the establishment of the carbon management system for the Company's operation. During the reporting period, the Green Operation Management Committee formulated the "2025 Green Operation Work Plan" to actively promote the Group's solid implementation of green operation work.

At the same time, the Company has established a green finance team at the General Office of Corporate Finance of the Head Office, which is responsible for the coordination and operation of the development of the green finance business across the Bank, including the formulation of business strategies for green customer groups and customer base construction, product and service system construction and asset origination, comprehensive management and professional talent cultivation, etc.

Domestic and overseas branches, sub-branches and subsidiaries of the Company continue to enrich and improve green finance products and services according to local conditions and based on the regional characteristics and their own business development advantages. As of the end of the reporting period, green finance business personnel were appointed at the office of corporate finance of domestic branches, who were responsible for promoting the development of green finance business within their respective jurisdictions.

4.2.2 Environmental (climate) risk response at the business side

During the reporting period, the Company formulated the "Credit and Investment Policies of China Merchants Bank for 2025 (《招商銀行2025年授信與投資政策》)" applicable to all of the investment and financing business. The policy includes a special chapter on green finance, which specifies the overall objectives and specific strategies of green finance, and calls for the continuous improvement of policies and systems, and the effective enhancement of the full-process management of ESG risks (including climate risks).

In terms of risk appetite, based on the external macro situation, changes in regulatory policies and the Company's strategic planning, the Company took into account existing risk management to incorporate the ESG factors including climate into risk appetite, with clear requirements to strengthen awareness of green development trends in key areas, strengthened support to green, low-carbon and circular economy, improved ESG risk management, and strictly controlled customers and projects with major ESG risks. Through policy guidance, a unified risk appetite incorporating green finance has been formed for the entire bank.

In terms of customer access, the Company explicitly required customers and projects to comply with national policies in terms of site selection, production processes, resource consumption and pollutant emissions, strictly implemented ESG risk review standards, strengthened high-carbon asset risk management, and resolutely curbed the blind development of projects with high energy consumption, high carbon emissions and low efficiency.

In terms of customer classification, the Company formulated the "Administrative Measures for the Green Classification of Corporate Customers and Loans of China Merchants Bank (《招商銀行對公客戶與貸款綠色分類管理辦法》)", which classifies corporate customers and loans into "three colours and four categories (三色四類)", including green (Friendly I and Friendly II), blue and red, in accordance with the extent of environmental impact of the enterprise or project, as well as the level of exposure to ESG risks in terms of energy consumption, pollution, land, health, safety, resettlement of migrants, ecological protection, climate change, etc.

In terms of risk monitoring, the Company comprehensively collected official information from the National Development and Reform Commission, the Ministry of Ecology and Environment, the Ministry of Industry and Information Technology and other governmental and regulatory authorities, as well as feedback from the media and the social public, and information from on-site surveys conducted by business personnel, to monitor and assess the ESG risks of investment and financing clients or projects in a dynamic manner. The Company continued to enrich customer ESG risk data, optimised special models, formed ESG risk signals and transferred them to early warning systems, online risk control and other platforms, and continuously improved the comprehensiveness and accuracy of ESG risk monitoring.

In terms of management measures, ESG risk information was embedded in the credit business process for prompt risk warning, and special inspections were regularly conducted on customers with high risks in green classification. At the same time, the Company also strictly reviewed enterprises in the relevant industries with high levels of pollution and energy consumption. For projects and enterprises that do not comply with requirements of ESG (including climate) and relevant industrial policies, the Company shall not grant credit and shall recover the financing already granted.

In terms of inspection and supervision, the Company formulated the "Guiding Opinions on Risk Inspection and Supervision for 2025 (《關於2025年風險檢查監督工作的指導意見》)", clearly including green finance and customers' ESG risks into the scope of daily risk inspection and supervision, and set up key points of relevant inspection and supervision. The development of green finance was included in the inspection of branches and sub-branches, so as to identify problems and urge them to implement rectification in a timely manner.

In terms of audit inspection, rectification and verification were carried out for the findings of the special audits on green finance management in 2024, improving green finance management mechanism, system support and risk control. Meanwhile, audits on green finance were strengthened in the regular audits in 2025, with a focus on the implementation of green finance regulatory policies and internal regulations, and risk management by branches, and audit evaluation regarding these aspects was strengthened.

4.2.3 Green finance

In terms of green credit, during the reporting period, the Company constantly improved the management systems, as well as incentive and restraint mechanisms of green credit to meet the requirements of the Green Finance Guidelines of regulatory authorities. As of the end of the reporting period, the Company's green loan balance was RMB566.799 billion, representing an increase of 12.55% as compared with the beginning of the year, mainly in the fields of energy conservation and carbon emission reduction, environmental protection, resource recycling, green and low-carbon transformation of energy, ecological protection, restoration, and utilisation, green upgrade of infrastructure, green services, green trade and green consumption. During the reporting period, carbon emission reduction loans of RMB4.638 billion were issued to 98 projects, with a weighted average interest rate of 2.82%, contributing to a carbon emission reduction of 1,280,800 tons. During the reporting period, the Company granted RMB46 million of carbon emission reduction-linked loans. CMB Financial Leasing, a subsidiary of the Company, granted loans of RMB36.306 billion in green leasing business, accounting for 65.50% of total loans granted by CMB Financial Leasing, with a closing loan balance in green leasing business amounting to RMB158.570 billion, representing an increase of 9.42% as compared with the end of the previous year.

In terms of green deposits[29], the Company not only met the deposit needs of corporate customers, but also helped them closely integrate environmental protection responsibilities with development practices. During the reporting period, the Company conducted in-depth promotion and training on green deposits to promote green deposit acquisition. As of the end of the reporting period, a cumulative amount of RMB13.760 billion in green deposits had been processed, representing an increase of 13.14% as compared with the end of the previous year.

In terms of green bonds, as of the end of the reporting period, the balance of proceeds from outstanding RMB-denominated green finance bonds and overseas USD-denominated green bonds within the lifetime of the Company amounted to RMB15.0 billion and USD1.5 billion, respectively. In addition, the balance of proceeds from outstanding overseas USD-denominated social responsibility bonds, sustainable development bonds and blue bonds of the Company amounted to USD700 million. The funds raised from the domestic and overseas ESG financial bonds of the Company mainly supported industries such as energy conservation and environmental protection, clean production, clean transportation, marine resources protection, clean energy, green upgrade of infrastructure, etc. During the reporting period, the Company assisted 21 companies in issuing 23 green bonds, of which the Company has lead-underwritten a total value of RMB7.889 billion, and the funds raised were invested in the construction and operation of renewable energy facilities, supporting facilities for clean energy vehicles, advanced environmental protection equipment manufacturing, industrial energy-saving transformation, new energy vehicles and green ships, urban environmental infrastructure and other fields. During the reporting period, CMB International Capital, a subsidiary of the Company, assisted 18 companies in issuing 20 green bonds, with a fundraising scale of USD6.356 billion, representing a year-on-year increase of 95.09%.

In terms of green investment, the Company and its subsidiaries continued to practise the ESG investment philosophy. As of the end of the reporting period, the green bonds held by the Company amounted to RMB24.111 billion. CMB Wealth Management gave priority to the investment in green bonds. As of the end of the reporting period, the balance of investments in green bonds of CMB Wealth Management was RMB19.166 billion. China Merchants Fund actively promoted ESG products and launched a number of CSI A series index products. As of the end of the reporting period, China Merchants Fund had a total of 19 existing ESG-related products, with an existing fund size of RMB20.137 billion. CMB International Capital actively promoted the transformation, upgrading and sustainable development of the green industry. During the reporting period, it invested in 2 green finance industry projects, and a green industry investment fund with scale of fund filing of RMB560 million.

In terms of green wealth management, as of the end of the reporting period, the Company had a total of 18 existing ESG-themed wealth management products from its agency distribution, with an existing fund size of RMB12.385 billion. CMB Wealth Management, a subsidiary of the Company, proactively introduced wealth management products with ESG philosophy. As of the end of the reporting period, a total of 21 ESG-themed products (including ESG-themed and ESG and technology dual-themed wealth management products) had been issued by CMB Wealth Management, with an existing fund size of RMB12.727 billion.

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[29] Green deposit is a green finance product that raises funds for sustainable projects of green economy, helping drive the economic transition to low-carbon, climate-change-adapted and sustainable development.

4.2.4 Green operation

In terms of green operation, the Company continued to improve the management system for green operation, deepened carbon emission reduction measures, strengthened green concept promotion, and simultaneously improved the level of refined management of energy, paper, water resources and waste in accordance with the green operation work plan, further advancing green operation in various aspects.

In terms of carbon management for operations, the Company iteratively upgraded the carbon management system to optimise the collection, processing and analysis of carbon emission sources data, providing reliable digital and intelligent tools for green operation. In addition, the Company promoted carbon management knowledge reserve and capacity building to strengthen the professional talent team. The performance appraisal indicators of "green operation" have been set up at the Head Office, branches and subsidiaries, and carbon accounting for operations was included in the data quality appraisal.

In terms of carbon emission reduction for operations, the Company further intensified its emission reduction efforts and released the "Carbon Emission Reduction Toolbox for Green and Low-carbon Operation of China Merchants Bank (《招商銀行綠色低碳運營碳減排工具箱》)" to provide scenario-based emission reduction suggestions. The Company set up specific fund to support the energy conservation transformation to bolster energy-saving transformation and technological upgrades of air-conditioning, elevators, lighting and other equipment, and simultaneously established a closed-loop management mechanism to regularly evaluate the progress and effectiveness of energy-saving projects of various institutions to help achieve emission reduction targets.

In terms of low-carbon publicity for operations, the Company set up an internal column named "Low-carbon China Merchants Bank with Green Operation", established a regular mechanism for soliciting, publishing and optimising articles, shared the low-carbon practice results of the Head Office, branches and sub-branches, and promoted the dissemination of green concepts and exchange of experience, so as to boost low-carbon transformation with green culture.

In terms of energy management, the Company continued to increase its efforts to promote energy conservation and consumption reduction, formulated and issued the "Action Plan for Green Operation for Office Premises of China Merchants Bank in 2025", to provide guidance for green operation of the year. The Company established a green operation honor system for office premises across the Bank, set evaluation indicators from the dimensions of electricity, water, and renewable energy utilisation, and drove the green operation of the Bank to a new level. The Company collected and analysed electricity consumption data of office buildings and outlets of the Head Office and branches, compiled the "Electricity Consumption Analysis Report of the Bank", conducted precise "diagnosis", and provided strong support for scientific decision-making in energy management.

In terms of paper management, the Company actively promoted paper saving. In terms of paperless office, the Company promoted paperless office and electronic business cards, and advocated double-sided printing. In terms of paperless reimbursement, the Company was the first banking institution in China to realise the transformation of the reimbursement process of "no paper invoices, intelligent review and no trouble reimbursement (無紙單據、智能審核、無感報銷)". During the reporting period, the Company realised 548,600 paperless reimbursements, saving 2.1944 million pieces of paper. In terms of the electronic seal, the Company has a self-developed electronic seal full-scenario application and anti-counterfeiting certification service system. During the reporting period, the electronic seal was used 71.7603 million times, saving 113 million pieces of paper. In terms of paperless business operations, the Company realised electronic business agreements through the "E-stack agreement management platform (E棧協議管理平台)", and realised the paperless business operation approval and handover across the Bank through the "paperless platform". At the same time, the Company provided E-receipt services for corporate customers, saving 345 million pieces of paper during the reporting period. In terms of paperless credit card services, all personal credit card products supported paperless application, and credit card customers were encouraged to use electronic bills, thus saving 974 million pieces of paper for paper bills during the reporting period. In terms of paperless procurement, the Company gradually realised the electronification of the whole process of the centralised procurement and decentralised procurement across the Bank, and introduced third-party digital certificates to realise online bidding and contract signing, saving approximately 9.9125 million pieces of paper during the reporting period.

In terms of water resources management, the Company advocated the recycling of wastewater and strengthened water usage management to reduce water resources consumption. By increasing internal publicity efforts and popularising water-saving knowledge, the Company raised the awareness and sense of responsibility of all employees to save water. The Head Office Tower enhanced the efficiency of peripheral cleaning and watering of green plants and realised intensive use of water resources through water-saving operations such as high-pressure water cannon cleaning and drip irrigation technology, and used air-conditioning condensate for landscape water replenishment after processing.

In terms of waste management, the "Waste Management Procedures" was formulated to standardise the storage, sorting and resource utilisation processes in the premises of Shenzhen region of the Head Office to achieve reduction from the source and bring economic benefits. For the employee restaurants in the Shenzhen region of the Head Office, the Company implemented item weighing and scientific meal preparation to reduce food waste. With the theme of the food festival, the Company launched a "Gifts for Clean Plate (光盤有禮)" flash event, added signs for "Take what you'll eat and no take-out", and strengthened on-site management by arranging anti-food waste coordinators at the venue. As of the end of the reporting period, the kitchen waste in the Shenzhen region of the Head Office recorded a year-on-year decrease of 18.34%.

In terms of green outlets, the Company continued to promote the prefabricated decoration of outlets, compiled the "Design Standardisation Manual" and the "Management Process Guidance Manual" for prefabricated decoration of outlets, and carried out special training on prefabricated decoration of outlets to improve professional construction capabilities. During the reporting period, the prefabricated decoration construction for 14 outlets was implemented, of which 5 had been completed.

In terms of green publicity, the Company continuously carried out green operation publicity using platforms such as the "Employee Service Platform" and "Energy Management Assistant" to achieve internal publicity. During the reporting period, the Company promoted environmental protection festivals through the "Green Life" column and uploaded articles about green-living, which received 51,300 views. By releasing anti-food waste publicity information, the Company encouraged employees to actively practise the clean plate campaign, which received 23,200 views. Externally, the Company continued to carry out publicity events on themes such as low-carbon environmental protection, biodiversity protection and sustainable lifestyle promotion on social media via its official account, guiding the public to pay attention to environmental and ecological protection and participate in the recycling of items. During the reporting period, 14 related content was released, with an exposure of 6,643,900 times.

4.3 Social Responsibility Information

4.3.1 Serving the real economy

The Company closely followed the transformation and development trend of the national economy, firmly complied with the requirements of national policies, and increased loan issuance in key areas such as green economy, manufacturing, technological innovation and inclusive economy for small- and micro-sized enterprises, so as to continuously improve the quality and efficiency in serving the real economy. As of the end of the reporting period, the Company's balance of loans extended to manufacturing industry was RMB691.308 billion, representing an increase of 7.77% as compared with the end of the previous year; and balance of loans extended to sci-tech enterprises was RMB696.205 billion, representing an increase of 17.91% as compared with the end of the previous year. During the reporting period, the Company granted loans totalling RMB315.980 billion to inclusive small- and micro-sized enterprises. At the end of the reporting period, the balance of loans extended to inclusive small- and micro-sized enterprises was RMB913.347 billion. At the same time, the Company actively supported the comprehensive promotion of rural revitalisation by increasing its grants in agriculture-related loans to promote the integrated development of urban and rural areas. As of the end of the reporting period, the balance of the Company's agriculture-related loans amounted to RMB266.574 billion, representing an increase of 10.59% as compared with the end of the previous year, of which the balance of inclusive agriculture-related loans amounted to RMB21.990 billion[30].

CMB Wealth Management, a subsidiary of the Company, continuously directed the wealth management fund towards the real economy, particularly to support the financing of enterprises in scientific and technological innovation, infrastructure and energy fields that are in line with economic transformation and upgrading. As of the end of the reporting period, the total balance of CMB Wealth Management's wealth management investment assets supporting the real economy amounted to RMB1.93 trillion.

Focusing on serving the national strategy and the real economy, China Merchants Fund, a subsidiary of the Company, proactively established business presence in the fields and segments prioritised for national encouragement, guiding the funds towards strategic emerging industries and small- and medium-sized enterprises that are categorised as "specialised, refined, distinctive and innovative (專精特新)" enterprises. As of the end of the reporting period, China Merchants Fund had directly invested in strategic emerging industries of RMB92.686 billion and invested RMB181.823 billion in small- and medium-sized enterprises.

CMB Financial Leasing, a subsidiary of the Company, focused on new quality productive forces in a comprehensive manner, and conducted RMB42.596 billion of new quality productive forces leasing business during the reporting period. During the reporting period, the Company achieved breakthroughs in the field of aerospace finance, with satellite assets as leased items, and the first satellite leasing project in the financial leasing industry was implemented. It actively supported China's shipbuilding and deepened the integration of industry and financing. As of the end of the reporting period, CMB Financial Leasing held 122 vessels built by several shipyards under the three major central state-owned shipbuilding groups and local shipbuilding enterprises domestically, with a balance of assets of RMB24.384 billion. At the same time, CMB Financial Leasing has closely followed the footsteps of overseas investment layout and overseas project contracting of Chinese enterprises, served Chinese enterprises in "going global", and took the lead in carrying out cross-border leasing projects with operating leasing products, which has successfully solved overseas financing problems for Chinese enterprises, and helped expand the market for "Made in China" equipment manufacturers.

CMB International Capital, a subsidiary of the Company, made full use of its differentiated professional advantages to provide corporate clients with comprehensive financial services such as sponsoring and underwriting services for Hong Kong listing activities, placement and rights issue of listed companies, bond issuance, asset management and financial advisory. CMB International Capital focused on the new quality productive forces in relation to technology finance and green finance, and core industries that help to strengthen the key links of the national supply chain. During the reporting period, it invested in a total of 5 projects, contributing to the high-quality development of the real economy.

[30] Calculated based on the latest statistical calibre implemented by the National Financial Regulatory Administration in 2025.

4.3.2 Supporting the improvement of people's livelihood

In the field of education, the Company has continuously provided agency settlement services for students with locally granted student loan from China Development Bank from 2022, including online account opening, loan issuance, identity verification for renewal application, loan repayment, etc. At the same time, the Company provides "Dream Building Scholarships (築夢獎學金)" and employment internship support for students with locally granted student loan from China Development Bank. As of the end of the reporting period, the Company has cooperated with 178 education authorities nationwide at different levels to help safeguard the legitimate rights and interests of students and parents who have prepaid for lessons. Fund security has been protected in 137 million lesson purchases from parents. The Company has empowered more than 1,800 K12 schools through fintech, providing convenient campus digital financial services to 1,311,500 students and parents and helping to promote the digital transformation of schools.

In the field of housing, the Company assisted in the implementation and risk prevention of policies related to flexible employees through digital means. As of the end of the reporting period, the Company cooperated with 27 housing provident fund centres on the contribution to the housing provident fund for flexible employees, assisted in the establishment of the contribution and loan system, information system and business process applicable to flexible employees, aiming to benefit more people with housing provident fund system. At the same time, the Company actively built AI intelligent customer service, intelligent approval platform, business fund management, AI digital human and other digital products and services, helping local housing provident fund centres improve their digital and intelligent level of operation, service and management, and providing 7×24 uninterrupted services to contributors. As of the end of the reporting period, the Company engaged in digital cooperation with 111 housing provident fund centres.

As one of the banks cooperating with the National Housing Provident Fund Public Service Platform of the Ministry of Housing and Urban-Rural Development, the Company continued to provide services such as account inquiry, cross-regional transfer and continuation, information inquiry and authorisation for contributors, and joined in the promotion of the personal certification of housing provident fund featuring "showing code, serving you (亮碼可辦)". During the reporting period, the Company provided online service to 8,614,200 people under housing provident fund scenario.

In the field of medical insurance, the Company assisted in promoting the activation and application of medical insurance code, and provided insured persons with online services such as medical insurance code activation, payment, inquiry and cross-regional medical treatment registration, and launched the function of QR code display by long-pressing the CMB APP icon, so as to continuously optimise operational convenience. The Company also participated in the expansion of basic medical insurance coverage, and supported insured persons in various provinces to pay medical insurance premiums via CMB APP and outlets. With the introduction of large language model and artificial intelligence technology, the Company facilitated the medical insurance organisations to improve their management efficacy, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for medical insurance, making the medical insurance services more warm-hearted and precise. As of the end of the reporting period, a total of 33.2471 million electronic medical insurance vouchers (medical insurance codes) were activated, serving 16.5272 million insured persons during the reporting period.

The Company actively cooperated with the labour regulation agency to carry out labour security work, continued to deepen the comprehensive financial services for migrant workers' wages supervision, and assisted local government authorities in solving the issue of "arrears of wages" for migrant workers. As of the end of the reporting period, the Company guaranteed the payment of wages for migrant workers amounting to RMB318.330 billion and served 14.9149 million migrant workers.

As one of the cooperative banks of the National Elderly Care Institution Fund Supervision Platform of the Ministry of Civil Affairs, the Company actively assisted local civil affairs departments in carrying out supervision of advance charges of elderly care institutions, preventing the problem of "difficulties in refunds" and illegal fund-raising of elderly care institutions due to the break of the capital chain, and fully protecting the legitimate rights and interests of the elderly. Please refer to section 3.10.2 "Retirement finance business" for details of retirement finance business.

4.3.3 Accessibility to financial services

The Company continued to iterate and upgrade its "people + digital intelligence" service capability and experience. The Company provided services to customers through its offline outlets, as well as one-to-one manual answering through telephone channels such as the 95555 Remote Operation Service Centre. The Company also provided 24/7 online services through various APPs, and strove to meet various financial and non-financial needs through offline outlets and online channels.

In terms of offline channels, the Company continued to promote the construction and layout optimisation of domestic branches and sub-branches. During the reporting period, the number of outlets increased by 6 and 59 existing outlets were relocated to optimised sites. Through scientific enhancement of outlet location and layout and steady progress of outlet establishment, the scope of effective coverage of our outlets was further expanded and more efficient offline financial services were offered to customers.

In terms of online channels, the Company actively pushed forward the elderly-oriented transformation of service channels in order to render professional and considerate services to elderly customers. The Company provided elderly customers with a simpler and more tailored service menu on the 95555 customer service hotline, enabling extremely simple menu navigation and one-click access to manual services. The Company established a professional and elderly-oriented service team to offer exclusive support to elderly customers, combining standardised and personalised services to address high-frequency needs such as bank statement printing and utility bill inquiries. Additionally, the Company implemented a mechanism to simplify financial terminology by transforming complex or technical terms into easy-to-understand language, thereby reducing communication barriers, and continuously enhancing the service experience for elderly customers. During the reporting period, the Company provided elderly customers with 275,700 times of telephone and text quick-access services, with a dedicated telephone line access rate of 99.17% and a customer satisfaction rate of 100%. In the customer service interface of the CMB APP "Elderly Version", the Company focused on commonly used functions, and highlighted important message notifications, so as to help elderly customers quickly reach their desired pages and independently complete daily operations. Meanwhile, the Company continuously optimised the voice-guided screen sharing feature to support one-click access to interactive voice service for consultation and communication, thereby enhancing the elderly-friendly interactive experience. As of the end of the reporting period, customers using the CMB APP "Elderly Version" totalled 2.4149 million.

During the reporting period, the Company actively carried out special work to optimise payment services, focusing on key areas such as cash services and foreign currency exchange, and provided high-quality, efficient and convenient payment services to customer groups such as the elderly and expatriates in China. The Company provided comprehensive services in exchange for small changes and set up express processing channels. The Company actively participated in the construction of demonstration zones for payment services at key airports. In addition, CMB APP "English Version" was provided with a focus on the core scenarios of users to enhance payment convenience for expatriates in China. At the same time, the Company optimised the cross-border payment service, and as one of the first batch of pilot banks in China, launched the Payment Connect which creates a new channel that offers more efficient and convenient cross-border payment services for residents located in the Chinese Mainland and China's Hong Kong.

4.3.4 Network, information and data security

The Board of Directors of the Company has always attached great importance to the work related to network, information and data security. The Board of Directors and its special committees have strengthened the performance of relevant responsibilities in terms of strategic guidance and risk management and have specified the relevant responsibilities in the Articles of Association of China Merchants Bank Co., Ltd. During the reporting period, the "Data Security Work Summary for 2024 and Work Plan for 2025" and "Cybersecurity Analysis Report for 2024" were reviewed and approved by the Board of Directors.

The Company has established the Information Security Management Committee, chaired by the President and the Chief Information Officer as the Executive Vice Chairman, responsible for the coordination and management of the network and data security. The Information Security Management Committee has set up a data security team led by the Information Technology Department at the Head Office, responsible for coordinating and promoting the management of data security throughout the Bank.

The Company established a comprehensive network security management framework covering four major areas, including Internet service security, intranet security, office security and third-party security, and continuously researched on security management, emergency response and disposal work. The Company established an all-around network security defence system, continuously carried out network security operation, monitored, responded to and addressed various network security threats and attacks, formulated contingency plans for typical network security scenarios and conducted emergency drills.

The Company has continuously improved its data security coordination and management mechanism and established a management system covering all aspects of the data life cycle, including data collection, storage, use, processing, transmission, provision, deletion and destruction. In June 2025, in accordance with the "Measures on the Management of Data Security for Banking and Insurance Institutions" issued by the National Financial Regulatory Administration, the Company revised and published the "China Merchants Bank Data Security Management Regulations (Second Edition)" and "China Merchants Bank Data Classification Management Measures (Third Edition)". As planned, the Company has continuously promoted education and training, data classification, key data activity control, technical protection measures, assessment and inspection, and enhancement of security level at overseas branches and subsidiaries, strictly adhering to the rules and mitigating risks.

During the reporting period, the Company did not have any major incident of cybersecurity, information and data security.

4.3.5 Customer privacy protection

The Risk and Capital Management Committee of the Board of Directors of the Company effectively fulfills its function of information technology security risk management, including privacy protection. For retail customers, an integrated team of personal information protection has been established at the Head Office, comprising the General Office of Retail Finance, the Information Technology Department and the Legal Compliance Department, which coordinated with the data security working group at the Head Office, and was responsible for overall planning, guiding and coordinating the personal information protection management across the Bank. For corporate customers, the General Office of Corporate Finance of the Head Office took the lead in data security and privacy protection of corporate customer information, while the business management departments of the corporate business were responsible for the protection of corporate customer information in their respective business lines. Where the information of associated natural person was involved in the corporate business, the relevant requirements for the protection of personal information of the Company shall be followed.

The Company put a high value on customer privacy protection. For retail customers, the Company strictly abided by national laws and regulations such as the Personal Information Protection Law of the People's Republic of China, continuously strengthened the protection of customers' personal information, and safeguarded the legitimate rights and interests of individual customers to access, correct and delete their personal information. Each business management department established a convenient mechanism for accepting and processing applications from individual customers to exercise their rights. Individual customers may exercise the rights of access, correction and deletion of personal information through 95555 hotline, CMB APP "Xiao Zhao (小招)", email address at apppersonalprivate@cmbchina.com, outlets and other online and offline channels. For corporate customers, the Company protected customers' rights to access, correct, delete, restrict, revoke authorisation and refuse to process their information. Customers have the right to access, correct and update information through counters, CMB Corporate App and other channels, unless otherwise stipulated by laws, regulations and regulatory policies. On the Company's product and service pages, customers can directly erase or delete bound corporate accounts, message logs, buffer logs and other information. At the same time, they can make requests to the Company for deletion of personal information in accordance with specific circumstances. Users may change the scope of their authorisation for the Company to continue to collect personal information or withdraw their authorisation by deleting the information, turning off the device functions, or setting the privacy settings of the App, or they may withdraw their entire authorisation for the Company to continue to collect personal information by cancelling their user's accounts.

The Company protected retail customers' and corporate customers' information by adopting security measures that comply with industry standards. Security technology measures, such as encryption and de-identification, were adopted to ensure that customer information handling activities were lawful and compliant, and to prevent unauthorised access and the leakage, alteration and loss of customer information.

In terms of special audits, during the reporting period, the Company implemented special audits on personal information protection to inspect and evaluate the completeness of the management system construction and the effectiveness of related work.

During the reporting period, the Company did not have any material leakage of customer privacy.

4.3.6 Consumer rights protection

The Company places great importance on the consumer rights protection and earnestly fulfills its primary responsibility, and regards the consumer rights protection as a key part of its business development strategy and corporate culture. The Company continuously strengthens the management of consumer rights protection, treating consumers fairly, impartially and honestly at every stage of business operation. The Company actively creates a healthy and orderly financial market environment, and conscientiously safeguards the legitimate rights and interests of consumers.

During the reporting period, the Company continued to improve and deepen the implementation of various working mechanisms for consumer rights protection. **In terms of suitability management,** the Company further strengthened the quality and effectiveness of its suitability management. With adherence to the business philosophy of "understanding products" and "understanding customers", the Company fully disclosed the risks of products from its agency distribution, and sold customers financial products that matched their needs. **In terms of consumer rights protection review,** the Company carried out a comprehensive review on consumer rights protection. During the reporting period, a total of 97,700 products and services were reviewed, achieving a 100% review coverage rate. **In terms of financial education,** the Company unified its visual identity under the slogan of "CMB Consumer Rights Protection, Safeguarding Your Rights and Interests", established a consumer rights protection sub-brand, and regularly conducted financial education campaigns to popularise financial knowledge and effectively enhance consumers' risk awareness. During the reporting period, these financial education activities engaged 287 million consumer visits. **In terms of digital intelligence application in consumer rights protection,** the Company comprehensively leveraged AI and other technical means to optimise the complaint management system and consumer rights protection review system, which effectively empowered the frontline staff, continuously enhanced operational efficiency, and improved the quality of monitoring and early warning. **In terms of complaint tracing and rectification,** the Company held special complaint management meetings on a monthly basis to thoroughly analyse the root causes of customer complaints, develop targeted corrective actions, and effectively enhance the customer service experience. **In terms of supervision of complaints,** the Company continuously improved its management level. Firstly, the Company strengthened the routine supervision and management of complaints. The "intelligent quality inspection function" was launched to ensure timely responses to customer complaints and that the handling process complies with internal and external standards of the Bank; the Company strengthened the end-to-end management of complaints, closely monitored the handling of complaints, and properly resolved customer problems based on the graded and classified handling mechanism; the Company implemented complaint verification mechanism, comprehensively verified the complaint handling process, handling time limit and handling result according to the customers' application, and informed the customer of the verification result in a timely manner. Secondly, the Company implemented the audit supervision of complaints. The audit department of the Company has included the quality and effectiveness of complaint management into the annual internal special audit on consumer rights protection, covering 44 province-level branches and relevant departments of the Head Office to effectively supervise the performance of the consumer rights protection work such as complaint management across the Bank, and put forward management suggestions based on the audit result.

In addition, the Company conducted follow-up and verification of rectifications based on the audit findings from the 2024 internal special audits on consumer rights protection. The Company urged the Head Office and branches to implement thorough rectification and improve the consumer rights protection framework and mechanism in areas such as regulation development, system control, and process optimisation.

4.3.7 Rural revitalisation

The Company resolutely implemented the strategic deployment of rural revitalisation by the Central Committee of the Communist Party of China and the State Council, closely adhering to the requirements of the "five major revitalisations". With a strong sense of social responsibility, the Company carried out targeted assistance work and has been awarded the highest rating in the assessment of targeted assistance by central authorities for five consecutive years. With adherence to the idea of "Education paving the way, healthcare safeguarding, industrial support, and livable environment creation", the Company formulated the 2025 rural revitalisation assistance work plan and targeted assistance project plan, clearly defining the guiding principles for the year, main work objectives and specific assistance measures.

During the reporting period, the Company dispatched the 24th batch of assistance cadres to its designated counterpart counties, Wuding County and Yongren County in Yunnan Province. The Company precisely implemented 23 assistance projects with the amount of assistance funds totalling RMB24.7840 million, establishing a new sustainable model for rural revitalisation assistance, and constantly consolidating and expanding the achievements of poverty alleviation. Notably, the "Xingfuli (幸福里)" industrial workers' community in Yongren County was recognised by the Ministry of Agriculture and Rural Affairs as an outstanding example of regional cooperation.

4.3.8 Charity

During the reporting period, the Company continued to participate in public welfare and charity events with a total external donations of RMB9,530,300, thereby contributing to the promotion of social equity and improvement of people's well-being.

Since its establishment in 2012, the Company's "Donating Small Points for Micro Charity (小積分•微公益)" platform has actively responded to the call of the state and focused on social hotspots, and has launched a number of public welfare projects like "Free Lunch for Children (兒童免費午餐)" and "Yangfan Charity Books (揚帆公益圖書)". As at the end of the reporting period, the platform had collected donations of a total of 629 million points which translated into donations of 2,887,900 free lunches for children and 350,800 books for public welfare.

4.3.9 Human capital development

Talent development strategy

The Company has always adhered to the "talent-driven strategy", committed to building itself into "the best bank in employee development", and focused on developing a "professional, diverse, market-driven, and international" talent system. The Company strengthened talent planning and arrangement, continuously improved the organisational structure, prioritised human resources allocation to the front line, and increased staff for key areas, key institutions and key positions. The Company strengthened its efforts in the construction of the management staff team, strictly implemented the "dual responsibilities in one post" system, emphasised capacity building and reinforced job rotations of management staff team, and strengthened the construction of reserve management team in an effort to forge a high-quality and professional financial talent team with loyalty, integrity and responsibility. The Company expanded the boundaries of capabilities and enhanced the comprehensive capabilities of employees. The Company reinforced the cultivation of professional capabilities and the mechanism of professional certification for positions, promoted the policy of working with certification. The Company opened up inter-connection of career development channels for domestic and overseas employees from the Head Office, branches and sub-branches to promote the flow of talents and facilitate talent exchange to establish a multi-level, all-round and structured training and development system. The Company enhanced the application of the "Six Can-do" mechanism (六能機制)[31] to create an entrepreneurial environment featuring "promotion of the competent, demotion of the mediocre and removal of the underperforming", thereby stimulating team vitality and enhancing cohesion and strength. The Company strengthened cultural inspiration, organically integrated financial culture with Chinese characteristics with its corporate culture, continued to create an honest environment for entrepreneurship, and forged a team of management staff and employees that loves, cherishes, protects and dedicates themselves to the Company.

The Company actively embraced the opportunities of technological changes and kept up talent arrangements and planning. Through comprehensively integrating AI to upgrade digital finance training camp, the Company actively explored the application of artificial intelligence in the financial field, studied the positioning of talents in the "AI + finance" field, built an online + offline talent selection model, and strengthened the pre-training and recruitment planning for AI professionals.

The Company stressed the cultivation of international talents. For talents with foreign language expertise and interdisciplinary professional backgrounds, special overseas talent exchange plans and expatriate programs are carried out to improve employees' comprehensive capabilities and command of languages, and cultivate and reserve a talent pipeline with international perspectives in an accelerated manner.

Equal employment

The Company does not judge candidates on the basis of factors unrelated to their personal qualities and working abilities, such as gender, age, ethnicity, nationality, religion and family status, and stipulates that discriminatory descriptions regarding image, gender, birthplace, marital and childbearing status and other aspects are strictly prohibited in external recruitment announcements.

31 Management staff can be promoted or demoted; qualified talents can be recruited and those unqualified can be dismissed; remuneration can be increased or decreased.

Remuneration management and non-remuneration benefits

The Company's remuneration policy is in line with its cultural concepts, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and restrictive mechanisms, serve its strategic and business development and fully boost the motivation of its teams". The remuneration policy adheres to the remuneration management principles featuring "value guidance, performance base and risk control" and reflects the remuneration concept of "remuneration can be increased or decreased, get more pay for more work in a flexible way". At the same time, in order to mitigate various operating and management risks, the Company has established a mechanism related to remuneration deferred payment and performance-based remuneration recovery and deduction in accordance with regulatory requirements and operational management needs. During the reporting period, for employees who violate laws, regulations and disciplines or incur significant exposure of risks within their responsibilities, the Company has, in accordance with the relevant regulations, deducted, stopped payment or recalled their performance-based remuneration according to the severity.

The Company's non-remuneration benefits system comprises statutory benefits and supplementary benefits. Statutory benefits include legally mandated contributions to the endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund for all employees. The Bank strictly complies with local regulations concerning maternity leave, parental leave, elderly parent care leave and other policy requirements. Supplementary benefits include the purchase of supplementary commercial medical insurance and other benefits for employees.

The Company adheres to the principle of gender equality in remuneration and benefits, and sticks to the notion that gender is not a factor affecting remuneration and benefits. During the reporting period, no abnormalities were found in the remuneration and benefit packages between genders.

Talent cultivation

The Company has established a professional career progression system, providing employees with clear vertical development pathways. At the same time, systems concerning reserve talent pool, post qualification certification, talent exchange, and professional training have been established as important ways of talent reserve building and talent cultivation.

The Company has established a reserve talent pool and supported horizontal development for employees such as internal transfer, skill learning and practice as well as job rotations. By sorting out the post qualification certification of the Bank, the Company vigorously promoted the mechanism of work with certification, and continued to improve the professional capabilities of its talent team. The Company also established an all-around and multi-level talent exchange system through short-term expatriate programs and domestic and overseas talent exchange programs, so as to enrich employees' experience and foster comprehensive personal growth.

The Company supports and encourages all employees to voluntarily participate in external professional qualification certification examinations, and has issued the "Notice on the Implementation of External Professional Qualification Certification in 2025". Upholding the principles of "value, authority, and business relevance", the Company has optimised and revised the list of 94 external professional qualification certifications. This aims to support personalised employee empowerment and enhance the professional capabilities of the workforce.

The Company has established a standardised, professional, digital, practical and multi-tiered talent development system. The professional training mainly includes cultural values, professional ethics and security, business and product knowledge, leadership, compliance awareness education for employees, etc., covering the career growth needs of employees at different levels. During the reporting period, the Company adopted the "on-site training" approach for the first time and explored the "integration of training and practical operation" model, while unswervingly advancing the digital transformation of training. The Company empowered the high-quality growth of training through the development and operation of digital platforms, integrating AI, finance, and training to continuously enhance employees' professional capabilities, with a view to better integrating employees' personal growth and value fulfillment with the value of China Merchants Bank.

4.4 Governance Information

Corporate governance

The Company continues to promote the improvement of the corporate governance mechanism, adheres to the principle of "two consistencies", continuously improves the corporate governance level and adheres to the concept of stable development and prudent risk management. The Company serves the transformation and upgrading of the national economy and the people's aspirations for a better life with its own high-quality development. The key to the Company's corporate governance mechanism is to adhere to the principle of president assuming full responsibility under the leadership of the Board of Directors, market-based operation and professionalism. The Company's shareholding structure is reasonable and the shareholders' behaviours are regulated. A structure of decision-making levels and process mechanism with clear responsibilities and boundaries is established among the Shareholders' General Meeting, Board of Directors, Board of Supervisors and the senior management, which provides the Company with a solid base for the continuous growth of its corporate governance capabilities and high-quality development. In particular, the Shareholders' General Meeting is the Company's governing body, comprising all shareholders, and is responsible for exercising powers including resolutions on major matters such as increase or decrease in the Company's registered capital, bond issuance, profit distribution, etc. The Board of Directors is accountable to the Shareholders' General Meeting and holds ultimate responsibility for the Company's operation and management. The Board of Supervisors serves as the Company's supervisory body, is accountable to the Shareholders' General Meeting, and exercises its relevant powers with the goal of safeguarding the legitimate rights and interests of the Company, shareholders, employees, creditors and other stakeholders. The senior management is accountable to the Board of Directors, conducts operational activities in accordance with the Articles of Association and the authority delegated by the Board of Directors, and is subject to supervision by the Board of Supervisors.

During the reporting period, the Board of Directors of the Company proactively performed its relevant duties in inclusive finance, green finance, data governance, human capital, consumer rights protection, social responsibilities, etc. The Board of Directors and its relevant special committees reviewed the "2024 Sustainable Development Report", the "2024 Strategy Implementation Report", the "Inclusive Finance Development for 2024 and Work Plan for 2025", the "Human Resources Management and Talent Strategy Implementation Report for 2024", the "Data Governance Work Summary for 2024 and Work Plan for 2025", "Data Security Work Summary for 2024 and Work Plan for 2025" and "Cybersecurity Analysis Report for 2024", the "Employee Behaviour Evaluation Report for 2024", the "Report on the Development of Internet Loans for 2024 and Work Plan for 2025", the "Report on Consumer Rights Protection and Strategic Implementation for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2025", the "Report on the Performance of Senior Management in Consumer Rights Protection for 2024", the "Report on the Circular in Relation to the Consumer Complaints in the Banking Industry for the First Three Quarters of 2024 issued by the Financial Consumer Protection Bureau under the National Financial Regulatory Administration", the "Report on the Evaluation of Consumer Rights Protection Supervision for 2024", the full text and summary of 2024 Annual Report, and other relevant proposals, made solid advances in "five major articles", continuously served the national strategic goal of accelerating the comprehensive green transformation of economic and social development and effectively ensured the implementation of development strategy, inclusive finance, green finance, data governance, human capital, and consumer rights protection across the Bank. The Bank worked together with all stakeholders to achieve high-quality development.

During the reporting period, the Board of Supervisors of the Company studied and reviewed the "2024 Sustainable Development Report", the "2024 Strategic Implementation Report", the "Inclusive Finance Development for 2024 and Work Plan for 2025", the "Data Governance Work Summary for 2024 and Work Plan for 2025", the "Employee Behaviour Evaluation Report for 2024", the "Report on the Development of Internet Loans for 2024 and Work Plan for 2025", the "Report on Consumer Rights Protection and Strategic Implementation for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2025", the "Report on the Performance of Senior Management in Consumer Rights Protection for 2024", the "Report on the Circular in Relation to the Consumer Complaints in the Banking Industry for the First Three Quarters of 2024 issued by the Financial Consumer Protection Bureau under the National Financial Regulatory Administration", the "Report on the Evaluation of Consumer Rights Protection Supervision for 2024", the full text and summary of 2024 Annual Report, and other proposals to supervise key areas including inclusive finance, green finance, data governance, consumer rights protection and social responsibilities, while focusing on the Board of Directors and senior management's duty performance on the aforesaid issues, effectively fulfilling its supervisory responsibilities.

In accordance with the relevant provisions of the Company's Articles of Association, the Shareholders' General Meeting lawfully exercises its authority to decide on the remuneration of Directors and Supervisors, thereby fully safeguarding shareholders' decision-making power over the distribution of such remuneration. The Company offers remuneration to Independent Directors and External Supervisors according to the "Resolution in Respect of Adjustment to Remuneration of Independent Directors" and the "Resolution in Respect of Adjustment to Remuneration of External Supervisors" reviewed and passed at the 2016 First Extraordinary General Meeting.

For details on corporate governance, please refer to Chapter V.

Corporate conduct

The Company attaches great importance to the supervision, management, compliance alert, education and training related to business ethics. During the reporting period, taking into account regulatory requirements and actual business operation and development, the Company carried out anti-corruption system training, warning education and other business ethics-related training activities for all employees (including dispatched staff) through a combination of online and offline methods, synchronised coordination between Head Office and branches, centralised promotion, collective learning and self-study. This training aims to communicate the requirements of lawful and compliant professional practice, foster conscious resistance to and strictly prohibit the participation in illegal activities such as money laundering, commercial bribery, corruption, insider trading, market manipulation, etc., and strictly prohibit violation of regulations such as abusing one's position to obtain illegal interests or embezzling bank and customer funds. These efforts strive to create a fair, transparent and honest working environment.

The Company annually formulates an internal audit plan covering areas such as business ethics, which is rigorously implemented upon approval by the Board of Directors. The Company annually conducts special audits on anti-money laundering and sanctions compliance management, focusing on the status of anti-money laundering and sanctions compliance management and the implementation of relevant regulatory requirements. These audits aim to rectify violations, uncover risks, and provide management recommendations, thereby promoting the continuous improvement of the Bank's anti-money laundering and sanctions compliance management. The Company annually conducts routine audits on its overseas branches and subsidiaries, with a focus on the management of compliance matters including business operations, risk management, internal control compliance, anti-money laundering and sanctions compliance management, as well as case risk prevention and control. The Company actively implements relevant national laws and regulations, along with regulatory policies issued by both domestic and international regulatory authorities. The Company annually conducts routine audits on its domestic branches, continuously focusing on the establishment and implementation of case risk prevention and control mechanisms, management of employees' abnormal behaviour, effectiveness of money laundering and sanctions risk control, operational risk management and other aspects. These audits aim to identify major issues, latent risks, and weak management areas in operation management, thereby promoting continuous improvement in the branches' management level.

Corporate Governance

5.1 Overview of Corporate Governance

During the reporting period, the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the special committees under the Board of Directors and the Board of Supervisors of the Company fulfilled their duties, functioned in an efficient manner, fully secured the compliant and prudent operation of the Company and ensured sustainable and healthy development of the Company. During the reporting period, the Company convened 1 Shareholders' General Meeting; convened 10 meetings of the Board of Directors, including 5 on-site meetings and 5 meetings voted by way of written resolution, at which 63 resolutions were considered and 16 reports were delivered; convened 22 meetings of special committees under the Board of Directors, including 3 meetings of Strategic and Sustainable Development Committee, 4 meetings of Audit Committee, 3 meetings of Related Party Transactions Management and Consumer Rights Protection Committee, 5 meetings of Risk and Capital Management Committee, 4 meetings of Nomination Committee, and 3 meetings of Remuneration and Appraisal Committee, at which 81 resolutions were considered and 17 reports were delivered; convened 1 special meeting of Independent Directors, at which 1 proposal was considered; convened 7 meetings of the Board of Supervisors, including 1 on-site meeting and 6 meetings voted by way of written resolution, at which 30 resolutions were considered and 21 reports were delivered; convened 2 meetings of special committees under the Board of Supervisors, including 1 meeting of Supervisory Committee and 1 meeting of Nomination Committee, at which 6 resolutions were considered. Having conducted thorough self-inspection, the Company was not aware of any material non-compliance of its corporate governance practice with laws, administrative regulations and the requirements set out in the CSRC's regulatory documents governing the corporate governance of listed companies during the reporting period.

5.2 Information about Shareholders' General Meetings

During the reporting period, the Company convened one Shareholders' General Meeting, namely the 2024 Annual General Meeting held in Shenzhen on 25 June 2025. The notice, convening, holding and voting procedures of the meeting were all in compliance with the Company Law of the People's Republic of China, the Articles of Association of China Merchants Bank Co., Ltd., the Hong Kong Listing Rules, and other relevant regulations. The Chairman was absent from the 2024 Annual General Meeting due to other business engagement. Wang Liang, the Director of the Company, presided over and acted as the chairman of the meeting, effectively communicating with the shareholders. The meeting reviewed and approved 13 proposals, including the 2024 Work Report of the Board of Directors, the 2024 Work Report of the Board of Supervisors, the 2024 Annual Report (including the audited financial report), the 2024 Financial Statement Report, the 2024 Profit Appropriation Plan (including the declaration of the final dividends), the 2025 Interim Profit Appropriation Plan, the Capital Management Plan for 2025-2029, the appointment of accounting firm for the year 2025, the election of the Directors of the Thirteenth Session of the Board of Directors, the dissolution of the Board of Supervisors, the amendment of the Articles of Association and the Related Party Transactions Report for 2024. For the relevant details of the proposals reviewed at the meeting, please refer to the 2024 Annual General Meeting documents, meeting circulars and the announcement of meeting resolutions and other disclosure documents published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3 Directors, Supervisors and Senior Management

Name	Gender	Date of Birth (Y/M)	Title	Term of office	Shareholding at the beginning of the period (share)	Shareholding at the end of the period (share)
Miao Jianmin	Male	1965.1	Chairman	2020.9-2028.6	–	–
			Non-Executive Director	2020.9-2028.6		
Shi Dai	Female	1967.9	Non-Executive Director	2024.8-2028.6	–	–
Sun Yunfei	Male	1965.8	Non-Executive Director	2022.10-2028.6	–	–
Wang Liang	Male	1965.12	Executive Director	2019.8-2028.6	300,000	300,000
			President and Chief Executive Officer	2022.6-2028.6		
Zhu Eric Liwei	Male	1971.8	Non-Executive Director	2025.1-2028.6	–	–
Huang Jian	Male	1969.8	Non-Executive Director	2025.3-2028.6	–	–
Zhong Desheng	Male	1967.7	Executive Director	2024.12-2028.6	177,300	177,300
			Chief Risk Officer	2024.12-2028.6		
Li Menggang	Male	1967.4	Independent Non-Executive Director	2018.11-(Note 1)	–	–
Liu Qiao	Male	1970.5	Independent Non-Executive Director	2018.11-(Note 1)	–	–
Tian Hongqi	Male	1957.5	Independent Non-Executive Director	2019.8-(Note 1)	–	–
Li Chaoxian	Male	1958.9	Independent Non-Executive Director	2021.8-(Note 2)	–	–
Shi Yongdong	Male	1968.11	Independent Non-Executive Director	2021.8-(Note 2)	–	–
Li Jian	Female	1953.9	Independent Non-Executive Director	2024.11-2028.6	–	–
Li Jinming	Male	1968.2	Shareholder Supervisor	2024.6-(Note 3)	–	–
Wu Heng	Male	1976.8	Shareholder Supervisor	2016.6-(Note 3)	–	–
Cai Hongping	Male	1954.12	External Supervisor	2022.6-(Note 3)	–	–
Zhang Xiang	Male	1963.12	External Supervisor	2022.6-(Note 3)	–	–
Cao Jian	Male	1970.10	Employee Supervisor	2023.3-(Note 3)	158,400	158,400
Yang Sheng	Male	1972.8	Employee Supervisor	2023.6-(Note 3)	197,700	197,700
Zhao Weipeng	Male	1972.3	Secretary of the Party Discipline Committee	2023.8–present	56,800	56,800
Wang Ying	Female	1972.11	Executive Vice President	2023.11-2028.6	230,000	230,000
Peng Jiawen	Male	1969.5	Executive Vice President	2023.11-2028.6	221,900	221,900
			Chief Financial Officer	2023.2-2028.6		
			Secretary of the Board of Directors	2023.6-2028.6		
Lei Caihua	Male	1974.9	Executive Vice President	2025.5-2028.6	264,400	264,400
Xu Mingjie	Male	1968.9	Executive Vice President	2025.6-2028.6	200,000	200,000
Zhou Tianhong	Male	1967.12	Chief Information Officer	2024.12-2028.6	204,300	204,300
Zhang Jian	Male	1964.10	Former Non-Executive Director	2016.11-2025.2	–	–
Chen Dong	Male	1974.12	Former Non-Executive Director	2022.10-2025.3	–	–
Zhu Jiangtao	Male	1972.12	Former Executive Director	2023.8-2025.5	198,800	198,800
			Former Executive Vice President	2021.9-2025.5		
Luo Sheng	Male	1970.9	Former Shareholder Supervisor	2022.6-2025.3	–	–
Xu Zhengjun	Male	1955.9	Former External Supervisor	2019.6-2025.6	–	–
Cai Jin	Female	1970.7	Former Employee Supervisor	2021.12-2025.6	169,550	169,550
Wang Xiaoqing	Male	1971.10	Former Executive Vice President	2023.7-2025.8	62,000	62,000

Notes:

(1) Mr. Li Menggang, Mr. Liu Qiao and Mr. Tian Hongqi have tendered their resignation as an Independent Non-Executive Director to the Board of Directors of the Company due to expiry of their terms of office. In accordance with the relevant laws, regulations and the relevant requirements of the Articles of Association of the Company, their resignation will become effective upon the approval of the qualification of the new Independent Non-Executive Director by the National Financial Regulatory Administration to fill the vacancy.

(2) According to the "Measures for Administration of Independent Directors of Listed Companies", the term of office of Independent Directors shall not exceed six years. Therefore, the actual term of office of the Independent Directors, Mr. Li Chaoxian and Mr. Shi Yongdong, will expire earlier than the expiry of the term of the Thirteenth Session of the Board of Directors of the Company.

(3) The Supervisors of the Twelfth Session of the Board of Supervisors of the Company will not change upon the expiration of their terms of office, and will continue to perform their duties until the effective date of adjustment that the Company dissolves the Board of Supervisors in accordance with laws and regulations and the relevant requirements of the Articles of Association.

(4) As at the end of the reporting period, the spouse of Mr. Yang Sheng held 143,300 A Shares in the Company; and Ms. Cai Jin held 169,550 shares in the Company, which consisted of 165,000 A Shares and 4,550 H Shares. The shares held by others listed in the above table were all A Shares.

(5) None of the people listed in the above table has been punished by the securities regulator(s) over the past three years.

(6) None of the people listed in the above table has held any share options of the Company or has been granted any of its restricted shares.

(7) Non-Executive Directors are Shareholder Directors.

5.3.1 New appointment and resignation of Directors, Supervisors and senior management

Directors

In January 2025, the qualification of Mr. Zhu Eric Liwei as the Director was approved by the National Financial Regulatory Administration (NFRA).

In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA, and Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In May 2025, Mr. Zhu Jiangtao ceased to be the Executive Director of the Company due to the work arrangement.

Supervisors

In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

In June 2025, Mr. Xu Zhengjun ceased to be the External Supervisor of the Company due to the expiry of his term of office. Ms. Cai Jin ceased to be the Employee Supervisor of the Company due to her age.

Senior management

In May 2025, the qualification of Mr. Lei Caihua as the Executive Vice President was approved by the NFRA.

In May 2025, Mr. Zhu Jiangtao ceased to be the Executive Vice President of the Company due to work arrangement.

In June 2025, the qualification of Mr. Xu Mingjie as the Executive Vice President was approved by the NFRA.

In August 2025, Mr. Wang Xiaoqing ceased to be the Executive Vice President of the Company due to work arrangement.

For details of the new appointment and resignation of Directors, Supervisors and senior management, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3.2 Changes in information of Directors and Supervisors

1. Ms. Li Jian ceased to concurrently serve as the director of teaching committee at the Central University of Finance and Economics.
2. Mr. Zhang Xiang concurrently serves as the Independent Non-Executive Director of China Everbright Environment Group Limited (a company listed on the Hong Kong Stock Exchange).

5.3.3 Current positions held by Directors and Supervisors in the shareholders' companies

Name	Name of company	Major title	Term of office
Miao Jianmin	China Merchants Group Ltd.	Chairman	From July 2020 up to now
Shi Dai	China Merchants Group Ltd.	Director and General Manager	From October 2023 up to now
Sun Yunfei	China COSCO Shipping Corporation Limited	Deputy General Manager and Chief Accountant	From August 2018 up to now
Zhu Eric Liwei	China Merchants Financial Holdings Co., Ltd.	Deputy General Manager	From September 2022 up to now
Huang Jian	China COSCO Shipping Corporation Limited	General Manager of Capital Operation Department	From September 2016 up to now
Li Jinming	CCCC Finance Company Ltd.	Secretary of the Party committee	From June 2023 up to now
Wu Heng	SAIC Motor Corporation Limited	General Manager of Finance Affairs Department	From August 2019 up to now

5.3.4 Securities transactions of Directors, Supervisors and relevant employees

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules as the code of conduct for Directors and Supervisors of the Company in respect of their dealings in the Company's securities. According to the enquiry, to the knowledge of the Company, all Directors and all Supervisors of the Company have been in compliance with the Model Code and the guidelines set by the Company during the reporting period.

The Company has also set guidelines on the dealing in the Company's securities by Directors, Supervisors and relevant employees, and the contents of the guidelines are no less exacting than the Model Code.

5.3.5 Interests and short positions of Directors, Supervisors and chief executives under Hong Kong laws and regulations

As at 30 June 2025, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in the SFO), which are required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including the interests and short positions which the Directors, Supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, were as follows:

Name	Position	Class of shares	Long/short position	Capacity	No.of Shares (shares)	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
Wang Liang	Executive Director, President and Chief Executive Officer	A Share	Long position	Beneficial owner	300,000	0.00145	0.00119
Zhong Desheng	Executive Director and Chief Risk Officer	A Share	Long position	Beneficial owner	177,300	0.00086	0.00070
Cao Jian	Employee Supervisor	A Share	Long position	Beneficial owner	158,400	0.00077	0.00063
Yang Sheng	Employee Supervisor	A Share	Long position	Beneficial owner	197,700	0.00096	0.00078
		A Share	Long position	Interest of spouse	143,300	0.00069	0.00057

5.4 Profit Appropriation

The profit appropriation plan for 2024

The profit appropriation plan for 2024 was reviewed and approved on the 2024 Annual General Meeting of the Company held on 25 June 2025.

Ten percent of the audited net profit of the Company for 2024 of RMB139.148 billion, equivalent to RMB13.915 billion, was allocated to the statutory surplus reserve, while 1.5% of the balance of the end-of-period assets with the Company bearing risks and losses, equivalent to RMB13.323 billion, was appropriated to the general reserve. RMB22 million was appropriated to the country risk reserve for country risk exposure with medium, relatively high and high country risk ratings in accordance with the regulatory requirements. 2.5% of the Company's mutual fund custody fee income for 2024, equivalent to RMB56 million, was appropriated to the risk reserve for the mutual fund custody business. Based on the total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company proposed to declare a cash dividend of RMB2.000 (tax included) for every share to all shareholders of record, denominated and declared in Renminbi, payable in Renminbi for holders of A Shares and in Hong Kong Dollars for holders of H Shares. The retained profits will be carried forward to the next year. In 2024, the Company did not transfer any capital reserve into share capital.

The Board of Directors of the Company has already implemented the above-mentioned dividend appropriation plan. For further information, please refer to the relevant dividend appropriation announcement(s) published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company, respectively.

The interim profit appropriation plan for 2025

The interim profit appropriation plan of the Company for 2025 is as follows: Based on the net profit attributable to shareholders of the Bank for the first half of 2025 reviewed by Ernst & Young Hua Ming, the net profit attributable to ordinary shareholders of the Bank for the half year in 2025 is calculated accordingly. The amount of cash dividend distributed in the 2025 interim profit appropriation represents 35% of the net profit attributable to ordinary shareholders of the Bank for the first half of 2025. When the actual cash dividend is distributed, the actual proportion of the total cash dividend distributed by the Company may be slightly different from the above-mentioned proportion because the corresponding digits after the decimal point need to be rounded off in the calculation of the cash dividend per share. The Company will take into account the disbursed interim profit appropriation amount when formulating the subsequent profit appropriation plan for 2025. The date for the distribution of cash dividends of the 2025 interim profit appropriation is between January and February 2026. The specific date for cash dividend distribution and the record date for shareholding will be announced by the Company separately.

The above interim profit appropriation plan has been approved by the 2024 Annual General Meeting of the Company. The Board will subsequently implement the interim profit appropriation in accordance with the items approved at the general meeting.

For details, please refer to the documents for the 2024 Annual General Meeting and the resolutions for the 2024 Annual General Meeting published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.5 Information on Employees

As of 30 June 2025, the Group had a total of 118,068 employees[32] (including dispatched employees).

The classification of the Group's employees by gender is: 50,575 males and 67,493 females, with a relatively balanced gender ratio.

The classification of the Group's employees by profession is: 20,584 employees in corporate finance, 52,813 employees in retail finance, 6,990 employees in risk management, 17,264 employees in operation and operational management, 10,782 employees in research and development, 1,091 employees in administrative and logistics support and 8,544 employees in comprehensive management.

The classification of the Group's employees by educational background is: 31,629 employees with master's degrees and above, 75,464 employees with bachelor's degrees and 10,975 employees with junior college degrees or below.

The distribution of the Group's employees by region is: 28,257 employees in the Yangtze River Delta, 15,124 employees in the Bohai Rim, 36,178 employees in the Pearl River Delta and the Western Taiwan Straits Economic Zone, 5,333 employees in the Northeast, 13,033 employees in the Central, 16,629 employees in the West and 3,514 employees outside the Chinese mainland.

The classification of the Group's employees in research and development by educational background is: 5,221 employees with master's degrees or above, 5,456 employees with bachelor's degrees and 105 employees with junior college degrees or below. The age structure is as follows: 4,254 employees aged 30 and below, 5,249 employees aged 30-40 (excluding 30, but including 40), 1,061 employees aged 40-50 (excluding 40, but including 50), 217 employees aged 50-60 (excluding 50, but including 60) and 1 employee aged over 60.

5.6 Head Office and Branches and Representative Offices

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Head Office	Head Office	7088 Shennan Boulevard, Futian District, Shenzhen	1	3,805,336
	Credit Card Centre	686 Lai'an Road, Pudong New Area, Shanghai	1	878,480
	Global Markets Centre	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	1	1,258,104
Yangtze River Delta	Shanghai Branch	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	104	519,341
	Shanghai Pilot Free Trade Zone Branch	56 Bohang Road, Pudong New Area, Shanghai	4	14,309
	Nanjing Branch	199 Lushan Road, Jianye District, Nanjing	86	308,274
	Hangzhou Branch	300 Fuchun Road, Shangcheng District, Hangzhou	81	289,278
	Ningbo Branch	342 Min' an East Road, Yinzhou District, Ningbo	34	122,687
	Suzhou Branch	36 Wansheng Street, Industrial Park, Suzhou	35	168,773
	Wuxi Branch	6-107, 6-108 1st Financial Street, Binhu District, Wuxi	21	78,949
	Wenzhou Branch	464 Fudong Road, Lucheng District, Wenzhou	16	40,330
	Nantong Branch	88 Kerong Road, Chongchuan District, Nantong	18	44,447
Bohai Rim	Beijing Branch	156 Fuxingmen Nei Street, Xicheng District, Beijing	131	584,477
	Qingdao Branch	65 Hai'er Road, Laoshan District, Qingdao	53	86,893
	Tianjin Branch	255 Guangdong Road and 9 Qianjin Road, Hexi District, Tianjin	46	116,699
	Jinan Branch	7000 Jingshi Road, High-tech Zone, Jinan	64	151,804
	Yantai Branch	117 Changjiang Road, Economic&Technological Development Area, Yantai	18	31,985
	Shijiazhuang Branch	172 Zhonghua South Street, Qiaoxi District, Shijiazhuang	22	44,127
	Tangshan Branch	45 Beixinxi Road, Lubei District, Tangshan	12	18,769

32 Including employees of the Company, CMB Wing Lung Bank and its subsidiaries, CMB Financial Leasing, CMB International Capital and its subsidiaries, CMB Wealth Management, China Merchants Fund and its subsidiaries, CIGNA & CMB Life Insurance, CIGNA & CMAM, MUCFC, CMB Network Technology and CMB YunChuang.

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Pearl River Delta and the Western Taiwan Straits Economic Zone	Guangzhou Branch	5 Huasui Road, Tianhe District, Guangzhou	81	330,143
	Shenzhen Branch	2016 Shennan Boulevard, Futian District, Shenzhen	117	578,843
	Fuzhou Branch	316 Jiangbinzhong Boulevard, Taijiang District, Fuzhou	40	92,021
	Xiamen Branch	18 Lingshiguan Road, Siming District, Xiamen	33	89,555
	Quanzhou Branch	China SCE • International Finance Centre, South of Eastern Section of Baozhou Road, Fengze District, Quanzhou	17	35,898
	Dongguan Branch	200 Hongfu Road, Nancheng District, Dongguan	31	89,109
	Foshan Branch	12 Denghu Road East, Nanhai District, Foshan	36	91,656
Northeast	Shenyang Branch	12 Shiyiwei Road, Heping District, Shenyang	50	54,370
	Dalian Branch	17 Renmin Road, Zhongshan District, Dalian	35	44,371
	Harbin Branch	3 Zhongyang Avenue, Daoli District, Harbin	42	46,062
	Changchun Branch	9999 Renmin Avenue, Nanguan District, Changchun	23	26,972
Central	Wuhan Branch	188 Yunxia Road, Jianghan District, Wuhan	101	212,654
	Nanchang Branch	1111 Huizhan Road, Honggutan New District, Nanchang	48	107,456
	Changsha Branch	39 Chazishan East Road, Yuelu District, Changsha	49	108,841
	Hefei Branch	169 Funan Road, Hefei	42	117,301
	Zhengzhou Branch	96 Nongye Road East, Zhengzhou	53	111,826
	Taiyuan Branch	265 Nan Zhong Huan Road, Xiaodian District, Taiyuan	23	51,020
	Haikou Branch	1 Shimao Road North, Haikou	12	46,737
West	Chengdu Branch	488 Tianfu 4th Street, High-tech Zone, Chengdu	59	146,483
	Lanzhou Branch	9 Qingyang Road, Chengguan District, Lanzhou	24	43,979
	Xi'an Branch	1 Gaoxin No.2 Road, Gaoxin District, Xi'an	73	160,831
	Chongqing Branch	88 Xingguang Road, New North District, Chongqing	51	144,769
	Urumqi Branch	2 Huanghe Road, Urumqi	18	38,458
	Kunming Branch	1 Chongren Street, Wuhua District, Kunming	55	80,505
	Hohhot Branch	9 Chilechuan Avenue, Saihan District, Hohhot	23	40,116
	Nanning Branch	136-5 Minzu Avenue, Qingxiu District, Nanning	19	40,295
	Guiyang Branch	West 2nd Tower, International Finance Centre, Guanshanhu District, Guiyang	18	35,089
	Yinchuan Branch	138 Beijingzhong Road, Jinfeng District, Yinchuan	14	17,946
	Xining Branch	79 Haiyan Road, Chengxi District, Xining	11	12,382
Overseas	Hong Kong Branch	31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	1	121,692
	New York Branch	18/F, 535 Madison Avenue, New York, U.S.A	1	46,880
	Singapore Branch	1 Raffles Place, Tower2, #32-61, Singapore	1	25,200
	Taipei Representative Office	333, Section 1, Jilong Road, Xinyi District, Taipei	1	–
	Luxembourg Branch	20 Boulevard Royal, L-2449, Luxembourg	1	15,917
	London Branch	18/F, 20 Fenchurch Street, London, UK	1	14,996
	Sydney Branch	L39, GPT, 1 Farrer Place, Sydney, NSW	1	16,293
Total	/	/	**1,953**	**11,799,728**

5.7 Compliance with the Corporate Governance Code

During the reporting period, the Company has complied with the principles and code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and adhered to the majority of the recommended best practices thereunder.

Important Events

6.1 Purchase, Sale or Repurchase of Listed Securities of the Company

Neither the Company nor its subsidiaries had purchased, sold or repurchased any of the Company's listed securities (including treasury shares) during the reporting period.

As at the end of the reporting period, the Company did not have treasury shares.

6.2 Disciplinary Actions Imposed on the Company, Directors, Supervisors or Senior Management

During the reporting period, the Company was not subject to criminal investigations for suspected crimes. The Company, its Directors, Supervisors and senior management members were not subject to criminal punishment, or subject to investigations by the CSRC or regulatory measures or administrative punishment by the CSRC for suspected violations of laws and regulations, or subject to any disciplinary actions by the stock exchange or subject to administrative punishments by other competent authorities that have major impact on the operation of the Company. None of the Directors, Supervisors and senior management members of the Company was subject to compulsory measures in accordance with the law for suspected crimes, or subject to detention by the disciplinary inspection and supervision authorities for suspected serious violations of laws and regulations or duty-related crimes that affected the performance of their duties, or subject to compulsory measures taken by other competent authorities for suspected violations of laws and regulations that affected the performance of their duties.

6.3 Explanation on the Integrity of the Company

During the reporting period, there were no circumstances where the Company failed to fulfill any obligation under effective court judgements or repay any due debt of a significant amount.

6.4 Significant Connected Transactions[33]

6.4.1 Overview of connected transactions

Pursuant to Chapter 14A of the Hong Kong Listing Rules, a majority of continuing connected transactions of the Company met de minimis exemption and the non-exempt continuing connected transactions fulfilled the relevant reporting and announcement required by the Hong Kong Listing Rules.

For details of related party transactions, please refer to Note 42 to the financial statements.

6.4.2 Non-exempt continuing connected transactions

As of the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of the equity interest in CMFM, respectively. Therefore, in accordance with the Hong Kong Listing Rules, CMFM and its associates ("CMFM Group") are connected parties of the Company, and the fund agency distribution service provided by the Company to CMFM Group constituted non-exempt continuing connected transactions of the Company under the Hong Kong Listing Rules.

On 28 December 2022, the Company entered into a Business Co-operation Agreement with CMFM on normal commercial principles after arm's length negotiation for a term commencing on 1 January 2023 and expiring on 31 December 2025. CMFM Group shall calculate fees based on the rates specified in the fund offering documents and/or the offering prospectuses, and shall pay agency service fees to the Company according to the agreement. Meanwhile, the Company has announced the annual caps of RMB1.5 billion, RMB1.8 billion and RMB2.2 billion for the continuing connected transactions with CMFM Group for 2023, 2024 and 2025, respectively as approved by the Board of Directors. The annual caps for the service fees were not more than 5% of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules. Therefore, these transactions would only be subject to the reporting, announcement and annual review requirements under the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. For details, please refer to the relevant announcement of the Company dated 28 December 2022.

During the reporting period, the total value of continuing connected transactions between the Company and CMFM Group amounted to RMB534 million.

Pursuant to Rule 14A.72 of the Hong Kong Listing Rules, the Company would like to confirm that other than the non-exempt continuing connected transactions (the "Disclosed Transactions") as disclosed in the section headed "6.16.2 Non-exempt continuing connected transactions" of Chapter VI in the 2024 annual report of the Company and the section headed "6.4.2 Non-exempt continuing connected transactions" of Chapter VI in this 2025 interim report, none of the other related party transactions as disclosed in note 61 to the financial statements of the 2024 annual report of the Company or in note 42 to the financial statements of this 2025 interim report constitute connected transactions or continuing connected transactions that are subject to announcement, circular, shareholders' approval and/or reporting requirements under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that it has complied with the requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the Disclosed Transactions.

[33] Both "connected transactions" and "connected parties" in this section are terms used in Hong Kong Listing Rules.

6.5 Material Litigations and Arbitrations

Several litigations were filed during the daily operation of the Company, most of which were filed proactively for the purpose of recovering non-performing loans. As of the end of the reporting period, there were 308 pending on final judgement cases (including litigations and arbitrations) in which the Company was involved, with an aggregate principal and interest of RMB2,072 million. The Company believes that none of the above litigation and arbitration cases would have a material adverse impact on the financial position or operating results of the Company.

6.6 Material Contracts and Their Performance

Significant events in respect of holding in custody, contracting, hiring or leasing of assets

During the reporting period, the Company did not have any material contract signed in connection with holding in custody, contracting, hiring or leasing of any assets of other companies outside the normal scope of banking businesses, or vice versa.

Significant guarantees

Guarantee business falls within the Company's ordinary course of business. During the reporting period, save for the financial guarantees entered into in our normal business scope approved by the regulatory authorities, the Company did not have any other significant disclosable guarantees, nor was the Company a party to any guarantee contract in violation of the resolution procedures of external guarantees as required by laws, administrative regulations and the CSRC.

6.7 Explanation on Significant Investment

During the reporting period, the Board of Directors of the Company considered and approved the proposal in relation to investment in the establishment of a financial asset investment company. On 3 July 2025, the National Financial Regulatory Administration officially approved the preparation for establishment of CMB Investment by the Company. CMB Investment, with a registered capital of RMB15.0 billion, intends to focus on conducting pilot operations in market-based debt-to-equity swaps and equity investments. According to corporate governance arrangements, CMB Investment will become a wholly-owned subsidiary of the Company upon its formal establishment. For details, please refer to the Announcement on Investment in the Establishment of a Financial Asset Investment Company dated 8 May 2025 and the Announcement on the Approval of the Preparation for Establishment of CMB Financial Asset Investment Co., Ltd. dated 3 July 2025 published by the Company. The commencement of business of CMB Investment is subject to approval from the National Financial Regulatory Administration.

6.8 Material Assets Acquisition, Disposal and Merger

During the reporting period, the Company did not have any material assets acquisition, disposal or merger.

6.9 Use of Funds by Related Parties

During the reporting period, no related parties used any funds of the Company for non-operating purposes, and none of them used the funds of the Company through, among others, any related party transactions not entered into on an arm's length basis.

6.10 Engagement of Accounting Firms

Upon the approval at the 2024 Annual General Meeting of the Company, the Company engaged Ernst & Young Hua Ming as the domestic accounting firm of the Company and its domestic subsidiaries for 2025, and engaged Ernst & Young et al. as the international accounting firm of the Company and its overseas subsidiaries for 2025. The term of each of the engagements is one year. For details, please refer to the notice and circular of the 2024 Annual General Meeting dated 30 May 2025, and relevant announcements regarding the resolutions of the Company dated 25 June 2025.

6.11 Major Amendments to the Articles of Association

To further improve the corporate governance system, the Company, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other laws and regulations and the latest regulatory requirements of domestic and overseas regulatory authorities, has made all-around review and amendments to the Articles of Association. For details, please refer to the documents and circular for the 2024 Annual General Meeting published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company. The amended Articles of Association is subject to the approval from the National Financial Regulatory Administration and will be published on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company upon approval.

6.12 Review of Interim Results

Ernst & Young Hua Ming and Ernst & Young have reviewed the 2025 interim financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, respectively. In addition, the Audit Committee under the Board of Directors of the Company has reviewed this report and agreed to submit the same to the Board of Directors for consideration. The Board of Directors of the Company has considered and approved this report on 29 August 2025.

6.13 Publication of Interim Report

The Company prepared its interim report in both English and Chinese versions in accordance with the IFRS Accounting Standards and the Hong Kong Listing Rules, which are available on the websites of Hong Kong Exchanges and Clearing Limited and the Company. In the event of any discrepancies in interpretation between the English and Chinese versions, the Chinese version shall prevail.

The Company prepared its interim report in Chinese version in accordance with the PRC Generally Accepted Accounting Principles and the preparation rules for interim reports of the CSRC, which is available on the websites of Shanghai Stock Exchange and the Company.

Changes in Shares and Information on Shareholders

7.1 Changes in Ordinary Shares of the Company During the Reporting Period

		31 December 2024		Changes in the No. of shares during the reporting period (share)	30 June 2025	
		No. of shares (share)	Percentage (%)		No. of shares (share)	Percentage (%)
1.	Shares subject to trading restrictions on sales	–	–	–	–	–
2.	Shares not subject to trading restrictions on sales	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**
	(1) Ordinary shares in RMB (A Shares)	20,628,944,429	81.80	–	**20,628,944,429**	**81.80**
	(2) Foreign shares listed domestically	–	–	–	–	–
	(3) Foreign shares listed overseas (H Shares)	4,590,901,172	18.20	–	**4,590,901,172**	**18.20**
	(4) Others	–	–	–	–	–
3.	Total shares	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**

As at the end of the reporting period, the Company had a total of 410,379 shareholders of ordinary shares, including 383,571 holders of A Shares and 26,808 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to trading restrictions on sales.

Based on the publicly available information and to the knowledge of the Directors, as at the publication date of this report, the Company had maintained the public float in compliance with the requirement of the Hong Kong Listing Rules.

7.2 Top Ten Holders of Ordinary Shares and Top Ten Holders of Ordinary Shares Whose Shareholdings Are Not Subject to Trading Restrictions on Sales

Serial No.	Name of shareholders	Type of Shareholders	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes in the reporting period (share)	Number of shares held subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	HKSCC Nominees Ltd.	Overseas legal person	4,555,265,548	18.06	H Shares not subject to trading restrictions on sales	597,050	–	Unknown
2	China Merchants Steam Navigation Co., Ltd.	State-owned legal person	3,289,470,337	13.04	A Shares not subject to trading restrictions on sales	–	–	–
3	China Ocean Shipping Company Limited	State-owned legal person	1,574,729,111	6.24	A Shares not subject to trading restrictions on sales	–	–	–

Serial No.	Name of shareholders	Type of Shareholders	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes in the reporting period (share)	Number of shares held subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
4	Hong Kong Securities Clearing Company Limited	Overseas legal person	1,365,629,002	5.41	A Shares not subject to trading restrictions on sales	94,509,653	–	–
5	Shenzhen Yan Qing Investment and Development Company Ltd.	State-owned legal person	1,258,542,349	4.99	A Shares not subject to trading restrictions on sales	–	–	–
6	China Merchants Financial Holdings Co., Ltd.	State-owned legal person	1,147,377,415	4.55	A Shares not subject to trading restrictions on sales	–	–	–
7	Hexie Health Insurance Co., Ltd. – Traditional – Ordinary insurance products	Domestic legal person	1,130,991,537	4.48	A Shares not subject to trading restrictions on sales	–	–	–
8	Shenzhen Chu Yuan Investment and Development Company Ltd.	State-owned legal person	944,013,171	3.74	A Shares not subject to trading restrictions on sales	–	–	–
9	COSCO Shipping (Guangzhou) Co., Ltd.	State-owned legal person	696,450,214	2.76	A Shares not subject to trading restrictions on sales	–	–	–
10	China Securities Finance Corporation Limited	Domestic legal person	524,229,972	2.08	A Shares not subject to trading restrictions on sales	–	–	–

Notes:

(1) Shares held by HKSCC Nominees Ltd. are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Ltd. Hong Kong Securities Clearing Company Limited is an institution designated by others to hold shares on behalf of them as a nominal holder, and the shares held by it are the shares of China Merchants Bank acquired by investors through Northbound Trading.

(2) As at the end of the reporting period, among the aforesaid top ten shareholders, HKSCC Nominees Ltd. is a subsidiary of Hong Kong Securities Clearing Company Limited; China Merchants Steam Navigation Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., China Merchants Financial Holdings Co., Ltd. and Shenzhen Chu Yuan Investment and Development Company Ltd. are all subsidiaries of China Merchants Group Ltd.; and China Ocean Shipping Company Limited and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited. The Company is not aware of any affiliated relationship or action in concert among other shareholders.

(3) None of the above holders of A Shares have entrusted any proxy or acted as proxy to vote or waived their voting rights.

(4) During the reporting period, the above holders of A Shares did not participate in the margin trading and short selling business. The number of outstanding A Shares of the Company lent out through securities lending by the above holders of A Shares at the beginning and the end of the reporting period was zero.

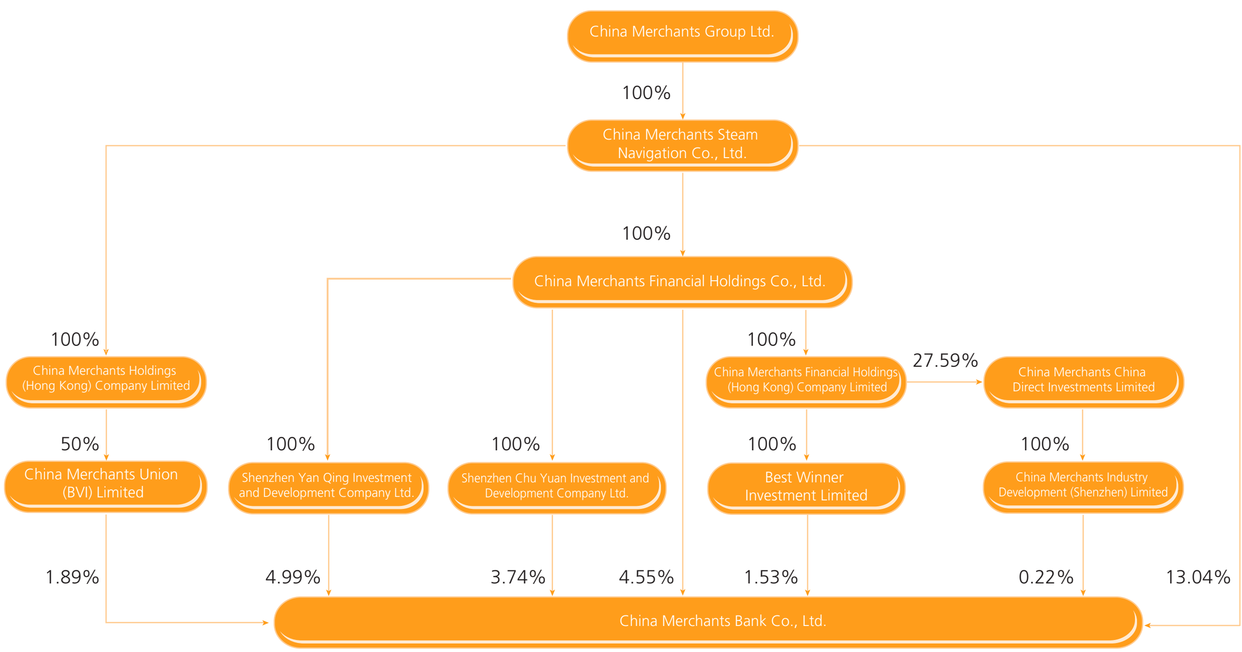
7.3 Information on Substantial Ordinary Shareholders

7.3.1 Information on the Company's largest shareholder

As at the end of the reporting period, China Merchants Group Ltd., through its subsidiaries, namely China Merchants Steam Navigation Co., Ltd., China Merchants Financial Holdings Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., Shenzhen Chu Yuan Investment and Development Company Ltd., China Merchants Union (BVI) Limited, Best Winner Investment Limited and China Merchants Industry Development (Shenzhen) Limited, indirectly held an aggregate of 29.97% of the shares in the Company. There was no pledge of the shares of the Company. Specifically, as at the end of the reporting period, China Merchants Steam Navigation Co., Ltd. directly held 13.04% of the shares in the Company, and is the largest shareholder of the Company with a registered capital of RMB17 billion, and its legal representative is Miao Jianmin. China Merchants Steam Navigation Co., Ltd. mainly engages in passenger and cargo shipping businesses; dockyard, warehouse and vehicle transportation; investment and management of tugboat and barge transportation business; repair, construction and trading of ships and offshore oil drilling equipment; sale, purchase and supply of various transportation equipment, spare parts and materials; ship and passenger/goods shipping agency; construction of water and land-based construction projects; and businesses such as investment and management of finance, insurance, trust, securities and futures industries.

As at the end of the reporting period, China Merchants Group Ltd. directly holds 100% equity interests in China Merchants Steam Navigation Co., Ltd. and is the controlling shareholder of the Company's largest shareholder, with a registered capital of RMB16.9 billion. Its legal representative is Miao Jianmin. China Merchants Group Ltd. is a central enterprise under the direct control of State-owned Assets Supervision and Administration Commission of the State Council. Its predecessor, China Merchants Steam Navigation Company, was founded in 1872, when China was in its late Qing Dynasty and was undergoing the Westernisation Movement. It was one of the enterprises which played a significant role in promoting the modernisation of China's national industries and commerce at that time. Nowadays, it has developed into a diversified conglomerate, with its major businesses focusing on transportation and logistics, comprehensive finance, real estate and industrial zones, science and technology innovation industry. It is aiming at the goal of becoming an innovation-driven, international and comprehensive world-class enterprise, promoting the transformation and upgrading of traditional industries and the cultivation and development of strategic emerging industries.

The Company does not have any controlling shareholder and de facto controller. As at the end of the reporting period, the equity relationship among the Company, its largest shareholder and the controlling shareholder of its largest shareholder is illustrated as follows (in this report, any discrepancies between the total shown and the sum of the percentages listed are due to rounding):



7.3.2 Information on other shareholders holding more than 5% of the Company's shares

As at the end of the reporting period, China COSCO Shipping Corporation Limited indirectly held an aggregate of 9.97% of the shares in the Company through its holding subsidiaries, namely China Ocean Shipping Company Limited, COSCO Shipping (Guangzhou) Co., Ltd., Guangzhou COSCO Shipping Haining Technology Co., Ltd., COSCO Shipping (Shanghai) Co., Ltd. (中遠海運(上海)有限公司), COSCO Shipping Investment Holdings Co., Limited (中遠海運投資控股有限公司) and Guangzhou Tri-Dynas Oil & Shipping Co., Ltd. (廣州市三鼎油品運輸有限公司). There was no pledge of the shares of the Company. Specifically, China Ocean Shipping Company Limited held 6.24% of the shares in the Company. China Ocean Shipping (Group) Company (the predecessor of China Ocean Shipping Company Limited) was established on 22 October 1983. The registered capital of China Ocean Shipping Company Limited was RMB16.191 billion as at the end of the reporting period. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; acceptance of space booking, voyage charter and time charter from cargo owners at home and abroad; leasing, construction, trading and maintenance of vessels and containers and manufacture of related facilities; ship escrowing business; provision of ship materials, spare parts and communications services relating to shipping business at home and abroad; management of enterprises engaging in vessel and cargo agency business and seafarer assignment business.

China COSCO Shipping Corporation Limited held 100% equity interests in China Ocean Shipping Company Limited and is its controlling shareholder. China COSCO Shipping Corporation Limited was established on 5 February 2016, and its de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council. As at the end of the reporting period, it had a registered capital of RMB11.0 billion. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; imports and exports of goods and technology; marine, land, aviation international freight forwarding business; ship leasing; sales of ships, containers and steel products; offshore engineering equipment design; terminal and port investment; communication equipment sales, information and technical services; warehousing (except hazardous chemicals); engaged in technology development, technology transfer, technical consulting, technical services and equity investment funds in the field of shipping and spare parts.

7.3.3 Other substantial shareholders under the regulatory calibre

1. As at the end of the reporting period, China Communications Construction Group Ltd. through its holding subsidiaries, namely China Communications Construction Company Limited, CCCC Capital Holdings Limited, CCCC Guangzhou Dredging Co., Ltd., CCCC Fourth Harbour Engineering Co., Ltd., CCCC Shanghai Dredging Co., Ltd., Zhen Hua Engineering (Shenzhen) Co., Ltd. and CCCC Third Harbour Consultants Co., Ltd., indirectly held an aggregate of 1.61% of the shares in the Company, and has appointed a Supervisor in the Company. There was no pledge of the shares of the Company. China Communications Construction Group Ltd. was established on 8 December 2005, and its legal representative is Song Hailiang. As at the end of the reporting period, it had a registered capital of RMB7.274 billion. Its de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council.

2. As at the end of the reporting period, SAIC Motor Corporation Limited held 1.23% of the shares in the Company and has appointed a Supervisor in the Company. There was no pledge of the shares of the Company. SAIC Motor Corporation Limited was established on 16 April 1984. As at the end of the reporting period, its legal representative was Wang Xiaoqiu, and it had a registered capital of RMB11.575 billion. Its de facto controller is the State-owned Assets Supervision and Administration Commission of Shanghai.

7.3.4 Substantial shareholders' interests and short positions in the Company under Hong Kong laws and regulations

As at 30 June 2025, substantial shareholders had interests and short positions in the shares of the Company under Hong Kong laws and regulations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO (in this report, any discrepancies between the total shown and the sum of the percentages listed are due to rounding) as follows:

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
China Merchants Group Ltd.	A	Long	Interest of controlled corporation	6,697,550,412			
		Long	Others	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Steam Navigation Co., Ltd.	A	Long	Beneficial owner	3,289,470,337			
		Long	Interest of controlled corporation	3,408,080,075			
		Long	Other	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Financial Holdings Co., Ltd.	A	Long	Beneficial owner	1,147,377,415			
		Long	Interest of controlled corporation	2,260,702,660			
		Long	Other	55,196,540			
				3,463,276,615	1	16.79	13.73
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
China Merchants Financial Holdings (Hong Kong) Company Limited	A	Long	Interest of controlled corporation	58,147,140	1	0.28	0.23
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
Best Winner Investment Limited	A	Long	Beneficial owner	58,147,140	1	0.28	0.23
	H	Long	Beneficial owner	328,776,923	1	7.16	1.30
Shenzhen Yan Qing Investment and Development Company Ltd.	A	Long	Beneficial owner	1,258,542,349	1	6.10	4.99
China Ocean Shipping Company Limited	A	Long	Beneficial owner	1,574,729,111		7.63	6.24
Hexie Health Insurance Co. Ltd.	A	Long	Beneficial owner	1,130,991,537	2	5.48	4.48
Pagoda Tree Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
Compass Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
CNIC Corporation Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
Verise Holdings Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
China Merchants Union (BVI) Limited	H	Long	Beneficial Owner	477,903,500	3	10.41	1.89

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
JPMorgan Chase & Co.	H	Long	Beneficial Owner	54,244,680			
		Long	Investment manager	66,069,342			
		Long	Person having a security interest in shares	96,565			
		Long	Trustee	23,745			
		Long	Approved lending agent	110,633,720			
				231,068,052	4	5.03	0.92
		Short	Beneficial Owner	52,517,715	4	1.14	0.21
Ping An Asset Management Co., Ltd.	H	Long	Investment manager	694,428,000		15.13	2.75
Ping An Life Insurance Company of China, Ltd.	H	Long	Beneficial Owner	689,130,500	5	15.01	2.73
Ping An Insurance (Group) Company of China, Ltd.	H	Long	Interest of controlled corporation	689,130,500	5	15.01	2.73

Notes:

(1) For details of China Merchants Group Ltd. and its subsidiaries' interests in the Company, please refer to section 7.3.1 "Information on the Company's largest shareholder".

(2) New China Asset Management Co., Ltd. is the trustee of all the A shares in the Company held by Hexie Health Insurance Co., Ltd. by virtue of which New China Asset Management Co., Ltd. was deemed to hold interests in all the A shares in the Company held by Hexie Health Insurance Co., Ltd.

(3) Pagoda Tree Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of its wholly owned subsidiary Compass Investment Company Limited:

(3.1) China Merchants Union (BVI) Limited held 477,903,500 H shares (long position) in the Company. Verise Holdings Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of holding 50% interest in China Merchants Union (BVI) Limited.

(3.2) Verise Holdings Company Limited was wholly-owned by CNIC Corporation Limited. Therefore, CNIC Corporation Limited was deemed to hold interests in the 477,903,500 H shares in the Company deemed to be held by Verise Holdings Company Limited.

(3.3) Compass Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company deemed to be held by CNIC Corporation Limited by virtue of holding 90% interest in CNIC Corporation Limited.

The 477,903,500 H shares referred to in (3) and (3.1) to (3.3) above represented the same shares.

(4) JPMorgan Chase & Co. was deemed to hold a total of 231,068,052 H shares (long position) and 52,517,715 H shares (short position) in the Company by virtue of its control over a number of companies. The equity interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 110,633,720 H shares. Besides, 42,516,460 H shares (long position) and 16,589,552 H shares (short position) were held through derivatives as follows:

5,203,500 H shares (long position) and 5,156,500 H shares (short position)	–	through physically settled listed derivatives
74,000 H shares (long position) and 222,700 H shares (short position)	–	through cash settled listed derivatives
1,196,461 H shares (long position) and 3,695,988 H shares (short position)	–	through physically settled unlisted derivatives
36,042,499 H shares (long position) and 7,514,364 H shares (short position)	–	through cash settled unlisted derivatives

(5) Ping An Insurance (Group) Company of China, Ltd. holds interest in 689,130,500 H shares in the Company through Ping An Life Insurance Company of China, Ltd.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executives (as defined in the Hong Kong Listing Rules) of the Company) who has any interests or short positions in the shares of the Company as at 30 June 2025 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

7.4 Issuance and Listing of Securities

During the reporting period, the Company did not issue any new ordinary shares. The Company did not have any internal staff shares. Save for the disclosure related to "Preference Shares" in this chapter, no equity-linked agreements of the Company were entered into during the reporting period or subsisted at the end of the reporting period.

For issuance of bonds of the Company and its subsidiaries, please refer to Note 32 to the financial statements.

During the reporting period, the use of proceeds raised by the Company was consistent with such usages as set out in the prospectus of the Company.

7.5 Preference Shares

7.5.1 Issuance and listing of preference shares

Pursuant to the approvals by the regulatory authorities, the Company made a non-public issuance of 275,000,000 domestic preference shares on 22 December 2017. The issuance price is RMB100 each and the coupon dividend rate per annum is 4.81% (including tax). The domestic preference shares of the issuance have been listed and traded on the integrated business platform of Shanghai Stock Exchange since 12 January 2018 (abbreviated name of shares: "Zhao Yin You 1 (招銀優1)"; stock code: 360028; number of listed shares: 275,000,000). The total proceeds from the issuance of the domestic preference shares amounted to RMB27.5 billion and, after deduction of the expenses relating to the issuance, has fully been used to replenish the Company's additional Tier 1 Capital. On 18 December 2022, five years after the issuance of the domestic preference shares, the Company adjusted the coupon dividend rate per annum to 3.62% (including tax) in accordance with market rules. For details, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

7.5.2 Number of shareholders of preference shares and their shareholdings

As at the end of the reporting period, the Company had a total of 24 holders of preference shares, and all of them were holders of domestic preference shares.

As at the end of the reporting period, the shareholdings of the Company's top ten holders of domestic preference shares were as follows:

No.	Name of shareholders	Type of shareholders	Type of shares	Shares held at the end of the period (share)	Percentage of shareholdings (%)	Changes as compared with the end of the previous year (share)	Number of shares subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	106,000,000	38.55	–	–	–
2	Suyin Wealth Management Co., Ltd. – No. 1 Hengyuan Rongda (恒源融達) of Suyin Wealth Management	Others	Domestic preference shares	23,000,000	8.36	–	–	–
3	China National Tobacco (Henan Province) Company	State-owned legal person	Domestic preference shares	20,000,000	7.27	–	–	–
	Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary insurance products	Others	Domestic preference shares	20,000,000	7.27	–	–	–
5	China National Tobacco (Anhui Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–	–
	China National Tobacco (Sichuan Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–	–

No.	Name of shareholders	Type of shareholders	Type of shares	Shares held at the end of the period (share)	Percentage of shareholdings (%)	Changes as compared with the end of the previous year (share)	Number of shares subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
7	Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	9,000,000	3.27	–	–	–
8	CSCF – Bank of China – CSCF – Youxiang (優享) No. 33 Collective Asset Management Scheme of Bank of China	Others	Domestic preference shares	8,700,000	3.16	6,000,000	–	–
9	China Credit Trust Co., Ltd. – China Credit Trust – Huiying (匯贏) No. 128 Collective Fund Trust Scheme	Others	Domestic preference shares	8,100,000	2.95	8,000,000	–	–
10	Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	7,500,000	2.73	–	–	–

Notes:

(1) The shareholdings of holders of domestic preference shares are presented under separate account according to the register of members of preference shares of the Company.

(2) China National Tobacco (Henan Province) Company, China National Tobacco (Anhui Province) Company and China National Tobacco (Sichuan Province) Company are all subsidiaries of China National Tobacco Corporation; "Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management" and "Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management" are both managed by Everbright Securities Asset Management Co., Ltd. Save for the above, the Company is not aware of any affiliated relationship or action in concert among the above holders of preference shares or between the above holders of preference shares and the Company's top ten holders of ordinary shares.

(3) "Percentage of shareholdings" represents the percentage of the number of domestic preference shares held by the holders of preference shares to the total number of domestic preference shares.

7.5.3 Dividend distribution of preference shares

During the reporting period, no distribution of dividend for preference shares was made by the Company.

7.5.4 Repurchase or conversion of preference shares

During the reporting period, there had been no repurchase or conversion of preference shares.

7.5.5 Restored voting rights of preference shares

During the reporting period, the voting rights of the Company's domestic preference shares in issue had not been restored.

7.5.6 Accounting policies for preference shares and the reason of adoption

The Company made accounting judgements on the preference shares issued and outstanding of the Company in accordance with the requirements of the relevant accounting principles, including the "IFRS 9 – Financial Instruments" and the "International Accounting Standard 32 – Financial Instruments: Presentation" issued by the International Accounting Standards Board. As the preference shares issued and outstanding of the Company carry no obligation to deliver cash and cash equivalents, nor have they any contractual obligations to deliver a variable number of its own equity instruments for settlement, they were therefore measured as equity instruments.

Report on Review of Interim Financial Information

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To the Board of Directors of

China Merchants Bank CO., LTD.

(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim condensed financial information set out on pages 110 to 198, which comprises the consolidated statement of financial position of China Merchants Bank CO., LTD. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2025 and the consolidated statement of income, the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and condensed explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard *34 Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The directors of the Bank are responsible for the preparation and presentation of interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity as* issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

29 August 2025

Unaudited Consolidated Statement of Income

For the six months ended 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June	
		2025	2024
Interest income	3	**177,014**	187,997
Interest expense	4	**(70,929)**	(83,548)
Net interest income		**106,085**	104,449
Fee and commission income	5	**41,867**	42,552
Fee and commission expense		**(4,265)**	(4,224)
Net fee and commission income		**37,602**	38,328
Other net income	6	**24,564**	28,595
– Disposal of financial assets at amortised cost		**1,217**	3,578
Operating income		**168,251**	171,372
Operating expenses	7	**(56,383)**	(56,345)
Operating profit before impairment losses and taxation		**111,868**	115,027
Expected credit losses	8	**(24,623)**	(26,928)
Impairment losses on other assets		**(11)**	(8)
Share of profits of joint ventures		**904**	910
Share of profits of associates		**768**	640
Profit before taxation		**88,906**	89,641
Income tax	9	**(13,501)**	(14,262)
Profit for the period		**75,405**	75,379
Attributable to:			
Equity holders of the Bank		**74,930**	74,743
Non-controlling interests		**475**	636
Earnings per share			
Basic and diluted (RMB Yuan)	11	**2.89**	2.89

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Income and Other Comprehensive Income

For the six months ended 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Six months ended 30 June	
		2025	2024
Profit for the period		**75,405**	75,379
Other comprehensive income for the period after tax			
Items that may be reclassified subsequently to profit or loss		**(8,033)**	9,238
– Net fair value change on debt instruments measured at fair value through other comprehensive income		**(4,291)**	6,362
– Net changes in expected credit losses of debt instruments measured at fair value through other comprehensive income		**(2,337)**	519
– Net movement in cash flow hedge reserve		**4**	(54)
– Share of other comprehensive income from equity-accounted investees		**374**	1,081
– Exchange difference on translation of financial statements of foreign operations		**(1,783)**	1,330
Items that will not be reclassified to profit or loss		**1,734**	1,651
– Fair value change on equity instruments designated at fair value through other comprehensive income		**1,738**	1,649
– Remeasurement of defined benefit scheme		**(4)**	2
Other comprehensive income for the period, net of tax	10	**(6,299)**	10,889
Attributable to:			
Equity holders of the Bank		**(6,287)**	10,809
Non-controlling interests		**(12)**	80
Total comprehensive income for the period		**69,106**	86,268
Attributable to:			
Equity holders of the Bank		**68,643**	85,552
Non-controlling interests		**463**	716

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

At 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	30 June 2025	31 December 2024
Assets			
Cash		**14,421**	16,622
Precious metals		**15,601**	9,415
Balances with central banks	12	**538,766**	557,443
Balances with banks and other financial institutions	13	**185,079**	220,231
Placements with banks and other financial institutions	14	**482,947**	408,955
Amounts held under resale agreements	15	**270,360**	271,329
Loans and advances to customers	16	**6,854,591**	6,632,548
Financial investments at fair value through profit or loss	17(a)	**660,819**	617,018
Derivative financial assets	41(f)	**21,397**	32,533
Debt investments at amortised cost	17(b)	**2,006,357**	1,941,580
Debt investments at fair value through other comprehensive income	17(c)	**1,260,117**	1,092,127
Equity investments designated at fair value through other comprehensive income	17(d)	**23,834**	22,315
Interests in joint ventures	18	**20,769**	19,310
Interests in associates	19	**12,279**	11,705
Investment properties	20	**1,012**	1,117
Property and equipment	21	**124,883**	128,761
Right-of-use assets	22	**16,169**	16,890
Intangible assets	23	**1,980**	2,196
Goodwill	24	**9,954**	9,954
Deferred tax assets	25	**88,764**	83,674
Other assets		**47,052**	56,313
Total assets		**12,657,151**	12,152,036

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

	Notes	30 June 2025	31 December 2024
Liabilities			
Borrowing from central banks		**172,300**	189,934
Deposits from banks and other financial institutions	26	**745,599**	699,975
Placements from banks and other financial institutions	27	**257,755**	235,376
Financial liabilities at fair value through profit or loss	28	**99,279**	67,461
Derivative financial liabilities	41(f)	**22,824**	31,583
Amounts sold under repurchase agreements	29	**116,465**	84,042
Deposits from customers	30	**9,509,526**	9,195,329
Salaries and welfare payable		**38,805**	34,512
Tax payable		**15,393**	11,713
Contract liabilities		**3,916**	4,193
Lease liabilities		**12,107**	12,778
Provisions	31	**18,097**	16,762
Debt securities issued	32	**163,330**	222,921
Deferred tax liabilities	25	**1,112**	1,592
Other liabilities		**183,783**	110,390
Total liabilities		**11,360,291**	10,918,561
Equity			
Share capital	33	**25,220**	25,220
Other equity instruments		**227,446**	180,446
– Preference shares	34(a)	**27,468**	27,468
– Perpetual bonds	34(b)	**199,978**	152,978
Capital reserve		**65,420**	65,429
Investment revaluation reserve	35	**33,875**	38,385
Hedging reserve		**60**	56
Surplus reserve		**122,652**	122,652
General reserve		**155,258**	154,932
Retained earnings		**656,267**	583,638
Proposed profit appropriations	36(b)	**–**	50,440
Exchange reserve		**3,035**	4,816
Total equity attributable to equity holders of the Bank		**1,289,233**	1,226,014
Non-controlling interests		**7,627**	7,461
Total equity		**1,296,860**	1,233,475
Total equity and liabilities		**12,657,151**	12,152,036

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

Approved and authorised for issue by the board of directors on 29 August 2025.

Miao Jianmin
Director

Wang Liang
Director

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

		Six months ended 30 June 2025													
		Total equity attributable to equity holders of the Bank													
			Other equity instruments												
	Notes	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriations	Exchange reserve	Subtotal	Non-controlling interests	Total
At 1 January 2025		25,220	27,468	152,978	65,429	38,385	56	122,652	154,932	583,638	50,440	4,816	1,226,014	7,461	1,233,475
Changes in equity for the period		–	–	47,000	(9)	(4,510)	4	–	326	72,629	(50,440)	(1,781)	63,219	166	63,385
(a) Net profit for the period		–	–	–	–	–	–	–	–	74,930	–	–	74,930	475	75,405
(b) Other comprehensive income for the period		–	–	–	–	(4,510)	4	–	–	–	–	(1,781)	(6,287)	(12)	(6,299)
Total comprehensive income for the period		–	–	–	–	(4,510)	4	–	–	74,930	–	(1,781)	68,643	463	69,106
(c) Capital contribution or reduction by equity holders		–	–	47,000	(9)	–	–	–	–	–	–	–	46,991	–	46,991
(i) Issue of perpetual bonds	34(b)	–	–	47,000	(9)	–	–	–	–	–	–	–	46,991	–	46,991
(d) Profit appropriations		–	–	–	–	–	–	–	326	(2,301)	(50,440)	–	(52,415)	(297)	(52,712)
(i) Appropriations to general reserve	36(b)	–	–	–	–	–	–	–	326	(326)	–	–	–	–	–
(ii) Dividends appropriations for the year 2024	36(a)	–	–	–	–	–	–	–	–	–	(50,440)	–	(50,440)	(297)	(50,737)
(iii) Distribution of perpetual bonds		–	–	–	–	–	–	–	–	(1,975)	–	–	(1,975)	–	(1,975)
At 30 June 2025		25,220	27,468	199,978	65,420	33,875	60	122,652	155,258	656,267	–	3,035	1,289,233	7,627	1,296,860

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

		Six months ended 30 June 2024														
		Total equity attributable to equity holders of the Bank												Non-controlling interests		
			Other equity instruments													
	Notes	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriations	Exchange reserve	Subtotal	Non-controlling interest	Perpetual debt capital	Total
At 1 January 2024		25,220	27,468	122,978	65,432	13,656	92	108,737	141,481	518,638	49,734	2,934	1,076,370	6,521	2,838	1,085,729
Changes in equity for the period		–	–	–	–	9,565	(54)	–	(120)	72,907	(49,734)	1,279	33,843	291	(2,838)	31,296
(a) Net profit for the period		–	–	–	–	–	–	–	–	74,743	–	–	74,743	543	93	75,379
(b) Other comprehensive income for the period		–	–	–	–	9,584	(54)	–	–	–	–	1,279	10,809	32	48	10,889
Total comprehensive income for the period		–	–	–	–	9,584	(54)	–	–	74,743	–	1,279	85,552	575	141	86,268
(c) Capital contribution or reduction by equity holders		–	–	–	–	–	–	–	–	–	–	–	–	–	(2,886)	(2,886)
(i) Redemption of perpetual debt capital		–	–	–	–	–	–	–	–	–	–	–	–	–	(2,886)	(2,886)
(d) Profit appropriations		–	–	–	–	–	–	–	(120)	(1,855)	(49,734)	–	(51,709)	(284)	(93)	(52,086)
(i) Reversal of regulatory general reserve		–	–	–	–	–	–	–	(120)	120	–	–	–	–	–	–
(ii) Dividend appropriations for the year 2023		–	–	–	–	–	–	–	–	–	(49,734)	–	(49,734)	(284)	–	(50,018)
(iii) Distribution of perpetual bonds		–	–	–	–	–	–	–	–	(1,975)	–	–	(1,975)	–	–	(1,975)
(iv) Distribution of perpetual debt capital		–	–	–	–	–	–	–	–	–	–	–	–	–	(93)	(93)
(e) Transfers within equity upon disposal of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		–	–	–	–	(19)	–	–	–	19	–	–	–	–	–	–
At 30 June 2024		25,220	27,468	122,978	65,432	23,221	38	108,737	141,361	591,545	–	4,213	1,110,213	6,812	–	1,117,025

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Six months ended 30 June	
	2025	2024
Operating activities		
Profit before tax	**88,906**	89,641
Adjustments for:		
– Impairment losses on loans and advances	**23,341**	25,433
– Impairment losses on investments and other	**1,293**	1,503
– Unwinding of discount on the allowances for loans and advances	**(66)**	(124)
– Depreciation of property and equipment and investment properties	**5,801**	5,573
– Depreciation of right-of-use assets	**2,000**	2,072
– Amortisation of other assets	**339**	500
– Net gains on debt securities and equity investments	**(19,892)**	(17,354)
– Interest income on investments	**(44,933)**	(41,585)
– Interest expense on issued debt securities	**2,923**	3,880
– Share of profits of associates	**(768)**	(640)
– Share of profits of joint ventures	**(904)**	(910)
– Net gain on disposal of property and equipment and other assets	**(505)**	(45)
– Interest expense on lease liabilities	**214**	241
Changes in:		
Balances with central banks	**46,081**	20,198
Loans and advances to customers	**(254,837)**	(270,755)
Other assets	**(107,794)**	8,037
Deposits from customers	**325,792**	507,448
Amounts due to banks and other financial institutions	**100,527**	(27,447)
Amounts due from banks and other financial institutions with original maturity over 3 months	**(48,831)**	(59,355)
Borrowing from central bank	**(17,759)**	(153,643)
Other liabilities	**46,022**	28,603
Cash generated from operating activities before income tax payment	**146,950**	121,271
Income tax paid	**(12,489)**	(13,091)
Net cash generated from operating activities	**134,461**	108,180
Investing activities		
Proceeds from disposals of investments	**1,172,192**	987,445
Proceeds from investments income	**67,112**	61,357
Proceeds from disposals of joint ventures and associates	**29**	78
Proceeds from disposals of property and equipment and other assets	**6,892**	6,257
Payment for the purchases of investments	**(1,412,699)**	(1,091,323)
Payment for investments in joint ventures and associates	**(716)**	(261)
Payment for the purchases of property and equipment and other assets	**(7,201)**	(18,575)
Net cash used in investing activities	**(174,391)**	(55,022)

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

	Notes	Six months ended 30 June 2025	2024
Financing activities			
Proceeds from the issuance of negotiable interbank certificates of deposit	37(b)	**22,917**	142,353
Proceeds from the issuance of certificates of deposit and other debt instruments	37(b)	**35,668**	26,241
Proceeds from the issuance of debt securities	37(b)	**16,406**	16,742
Proceeds from the issuance of perpetual bonds		**46,991**	–
Proceeds from other financing activities	37(b)	**9,982**	1,069
Repayment of negotiable interbank certificates of deposit	37(b)	**(90,190)**	(22,903)
Repayment of certificates of deposit and other debt instruments	37(b)	**(33,953)**	(24,133)
Repayment of debt securities	37(b)	**(9,933)**	(40,952)
Repayment of lease liabilities	37(b)	**(2,205)**	(2,315)
Redemption of perpetual debt capital		**–**	(2,886)
Distribution paid on perpetual debt capital	37(b)	**–**	(93)
Distribution paid on ordinary shares	37(b)	**(297)**	(284)
Interest paid on financing activities	37(b)	**(2,388)**	(2,493)
Repayments for other financing activities	37(b)	**(14,363)**	(7,893)
Net cash (used in)/generated from financing activities		**(21,365)**	82,453
Net (decrease)/increase in cash and cash equivalents		**(61,295)**	135,611
Cash and cash equivalents as at 1 January		**756,527**	599,019
Effect of foreign exchange rate changes		**(311)**	1,276
Cash and cash equivalents as at 30 June	37(a)	**694,921**	735,906
Cash flows from operating activities include:			
Interest received		**133,040**	145,401
Interest paid		**79,416**	62,299

The notes on pages 118 to 198 form part of these interim consolidated financial statements.

Notes to the Unaudited Interim Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi unless otherwise stated)

1. General information

China Merchants Bank Co., Ltd. (the "Bank") is a commercial bank incorporated in Shenzhen, the People's Republic of China (the "PRC"). With the approval of the China Securities Regulatory Commission (the "CSRC") of the PRC, the A Shares of the Bank were listed on the Shanghai Stock Exchange on 9 April 2002. On 22 September 2006, the Bank's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX").

The principal activities of the Bank and its subsidiaries (the "Group") are the provision of corporate and personal banking services, conducting treasury business, and the provision of asset management and other financial services.

As at 30 June 2025, apart from the Head Office, the Bank had 51 branches in the mainland China, Hong Kong, New York, Singapore, Luxembourg, London and Sydney. In addition, the Bank has one representative office in Taipei.

The particulars of the Group's major subsidiaries as at 30 June 2025 are set out below:

Name of company	Place of incorporation and operations	Particulars of the issued and paid up capital (in millions)	Percentage of ownership held by the Bank	Principal activities	Economic nature
CMB International Capital Holdings Corporation Limited ("CMBIC")	Hong Kong	HKD4,129	100%	Investment bank and investment management	Limited liability
CMB Financial Leasing Company Limited ("CMBFL")	Shanghai	RMB18,000	100%	Finance leasing	Limited liability
CMB Wing Lung Bank Limited ("CMB WLB")	Hong Kong	HKD1,161	100%	Banking	Limited liability
China Merchants Fund Management Co., Ltd. ("CMFM")	Shenzhen	RMB1,310	55%	Fund management	Limited liability
CMB Wealth Management Co., Ltd ("CMBWM")	Shenzhen	RMB5,556	90%	Asset management	Limited liability
China Merchants Europe S.A. ("CMB Europe S.A.")	Luxembourg	EUR100	100%	Banking	Limited liability
Cigna & CMB Asset Management Company Limited ("CIGNA & CMAM")	Beijing	RMB500	(note (i))	Asset management	Limited liability

Note:

(i) CIGNA & CMAM is an indirectly controlled subsidiary of the Bank, with 87.3458% held by CIGNA & CMB Life Insurance Co., Ltd., a joint venture of the Bank, and 12.6542% held by CMBIC, a subsidiary of the Bank

2. Basis of preparation, principal accounting policies, accounting estimates and judgements

(a) Basis of preparation and principal accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Other than the application of the following amendments to IFRS Accounting Standards, the Group's accounting policies and methods of computation applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual consolidated financial statements for the year ended 31 December 2024.

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025 for the preparation of the Group's unaudited interim condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current period has had no material impact on the Group's financial position and performance for the current and prior periods or on the disclosures set out in these unaudited interim condensed consolidated financial statements.

(b) Accounting estimates and judgements

The preparation of these unaudited interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The Group's significant accounting estimates and judgements applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended 31 December 2024.

3. Interest income

	Six months ended 30 June	
	2025	2024
Loans and advances to customers	**119,080**	132,214
– Corporate loans and advances	**43,421**	47,396
– Retail loans and advances	**73,526**	81,771
– Discounted bills	**2,133**	3,047
Balances with central banks	**4,587**	4,933
Balances with banks and other financial institutions	**1,322**	1,251
Placements with banks and other financial institutions	**5,678**	6,191
Amounts held under resale agreements	**1,414**	1,823
Financial investments	**44,933**	41,585
– Debt investments at FVTOCI	**16,133**	14,006
– Debt investments at amortised cost	**28,800**	27,579
Total	**177,014**	187,997

Note: For the six months ended 30 June 2025, included in the above is the interest income of RMB4,240 million from loans and advances to customers at fair value through other comprehensive income (six months ended 30 June 2024: RMB4,652 million).

4. Interest expense

	Six months ended 30 June	
	2025	2024
Deposits from customers	**56,519**	66,528
Borrowing from central banks	**1,708**	2,495
Deposits from banks and other financial institutions	**4,197**	4,061
Placements from banks and other financial institutions	**4,004**	4,708
Amounts sold under repurchase agreements	**1,364**	1,635
Debt securities issued	**2,923**	3,880
Lease liabilities	**214**	241
Total	**70,929**	83,548

5. Fee and commission income

	Six months ended 30 June	
	2025	2024
Fees and commissions from wealth management	**12,797**	11,437
Fees and commissions from asset management	**5,453**	5,858
Bank card fees	**7,221**	8,634
Settlement and clearing fees	**7,602**	7,859
Commissions from credit commitment and lending business	**2,289**	2,460
Commissions from custody business	**2,607**	2,484
Other	**3,898**	3,820
Total	**41,867**	42,552

6. Other net income

	Six months ended 30 June	
	2025	2024
Net gains/(losses) from fair value change	**(4,819)**	2,286
– financial instruments at fair value through profit or loss ("FVTPL")	**(5,426)**	2,567
– derivative instruments	**44**	(232)
– precious metals	**563**	(49)
Net investment income	**20,222**	17,949
– financial instruments at FVTPL	**11,405**	8,338
– gain on disposal of financial assets at amortised cost	**1,217**	3,578
– gain on disposal of debt instruments at FVTOCI	**7,043**	5,582
– of which: gain on disposal of bills	**330**	595
– dividend income from equity investments designated at FVTOCI	**480**	392
– other	**77**	59
Foreign exchange gain	**1,451**	1,949
Other income	**6,918**	6,139
– income on operating leases	**6,918**	6,139
Other	**792**	272
Total	**24,564**	28,595

7. Operating expenses

	Six months ended 30 June	
	2025	2024
Staff costs	**35,484**	35,769
– Salaries and bonuses	**27,330**	28,382
– Social insurance and corporate supplemental insurance	**5,143**	4,514
– Other	**3,011**	2,873
Tax and surcharges	**1,491**	1,507
Depreciation of property and equipment and investment properties	**5,801**	5,573
Amortisation of intangible assets	**235**	373
Depreciation of right-of-use assets	**2,000**	2,072
Short-term lease expense and leases of low-value assets expense	**82**	89
Other general and administrative expenses	**11,290**	10,962
Total	**56,383**	56,345

8. Expected credit losses

	Six months ended 30 June	
	2025	2024
Loans and advances to customers	**23,341**	25,433
– Loans and advances at amortised cost	**26,296**	25,705
– Loans and advances at FVTOCI	**(2,955)**	(272)
Amounts due from banks and other financial institutions	**182**	509
Financial investments	**(415)**	(1,058)
– Debt investments at amortised cost	**(247)**	(2,005)
– Debt investments at FVTOCI	**(168)**	947
Financial guarantees and loan commitments	**1,446**	2,370
Other	**69**	(326)
Total	**24,623**	26,928

9. Income tax

(a) Income tax expense in the unaudited consolidated statement of income represents:

	Six months ended 30 June	
	2025	2024
Current income tax expense	**16,803**	15,279
– Mainland China	**15,608**	14,495
– Hong Kong	**1,008**	694
– Overseas	**187**	90
Deferred taxation	**(3,302)**	(1,017)
Total	**13,501**	14,262

(b) A reconciliation of income tax expense in the unaudited consolidated statement of income and that calculated at the applicable statutory tax rate is as follows:

	Six months ended 30 June	
	2025	2024
Profit before taxation	**88,906**	89,641
Tax at the PRC statutory income tax rate of 25% (Six months ended 30 June 2024: 25%)	**22,227**	22,410
Tax effects of the following items:		
– Effects of costs, expenses and losses not deductible for tax purposes	**3,209**	1,838
– Effects of non-taxable income	**(10,768)**	(9,392)
– Effects of different applicable rates in other jurisdictions (note)	**(700)**	(111)
– Tax effect of perpetual bond/perpetual debt capital interest expense	**(494)**	(518)
– Other	**27**	35
Income tax expense	**13,501**	14,262

Notes:

(i) Taxation for Hong Kong and overseas operations are charged at the applicable rates of tax prevailing in relevant regions.

(ii) On 28 May 2025, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024 was passed by the Legislative Council of Hong Kong. The Global Minimum Tax and the Hong Kong Minimum Top-up Tax was implemented in Hong Kong with effect from 1 January 2025. The Group expects that the implementation of the above legislation will have no significant impact on the Group's financial condition and operating results.

10. Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	Six months ended 30 June					
	2025			2024		
	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss	(10,390)	2,357	(8,033)	11,498	(2,260)	9,238
– Net fair value change on debt instruments measured at FVTOCI	(5,882)	1,591	(4,291)	8,458	(2,096)	6,362
– Net changes in expected credit losses of debt instruments measured at FVTOCI	(3,121)	784	(2,337)	695	(176)	519
– Net movement in cash flow hedge reserve	22	(18)	4	(66)	12	(54)
– Share of other comprehensive income from equity-accounted investees	374	–	374	1,081	–	1,081
– Exchange difference on translation of financial statements of foreign operations	(1,783)	–	(1,783)	1,330	–	1,330
Items that will not be reclassified to profit or loss	1,812	(78)	1,734	1,664	(13)	1,651
– Net fair value change on equity instruments designated at FVTOCI	1,817	(79)	1,738	1,661	(12)	1,649
– Remeasurement of defined benefit scheme	(5)	1	(4)	3	(1)	2
Other comprehensive income	(8,578)	2,279	(6,299)	13,162	(2,273)	10,889

(b) Movements relating to change on the components of other comprehensive income:

	Six months ended 30 June	
	2025	2024
Net fair value change on debt instruments at FVTOCI		
Changes in fair value recognised during the period	991	10,549
Reclassification adjustments for amounts transferred to profit or loss upon disposal	(5,282)	(4,187)
Net movement in investment revaluation reserve during the period recognised in other comprehensive income	(4,291)	6,362
Net changes in expected credit losses of debt instruments at FVTOCI		
Changes in expected credit losses recognised during the period	(2,337)	519
Net movement in expected credit losses during the period recognised in other comprehensive income	(2,337)	519
Net movement in cash flow hedge reserve		
Effective portion of changes in fair value of hedging instruments	(3)	24
Reclassification adjustment for realised gain to profit or loss	7	(78)
Net movement in the hedging reserve during the period recognised in other comprehensive income	4	(54)
Net fair value change on equity instruments designated at FVTOCI		
Changes in fair value recognised during the period	1,738	1,649
Net movement in investment revaluation reserve during the period recognised in other comprehensive income	1,738	1,649

11. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2025 and 2024 is based on the net profit attributable to equity shareholders of the Bank and the weighted average number of shares in issue.

	Six months ended 30 June	
	2025	2024
Net profit attributable to equity shareholders of the Bank	**74,930**	74,743
Less: Net profit attributable to preference shareholders of the Bank	**–**	–
Net profit attributable to holders of perpetual bonds	**(1,975)**	(1,975)
Net profit attributable to ordinary shareholders of the Bank	**72,955**	72,768
Weighted average number of shares in issue (in million shares)	**25,220**	25,220
Basic and diluted earnings per share (in RMB Yuan)	**2.89**	2.89

Note:

The Bank issued non-cumulative preference shares in 2017 and 6 series non-cumulative perpetual bonds between 2020 and 2025. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares and interest on non-cumulative perpetual bonds should be deducted from the amounts attributable to shareholders of the Bank. There were no dividends on non-cumulative preference shares during the six months ended 30 June 2025 and 2024, and there was interest on perpetual bonds amounting to RMB1,975 million during the six months ended 30 June 2025 and 2024.

The conversion feature of preference shares is considered to be contingently issuable ordinary shares. The triggering events of conversion did not occur as of 30 June 2025 and 2024. Therefore, the conversion feature of preference shares has no impact on the diluted earnings per share calculation.

The non-cumulative perpetual bonds issued by the Bank do not contain equity conversion clauses.

12. Balances with central banks

	30 June 2025	31 December 2024
Statutory deposit reserve (note (i))	**471,281**	507,018
Surplus deposit reserve (note (ii))	**57,793**	30,335
Other deposits with central banks (note (iii))	**9,469**	19,813
Accrued interest	**223**	277
Total	**538,766**	557,443

Notes:

(i) Statutory deposit reserve funds are deposited with The People's Bank of China ("PBOC") and other central banks outside the mainland China as required and are not available for the Group's daily operations. The statutory deposit reserve funds of the Bank's institutions located in the mainland China are calculated at 5.5% and 4% of the eligible RMB deposits and foreign currency deposits respectively as at 30 June 2025 (31 December 2024: 6% and 4% of the eligible RMB deposits and foreign currency deposits respectively). Eligible deposits include deposits from government authorities and other organisations, retail deposits, corporate deposits, and net credit balances of entrusted business and RMB deposits placed by financial institutions outside the mainland China in the Bank. The reserve of overseas branches of the Group shall be deposited in accordance with the provisions of local regulators.

(ii) Surplus deposit reserve maintained with the PBOC and central banks outside the mainland China is mainly for clearing purposes.

(iii) Other deposits with central banks primarily represent fiscal deposits and foreign exchange reserve placed with the PBOC.

13. Balances with banks and other financial institutions

	30 June 2025	31 December 2024
Principal (a)	185,288	220,549
Impairment allowances (a)(b)	(717)	(830)
Subtotal	184,571	219,719
Accrued interest	508	512
Total	185,079	220,231

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	142,606	176,929
– Banks	119,543	166,974
– Other financial institutions	23,063	9,955
Outside the mainland China	42,682	43,620
– Banks	41,967	43,042
– Other financial institutions	715	578
Total	185,288	220,549
Less: Impairment allowances	(717)	(830)
– Banks	(624)	(776)
– Other financial institutions	(93)	(54)
Net carrying amount	184,571	219,719

(b) Movements of allowances for impairment losses are as follows:

	2025	2024
Balance as at 1 January	830	223
(Release)/charge for the period/year	(104)	607
Exchange difference	(9)	–
Balance as at 30 June/31 December	717	830

14. Placements with banks and other financial institutions

	30 June 2025	31 December 2024
Principal (a)	480,937	406,817
Impairment allowances (a)(c)	(1,366)	(1,126)
Subtotal	479,571	405,691
Accrued interest	3,376	3,264
Total	482,947	408,955

14. Placements with banks and other financial institutions *(continued)*

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	**382,055**	292,720
– Banks	**34,452**	39,380
– Other financial institutions	**347,603**	253,340
Outside the mainland China	**98,882**	114,097
– Banks	**98,882**	114,097
Total	**480,937**	406,817
Less: Impairment allowances	**(1,366)**	(1,126)
– Banks	**(299)**	(216)
– Other financial institutions	**(1,067)**	(910)
Net carrying amount	**479,571**	405,691

(b) Analysed by remaining maturity

	30 June 2025	31 December 2024
Maturing		
– Within one month (inclusive)	**107,538**	125,756
– Between one month and one year (inclusive)	**366,130**	264,359
– Over one year	**5,903**	15,576
Total	**479,571**	405,691

(c) Movements of allowances for impairment losses are as follows:

	2025	2024
Balance as at 1 January	**1,126**	519
Charge for the period/year	**240**	607
Balance as at 30 June/31 December	**1,366**	1,126

15. Amounts held under resale agreements

	30 June 2025	31 December 2024
Principal (a)	**271,107**	272,043
Impairment allowances (a)(d)	**(792)**	(746)
Subtotal	**270,315**	271,297
Accrued interest	**45**	32
Total	**270,360**	271,329

15. Amounts held under resale agreements *(continued)*

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	**268,328**	271,387
– Banks	**27,150**	53,048
– Other financial institutions	**241,178**	218,339
Outside the mainland China	**2,779**	656
– Banks	**1,941**	72
– Other financial institutions	**838**	584
Total	**271,107**	272,043
Less: Impairment allowances	**(792)**	(746)
– Banks	**(173)**	(176)
– Other financial institutions	**(619)**	(570)
Net carrying amount	**270,315**	271,297

(b) Analysed by remaining maturity

	30 June 2025	31 December 2024
Maturing		
– Within one month (inclusive)	**269,958**	271,297
– Between one month and one year (inclusive)	**357**	–
Total	**270,315**	271,297

(c) Analysed by underlying assets

	30 June 2025	31 December 2024
Bonds	**265,336**	257,549
Bills	**4,979**	13,748
Total	**270,315**	271,297

(d) Movements of allowances for impairment losses are as follows:

	2025	2024
Balance as at 1 January	**746**	589
Charge for the period/year	**46**	157
Balance as at 30 June/31 December	**792**	746

16. Loans and advances to customers

(a) Loans and advances to customers

	30 June 2025	31 December 2024
Gross amount of loans and advances to customers at amortised cost (i)	**6,500,587**	6,300,863
Accrued interest	**9,684**	10,565
Subtotal	**6,510,271**	6,311,428
Loss allowances of loans and advances to customers at amortised cost (i)	**(270,752)**	(265,365)
Loss allowances of accrued interest	**(982)**	(982)
Subtotal	**(271,734)**	(266,347)
Loans and advances to customers at amortised cost	**6,238,537**	6,045,081
Loans and advances to customers at FVTOCI (ii)	**550,282**	551,692
Loans and advances to customers at FVTPL (iii)	**65,772**	35,775
Total	**6,854,591**	6,632,548

(i) Loans and advances to customers at amortised cost

	30 June 2025	31 December 2024
Corporate loans and advances	**2,822,158**	2,656,238
Retail loans and advances	**3,678,188**	3,644,625
Discounted bills	**241**	–
Gross amount of loans and advances to customers at amortised cost	**6,500,587**	6,300,863
Less: Loss allowances	**(270,752)**	(265,365)
– Stage 1 (12-month ECL)	**(149,301)**	(152,598)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(64,734)**	(56,926)
– Stage 3 (Lifetime ECL – credit-impaired)	**(56,717)**	(55,841)
Net loans and advances to customers at amortised cost	**6,229,835**	6,035,498

(ii) Loans and advances to customers at FVTOCI

	30 June 2025	31 December 2024
Corporate loans and advances	**265,998**	206,343
Discounted bills	**284,284**	345,349
Loans and advances to customers at FVTOCI	**550,282**	551,692
Loss allowances	**(1,981)**	(4,936)
– Stage 1 (12-month ECL)	**(1,971)**	(4,515)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(10)**	(421)
– Stage 3 (Lifetime ECL – credit-impaired)	**–**	–

No loss allowance is recognised in the carrying amount of loans and advances to customers at FVTOCI as it is at fair value.

16. Loans and advances to customers *(continued)*

(a) Loans and advances to customers *(continued)*

(iii) Loans and advances to customers at FVTPL

	30 June 2025	31 December 2024
Corporate loans and advances	**1,535**	1,159
Discounted bills	**64,212**	34,601
Accrued interest	**25**	15
Total	**65,772**	35,775

(b) Analysis of loans and advances to customers

(i) Analysed by industry sector and category:

Operations in the mainland China

	30 June 2025	31 December 2024
Manufacturing	**708,288**	652,430
Transportation, storage and postal services	**515,307**	497,123
Production and supply of electric power, heat, gas and water	**371,563**	333,400
Property development	**286,491**	287,798
Wholesale and retail	**243,084**	222,593
Leasing and commercial services	**216,930**	186,736
Telecommunications, software and IT services	**148,251**	124,026
Construction	**125,023**	105,294
Finance	**87,355**	89,007
Mining	**58,395**	49,632
Water, environment and public utilities management	**36,632**	36,728
Other	**93,590**	88,901
Subtotal of corporate loans and advances	**2,890,909**	2,673,668
Discounted bills	**348,737**	379,950
Residential mortgage	**1,424,150**	1,404,101
Credit cards	**924,377**	947,712
Micro-finance loans	**841,966**	824,128
Consumer loans	**416,288**	396,161
Other	**4,571**	5,388
Subtotal of retail loans and advances	**3,611,352**	3,577,490
Gross amount of loans and advances to customers	**6,850,998**	6,631,108

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(i) Analysed by industry sector and category: *(continued)*

Operations outside the mainland China

	30 June 2025	31 December 2024
Finance	**52,505**	51,257
Transportation, storage and postal services	**48,084**	44,972
Property development	**25,063**	30,753
Production and supply of electric power, heat, gas and water	**16,638**	9,856
Manufacturing	**13,735**	17,200
Telecommunications, software and IT services	**12,945**	10,991
Leasing and commercial services	**10,731**	7,756
Wholesale and retail	**7,164**	5,118
Construction	**2,121**	2,672
Water, environment and public utilities management	**1,307**	1,051
Mining	**1,233**	2,335
Other	**7,256**	6,111
Subtotal of corporate loans and advances	**198,782**	190,072
Residential mortgage	**14,229**	13,349
Credit cards	**112**	131
Micro-finance loans	**1,678**	1,315
Other	**50,817**	52,340
Subtotal of retail loans and advances	**66,836**	67,135
Gross amount of loans and advances to customers	**265,618**	257,207

As at 30 June 2025, over 90% of the Group's loans and advances to customers are originated in the mainland China (31 December 2024: over 90%).

(ii) Analysed by type of guarantees:

	30 June 2025	31 December 2024
Credit loans	**2,890,892**	2,800,227
Guaranteed loans	**962,204**	872,494
Collateralised loans	**2,441,416**	2,381,108
Pledged loans	**473,367**	454,536
Subtotal	**6,767,879**	6,508,365
Discounted bills	**348,737**	379,950
Gross amount of loans and advances to customers	**7,116,616**	6,888,315

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(iii) Analysed by overdue term:

	30 June 2025				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	**26,209**	**16,007**	**3,112**	**2,359**	**47,687**
Guaranteed loans	**2,990**	**2,748**	**8,015**	**2,226**	**15,979**
Collateralised loans	**11,695**	**7,039**	**6,284**	**1,652**	**26,670**
Pledged loans	**4,182**	**1,545**	**431**	**590**	**6,748**
Gross amount of loans and advances to customers	**45,076**	**27,339**	**17,842**	**6,827**	**97,084**

	31 December 2024				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	29,777	15,187	2,741	1,421	49,126
Guaranteed loans	1,079	2,575	7,418	2,966	14,038
Collateralised loans	8,562	7,190	6,857	1,331	23,940
Pledged loans	2,810	249	501	1,211	4,771
Gross amount of loans and advances to customers	42,228	25,201	17,517	6,929	91,875

Note: Loans are classified as overdue when the principal or interest is overdue more than one day.

Among the above-mentioned overdue loans and advances to customers, collateralised loans and pledged loans that are overdue but not impaired at the end of the reporting period are as follows:

	30 June 2025	31 December 2024
Collateralised loans that are overdue but not impaired	**10,185**	7,170
Pledged loans that are overdue but not impaired	**3,117**	1,542
Total	**13,302**	8,712

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(iv) Analysed by ECL:

	30 June 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	6,183,585	250,641	66,361	6,500,587
Less: Loss allowances of loans and advances to customers at amortised cost	(149,301)	(64,734)	(56,717)	(270,752)
Net amount of loans and advances to customers at amortised cost	6,034,284	185,907	9,644	6,229,835
Loans and advances to customers at FVTOCI	548,955	1,327	–	550,282
Loss allowances of loans and advances to customers at FVTOCI	(1,971)	(10)	–	(1,981)

	31 December 2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	6,030,395	204,858	65,610	6,300,863
Less: Loss allowances of loans and advances to customers at amortised cost	(152,598)	(56,926)	(55,841)	(265,365)
Net amount of loans and advances to customers at amortised cost	5,877,797	147,932	9,769	6,035,498
Loans and advances to customers at FVTOCI	550,089	1,603	–	551,692
Loss allowances of loans and advances to customers at FVTOCI	(4,515)	(421)	–	(4,936)

16. Loans and advances to customers *(continued)*

(c) Movements of allowances for impairment losses

(i) Reconciliation of allowances for expected credit loss for loans and advances to customers measured at amortised cost:

	Six months ended 30 June 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2025	**152,598**	**56,926**	**55,841**	**265,365**
Transfer to:				
– Stage 1	**4,004**	**(3,958)**	**(46)**	**–**
– Stage 2	**(7,315)**	**7,586**	**(271)**	**–**
– Stage 3	**(764)**	**(6,756)**	**7,520**	**–**
Charge for the period (note 8)	**898**	**11,008**	**14,390**	**26,296**
Write-offs/disposals	**–**	**–**	**(26,054)**	**(26,054)**
Recoveries of loans and advances written off	**–**	**–**	**5,514**	**5,514**
Exchange and other differences	**(120)**	**(72)**	**(177)**	**(369)**
Balance as at 30 June 2025	**149,301**	**64,734**	**56,717**	**270,752**

	Year ended 31 December 2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2024	165,866	47,729	53,210	266,805
Transfer to:				
– Stage 1	8,028	(7,877)	(151)	–
– Stage 2	(6,417)	6,817	(400)	–
– Stage 3	(1,688)	(9,413)	11,101	–
(Release)/charge for the year	(13,314)	19,624	35,090	41,400
Write-offs/disposals	–	–	(53,154)	(53,154)
Recovery of loans and advances written off	–	–	10,274	10,274
Exchange and other differences	123	46	(129)	40
Balance as at 31 December 2024	152,598	56,926	55,841	265,365

(ii) Reconciliation of allowances for expected credit loss for loans and advances to customers measured at FVTOCI:

	2025	2024
Balance as at 1 January	**4,936**	2,729
(Release)/Charge for the period/year	**(2,955)**	2,208
Exchange difference	**–**	(1)
Balance as at 30 June/31 December	**1,981**	4,936

17. Financial investments

	Notes	30 June 2025	31 December 2024
Financial investments at fair value through profit or loss	17(a)	**660,819**	617,018
Debt investments at amortised cost	17(b)	**2,006,357**	1,941,580
Debt investments at FVTOCI	17(c)	**1,260,117**	1,092,127
Equity investments designated at FVTOCI	17(d)	**23,834**	22,315
Total		**3,951,127**	3,673,040

(a) Financial investments at fair value through profit or loss

	Notes	30 June 2025	31 December 2024
Financial investments measured at FVTPL	(i)	**648,899**	603,353
Financial investments designated at FVTPL	(ii)	**11,920**	13,665
Total		**660,819**	617,018

(i) **Financial investments measured at FVTPL:**

Financial investments held for trading

	30 June 2025	31 December 2024
Bonds:		
Classified by issuer	**345,710**	243,906
– Government bonds	**188,939**	96,730
– Bonds issued by policy banks	**51,431**	45,491
– Bonds issued by commercial banks and other financial institutions	**40,004**	58,420
– Other debt securities	**65,336**	43,265
Classified by listing	**345,710**	243,906
– Listed in the mainland China	**327,107**	222,192
– Listed outside the mainland China	**12,571**	13,079
– Unlisted	**6,032**	8,635
Other investments:		
Classified by underlying assets	**16,069**	2,379
– Equity investments	**1,314**	310
– Fund investments	**1,148**	1,026
– Wealth management products	**1,279**	909
– Precious metal contracts	**12,328**	134
Classified by listing	**16,069**	2,379
– Listed in the mainland China	**466**	310
– Listed outside the mainland China	**13,209**	134
– Unlisted	**2,394**	1,935
Total financial investments held for trading	**361,779**	246,285

17. Financial investments *(continued)*

(a) Financial investments at fair value through profit or loss *(continued)*

(i) Financial investments measured at FVTPL: *(continued)*

Other financial investments measured at FVTPL

	30 June 2025	31 December 2024
Bonds:		
Classified by issuer	**6,911**	8,146
– Bonds issued by commercial banks and other financial institutions	**1,366**	1,443
– Other debt securities	**5,545**	6,703
Classified by listing	**6,911**	8,146
– Listed in the mainland China	**6,390**	6,528
– Listed outside the mainland China	**521**	551
– Unlisted	**–**	1,067
Other investments:		
Classified by underlying assets	**280,209**	348,922
– Equity investments	**3,435**	2,952
– Fund investments	**265,744**	342,925
– Wealth management products	**2,217**	2,225
– Non-standard assets	**8,408**	596
– Other	**405**	224
Classified by listing	**280,209**	348,922
– Listed in the mainland China	**732**	835
– Listed outside the mainland China	**324**	216
– Unlisted	**279,153**	347,871
Total other financial investments measured at FVTPL	**287,120**	357,068
Total financial investments measured at FVTPL	**648,899**	603,353

(ii) Financial investments designated at FVTPL:

	30 June 2025	31 December 2024
Bonds:		
Classified by issuer	**11,920**	13,665
– Government bonds	**31**	43
– Bonds issued by policy banks	**4,468**	8,820
– Bonds issued by commercial banks and other financial institutions	**7,421**	4,802
Classified by listing	**11,920**	13,665
– Listed in the mainland China	**11,748**	11,928
– Listed outside the mainland China	**172**	1,646
– unlisted	**–**	91

17. Financial investments *(continued)*

(b) Debt investments at amortised cost

	30 June 2025	31 December 2024
Debt investments at amortised cost (i)(ii)	**2,021,376**	1,955,920
Accrued interest	**20,103**	21,328
Subtotal	**2,041,479**	1,977,248
Loss allowances of debt investments at amortised cost (i)(ii)(iii)	**(34,973)**	(35,459)
Loss allowances of accrued interest	**(149)**	(209)
Subtotal	**(35,122)**	(35,668)
Total	**2,006,357**	1,941,580

(i) Debt investments at amortised cost:

	30 June 2025	31 December 2024
Bonds:		
Classified by issuer	**1,939,117**	1,848,162
– Government bonds	**1,330,916**	1,240,885
– Bonds issued by policy banks	**492,641**	494,867
– Bonds issued by commercial banks and other financial institutions	**100,718**	99,345
– Other debt securities	**14,842**	13,065
Classified by listing	**1,939,117**	1,848,162
– Listed in the mainland China	**1,804,185**	1,743,427
– Listed outside the mainland China	**70,834**	68,301
– Unlisted	**64,098**	36,434
Fair value for the listed bonds	**2,003,765**	1,960,310
Other investments:		
Classified by underlying assets	**82,259**	107,758
– Non-standard assets – Loans and advances to customers	**41,595**	49,046
– Non-standard assets – Creditor's beneficiary rights to other commercial banks	**31,830**	49,403
– Non-standard assets – Other	**8,167**	8,656
– Other	**667**	653
Classified by listing	**82,259**	107,758
– Unlisted	**82,259**	107,758
Total	**2,021,376**	1,955,920
Less: Loss allowances	**(34,973)**	(35,459)
Stage 1 (12-month ECL)	**(9,391)**	(8,949)
Stage 2 (Lifetime ECL – not credit-impaired)	**(423)**	(354)
Stage 3 (Lifetime ECL – credit-impaired)	**(25,159)**	(26,156)
Net debt investments at amortised cost	**1,986,403**	1,920,461

17. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(ii) Analysed by stage of ECL:

	30 June 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	1,994,375	1,761	25,240	2,021,376
Less: Loss allowances of debt investments at amortised cost	(9,391)	(423)	(25,159)	(34,973)
Net debt investments at amortised cost	1,984,984	1,338	81	1,986,403

	31 December 2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	1,927,893	1,790	26,237	1,955,920
Less: Loss allowances of debt investments at amortised cost	(8,949)	(354)	(26,156)	(35,459)
Net debt investments at amortised cost	1,918,944	1,436	81	1,920,461

(iii) Movements of allowances for expected credit losses:

	Six months ended 30 June 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2025	8,949	354	26,156	35,459
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
Charge/(release) for the period (note 8)	443	76	(766)	(247)
Write-offs/disposals	–	–	(232)	(232)
Recovery of debt previously written off	–	–	5	5
Exchange difference	(1)	(7)	(4)	(12)
Balance as at 30 June 2025	9,391	423	25,159	34,973

17. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(iii) Movements of allowances for expected credit losses: *(continued)*

	Year ended 31 December 2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2024	13,193	486	25,711	39,390
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(40)	40	–	–
– Stage 3	–	–	–	–
(Release)/charge for the year	(4,209)	(174)	253	(4,130)
Recovery of debt previously written off	–	–	175	175
Exchange difference	5	2	17	24
Balance as at 31 December 2024	8,949	354	26,156	35,459

(c) Debt investments at FVTOCI

	30 June 2025	31 December 2024
Debt investments at FVTOCI(i)	**1,248,050**	1,082,577
Accrued interest	**12,067**	9,550
Total	**1,260,117**	1,092,127
Loss allowances of debt investments at FVTOCI (ii)	**(8,398)**	(8,620)
Loss allowances of accrued interest	**(227)**	(227)
Total	**(8,625)**	(8,847)

No loss allowance is deducted from the carrying amount of debt investments at FVTOCI as it is measured at fair value.

17. Financial investments *(continued)*

(c) Debt investments at FVTOCI *(continued)*

(i) Debt investments at FVTOCI:

	30 June 2025	31 December 2024
Bonds:		
Classified by issuer	**1,248,050**	1,082,577
– Government bonds	**823,840**	688,572
– Bonds issued by policy banks	**52,062**	23,685
– Bonds issued by commercial banks and other financial institutions	**271,994**	230,694
– Other debt securities	**100,154**	139,626
Classified by listing	**1,248,050**	1,082,577
– Listed in the mainland China	**906,450**	781,480
– Listed outside the mainland China	**160,378**	127,562
– Unlisted	**181,222**	173,535

(ii) Movements of allowances for expected credit losses:

	2025	2024
Balance as at 1 January	**8,620**	6,812
(Release)/charge for the period/year	**(168)**	1,730
Exchange difference	**(54)**	78
Balance as at 30 June/31 December	**8,398**	8,620

(d) Equity investments designated at FVTOCI

	30 June 2025	31 December 2024
Repossessed equity instruments	**2,558**	2,596
Other	**21,276**	19,719
Total	**23,834**	22,315
Classified by listing		
– Listed in the mainland China	**268**	322
– Listed outside the mainland China	**14,020**	12,565
– Unlisted	**9,546**	9,428
Total	**23,834**	22,315

During the six months ended 30 June 2025, the Group disposed none of the equity investments designated at FVTOCI (year ended 31 December 2024: The fair value of the equity investments disposed of at the date of derecognition was RMB1,429 million and the cumulative net of tax loss of RMB4 million was transferred from investment revaluation reserve to retained earnings on disposal).

18. Interests in joint ventures

	30 June 2025	31 December 2024
Share of net assets	**20,769**	19,310
Share of profits for the period/year	**904**	1,713
Share of other comprehensive income for the period/year	**494**	2,185

Details of the Group's interests in major joint ventures are as follows:

Name of joint ventures	Legal form	Place of incorporation and operations	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
CIGNA & CMB Life Insurance Co., Ltd. (note (i))	Limited liability	Shenzhen	RMB 2,800	50.00%	50.00%	Life insurance business
Merchants Union Consumer Finance Company Limited (note (ii))	Joint stock limited company	Shenzhen	RMB 10,000	50.00%	50.00%	Consumer finance

Notes:

(i) The Bank holds 50.00% equity interests in CIGNA & CMB Life Insurance Co., Ltd. ("CIGNA & CMB Life"), and Cigna Health and Life Insurance Company ("CHLI") holds the other 50.00% equity interests. The Bank and CHLI share the joint venture's risk, profits and losses based on their shareholdings proportionally. The Bank's investment in CIGNA & CMB Life is accounted for as an investment in a joint venture.

(ii) CMB WLB, one of the Group's wholly-owned subsidiaries, and China United Network Communications Limited ("CUNC"), a subsidiary of China Unicom Limited, jointly set up Merchants Union Consumer Finance Company Limited ("MUCFC"). The former CBIRC approved the operation of MUCFC on 3 March 2015. CMB WLB and CUNC each held 50% equity interests in MUCFC and share the risks, profits and losses proportionally based on their shareholdings. In December 2017, the Bank and CUNC made capital contributions of RMB600 million in MUCFC respectively. After the capital injection, the capital of MUCFC increased to RMB2,859 million, with the Bank's shareholding percentage becoming 15%, CMB WLB's shareholding percentage becoming 35%, and the Group's total shareholding percentage remained at 50%. In December 2018, the Bank made another capital contribution of RMB1,000 million in MUCFC, and CUNC made the same amount of capital injection. After that, the share capital of MUCFC has reached RMB3,869 million. The Bank and CMB WLB then held 24.15% and 25.85% of equity interests in MUCFC, respectively, and the Group's total shareholding percentage remained at 50%.

In July 2021, CMB WLB transferred all its shares of MUCFC to the Bank. After the transfer, the Bank and CUNC each held 50% of equity interests in MUCFC, and the Group's total shareholding percentage remained unchanged. In October 2021, MUCFC converted RMB1,331 million of its capital reserve and RMB4,800 million of its retained earnings into share capital, and the share capital of MUCFC increased to RMB10,000 million after the conversion.

In July 2023, MUCFC completed the registration of the change of its Chinese name from "招聯消費金融有限公司" to "招聯消費金融股份有限公司".

19. Interests in associates

	30 June 2025	31 December 2024
Share of net assets	**12,279**	11,705
Share of profits for the period/year	**768**	919
Share of other comprehensive income for the period/year	**(120)**	267

Details of the Group's interests in the major associate are as follows:

Name of associates	Legal form	Place of incorporation and operations	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
Bank of Taizhou Co., Ltd. (Note)	Joint stock limited company	Taizhou	RMB 1,800	24.8559%	24.8559%	Commercial bank

Note: The Bank, which originally held a 10% stake in Bank of Taizhou Co., Ltd. ("Bank of Taizhou"), acquired a total of 14.8559% stake from Ping An Trust Co., Ltd. and Ping An Life Insurance Company of China, Ltd. at a total consideration of RMB3,121 million on 31 May 2021. Upon the completion of the transaction, the Bank held 24.8559% stake of Bank of Taizhou. The Bank can exercise significant influence on Bank of Taizhou and therefore this investment is transferred from equity investments designated at FVTOCI to interests in associates.

20. Investment properties

	2025	2024
Cost:		
At 1 January	**3,479**	3,097
Transfers in/(out) for the period/year	**(34)**	318
Exchange difference	**(54)**	64
At 30 June/31 December	**3,391**	3,479
Accumulated depreciation:		
At 1 January	**2,362**	1,937
Depreciation for the period/year	**84**	129
Transfers in/(out) for the period/year	**(21)**	245
Exchange difference	**(46)**	51
At 30 June/31 December	**2,379**	2,362
Net carrying amount:		
At 30 June/31 December	**1,012**	1,117
At 1 January	**1,117**	1,160

(a) As at 30 June 2025, no impairment allowance was considered necessary for investment properties by the Group (31 December 2024: Nil).

(b) The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	30 June 2025	31 December 2024
Within 1 year (inclusive)	**191**	199
1 year to 2 years (inclusive)	**169**	187
2 years to 3 years (inclusive)	**105**	165
3 years to 4 years (inclusive)	**64**	104
4 years to 5 years (inclusive)	**63**	106
Over 5 years	**285**	169
Total	**877**	930

21. Property and equipment

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2025	34,324	3,825	19,137	13,623	119,633	4,943	195,485
Additions	–	917	436	212	6,935	92	8,592
Reclassification and transfers	36	(3)	–	2	–	(1)	34
Disposals/write-offs	(5)	–	(274)	(35)	(10,788)	(276)	(11,378)
Exchange difference	(97)	–	(51)	(16)	(414)	(4)	(582)
At 30 June 2025	34,258	4,739	19,248	13,786	115,366	4,754	192,151
Accumulated depreciation:							
At 1 January 2025	17,121	–	15,646	9,768	18,134	4,165	64,834
Depreciation for the period	749	–	878	422	3,477	191	5,717
Reclassification and transfers	21	–	–	6	–	(6)	21
Disposals/write-offs	(4)	–	(274)	(28)	(3,190)	(270)	(3,766)
Exchange difference	(78)	–	(43)	(13)	(63)	(8)	(205)
At 30 June 2025	17,809	–	16,207	10,155	18,358	4,072	66,601
Impairment loss:							
At 1 January 2025	–	–	–	–	1,890	–	1,890
Disposals/write-offs	–	–	–	–	(1,219)	–	(1,219)
Exchange difference	–	–	–	–	(4)	–	(4)
At 30 June 2025	–	–	–	–	667	–	667
Net carrying amount:							
At 30 June 2025	16,449	4,739	3,041	3,631	96,341	682	124,883
At 1 January 2025	17,203	3,825	3,491	3,855	99,609	778	128,761

21. Property and equipment *(continued)*

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2024	33,026	3,980	17,338	12,767	104,803	5,210	177,124
Additions	9	1,995	2,529	532	29,732	285	35,082
Reclassification and transfers	1,413	(2,150)	46	402	–	(29)	(318)
Disposals/write-offs	(237)	–	(839)	(94)	(16,074)	(530)	(17,774)
Exchange difference	113	–	63	16	1,172	7	1,371
At 31 December 2024	34,324	3,825	19,137	13,623	119,633	4,943	195,485
Accumulated depreciation:							
At 1 January 2024	15,984	–	14,582	8,946	16,815	4,270	60,597
Depreciation for the year	1,480	–	1,812	891	6,689	453	11,325
Reclassification and transfers	(245)	–	46	(52)	–	(46)	(297)
Disposals/write-offs	(186)	–	(838)	(32)	(5,501)	(523)	(7,080)
Exchange difference	88	–	44	15	131	11	289
At 31 December 2024	17,121	–	15,646	9,768	18,134	4,165	64,834
Impairment loss:							
At 1 January 2024	20	–	–	–	1,159	–	1,179
Charge for the year	–	–	–	–	791	–	791
Disposals/write-offs	(20)	–	–	–	(74)	–	(94)
Exchange difference	–	–	–	–	14	–	14
At 31 December 2024	–	–	–	–	1,890	–	1,890
Net carrying amount:							
At 31 December 2024	17,203	3,825	3,491	3,855	99,609	778	128,761
At 1 January 2024	17,022	3,980	2,756	3,821	86,829	940	115,348

(a) As at 30 June 2025, the Group had no significant unused property and equipment (31 December 2024: None).

(b) The Group's total future minimum lease receivables under non-cancellable operating leases relating to its assets under operating leases are as follows:

	30 June 2025	31 December 2024
Within 1 year (inclusive)	**11,366**	11,988
1 year to 2 years (inclusive)	**9,788**	10,327
2 years to 3 years (inclusive)	**8,623**	8,677
3 years to 4 years (inclusive)	**8,112**	8,178
4 years to 5 years (inclusive)	**7,227**	7,634
Over 5 years	**26,349**	29,074
Total	**71,465**	75,878

22. Right-of-use assets

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2025	5,947	25,269	13	11	31,240
Additions for the period	56	1,522	–	–	1,578
Decreases for the period	–	(1,836)	–	–	(1,836)
Exchange difference	(7)	(27)	–	–	(34)
At 30 June 2025	5,996	24,928	13	11	30,948
Accumulated depreciation:					
At 1 January 2025	1,737	12,600	8	5	14,350
Depreciation for the period (note 7)	91	1,906	2	1	2,000
Decreases for the period	–	(1,565)	–	–	(1,565)
Exchange difference	(5)	(1)	–	–	(6)
At 30 June 2025	1,823	12,940	10	6	14,779
Net carrying amount:					
At 30 June 2025	4,173	11,988	3	5	16,169
At 1 January 2025	4,210	12,669	5	6	16,890

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2024	6,002	25,044	10	11	31,067
Additions for the year	–	4,423	7	–	4,430
Decrease for the year	(61)	(4,222)	(4)	–	(4,287)
Exchange difference	6	24	–	–	30
At 31 December 2024	5,947	25,269	13	11	31,240
Accumulated depreciation:					
At 1 January 2024	1,557	12,399	8	3	13,967
Depreciation for the year	182	3,919	4	2	4,107
Decrease for the year	(2)	(3,759)	(4)	–	(3,765)
Exchange difference	–	41	–	–	41
At 31 December 2024	1,737	12,600	8	5	14,350
Impairment loss:					
At 1 January 2024	59	–	–	–	59
Decrease for the year	(59)	–	–	–	(59)
At 31 December 2024	–	–	–	–	–
Net carrying amount:					
At 31 December 2024	4,210	12,669	5	6	16,890
At 1 January 2024	4,386	12,645	2	8	17,041

23. Intangible assets

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2025	10,753	1,246	11,999
Additions for the period	36	–	36
Disposals/write-offs	(22)	–	(22)
Exchange difference	(3)	(37)	(40)
At 30 June 2025	10,764	1,209	11,973
Accumulated amortisation:			
At 1 January 2025	9,041	720	9,761
Charge for the period (note 7)	214	21	235
Disposals/write-offs	(21)	–	(21)
Exchange difference	(4)	(20)	(24)
At 30 June 2025	9,230	721	9,951
Impairment loss:			
At 1 January 2025	42	–	42
At 30 June 2025	42	–	42
Net carrying amount:			
At 30 June 2025	1,492	488	1,980
At 1 January 2025	1,670	526	2,196

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2024	10,577	1,203	11,780
Additions for the year	194	–	194
Disposals/write-offs	(22)	–	(22)
Exchange difference	4	43	47
At 31 December 2024	10,753	1,246	11,999
Accumulated amortisation:			
At 1 January 2024	8,418	653	9,071
Charge for the year	636	44	680
Disposals/write-offs	(20)	–	(20)
Exchange difference	7	23	30
At 31 December 2024	9,041	720	9,761
Impairment loss:			
At 1 January 2024	–	–	–
Charge for the year	42	–	42
At 31 December 2024	42	–	42
Net carrying amount:			
At 31 December 2024	1,670	526	2,196
At 1 January 2024	2,159	550	2,709

24. Goodwill

	As at 31 December 2024	Addition during the period	Decrease during the period	As at 30 June 2025
CMB WLB (note (i))	10,177	–	–	10,177
CMFM (note (ii))	355	–	–	355
CMB Network Technology (note (iii))	1	–	–	1
Total	10,533	–	–	10,533
Less: Impairment allowances – CMB WLB	(579)	–	–	(579)
Net carrying amount	9,954	–	–	9,954

Notes:

(i) On 30 September 2008, the Bank acquired 53.12% equity interests in CMB WLB. On the acquisition date, the fair value of CMB WLB's identifiable net assets was RMB12,898 million, of which the Bank accounted for RMB6,851 million. A sum of RMB10,177 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

(ii) On 28 November 2013, the Bank acquired 55.00% equity interests in CMFM. On the acquisition date, the fair value of CMFM's identifiable net assets was RMB752 million, of which the Bank accounted for RMB414 million. A sum of RMB355 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

(iii) On 1 April 2015, CMBIC acquired the 100% equity interests in China Merchants Bank Network Technology (Shenzhen) Co., Ltd. ("CMB Network Technology"). On the acquisition date, the fair value of Zhaoyin Internet's identifiable net assets was RMB3 million. A sum of RMB1 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

25. Deferred tax assets and liabilities

	30 June 2025	31 December 2024
Deferred tax assets	**88,764**	83,674
Deferred tax liabilities	**(1,112)**	(1,592)
Net amount	**87,652**	82,082

(a) Deferred tax assets/(liabilities) and related temporary differences are attributable to the following items:

	30 June 2025		31 December 2024	
	Deductible/ (taxable) temporary difference	Deferred tax	Deductible/ (taxable) temporary difference	Deferred tax
Deferred tax assets before offsetting qualifying amounts				
Impairment allowances on loans and advances at amortised cost and other assets at amortised cost	**303,221**	**75,568**	294,876	73,469
Financial assets at FVTOCI	**5**	**1**	1,389	233
Financial instruments at FVTPL	**660**	**165**	845	209
Lease liabilities	**11,961**	**2,990**	12,656	3,163
Salaries and welfare payable and other	**94,942**	**22,487**	92,695	22,081
Total	**410,789**	**101,211**	402,461	99,155
Deferred tax liabilities before offsetting qualifying amounts				
Financial assets at FVTOCI	**(25,730)**	**(6,415)**	(32,611)	(8,153)
Financial instruments at FVTPL	**(3,172)**	**(793)**	(9,597)	(2,399)
Right-of-use assets	**(11,880)**	**(2,970)**	(12,575)	(3,142)
Other	**(21,167)**	**(3,381)**	(22,188)	(3,379)
Total	**(61,949)**	**(13,559)**	(76,971)	(17,073)

	30 June 2025	31 December 2024
Deferred tax assets before offsetting qualifying amounts	**101,211**	99,155
Offsetting amounts	**(12,447)**	(15,481)
Deferred tax assets after offsetting qualifying amounts	**88,764**	83,674
Deferred tax liabilities before offsetting qualifying amounts	**(13,559)**	(17,073)
Offsetting amounts	**12,447**	15,481
Deferred tax liabilities after offsetting qualifying amounts	**(1,112)**	(1,592)

25. Deferred tax assets and liabilities *(continued)*

(b) Movements of deferred tax are as follows:

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2025	73,469	(7,920)	(2,190)	18,723	82,082
Recognised in profit or loss	2,122	(784)	1,603	361	3,302
Recognised in other comprehensive income	–	2,296	–	(17)	2,279
Exchange difference	(23)	(6)	(41)	59	(11)
At 30 June 2025	75,568	(6,414)	(628)	19,126	87,652

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2024	74,251	(2,232)	(363)	17,294	88,950
Recognised in profit or loss	(808)	1,004	(1,828)	1,468	(164)
Recognised in other comprehensive income	–	(6,704)	–	4	(6,700)
Exchange difference	26	12	1	(43)	(4)
At 31 December 2024	73,469	(7,920)	(2,190)	18,723	82,082

Note: No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries because the Group is in a position to control the timing of reversal of the temporary differences, and it is probable that such differences will not be reversed in the foreseeable future.

26. Deposits from banks and other financial institutions

	30 June 2025	31 December 2024
Principal (a)	744,834	699,306
Accrued interest	765	669
Total	745,599	699,975

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	740,564	697,014
– Banks	13,132	37,744
– Other financial institutions	727,432	659,270
Outside the mainland China	4,270	2,292
– Banks	3,188	1,157
– Other financial institutions	1,082	1,135
Total	744,834	699,306

27. Placements from banks and other financial institutions

	30 June 2025	31 December 2024
Principal (a)	256,905	234,453
Accrued interest	850	923
Total	257,755	235,376

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	173,380	153,837
– Banks	171,877	150,562
– Other financial institutions	1,503	3,275
Outside the mainland China	83,525	80,616
– Banks	83,310	80,397
– Other financial institutions	215	219
Total	256,905	234,453

28. Financial liabilities at fair value through profit or loss

	30 June 2025	31 December 2024
Financial liabilities held for trading (a)	56,434	29,146
Financial liabilities designated at fair value through profit or loss (b)	42,845	38,315
Total	99,279	67,461

(a) Financial liabilities held for trading

	30 June 2025	31 December 2024
Financial liabilities related to precious metal	55,736	28,757
Short position on bonds	698	389
Total	56,434	29,146

(b) Financial liabilities designated at FVTPL

	30 June 2025	31 December 2024
In the mainland China	36,377	32,489
– Other	36,377	32,489
Outside the mainland China	6,468	5,826
– Debt securities issued	5,590	5,567
– Other	878	259
Total	42,845	38,315

As at 30 June 2025 and 31 December 2024, the difference between the fair values of the Group's financial liabilities designated at FVTPL and the contractual amount payable at maturity is not material. The amounts of changes in the fair value that are attributable to changes in credit risk of these liabilities are not significant during the six months ended 30 June 2025 and the year ended 31 December 2024 and as at 30 June 2025 and 31 December 2024.

29. Amounts sold under repurchase agreements

	30 June 2025	31 December 2024
Principal (a)(b)	116,294	83,747
Accrued interest	171	295
Total	116,465	84,042

(a) Analysed by nature of counterparties

	30 June 2025	31 December 2024
In the mainland China	101,396	60,182
– Banks	95,933	56,941
– Other financial institutions	5,463	3,241
Outside the mainland China	14,898	23,565
– Banks	10,777	11,759
– Other financial institutions	4,121	11,806
Total	116,294	83,747

29. Amounts sold under repurchase agreements *(continued)*

(b) Analysed by type of underlying assets

	30 June 2025	31 December 2024
Debt securities	**115,293**	83,747
– Government bonds	**72,072**	57,326
– Bonds issued by policy banks	**26,486**	8,530
– Bonds issued by commercial banks and other financial institutions	**12,863**	11,128
– Other debt securities	**3,872**	6,763
Discounted bills	**1,001**	–
Total	**116,294**	83,747

30. Deposits from customers

	30 June 2025	31 December 2024
Principal (a)	**9,422,379**	9,096,587
Accrued interest	**87,147**	98,742
Total	**9,509,526**	9,195,329

(a) Analysed by category

	30 June 2025	31 December 2024
Corporate customers	**5,170,154**	5,063,553
– Demand deposits	**2,747,953**	2,772,365
– Time deposits	**2,422,201**	2,291,188
Retail customers	**4,252,225**	4,033,034
– Demand deposits	**2,060,485**	1,980,251
– Time deposits	**2,191,740**	2,052,783
Total	**9,422,379**	9,096,587

31. Provisions

	30 June 2025	31 December 2024
Expected credit loss on provisions	**16,147**	14,712
Other	**1,950**	2,050
Total	**18,097**	16,762

The staging of expected credit loss provisions for loan commitments and financial guarantee contracts are as follows:

	30 June 2025	31 December 2024
Stage 1 (12-month ECL)	**14,309**	12,560
Stage 2 (Lifetime ECL – not credit-impaired)	**1,411**	1,338
Stage 3 (Lifetime ECL – credit-impaired)	**427**	814
Total	**16,147**	14,712

32. Debt securities issued

	Note	30 June 2025	31 December 2024
Debt securities issued	(a)	**91,080**	85,003
Negotiable interbank certificates of deposit issued		**22,455**	89,186
Certificates of deposit and other debt securities issued (note)		**48,485**	47,394
Accrued interest		**1,310**	1,338
Total		**163,330**	222,921

Note: Other debt securities issued are notes issued by overseas subsidiaries of the Group.

(a) Debt securities issued

At the end of reporting period, debt securities issued by the Bank were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Medium term note	60 months	2021/9/1	1.25	USD300	2,195	–	(2)	(39)	–	2,154
Medium term note	36 months	2022/3/2	2.00	USD400	2,938	–	–	(68)	(2,870)	–
Fixed rate bond	36 months	2022/5/11	2.65	RMB5,000	5,000	–	–	–	(5,000)	–
Fixed rate bond	36 months	2022/9/1	2.40	RMB10,000	9,999	–	–	–	–	9,999
Fixed rate bond	36 months	2023/3/27	2.77	RMB5,000	4,999	–	–	–	–	4,999
Medium term note	36 months	2023/6/13	SOFR+0.65	USD400	2,927	–	–	(53)	–	2,874
Fixed rate bond	36 months	2024/3/22	2.35	RMB5,000	4,999	–	–	–	–	4,999
Medium term note	36 months	2024/7/10	5.22	USD400	2,955	–	–	(60)	–	2,895
Medium term note	36 months	2024/7/15	5.78	USD300	2,212	–	(2)	(40)	–	2,170
Fixed rate bond	36 months	2025/2/25	1.90	RMB5,000	–	5,000	(1)	–	–	4,999
Fixed rate bond	36 months	2025/6/5	1.66	RMB5,000	–	5,000	(1)	–	–	4,999
Total					38,224	10,000	(6)	(260)	(7,870)	40,088

SOFR represents Secured Overnight Financing Rate.

Note: Financial bonds issued by the Bank that were held by CMB WLB amounted to a total of RMB322 million equivalent as of 30 June 2025 (31 December 2024: RMB364 million equivalent).

32. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

At the end of the reporting period, debt securities issued by CMBFL and its subsidiary were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	120 months	2019/7/3	3.63	USD100	716	–	–	(3)	–	713
Fixed rate bond	120 months	2020/7/14	4.25	RMB2,000	1,995	–	5	–	–	2,000
Fixed rate bond	60 months	2020/8/12	1.88	USD800	5,748	–	2	(24)	–	5,726
Fixed rate bond	120 months	2020/8/12	2.75	USD400	2,860	–	1	(11)	–	2,850
Fixed rate bond	60 months	2021/2/4	2.00	USD400	2,873	–	1	(12)	–	2,862
Fixed rate bond	120 months	2021/2/4	2.88	USD400	2,855	–	2	(12)	–	2,845
Fixed rate bond	60 months	2021/3/24	2.00	USD20	143	–	–	–	–	143
Fixed rate bond	60 months	2021/9/16	1.75	USD300	2,151	–	2	(10)	–	2,143
Floating rate bond	60 months	2022/12/16	SOFR+1.40	USD100	719	–	–	(3)	–	716
Fixed rate bond	24 months	2023/2/17	3.50	RMB500	500	–	–	–	(500)	–
Floating rate bond	24 months	2023/5/31	SOFR+1.00	USD75	539	–	–	–	(539)	–
Floating rate bond	36 months	2023/6/13	SOFR+1.05	USD103	739	–	–	(2)	–	737
Fixed rate bond	18 months	2023/7/10	3.05	RMB700	700	–	–	–	(700)	–
Floating rate bond	24 months	2023/8/16	SOFR+0.95	USD100	719	–	–	(3)	–	716
Floating rate bond	60 months	2023/8/18	SOFR+1.30	USD50	358	–	–	(1)	–	357
Floating rate bond	36 months	2023/8/23	SOFR+1.00	USD300	2,152	–	1	(8)	–	2,145
Floating rate bond	24 months	2023/8/25	SOFR+0.95	USD100	718	–	–	(2)	–	716
Fixed rate bond	36 months	2023/11/16	2.80	RMB2,500	2,496	–	1	–	–	2,497
Fixed rate bond	36 months	2023/11/27	3.35	RMB350	349	–	–	–	–	349
Floating rate bond	36 months	2023/11/30	SOFR+1.10	USD50	359	–	–	(1)	–	358
Fixed rate bond	36 months	2023/12/5	2.90	RMB4,000	3,994	–	1	–	–	3,995
Fixed rate bond	36 months	2024/3/5	2.45	RMB3,000	2,995	–	1	–	–	2,996
Floating rate bond	36 months	2024/3/12	SOFR+1.05	USD40	288	–	–	(2)	–	286
Floating rate bond	36 months	2024/3/27	SOFR+1.00	USD67	481	–	–	(2)	–	479
Floating rate bond	12 months	2024/4/16	SOFR+0.64	USD20	144	–	–	–	(144)	–
Floating rate bond	12 months	2024/4/22	SOFR+0.65	USD30	216	–	–	–	(216)	–
Fixed rate bond	36 months	2024/5/23	2.20	RMB2,500	2,495	–	1	–	–	2,496
Floating rate bond	36 months	2024/6/4	SOFR+0.76	USD500	3,588	–	2	(16)	–	3,574
Floating rate bond	36 months	2024/8/7	SOFR+0.76	USD257	1,849	–	–	(8)	–	1,841
Floating rate bond	36 months	2024/10/8	SOFR+0.76	USD30	216	–	–	(1)	–	215
Floating rate bond	48 months	2024/10/25	SOFR+0.639	USD30	216	–	–	(1)	–	215
Floating rate bond	12 months	2024/11/20	SOFR+0.45	USD50	359	–	–	(1)	–	358
Floating rate bond	12 months	2024/11/27	SOFR+0.49	USD100	719	–	–	(3)	–	716
Floating rate bond	12 months	2024/12/17	SOFR+0.49	USD30	216	–	–	(1)	–	215
Fixed rate bond	36 months	2025/5/22	1.75	RMB2,000	–	2,000	(4)	–	–	1,996
Floating rate bond	60 months	2025/6/5	SOFR+0.80	USD400	–	2,875	(4)	(12)	–	2,859
Floating rate bond	36 months	2025/6/5	SOFR+0.68	USD300	–	2,156	(3)	(9)	–	2,144
Total					47,465	7,031	9	(148)	(2,099)	52,258

Note: Financial bonds issued by CMB International Leasing Management Limited (CMBILM), a wholly-owned subsidiary of CMBFL, that were separately held by the Bank and CMB WLB amounted to a total of RMB1,932 million equivalent and RMB446 million equivalent as of 30 June 2025 (31 December 2024: RMB1,533 million equivalent and RMB236 million equivalent).

32. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

At the end of the reporting period, debt securities issued by CMBIC's subsidiary were as follows:

Debt type	Term to maturity	Date of issuance	Annual coupon rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	24 months	2024/4/29	3.15	RMB720	719	–	–	–	–	719
Floating rate bond	36 months	2024/6/26	SOFR+0.65	USD100	728	–	–	(13)	–	715
Total					1,447	–	–	(13)	–	1,434

33. Share capital

By type of shares:

Listed shares	**30 June 2025 No. of shares (in million)**	31 December 2024 No. of shares (in million)
– A-Shares	**20,629**	20,629
– H-Shares	**4,591**	4,591
Total	**25,220**	25,220

All H Shares are ordinary shares and rank pari passu with the A Shares. There is no restriction on these shares.

	Share Capital	
	No. of shares (in million)	Amount
At 31 December 2024 and at 30 June 2025	25,220	25,220

34. Other equity instruments

(a) Preference Shares

	Issuance date	Accounting classification	Dividend rate	Issue price	No. (millions of shares)	Amount (RMB in million)	Due date	Conversion conditions	Con-version
Domestic Preference Shares (note (i))	22 Dec 2017	Equity instruments	3.62%	RMB 100/Share	275	27,468	Perpetual existence	Note (ii)	None
Total					275	27,468			

The changes of Preference Shares issued were as follows:

	Issuance date	1 January 2025		Increase/decrease		**30 June 2025**	
		No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)	**No. (millions of shares)**	**Amount (RMB in million)**
Domestic Preference Shares (note (i))	22 Dec 2017	275	27,468	–	–	**275**	**27,468**
Total		275	27,468	–	–	**275**	**27,468**

34. Other equity instruments *(continued)*

(a) Preference Shares *(continued)*

Notes:

(i) Pursuant to the approvals by the relevant regulatory authorities in China, the Bank issued non-cumulative Domestic Preference Shares in the aggregate nominal value of RMB27,500 million on 22 December 2017. Each Domestic Preference Share has a nominal value of RMB100 and 275 million Domestic Preference Shares were issued in total. The dividend rate is initially 4.81% and subject to reset per agreement subsequently, but not exceeds 16.68%. On 18 December 2022, five years after the issuance of the Domestic Preference Shares, the Bank adjusted the coupon dividend rate per annum to 3.62% in accordance with market rules.

(ii) Domestic Preference Shares have clauses stating that certain events would trigger mandatory conversion, those clauses are as follows:

(1) Upon the occurrence of any additional Tier-1 Capital Instrument Trigger Event, that is, the Core Tier-1 Capital Adequacy Ratio drops to 5.125% or below, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares in order to restore the Core Tier-1 Capital Adequacy Ratio of the Bank to above 5.125%. In the case of partial conversion, the Preference Shares shall be converted on a pro rata basis and on identical conditions.

(2) Upon the occurrence of a Tier-2 Capital Trigger Event, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares. A Tier-2 Capital Trigger Event refers the earlier of the following events: 1) the National Financial Regulatory Administration ("NFRA") having concluded that without a conversion or write-off, the Bank would become non-viable, and 2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable.

Upon the occurrence of the above mandatory conversion events, the Bank shall report to the NFRA for review and determination. The Bank shall fulfil the relevant information disclosure requirements of the Securities Law, the CSRC and Hong Kong's relevant laws and regulations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

Dividends on the Domestic Preference Shares shall be paid in cash. Save for such dividend at the agreed dividend rate, the holders of the above Preference Shares are not entitled to share the remaining profits of the Bank with the ordinary shareholders. Dividend is non-cumulative. The Bank has the right to cancel any dividend on Preference Shares, and such cancellation shall not be deemed as a default. After the cancellation of all or part of the dividend to preference shareholders, the Bank shall not make any ordinary share distribution, until the dividend on Preference Shares is resumed in full. As the dividends on the Domestic Preference Shares are non-cumulative, the Bank will not distribute the dividends that were cancelled in prior years to holders of Preference Shares.

The Domestic Preference Shares have no maturity date. However, after the fifth anniversary of the issuance date, subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Domestic Preference Shares may be redeemed in whole or in part at the discretion of the Bank, but the Bank does not have the obligation to redeem the Preference Shares. The holders of Preference Shares do not have the right to demand the Bank to redeem the Preference Shares and shall not expect that Preference Shares will be redeemed.

After deducting the issuance expenses from the Preference Shares above, the total net proceeds of RMB27,468 million have been included in additional Tier 1 capital of the Bank.

(b) Perpetual Bonds

	Issuance date	Accounting classification	Interest rate	Issue price	No. (millions of units)	Amount (RMB in million)	Due date	Conversion conditions	Conversion
Domestic Perpetual Bonds (note (i))	9 Jul 2020	Equity instruments	3.95%	RMB 100/Unit	500	49,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (ii))	7 Dec 2021	Equity instruments	3.69%	RMB 100/Unit	430	42,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	Equity instruments	3.41%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	Equity instruments	2.42%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (v))	29 Apr 2025	Equity instruments	2.13%	RMB 100/Unit	200	20,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (vi))	29 May 2025	Equity instruments	2.05%	RMB 100/Unit	270	27,000	Perpetual existence	None	None
Total					2,000	199,978			

34. Other equity instruments *(continued)*

(b) Perpetual Bonds *(continued)*

The changes of Perpetual Bonds issued were as follows:

	Issuance date	1 January 2025		Increase/decrease		30 June 2025	
		No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)	**No. (millions of shares)**	**Amount (RMB in million)**
Domestic Perpetual Bonds (note (i))	9 Jul 2020	500	49,989	–	–	**500**	**49,989**
Domestic Perpetual Bonds (note (ii))	7 Dec 2021	430	42,989	–	–	**430**	**42,989**
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (v))	29 Apr 2025	–	–	200	20,000	**200**	**20,000**
Domestic Perpetual Bonds (note (vi))	29 May 2025	–	–	270	27,000	**270**	**27,000**
Total		1,530	152,978	470	47,000	**2,000**	**199,978**

Notes:

(i) With the approval of the relevant regulatory authorities in China, the Bank issued RMB50,000 million of 2020 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Series 1) (the "Perpetual Bonds 2020") in the national inter-bank bond market on 9 July 2020. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2020. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2020 will continue to be outstanding so long as the Bank continues to operate.

(ii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB43,000 million of 2021 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (the "Perpetual Bonds 2021") in the national inter-bank bond market on 7 December 2021. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2021. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2021 will continue to be outstanding so long as the Bank continues to operate.

(iii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2023 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (the "Perpetual Bonds 2023") in the national inter-bank bond market on 1 December 2023. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2023. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2023 will continue to be outstanding so long as the Bank continues to operate.

(iv) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2024 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Bond Connect) (the "Perpetual Bonds 2024") in the national inter-bank bond market on 5 November 2024. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2024. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2024 will continue to be outstanding so long as the Bank continues to operate.

(v) With the approval of the relevant regulatory authorities in China, the Bank issued RMB20,000 million of 2025 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Series 1) (Bond Connect) (the "Perpetual Bonds 2025 Series 1") in the national inter-bank bond market on 29 April 2025. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2025 Series 1. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2025 Series 1 will continue to be outstanding so long as the Bank continues to operate.

(vi) With the approval of the relevant regulatory authorities in China, the Bank issued RMB27,000 million of 2025 China Merchants Bank Co., Ltd. Undated Additional Tier-1 Capital Bonds (Series 2) (Bond Connect) (the "Perpetual Bonds 2025 Series 2", together with Perpetual Bonds 2020, Perpetual Bonds 2021, Perpetual Bonds 2023, Perpetual Bonds 2024, Perpetual Bonds 2025 Series 1, "Perpetual Bonds") in the national inter-bank bond market on 29 May 2025. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2025 Series 2. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2025 Series 2 will continue to be outstanding so long as the Bank continues to operate.

From the fifth anniversary since the issuance of the Perpetual Bonds, the Bank has the right to redeem in whole or in part the Perpetual Bonds on the annual interest payment date (including the interest payment date on the fifth year since the issuance date) subject to the approval of the NFRA and the satisfaction of the redemption preconditions. If, after the issuance, the Perpetual Bonds no longer qualify as additional Tier 1 capital as a result of an unforeseeable change to relevant provisions of supervisory regulation, the Bank has the right to redeem the whole but not part of the Perpetual Bonds. The investors do not have the right to sell back the Perpetual Bonds to the Bank.

34. Other equity instruments *(continued)*

(b) Perpetual Bonds *(continued)*

Notes: *(continued)*

The claims in respect of the Perpetual Bonds will be subordinated to the claims of depositors, general creditors, and subordinated debts that rank senior to the Perpetual Bonds and will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional Tier-1 capital instruments of the Bank that rank pari passu with the Perpetual Bonds.

The coupon rate will be reset on each benchmark rate reset date (i.e., the date of every five years from the issuance date). The adjusted coupon rate will be determined based on the benchmark interest rate at the adjustment date plus the fixed spread as determined at the time of issuance. The Perpetual Bonds do not contain interest rate step-up mechanism or any other redemption incentives. The Bank has the right to cancel, in whole or in part, distribution on the Perpetual Bonds and any such cancellation will not constitute an event of default. The bond interests are non-cumulative, and any cancelled distribution is not carried to the following year. The Bank will fully consider the interests of bondholders when exercising this right. The Bank can use the cancelled bond interest for the current period at its discretion to repay other due debts. Cancellation of any distribution of the Perpetual Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distribution to ordinary shares.

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write off in whole or in part, without the need for the consent of the bond holders, the principal amount of the Perpetual Bonds. A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having concluded that without a write-off, the Bank would become non-viable; (ii) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write-off will not be restored.

After deducting the issuance expenses, the funds raised by the bonds have been used to supplement additional Tier 1 capital of the Bank in accordance with applicable laws and the approval of the relevant authorities.

(c) Relative information attributed to equity instrument holders

	30 June 2025	31 December 2024
Equity attributed to shareholders of the Bank	**1,289,233**	1,226,014
– Equity attributed to ordinary shareholders of the Bank	**1,061,787**	1,045,568
– Equity attributed to other equity instrument holders of the Bank	**227,446**	180,446
Including: Net profit	**1,975**	5,581
Total comprehensive income	**1,975**	5,581
Distribution in the period/current year	**(1,975)**	(5,581)
Cumulative undistributed dividends	**–**	–
Equity attributed to non-controlling interests	**7,627**	7,461
– Equity attributed to non-controlling holders of ordinary shares	**7,627**	7,461

35. Investment revaluation reserve

	30 June 2025	31 December 2024
Debt instruments measured at FVTOCI: investment revaluation reserve	**23,328**	29,946
Fair value gain on equity instruments designated at FVTOCI	**7,654**	5,916
Remeasurement of defined benefit scheme	**98**	102
Share of other comprehensive income of equity-accounted investees	**2,795**	2,421
Total	**33,875**	38,385

36. Profit appropriations

(a) Dividends declared/distributed to shareholders

	Six months ended 30 June 2025	Year ended 31 December 2024
Ordinary share dividends in 2024, approved and declared (RMB2.000 per share)	**50,440**	–
Ordinary share dividends in 2023, approved and distributed (RMB1.972 per share)	–	49,734

(b) Proposed profit appropriations

	Six months ended 30 June 2025	Year ended 31 December 2024
Statutory surplus reserve	–	13,915
General reserve	**326**	13,451
Dividends		
– cash dividend: nil (2024: RMB2.000 per share)	–	50,440
Total	**326**	77,806

The profit appropriation for the year ended 31 December 2024 was proposed in accordance with the resolution passed at the meeting of the board of directors held on 25 March 2025 and approved by the 2024 annual general meeting held on 25 June 2025.

37. Notes to the consolidated statement of cash flows

(a) Analysis of the balances of cash and cash equivalents (including assets with original maturity within 3 months):

	30 June 2025	30 June 2024
Cash and balances with central banks	**72,214**	77,773
Balances with banks and other financial institutions	**132,712**	116,579
Placements with banks and other financial institutions	**127,281**	118,538
Amounts held under resale agreements	**270,739**	307,022
Financial investments and discounted bills	**91,975**	115,994
Total	**694,921**	735,906

37. Notes to the consolidated statement of cash flows *(continued)*

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	Other financial liabilities	Lease liabilities	Total
At 1 January 2025	89,186	47,394	90,570	1,338	26	35,782	12,778	277,074
Cash changes:								
Proceeds from the issue	22,917	35,668	16,406	–	–	9,982	–	84,973
Repayment	(90,190)	(33,953)	(9,933)	–	–	(14,363)	(2,205)	(150,644)
Interest/dividend paid	–	–	–	(2,388)	(297)	–	–	(2,685)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	1,320	1,320
Accrued interest	–	–	–	2,360	–	–	214	2,574
Dividend declared	–	–	–	–	50,737	–	–	50,737
Discount or premium amortisation	542	18	3	–	–	–	–	563
Fair value adjustments	–	–	104	–	–	945	–	1,049
Other	–	–	–	–	–	8,028	–	8,028
Exchange difference	–	(642)	(480)	–	–	(12)	–	(1,134)
At 30 June 2025	22,455	48,485	96,670	1,310	50,466	40,362	12,107	271,855

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued (Note)	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	Other financial liabilities	Lease liabilities	Total
At 1 January 2024	21,443	34,340	124,372	1,814	26	32,616	12,675	227,286
Cash changes:								
Proceeds from the issue	142,353	26,241	16,742	–	–	1,069	–	186,405
Repayment	(22,903)	(24,133)	(40,952)	–	–	(7,893)	(2,315)	(98,196)
Interest/dividend paid	–	–	–	(2,493)	(377)	–	–	(2,870)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	2,530	2,530
Accrued interest	–	–	–	2,407	–	–	241	2,648
Dividend declared	–	–	–	–	50,111	–	–	50,111
Discount or premium amortisation	1,214	252	7	–	–	–	–	1,473
Fair value adjustments	–	1	77	–	–	(285)	–	(207)
Exchange difference	–	248	680	–	–	39	–	967
At 30 June 2024	142,107	36,949	100,926	1,728	49,760	25,546	13,131	370,147

Note: Including financial liabilities designated at fair value through profit or loss.

37. Notes to the consolidated statement of cash flows *(continued)*

(c) Significant non-cash transactions

There were no significant non-cash transactions during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

38. Operating segments

The Group's principal activities are providing corporate and personal banking services, conducting treasury business, providing asset management and other financial services.

The Group manages its businesses by divisions, which are organised by both business line and geographical location. The reportable segment information is as follows:

(1) Wholesale finance business

The financial services for corporate clients, government agencies and financial institutions include loan and deposit service, settlement and cash management service, trade finance and offshore business, investment banking business, inter-bank business such as placement and repurchase, asset custody business, financial market business, and other services.

(2) Retail finance business

The financial services provided to retail customers include loan and deposit services, bank card services, wealth management services, private banking and other services.

(3) Other business

Except for the business mentioned above, other business covers investment properties, subsidiaries except for CMB WLB and CMBFL, associates and joint ventures. None of these segments meet any of the quantitative thresholds so far for segment division.

For the purpose of operating segment analysis, external net interest income/expense represents the net interest income earned or expense incurred on banking services provided to external parties. Internal net interest income/expense represents the assumed profit or loss by the internal funds transfer pricing mechanism which has taken into account the structure and market returns of the assets and liabilities portfolio. Cost allocation is based on direct costs attributable to each reporting segment and apportion according to the relevant factors.

The accounting policies of the operating segments are the same as the Group's accounting policies. Operating segment income represents income generated from external customers and inter-segment transactions are offset. No customer contributed 10% or more to the Group's revenue for the six months ended 30 June 2025 and 2024. Internal transactions are conducted at fair value.

38. Operating segments *(continued)*

(a) Segment results, assets and liabilities

	Wholesale finance business		Retail finance business		Other business		Total	
	Six months ended 30 June							
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
External net interest income	**19,614**	14,221	**55,279**	60,639	**31,192**	29,589	**106,085**	104,449
Internal net interest income/(expense)	**20,009**	23,779	**15,458**	9,689	**(35,467)**	(33,468)	**–**	–
Net interest income/(expense)	**39,623**	38,000	**70,737**	70,328	**(4,275)**	(3,879)	**106,085**	104,449
Net fee and commission income	**7,861**	7,756	**24,521**	24,931	**5,220**	5,641	**37,602**	38,328
Other net income	**22,817**	26,266	**921**	680	**826**	1,649	**24,564**	28,595
Operating income	**70,301**	72,022	**96,179**	95,939	**1,771**	3,411	**168,251**	171,372
Operating expenses								
– Depreciation of property and equipment and investment properties	**(4,273)**	(4,087)	**(1,339)**	(1,285)	**(189)**	(201)	**(5,801)**	(5,573)
– Depreciation of right-of-use assets	**(715)**	(792)	**(1,177)**	(1,169)	**(108)**	(111)	**(2,000)**	(2,072)
– Other	**(17,461)**	(19,039)	**(27,885)**	(27,594)	**(3,236)**	(2,067)	**(48,582)**	(48,700)
Subtotal	**(22,449)**	(23,918)	**(30,401)**	(30,048)	**(3,533)**	(2,379)	**(56,383)**	(56,345)
Reportable segment profit before impairment losses	**47,852**	48,104	**65,778**	65,891	**(1,762)**	1,032	**111,868**	115,027
Expected credit losses and impairment losses on other assets	**(10,795)**	(11,671)	**(13,742)**	(14,693)	**(97)**	(572)	**(24,634)**	(26,936)
Share of profits of associates and joint ventures	**–**	–	**–**	–	**1,672**	1,550	**1,672**	1,550
Reportable segment profit before taxation	**37,057**	36,433	**52,036**	51,198	**(187)**	2,010	**88,906**	89,641
Capital expenditure (note)	**7,580**	17,565	**1,063**	975	**41**	40	**8,684**	18,580

	Wholesale finance business		Retail finance business		Other business		Total	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024	**30 June 2025**	31 December 2024	**30 June 2025**	31 December 2024
Reportable segment assets	**7,567,896**	7,103,051	**3,626,076**	3,564,804	**1,355,640**	1,383,480	**12,549,612**	12,051,335
Of which: Interests in associates and joint ventures	**–**	–	**–**	–	**33,048**	31,015	**33,048**	31,015
Reportable segment liabilities	**6,451,887**	6,268,091	**4,364,010**	4,118,838	**412,386**	452,085	**11,228,283**	10,839,014

Note: Capital expenditure represents the amount incurred for acquiring segment assets which are expected to be used for more than one year.

38. Operating segments *(continued)*

(b) Reconciliations of reportable segments operating income, profit or loss, assets and liabilities and other material items

	Six months ended 30 June	
	2025	2024
Operating income for reportable segments	**168,251**	171,372
Total profit before income tax for reportable segments	**88,906**	89,641

	30 June 2025	31 December 2024
Assets		
Total assets for reportable segments	**12,549,612**	12,051,335
Goodwill	**9,954**	9,954
Intangible assets	**488**	526
Deferred tax assets	**88,764**	83,674
Other unallocated assets	**8,333**	6,547
Consolidated total assets	**12,657,151**	12,152,036
Liabilities		
Total liabilities for reportable segments	**11,228,283**	10,839,014
Tax payable	**15,393**	11,713
Deferred tax liabilities	**1,112**	1,592
Other unallocated liabilities	**115,503**	66,242
Consolidated total liabilities	**11,360,291**	10,918,561

(c) Geographical segments

The Group operates principally in the PRC with branches located in major provinces, autonomous regions and municipalities directly under the central government in the mainland China. The Group also has branches operating in Hong Kong, New York, Singapore, Luxembourg, London and Sydney, subsidiaries operating in Hong Kong, Shenzhen, Shanghai, Beijing and Luxembourg and representative office in Taipei.

In presenting information based on geographical segments, operating income is allocated based on the locations of the branches and subsidiaries that generate the revenue. Segment assets and non-current assets are allocated based on the locations of the underlying assets.

To support the Bank's operations and management's assessments, the geographical segments are defined as follows:

– "Headquarters" refers to the Group's Head Office, Credit Card Centre and Global Markets Centre;

– "Yangtze River Delta region" refers to branches in Shanghai municipality, Zhejiang province and Jiangsu province;

– "Bohai Rim region" refers to branches in Beijing municipality, Tianjin municipality, Shandong province and Hebei province;

– "Pearl River Delta and West Coast" refers to branches in Guangdong province and Fujian province;

– "Northeast region" refers to branches in Liaoning province, Heilongjiang province and Jilin province;

– "Central region" refers to branches in Henan province, Anhui province, Hunan province, Hubei province, Jiangxi province, Shanxi province and Hainan province;

– "Western region" refers to branches in Sichuan province, Chongqing municipality, Guizhou province, Yunnan province, Shaanxi province, Gansu province, Ningxia Hui Autonomous region, Xinjiang Uyghur autonomous region, Guangxi Zhuang autonomous region, Inner Mongolia autonomous region, Qinghai province and Tibet autonomous region;

– "Overseas" refers to overseas branches in Hong Kong, New York, Singapore, Luxembourg, London, Sydney and representative office in Taipei;

– "Subsidiaries" refers to subsidiaries wholly owned or controlled by the Group, including CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CMB Europe S.A., and CIGNA & CMAM, etc.

38. Operating segments *(continued)*

(c) Geographical segments *(continued)*

Geographical information	Total assets		Total liabilities		Non-current assets		Operating income		Profit before tax	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	Six months ended 30 June 2025	Six months ended 30 June 2024	Six months ended 30 June 2025	Six months ended 30 June 2024
Headquarters	5,858,750	5,620,792	4,770,523	4,616,716	62,484	61,287	63,120	73,713	37,414	38,937
Yangtze River Delta region	1,580,585	1,521,903	1,573,322	1,503,109	5,309	5,469	23,117	22,502	11,161	12,678
Bohai Rim region	1,034,753	1,002,690	1,026,907	988,780	3,634	3,845	17,490	16,053	9,959	9,117
Pearl River Delta and West Coast region	1,306,124	1,234,991	1,299,190	1,225,218	3,593	3,957	18,040	17,376	5,877	8,163
Northeast region	171,775	173,447	170,933	171,967	1,303	1,357	3,230	3,189	1,305	1,577
Central region	755,835	733,700	751,743	725,410	3,087	3,195	9,992	9,812	5,103	5,573
Western region	760,853	751,874	757,346	744,561	2,627	2,734	10,097	9,923	4,351	5,043
Overseas	229,603	236,567	237,352	244,455	669	746	2,158	2,112	1,305	1,377
Subsidiaries	958,873	876,072	772,975	698,345	104,340	107,343	21,007	16,692	12,431	7,176
Total	12,657,151	12,152,036	11,360,291	10,918,561	187,046	189,933	168,251	171,372	88,906	89,641

Note: Non-current assets include interests in joint ventures, interests in associates, property and equipment, investment properties, right-of-use assets, intangible assets and goodwill, etc.

39. Contingent liabilities and commitments

(a) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card overdraft limits.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptance represents undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out in the following tables. The amounts reflected in the tables for commitments assume that amounts are fully advanced. The amounts reflected in the tables for guarantees and letters of credit represent the maximum potential loss that would be recognised at the end of the reporting period if counterparties default.

	30 June 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Irrevocable guarantees	338,882	1,927	285	341,094
– Financial guarantees	29,112	783	3	29,898
– Non-financing letters of guarantees	309,770	1,144	282	311,196
Irrevocable letters of credit	367,214	1,248	–	368,462
Bills of acceptances	566,857	3,069	12	569,938
Irrevocable loan commitments	187,610	984	102	188,696
– with an original maturity within 1 year (inclusive)	50,524	1	7	50,532
– with an original maturity over 1 year	137,086	983	95	138,164
Credit card unused commitments	1,666,493	28,255	29	1,694,777
Other	94,714	948	20	95,682
Total	3,221,770	36,431	448	3,258,649

39. Contingent liabilities and commitments *(continued)*

(a) Credit commitments *(continued)*

	31 December 2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Irrevocable guarantees	326,654	1,983	582	329,219
– Financial guarantees	33,109	754	293	34,156
– Non-financing letters of guarantees	293,545	1,229	289	295,063
Irrevocable letters of credit	304,725	1,249	–	305,974
Bills of acceptances	581,176	3,054	360	584,590
Irrevocable loan commitments	162,159	415	96	162,670
– with an original maturity within 1 year (inclusive)	45,039	3	1	45,043
– with an original maturity over 1 year	117,120	412	95	117,627
Credit card unused commitments	1,588,137	32,399	5	1,620,541
Other	96,525	708	20	97,253
Total	3,059,376	39,808	1,063	3,100,247

As at 30 June 2025, Group's irrevocable letters of credit include sight letters of credit of RMB22,646 million (31 December 2024: RMB20,139 million), usance letters of credit of RMB17,832 million (31 December 2024: RMB18,230 million), and other commitments of RMB327,984 million (31 December 2024: RMB267,605 million).

Irrevocable loan commitments include credit limits granted to offshore customers by overseas branches and subsidiaries, and onshore and offshore syndicated loans, etc.

Apart from the irrevocable loan commitments, the Group had loan commitments of RMB5,271,281 million at 30 June 2025 (31 December 2024: RMB5,385,015 million) which are unconditionally cancellable by the Group or automatically cancellable due to deterioration in the creditworthiness of the borrower as stipulated in respective lending agreements. The Group does not assume any risks on the unused credit limits for these loan commitments. As a result, such balances are not included in the above credit commitments.

	30 June 2025	31 December 2024
Credit risk weighted amounts of contingent liabilities and commitments	**997,142**	846,851

Since 1 January 2024, the Group calculated the credit risk-weighted assets amount of its contingent liabilities and commitments in accordance with the requirements of Rules on Capital Management of Commercial Banks issued by the NFRA. The amount within the scope approved by the former CBIRC in April 2014 is calculated using the Internal Ratings-Based Approach, and the Weighted Approach is used to cover those amounts not eligible for the Internal Ratings-Based Approach.

(b) Capital commitments

The authorised capital commitments of the Group were as follows:

	30 June 2025	31 December 2024
Contracted for	**196**	177
Authorised but not contracted for	**198**	216
Total	**394**	393

The lease commitments of the Group as a lessor are detailed in note 39(e).

(c) Outstanding litigations

At 30 June 2025, the Bank or other group entity was a defendant in some outstanding litigations with total gross claims of RMB2,078 million (31 December 2024: RMB2,024 million). The Group considers that no material losses would be incurred by the Group as a result of these outstanding litigations.

39. Contingent liabilities and commitments *(continued)*

(d) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back bonds underwritten by itself if the bond holders decide to redeem the bonds before maturity. The redemption prices for the bonds at any time before their maturity date are based on the face value plus any interest unpaid and accrued up to the redemption date. Accrued interest to the bond holders is calculated in accordance with relevant rules issued by the Ministry of Finance and the PBOC. The redemption prices may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	30 June 2025	31 December 2024
Redemption obligations	**32,672**	30,807

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

(e) Lease commitments

Operating lease commitments and financial lease commitments where the Group is a lessor at the end of the reporting period are as follows:

	30 June 2025	31 December 2024
Operating lease commitments	**23,861**	14,321
Financial lease commitments	**50,865**	37,503
Total	**74,726**	51,824

40. Transactions on behalf of customers

(a) Entrusted lending business

The Group's entrusted lending business refers to activities where principals such as government departments, business entities and individuals provide capital, and instruct the Group to lend it to the specified targets on their behalf in accordance with specific terms and conditions, and the Group is contracted to disburse the loan, monitor its usage, and seek loan recovery. The entrusted lending business does not expose the Group to any credit risk. As instructed by these principals, the Group holds and manages underlying assets and liabilities only in the capacity of an agent, and charges handling fees for related services.

Entrusted loans are not assets of the Group and therefore not recognised in the unaudited consolidated statement of financial position. Income received and receivable for providing these services are recognised in the unaudited consolidated statement of income as fee and commission income.

At the end of the reporting period, the entrusted assets and liabilities were as follows:

	30 June 2025	31 December 2024
Entrusted loans	**259,518**	245,897
Entrusted funds	**(259,518)**	(245,897)

40. Transactions on behalf of customers *(continued)*

(b) Wealth management services

The Group's wealth management services to customers mainly represent sales of wealth management products to corporate and personal banking customers by the Bank and CMBWM. The funds obtained from wealth management services are invested in investment products, including government bonds, policy bank bonds, and short term corporate debt instruments. The Group initiated the launch of wealth management products. The investment risk associated with these products is borne by the customers who invest in these products. The Group does not consolidate these wealth management products. The Group earns fee and commission which represents the charges on customers in relation to the provision of custody, sales, and management services.

The wealth management products and funds obtained are not assets and liabilities of the Group and therefore not recognised in the unaudited consolidated statement of financial position. The funds received from customers for wealth management business that have yet to be invested are recorded under other liabilities.

At the end of the reporting period, funds received from customers under unconsolidated wealth management services amounted to RMB2,280,129 million as at 30 June 2025 (31 December 2024: RMB2,298,278 million).

(c) Entrusted management of insurance funds

The entrusted management of insurance funds mainly refers to the business that the Group carries out investment activities on funds entrusted by insurance companies according to the regulatory policies and the investment guidelines from insurance companies, and charges fees for providing such services.

At the end of the reporting period, the balance of entrusted funds was as follows:

	30 June 2025	31 December 2024
Entrusted management of insurance funds	**214,016**	189,647

41. Risk management

(a) Credit risk

Credit risk represents the potential losses that may arise from the failure of a counterparty or a debtor to meet its obligation or commitment to the Group. Credit risk increases when all counterparties are concentrated in a single industry or a geographical region, as different counterparties in the same region or industry may be affected by the same economic factors, which may eventually affect their repayment abilities.

The Group designs its organisation framework, credit policies and processes with an objective to identify, evaluate and manage its credit risk effectively. The Risk and Capital Management Committee, set up and appointed by the board of directors, is responsible for supervising and evaluating the set-up, organisational structure, work process and effectiveness of various risk management functions.

With respect to daily operations, the Risk Management Department, as directed by the Risk and Capital Management Committee under Board of Directors, participates in, coordinates, and monitors the work of other risk management functions, including each business unit and the Legal and Compliance Department. The Group manages credit risk including the credit and investment business of pre-lending (investment) evaluations, interim-lending (investment) reviewing and post-lending (investment) monitoring.

In accordance with the Implementation Rules on Expected Credit Loss Approach of Commercial Banks, the Group uses the expected credit loss model to provide for credit risk losses for on-balance sheet financial assets that bear credit risk at amortised cost or at fair value through other comprehensive income, as well as off-balance sheet credit risk items such as loan commitments and financial guarantee contracts.

With respect to the credit risk management of wholesale financial business, the Group optimizes credit and investment policies, continually enhances the standards on acceptance for corporate, interbank and institutional clients, and implements in key risk areas to improve the quality of credit exposure.

With respect to credit risk management of retail financial business, the Group mainly relies on the credit assessment of applicants as the basis for loan approval, which takes into consideration the income level, credit history, and repayment ability of the applicant. The Group monitors post-lending conditions by focusing on borrowers' repayment ability, the status of collateral and any changes to collateral value. Once a loan becomes overdue, the Group starts the collection process according to standard retail loans collection procedures.

41. Risk management *(continued)*

(a) Credit risk *(continued)*

The Group requests customers to provide collateral and guarantees when necessary. The Group has formulated systems or guidelines for the access of guarantors or collaterals, the approval of guarantee amounts, the establishment and follow-up management of guarantees. The guarantor's or collateral's ability and willingness to guarantee will be reviewed regularly to ensure that it meets the requirements of relevant laws and regulations and can effectively mitigate risks.

In respect of asset quality classification, the Group improves the classification system and refines the classification method based on Rules on Risk Classification of Financial Assets of Commercial Banks, combined with actual situation. On the basis of Five-category Classification, the Group categorises its loans on a ten-grade loan classification basis to refine internal risk classification management (normal (grades 1-5), special mention (grades 1-2), substandard, doubtful and loss).

The risks involved in contingent liabilities and commitments are essentially the same as the credit risk involved in loans and advances to customers. These transactions are, therefore, subject to the same credit application, post-lending monitoring and collateral requirements as for customers applying for loans.

Concentration of credit risk: when certain number of customers carry out the same business activities, locate in the same geographical region or their industries share similar economic characteristics, their ability to meet their obligations may be affected by the same economic factors. The level of concentration of credit risk reflects the sensitivity of the Group's operating result to a specific industry or geographical region. To prevent concentration of credit risk, the Group has formulated a limit management policy to monitor and analyse its loan portfolio.

Analysis of loans and advances by industry and loan portfolio are presented in Note 16.

(i) Internal credit risk rating

The Group classifies credit risk based on probability of default. The internal credit risk rating is based on the model-forecasted default risk, taking into consideration qualitative and quantitative factors such as borrower's financial situation, debt pressure, industry characteristics, etc.

(ii) Significant increase in credit risk

The Group recognises lifetime ECL if there are significant increases in credit risk.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument and other items at the reporting date with that at the date of initial recognition. In making this assessment, the Group considers an actual or expected significant deterioration in the financial instrument's internal credit risk rating, as well as internal early warning signal, the result of 5-tier classification and overdue information. The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

For wholesale business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special-mention; more than 30 days (inclusive) overdue; the internal credit risk rating of the customer has been downgraded to certain level; the early warning signal of the customer has reached a certain level; or the customer has other significant risk signals identified by the Group.

For retail and credit card business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special-mention; more than 30 days (inclusive) overdue; the customer or the debt has credit risk early warning signal; or the customer has other significant risk signals identified by the Group.

A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capability to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantees, the date when the commitment becomes irrevocable is considered as the initial recognition date.

The Group considers that a debt instrument is impaired and classified as stage 3 when the debt instrument is more than 90 days (inclusive) overdue or the 5-tier classification of this debt instrument is substandard, doubtful or loss (these three categories include debt instruments with more than 90 days (inclusive) overdue).

41. Risk management *(continued)*

(a) Credit risk *(continued)*

(iii) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD): an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): the risk exposure on a debt.

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

(iv) Incorporation of forward-looking information

The Group divides financial assets into different asset groups based on their different risk characteristics. According to the risk characteristics of the asset group, the Group collects external data released by authoritative institutions and internal risk data without undue cost or effort for modelling. Apart from the common economic indicators such as Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Producer Price Index and Broad Money Supply, various other categories of indicators such as industry index, interest and exchange rate, and survey index are also included. Based on statistical analysis and expert judgements, the Group sets up multiple forward-looking scenarios to predict macroeconomic indicators and risk parameters. The Group sets the forecasts issued by external authoritative institutions as the forecasts of economic indicators under the baseline scenario, with reference to the professionals of the Bank and the outputs of the models. For the forecasts of economic indicators under the remaining scenarios, the Group will refer to the actual historical data for analysis and forecast. Taking GDP (year-on-year growth rate) and CPI (month-on-month increase) as an example, the forecasts for the next year adopted by the Group at 30 June 2025 under the baseline scenario were set at round 5% and 0.5% respectively.

Combined with quantitative measurement and expert judgement, the Group sets the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the other scenarios as supplement. The weight of the baseline scenario of the Group as at 30 June 2025 is the highest. According to the sensitivity test results of the Group, when the weighting of the optimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 30 June 2025 will decrease by approximately 2.8% compared to the current result (at 31 December 2024: will decrease by approximately 2.6%). When the weighting of the pessimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 30 June 2025 will increase by approximately 4.7% compared to the current result (at 31 December 2024: will increase by approximately 4.6%).

The Group periodically forecasts macroeconomic indicators and calculates the ECL based on a weighted 12-month expected credit loss (stage 1) or a weighted lifetime expected credit loss (stage 2 and stage 3).

(v) Groupings based on shared risk characteristics

The Group divides the primary business into wholesale business, retail business and credit card business. The models are divided based on shared risk characteristics, and the reference indicators include the 5-tier classification, business type and collateral type.

(vi) Maximum exposure

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements is the carrying amount of the relevant financial instruments as disclosed in the unaudited consolidated statement of financial position and the contract amount of the off-balance sheet items disclosed in Note 39(a). At 30 June 2025, the amount of the Group's maximum credit risk exposure was RMB15,579,882 million (31 December 2024: RMB14,922,470 million).

(vii) Renegotiated loans and advances to customers

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No.1) for its rescheduled loans and advances to customers.

The carrying amount of loans and advances that had been renegotiated was RMB26,123 million as at 30 June 2025 (31 December 2024: RMB24,826 million).

41. Risk management *(continued)*

(a) Credit risk *(continued)*

(viii) Non-performing loans

Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans, and loss loans. As at 30 June 2025, the Group had the balance of non-performing loans of RMB66,370 million (31 December 2024: RMB65,610 million).

(ix) Credit quality of financial instruments

The staging analysis for loans and advances to customers and debt investments at amortised cost as at the reporting date are disclosed in note 16 and note 17(b) respectively. The staging analysis for credit commitments and the expected credit loss allowances of financial guarantees and loan commitments are disclosed in note 39(a) and 31 respectively. The staging analysis for other financial instruments is as follows:

	30 June 2025							
	Principal				Expected credit loss			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	538,543	–	–	538,543	–	–	–	–
Balances with banks and other financial institutions	185,280	7	1	185,288	(712)	(4)	(1)	(717)
Placements with banks and other financial institutions	480,937	–	–	480,937	(1,366)	–	–	(1,366)
Amounts held under resale agreements	270,967	–	140	271,107	(652)	–	(140)	(792)
Debt investments at FVTOCI	1,247,838	94	118	1,248,050	(7,170)	(10)	(1,218)	(8,398)

	31 December 2024							
	Principal				Expected credit loss			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	557,166	–	–	557,166	–	–	–	–
Balances with banks and other financial institutions	220,537	1	11	220,549	(818)	(1)	(11)	(830)
Placements with banks and other financial institutions	406,817	–	–	406,817	(1,126)	–	–	(1,126)
Amounts held under resale agreements	271,903	–	140	272,043	(606)	–	(140)	(746)
Debt investments at FVTOCI	1,082,186	209	182	1,082,577	(7,339)	(21)	(1,260)	(8,620)

Note: The balances disclosed above do not include accrued interest.

(b) Market risk

Market risk refers to the risk of loss due to changes in observable market factors such as interest rates, exchange rates, commodity prices and stock prices, resulting in changes in the fair value or future cash flows of the Group's financial instruments. Interest rate and foreign exchange rate are the two major market risk factors relevant to the Group. The Group is exposed to market risk through the financial instruments under the trading book and banking book. The financial instruments and positions under the trading book are held for trading purposes or for the purposes of hedging the risks arising from the trading book position, and these financial instruments can be traded without any restriction. The financial instruments under the banking book are assets and liabilities held by the Group for determinable return with relative stable market value or for the purposes of hedging the risks, which include both the Group's on-balance sheet and off-balance sheet exposures.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk

Interest rate risk arises from unfavourable changes in interest rates and maturity profiles which may result in loss to the income and decline in market value of financial instruments and positions held by the Group.

(1) Trading book

According to the basic principles of risk management, the Group has built and continuously improved the market risk management system, and established the management process of market risk identification, measurement, monitoring, control, and reporting, covering interest rate risk, exchange rate risk, commodity and other risks involved in the trading book business. Under the market risk preference formulated by the board of directors, the Group manages the trading book by clearly identifying, accurately measuring, and effectively managing the trading book market risk, to ensure that the trading book risk exposure is within an acceptable range and achieves a reasonable balance of risk and return. The Group constantly improves the risk-adjusted return level to maximise the shareholders' value.

The trading book market risk governance organisation structure defines the responsibilities, division of labour and reporting lines of the board of directors, Risk and Capital Management Committee under the board of directors, senior management, and relevant departments of the Bank, and safeguards the achievement of management objectives. The Market Risk Management Department is responsible for the Group's trading book market risk and undertakes the task of risk policy formulation and management.

According to the business practices and market risk governance organisation structure, the Group establishes the trading book market risk limit management system. A top-level limit is set based on the risk appetite determined by the board of directors and is transmitted from top to bottom level by level. Within the scope of their authorisation, management departments at all levels allocate and set limits according to risk characteristics, product types and trading strategies, etc. The business departments carry out the business according to the authorisation and limit requirements, and the supervisory and administrative departments at all levels continuously monitor and report according to the limit management regulations.

The trading book market risk management adopts the scale index, stop loss index, sensitivity index, value at risk index, stress test index and other risk measurement indices as the limit index, and sets the limit value by comprehensively considering the risk appetite, risk tolerance, business operation strategy, risk return, management conditions and other factors.

The Group uses valuation, sensitivity analysis, value-at-risk analysis, stress test and other measurement methods to identify and quantify risk factors in the interest rate market. The Group applies the market risk measurement model in its daily risk management and takes market risk measurement as the basis for business planning, resource allocation, financial market business operation and risk management.

(2) Banking book

According to the external regulatory requirements and the internal banking book interest rate risk management policy, the Group has built and continuously improved the banking book interest rate risk management system, established the management process of interest rate risk identification, measurement, monitoring, control, and reporting, and covered all on – and off-balance sheet business of the Bank. The Group clearly identifies, accurately measures, and effectively manages the interest rate risk of the banking book under the interest rate risk appetite of the banking book formulated by the board of directors to ensure that the net interest income (NII) and the economic value of shareholders' equity (EVE) increase steadily within the acceptable range of the banking book risk.

The Group's governance and management framework specifies the responsibilities, division of labor and reporting lines of the board of directors, senior management, designated committees, and relevant departments to ensure the effectiveness of interest rate risk management. Interest rate risk of the banking book is managed by the Asset and Liability Management Department of the Head Office. Internal Audit Department of the Head Office is responsible for independent audit.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk *(continued)*

(2) Banking book (continued)

The preference of the Group in respect of the interest rate risk in the banking book is prudent. The Group establishes a banking book interest rate risk limit management system based on the actual business and the banking book interest rate risk governance structure. The quantitative index of risk appetite set by the board of directors is the highest-level limit, which is transmitted through the limit level from top to bottom and level by level. Within the scope of their authorisation, all levels set limits and continuously monitor and report according to risk tolerance, business operation strategy and risk management objectives. The Group formulates interest rate risk management strategies and regularly tracks and reviews them based on risk measurement and monitoring results and in combination with macroeconomic and interest rate environment. The key measures for risk management of the Group include the adjustment in structure of on-balance-sheet assets and liabilities and off-balance sheet derivative to offset risk exposure.

The Group has mainly adopted scenario simulation analysis, re-pricing exposure analysis and duration analysis for the regular measurement and analysis of interest rate risk under the banking book. Stress test is a form of scenario simulation used to assess the changes in net interest income at risk and economic value of equity indicators when there is an extreme fluctuation in interest rates. The Group measures and monitors the interest rate risk of banking book through the asset-liability management system, and the main models and parameter assumptions used in the measurement process are independently verified before being adopted and are regularly reviewed and verified after being adopted. The various indicators of interest rate risk during the reporting period showed that the interest rate risk of banking book of the Bank was generally stable and stay within the set limits.

(3) The following tables indicate the next expected repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period.

	30 June 2025					
	Total	3 months or less (including overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	552,964	528,568	–	–	–	24,396
Amounts due from banks and other financial institutions	934,457	640,786	272,115	21,542	14	–
Loans and advances to customers (note (i))	6,845,864	2,996,963	3,219,593	570,396	58,912	–
Financial investments and derivative financial assets	3,940,503	474,288	534,039	1,415,761	1,431,846	84,569
Other assets (note (ii))	383,363	–	–	–	–	383,363
Total assets	12,657,151	4,640,605	4,025,747	2,007,699	1,490,772	492,328
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,289,785	1,096,867	179,767	12,764	387	–
Deposits from customers	9,422,379	6,424,881	1,658,218	1,306,079	31,068	2,133
Financial liabilities at FVTPL and derivative financial liabilities	122,103	–	5,698	–	–	116,405
Lease liabilities	12,107	1,082	2,790	7,225	1,010	–
Debt securities issued	162,020	64,050	45,937	46,650	5,383	–
Other liabilities (note (ii))	351,897	2	–	3,108	–	348,787
Total liabilities	11,360,291	7,586,882	1,892,410	1,375,826	37,848	467,325
Asset-liability gap	1,296,860	(2,946,277)	2,133,337	631,873	1,452,924	25,003

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk *(continued)*

(3) The following tables indicate the next expected repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period. (continued)

	31 December 2024					
	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	573,788	547,644	–	–	–	26,144
Amounts due from banks and other financial institutions	896,707	678,771	193,834	24,089	13	–
Loans and advances to customers (note (i))	6,622,950	2,921,730	3,085,793	553,747	61,680	–
Financial investments (including derivative financial assets)	3,674,904	487,488	510,412	1,287,820	1,309,218	79,966
Other assets (note (ii))	383,687	–	–	–	–	383,687
Total assets	12,152,036	4,635,633	3,790,039	1,865,656	1,370,911	489,797
Liabilities						
Financial liabilities at FVTPL and derivative financial liabilities	1,207,017	1,008,346	187,090	11,192	389	–
Deposits from customers	9,096,587	6,367,726	1,418,427	1,285,129	22,696	2,609
Financial liabilities at FVTPL and derivative financial liabilities	99,044	–	5,691	–	–	93,353
Lease liabilities	12,778	1,055	2,855	7,705	1,163	–
Debt securities issued	221,583	115,232	54,627	44,330	7,394	–
Other liabilities (note (ii))	281,552	4	–	3,033	–	278,515
Total liabilities	10,918,561	7,492,363	1,668,690	1,351,389	31,642	374,477
Asset-liability gap	1,233,475	(2,856,730)	2,121,349	514,267	1,339,269	115,320

Notes:

(i) For loans and advances to customers, the "3 months or less" category includes overdue amounts as at 30 June 2025 and 31 December 2024, net of allowances for impairment losses. Overdue amounts represent loans of which the whole or part of the principals or interests were overdue.

(ii) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(4) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on the assets and liabilities as at 30 June 2025 and 31 December 2024.

	30 June 2025		31 December 2024	
Change in interest rates (in basis points)	Up by 25	Down by 25	Up by 25	Down by 25
(Decrease)/increase in net interest income	**(5,025)**	**5,025**	(4,713)	4,713
(Decrease)/increase in equity	**(12,176)**	**12,431**	(10,793)	10,931

The above-mentioned interest rate sensitivity analysis shows the changes in net interest income and equity in the next 12 months under the assumption of changes in interest rates in the above table. As the actual situation and assumptions may be different, the actual changes in the Group's net interest income and equity caused by the increase or decrease in interest rates may be different from the results of this sensitivity analysis.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Foreign exchange risk

Foreign exchange risk arises from the holding of foreign currency assets, liabilities and equity items, and the foreign currency and foreign currency derivative positions, which expose the Group to potential losses in the event of unfavourable foreign exchange rate movement. The financial assets and liabilities of the Group are denominated in RMB, and the other currencies are mainly in USD and HKD. The Group segregates the policy setting, execution, and supervision of foreign exchange risk management, and establishes a foreign currency risk management governance structure. This structure specifies the roles, responsibilities, and reporting lines of the board of directors, the board of supervisors, senior management, designated committees, and relevant departments of the Bank in the management of foreign exchange risk. The Group is prudent in its foreign exchange risk appetite, and would not voluntarily take foreign exchange risk, which suits the current development stage of the Group. The current foreign exchange risk management policies and procedures of the Group meet the regulatory requirements and suit its management needs.

(1) Trading book

The Group has established a market risk management system of the trading book, which covers exchange rate risk, to quantify the exchange rate risk of the trading book to facilitate centralised management. The structure, process, and method of exchange rate risk management of the trading book are consistent with those of the interest rate risk of the trading book.

The Group adopts quantitative indicators such as exposure indicator, market value at risk indicator (VaR covering interest rate, foreign exchange rate and commodity risk factors), exchange rate scenario stress test loss index, exchange rate sensitivity index, and cumulative loss index in its management of foreign exchange risk. The management methods include delegation, setting limits, daily monitoring, and continuous reporting, etc.

(2) Banking book

The Group's foreign exchange risk under the banking book is centrally managed by the Head Office. The Asset and Liability Management Department, as the treasurer of the Bank is in charge of the banking book foreign exchange risk management. The Internal Audit Department is responsible for auditing this. The treasurer is responsible for managing the foreign exchange risk under the banking book with a prudent approach and compliance with the regulatory requirements, and through approaches such as transaction limits and adjustment of plans.

The banking book foreign exchange risk of the Group arises from the mismatch of the non-RMB financial assets and liabilities. The Group stringently monitors its foreign exchange risk exposures to control it within an acceptable range.

The Group has adopted foreign exchange exposure analysis, scenario simulation analysis and stress testing for the measurement and analysis of foreign exchange risk. The Group regularly measures and analyses the foreign exchange risk exposure fluctuations, monitors and reports foreign exchange risk on a monthly basis under the limit control framework, and adjusts the foreign exchange exposures based on the trend of foreign exchange rate movements to mitigate the foreign exchange risk on its banking book.

The Group continues to strengthen banking book exchange rate risk monitoring and authorisation management of limits to ensure that risks are controlled within a reasonable range.

41. Risk management *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group is not able to obtain sufficient funds at a reasonable cost and in a timely manner to deal with the appreciation of asset growth, to meet its maturity obligations, or to perform other payment obligations.

According to the liquidity risk management policy, the Group segregates the policy setting, execution, and supervision of liquidity risk management, and puts in place a governance framework which defines the roles, responsibilities, and reporting lines of the board of directors, the board of supervisors, senior management, designated committees, and relevant departments to ensure the effectiveness of liquidity risk management. The board of directors takes the ultimate responsibility for liquidity risk management, ensures the Group can effectively identify, measure, monitor and control liquidity risk and is responsible for determining liquidity risk level which the Group can tolerate. The Risk and Capital Management Committee under the board of directors shall perform its responsibilities in liquidity risk management according to the requirements of the board of directors. The board of supervisors is responsible for the supervision and evaluation of the performance of the board of directors and senior management in liquidity risk management and reports to the general meeting of shareholders. The senior management is responsible for the liquidity risk management work and develops a timely understanding of changes in liquidity risks and reports the same to the board of directors. The Asset and Liability Management Committee (ALCO) exercises specific liquidity risk management functions as required by the senior management. The Assets and Liabilities Management Department of the Head Office is a day-to-day working body of ALCO and responsible for various concrete management work including formulating policies and procedures relating to liquidity risk management and conducting qualitative and quantitative analysis of liquidity risk. The Internal Audit Department of the Head Office conducts comprehensive audit on the Group's liquidity risk management.

The Group is prudent in managing its liquidity risk, which suits its current development stage. The Group's existing liquidity risk management policies and systems meet regulatory requirements and suit its own management needs.

The Group's liquidity risk management is coordinated by the Head Office with branches acting in concert. The Asset and Liability Management Department acting as the treasurer of the Group is in charge of daily liquidity risk management. According to a prudent basis under regulatory requirements, the treasurer is conducting centralised liquidity management through limit management, budget control, initiative debt management as well as internal fund transfer pricing.

The Group measures, monitors and identifies liquidity risk by short-term reserves as well as medium and long-term structures. It monitors the limit indicators closely at fixed intervals.

The Group regularly conducts stress testing to assess its liquidity risk resistance under extreme circumstances. Except for the annual stress testing required by the regulatory authorities, the Group conducts monthly stress testing on the liquidity risk of local and foreign currencies. The Group sets up liquidity contingency plans and conducts liquidity contingency drills to continuously improve its capability to handle any liquidity crisis.

41. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis.

	30 June 2025									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	552,964	552,964	72,214	318	370	1,650	–	–	478,412	–
Amounts due from banks and other financial institutions	934,457	941,113	67,176	446,127	128,940	275,729	23,126	15	–	–
Loans and advances to customers	6,845,864	7,875,541	37,076	469,139	513,373	2,177,197	2,342,997	2,305,196	–	30,563
Financial investments	3,919,106	4,602,382	4,179	272,863	169,856	584,014	1,741,700	1,800,834	28,860	76
– Financial investments at FVTPL	660,819	694,175	4,179	167,071	43,438	192,670	176,318	105,473	5,026	–
– Debt investments at amortised cost	1,986,403	2,387,402	–	39,531	56,008	200,856	964,809	1,126,131	–	67
– Debt investments at FVTOCI	1,248,050	1,496,971	–	66,261	70,410	190,488	600,573	569,230	–	9
– Equity investments designated at FVTOCI	23,834	23,834	–	–	–	–	–	–	23,834	–
Other assets	100,913	100,913	23,246	14,734	15,283	19,712	5,934	832	16,721	4,451
Total	12,353,304	14,072,913	203,891	1,203,181	827,822	3,058,302	4,113,757	4,106,877	523,993	35,090
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,289,785	1,302,678	681,563	239,214	143,120	182,216	50,179	6,386	–	–
Deposits from customers	9,422,379	9,616,694	4,833,933	752,652	877,222	1,719,872	1,398,690	34,325	–	–
Financial liabilities at FVTPL	99,279	99,353	39,431	8,603	1,630	12,638	2,412	34,639	–	–
Lease liabilities	12,107	13,140	–	428	658	2,872	7,853	1,329	–	–
Debt securities issued	162,020	186,579	–	12,970	37,790	67,576	62,708	5,535	–	–
Other liabilities	243,721	244,017	66,390	84,748	15,066	46,950	30,573	290	–	–
Total	11,229,291	11,462,461	5,621,317	1,098,615	1,075,486	2,032,124	1,552,415	82,504	–	–
Loan commitments	–	1,883,473	1,883,473	–	–	–	–	–	–	–

41. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis. *(continued)*

	31 December 2024									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	573,788	573,788	46,957	38	136	1,925	–	–	524,732	–
Amounts due from banks and other financial institutions	896,707	904,328	47,430	479,793	152,137	197,581	27,374	13	–	–
Loans and advances to customers	6,622,950	7,670,661	37,161	583,775	555,313	1,963,041	2,235,195	2,265,613	–	30,563
Financial investments	3,642,371	4,273,759	4,956	272,560	163,542	555,653	1,597,127	1,653,029	26,820	72
– Financial investments at FVTPL	617,018	638,145	4,956	225,776	45,894	124,509	156,719	75,786	4,505	–
– Debt investments at amortised cost	1,920,461	2,324,329	–	25,001	67,717	219,327	895,238	1,116,976	–	70
– Debt investments at FVTOCI	1,082,577	1,288,970	–	21,783	49,931	211,817	545,170	460,267	–	2
– Equity investments designated at FVTOCI	22,315	22,315	–	–	–	–	–	–	22,315	–
Other assets	102,337	102,337	33,461	12,442	14,328	21,190	5,063	511	10,681	4,661
Total	11,838,153	13,524,873	169,965	1,348,608	885,456	2,739,390	3,864,759	3,919,166	562,233	35,296
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,207,017	1,220,980	656,335	150,888	152,614	206,029	47,556	7,558	–	–
Deposits from customers	9,096,587	9,321,148	4,793,218	686,784	958,060	1,470,346	1,387,318	25,422	–	–
Financial liabilities at FVTPL	67,461	67,510	16,886	6,247	1,342	7,526	4,998	30,511	–	–
Lease liabilities	12,778	13,793	–	451	614	2,908	8,299	1,521	–	–
Debt securities issued	221,583	228,531	–	26,990	73,018	63,674	57,135	7,714	–	–
Other liabilities	181,168	181,168	43,755	33,783	21,974	48,334	33,017	305	–	–
Total	10,786,594	11,033,130	5,510,194	905,143	1,207,622	1,798,817	1,538,323	73,031	–	–
Loan commitments	–	1,783,211	1,783,211	–	–	–	–	–	–	–

Note: Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(d) Operational risk

Operational risk arises from the loss due to deficiency in internal procedures, staffing or IT structure, as well as external events which have effect on operation, including legal risk but not strategy risk and reputation risk.

During the reporting period, through stepping up the identification, evaluation and monitoring of operational risk in key areas, and by focusing on process, policy, employee system, and existing problems of critical control segments, the Group further improves the risk management method, appraisal and assessment mechanism, and strengthens economic capital allocation mechanism with the goal of enhancing the ability and effectiveness of operational risk's management of the Group. All major indexes meet the requirements of the Group's risk preference.

In view of the challenges from internal and external operations and management, the Group will, based on its risk appetite, continue to upgrade its risk management capabilities, and strengthen operational risk monitoring and controls, in order to prevent and reduce operational risk losses.

41. Risk management *(continued)*

(e) Capital management

The objectives of the Group's capital management are to:

– Keep capital adequacy ratios at reasonable levels, satisfy capital-specific regulatory provisions and policy requirements on an ongoing basis, and maintain a solid capital base in support of its business expansion, social responsibility and strategic planning implementation to achieve a comprehensive, coordinated and sustainable growth;

– Comply with capital regulatory requirements, perform procedures to assess internal capital adequacy, openly disclose information related to capital management, fully cover all risks and ensure safe operation of the entire group;

– Put in place an economic capital-centred banking value management system by fully applying various risk-specific quantitative deliverables, enhance decision-making processes and management application regimes, strengthen capital restraint and capital incentive mechanisms, reinforce capabilities to facilitate customer pricing and decision-making, and increase capital deployment efficiency;

– Reasonably use all kinds of capital instruments, continue to upgrade capital strengths, improve capital structures, raise capital quality, lower capital costs, and create the best returns for shareholders.

The Group manages its capital structure and adjusts it based on the economic condition and the risk characteristics of its operations. To maintain or adjust its capital structure, the Group may modify its profit distribution policy, issue or repurchase shares, additional tier-1 capital instruments, eligible tier-2 capital instruments, and convertible debentures. The Group's management regularly monitors capital adequacy ratio under an approach stipulated by regulators. The Group and the Bank submit the required information to the NFRA every quarter.

The Group's capital adequacy ratio calculation covers the Bank and its subsidiaries. The Bank's capital adequacy ratio calculation covers all branches of the Bank. As at 30 June 2025, the Group's subsidiaries that were within the capital adequacy ratio calculation included: CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CIGNA & CMAM and CMB Europe S.A.

Since 1 January 2024, the Group has calculated its capital adequacy ratio in accordance with the NFRA's the Rules on Capital Management of Commercial Banks. According to the approval and requirements of implementing the advanced method of capital measurement by the former CBIRC on April 18, 2014 and the NFRA's relevant provisions of the Notice on implement of Rules on Capital Management of Commercial Banks (國家金融監督管理總局關於實施〈商業銀行資本管理辦法〉相關事項的通知) (Jin Gui [2023] No.9), within the approved scope, the Group could calculate corporation and financial institution risk exposure using the Foundation Internal Ratings-Based Approach, retail risk exposure using the Advanced Internal Ratings-Based Approach, market risk and operational risk using the Standardised Approach. At the same time, the NFRA or its agencies implemented a transition period for commercial banks that were approved to adopt the Advanced Measurement Approach. During the transition period, commercial banks should follow Rules on Capital Management of Commercial Banks to carry out capital measurement.

The Group's capital management focuses on capital adequacy ratio management. The capital adequacy ratio reflects the Group's capability of sound operations and risk resistance. The Group's capital adequacy ratio management's objective is to carefully determine capital adequacy ratio, as legally required by regulators, according to actual risk profiles and with reference to capital adequacy ratio levels of globally leading market peers and the Group's operating conditions.

The Group adopts the scenario simulation and stress testing methods to forecast, plan and manage its capital adequacy ratio with considerations of factors such as strategic development planning, business expansion status, and risk movement trends.

41. Risk management *(continued)*

(e) Capital management *(continued)*

The capital ratios calculated by the Advanced Measurement Approach set out in the Rules on Capital Management of Commercial Banks are as follows:

	30 June 2025	31 December 2024
Core tier-1 capital adequacy ratio	**14.00%**	14.86%
Tier-1 capital adequacy ratio	**17.07%**	17.48%
Capital adequacy ratio	**18.56%**	19.05%
Core tier-1 capital	**1,049,899**	1,036,392
Regulatory deductions from core tier-1 capital	**13,308**	13,344
Net core tier-1 capital	**1,036,591**	1,023,048
Additional tier-1 capital	**227,446**	180,446
Net tier-1 capital	**1,264,037**	1,203,494
Tier-2 capital	**110,497**	108,248
Net capital	**1,374,534**	1,311,742
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,404,703**	6,885,783

(f) Use of derivatives

Derivatives include forwards, swaps and option transactions undertaken by the Group in the foreign exchange and interest rate markets.

The Group enters into interest rate, foreign currency and other financial derivative transactions for treasury business and its assets and liabilities management purposes. The Group's derivatives can be divided into financial instruments that are held for fair value hedge and cash flow hedging purposes and that are at fair value through profit or loss.

The Group formulates appropriate hedging strategies and uses proper tools in light of the risk profile of interest rates or foreign exchange rates associated with its assets and liabilities, as well as its analysis and judgement regarding future movements of interest rates or foreign exchange rates.

The Group is exposed to foreign exchange risk when assets or liabilities are denominated in foreign currencies. Such risk can be offset through the use of foreign exchange forwards or foreign exchange options.

In cash flow hedges, the Group uses interest rate swaps as hedging instruments to hedge the interest rate risks arising from RMB loans and interbank assets or liabilities. In fair value hedge, the Group uses interest rate swaps as hedging instruments to hedge the interest rate risks arising from bond investments measured at fair value through other comprehensive income.

41. Risk management *(continued)*

(f) Use of derivatives *(continued)*

The following tables provide an analysis of the notional amounts and the corresponding fair values of derivatives of the Group by remaining maturity at the end of the reporting period. The notional amounts of the derivatives indicate the transaction volume that has not been delivered at the end of the reporting period and do not represent the amounts at risk.

	30 June 2025						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	321,640	1,391,787	1,086,734	1,763	2,801,924	8,804	(9,042)
Interest rate swaps	321,029	1,391,752	1,086,734	1,763	2,801,278	8,804	(9,040)
Bond futures	611	35	–	–	646	–	(2)
Currency derivatives	1,154,769	1,115,192	63,742	7,339	2,341,042	11,745	(13,087)
Forwards	64,447	47,282	1,272	1,564	114,565	459	(883)
Foreign exchange swaps	829,803	796,545	42,454	5,775	1,674,577	8,707	(9,937)
Futures	537	194	–	–	731	–	–
Options	259,982	271,171	20,016	–	551,169	2,579	(2,267)
Other derivatives	7,049	9,132	406	–	16,587	522	(475)
Equity options purchased	982	4,200	36	–	5,218	76	(1)
Equity options written	837	4,201	–	–	5,038	–	(45)
Commodity trading swaps	5,230	268	70	–	5,568	446	(421)
Credit default swaps	–	463	300	–	763	–	(8)
Fair value hedge derivatives							
Interest rate derivatives	–	–	2,417	973	3,390	–	(15)
Interest rate swaps	–	–	2,417	973	3,390	–	(15)
Currency derivatives	–	10,910	5,771	–	16,681	242	(135)
Foreign exchange swaps	–	10,910	5,771	–	16,681	242	(135)
Cash flow hedge derivatives							
Interest rate derivatives	1,603	11,000	19,529	305	32,437	83	(70)
Interest rate swaps	1,603	11,000	19,529	305	32,437	83	(70)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	–	178	–	–	178	1	–
Interest rate swaps	–	178	–	–	178	1	–
Total	1,485,061	2,538,199	1,178,599	10,380	5,212,239	21,397	(22,824)

41. Risk management *(continued)*

(f) Use of derivatives *(continued)*

	31 December 2024						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	295,444	931,606	847,772	1,290	2,076,112	11,136	(11,478)
Interest rate swaps	290,990	931,524	847,772	1,290	2,071,576	11,035	(11,478)
Bond futures	4,454	82	–	–	4,536	101	–
Currency derivatives	944,726	947,917	83,676	1,722	1,978,041	20,926	(19,773)
Forwards	44,479	21,093	1,372	280	67,224	588	(579)
Foreign exchange swaps	664,671	740,338	67,377	1,442	1,473,828	17,734	(16,958)
Futures	18	387	–	–	405	–	–
Options	235,558	186,099	14,927	–	436,584	2,604	(2,236)
Other derivatives	4,767	6,090	230	37	11,124	262	(123)
Equity options purchased	805	2,769	–	37	3,611	131	–
Equity options written	805	2,769	–	–	3,574	–	(21)
Commodity trading swaps	3,157	351	–	–	3,508	131	(100)
Credit default swaps	–	201	230	–	431	–	(2)
Fair value hedge derivatives							
Interest rate derivatives	–	–	500	–	500	–	(15)
Interest rate swaps	–	–	500	–	500	–	(15)
Currency derivatives	1,200	1,940	6,614	–	9,754	76	(161)
Foreign exchange swaps	1,200	1,940	6,614	–	9,754	76	(161)
Cash flow hedge derivatives							
Interest rate derivatives	2,110	10,384	9,533	330	22,357	128	(33)
Interest rate swaps	2,110	10,384	9,533	330	22,357	128	(33)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	–	–	183	–	183	5	–
Interest rate swaps	–	–	183	–	183	5	–
Total	1,248,247	1,897,937	948,508	3,379	4,098,071	32,533	(31,583)

There was no ineffective portion of cash flow hedges during the six months ended 30 June 2025 and the year ended 31 December 2024.

The credit risk weighted amounts in respect of these derivatives are as follows:

	30 June 2025	31 December 2024
Default risk weighted assets of counterparties	**7,215**	4,254
Credit valuation adjustment risk weighted assets	**3,280**	2,353
Total	**10,495**	6,607

Since 1 January 2024, the risk weighted amounts in respect of derivatives are calculated in accordance with *Rules on Capital Management of Commercial Banks*. The amounts within the scope approved by the former CBIRC in April 2014 are calculated using the Internal Ratings-Based Approach, and the Weighted Approach is adopted to calculate those that are not eligible for the Internal Ratings-Based approach.

41. Risk management *(continued)*

(g) Fair value information

(i) Methods of determining fair value of financial instruments

Several of the Group's accounting policies and disclosure requirements stipulate the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established a control framework to govern the measurement of fair values. This includes a valuation team that takes the responsibility for overseeing all significant fair value measurements including the three levels of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to determine fair value, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuation meets the requirements of IFRS Accounting Standards, including the classification of levels in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

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

– Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

– Level 2 inputs: other than quoted prices included in level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities inputs;

– Level 3 inputs: inputs that are unobservable for assets or liabilities.

The Group recognises transfers among levels of the fair value hierarchy at the end of the reporting period during which transfers take place.

The Group's assets and liabilities measured at fair value are measured on a recurring basis. The Group does not have assets nor liabilities measured at fair value on a non-recurring basis.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis

The following tables present the fair value information and the fair value hierarchy, at the end of the current interim reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date:

	30 June 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	27,951	617,746	3,202	648,899
– Debt securities	13,964	338,544	113	352,621
– Precious metal contracts	12,328	–	–	12,328
– Equity investments	1,626	938	2,185	4,749
– Fund investments	33	266,165	694	266,892
– Wealth management products	–	3,496	–	3,496
– Other	–	8,603	210	8,813
Financial investments designated at FVTPL	171	11,749	–	11,920
– Debt securities	171	11,749	–	11,920
Derivative financial assets	–	21,397	–	21,397
Loans and advances to customers at FVTPL	–	64,212	1,560	65,772
Debt investments at FVTOCI	260,369	999,748	–	1,260,117
Loans and advances to customers at FVTOCI	–	284,284	265,998	550,282
Equity investments designated at FVTOCI	14,288	1,870	7,676	23,834
Total	302,779	2,001,006	278,436	2,582,221
Liabilities				
Financial liabilities held for trading	55,736	698	–	56,434
– Financial liabilities related to precious metal	55,736	–	–	55,736
– Short position on bonds	–	698	–	698
Financial liabilities designated at FVTPL	5,570	35,654	1,621	42,845
– Debt securities issued	5,570	20	–	5,590
– Other	–	35,634	1,621	37,255
Derivative financial liabilities	–	22,824	–	22,824
Total	61,306	59,176	1,621	122,103

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

The following tables present the fair value information and the fair value hierarchy, at the end of the current interim reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date: *(continued)*

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	15,699	584,337	3,317	603,353
– Debt securities	14,204	237,508	340	252,052
– Precious metal contracts	134	–	–	134
– Equity investments	1,360	3	1,899	3,262
– Fund investments	1	343,079	871	343,951
– Wealth management products	–	3,134	–	3,134
– Other	–	613	207	820
Financial investments designated at FVTPL	1,646	12,019	–	13,665
– Debt securities	1,646	12,019	–	13,665
Derivative financial assets	–	32,533	–	32,533
Loans and advances to customers at FVTPL	–	34,601	1,174	35,775
Debt investments at FVTOCI	230,469	861,658	–	1,092,127
Loans and advances to customers at FVTOCI	–	345,349	206,343	551,692
Equity investments designated at FVTOCI	12,873	1,903	7,539	22,315
Total	260,687	1,872,400	218,373	2,351,460
Liabilities				
Financial liabilities held for trading	28,757	389	–	29,146
– Financial liabilities related to precious metal	28,757	–	–	28,757
– Short position on bonds	–	389	–	389
Financial liabilities designated at FVTPL	5,567	31,592	1,156	38,315
– Debt securities issued	5,567	–	–	5,567
– Other	–	31,592	1,156	32,748
Derivative financial liabilities	–	31,583	–	31,583
Total	34,324	63,564	1,156	99,044

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(1) Basis of determining the market prices for recurring fair value measurements categorised as Level 1

Bloomberg, etc. are used for financial instruments with quoted prices in an active market.

(2) Valuation techniques used and the information of key parameters for recurring fair value measurement categorised as Level 2

Fair value of RMB denominated bonds whose value is available on China Bond's website on the valuation date is measured using the latest available valuation results.

Fair value of foreign currency bonds without quoted prices in an active market is measured by using the comprehensive valuations provided by Bloomberg, etc.

Fair value of foreign exchange forward contracts in derivative financial instruments is measured by discounting the differences between the contract prices and market future prices of the foreign exchange forward contracts. The discount rates used are the applicable RMB denominated swap yield curve as at the end of the reporting period.

Fair value of option contracts such as foreign exchange options, commodity options and equity options is measured by using the Black-Scholes model, based on market data such as risk-free interest rate, underlying market prices and price volatility of foreign exchange, commodities, and equity contracts. The above market data used are quoted prices in an active market, provided by Bloomberg, Refinitiv, Wind and other market information providers.

Fair value of interest rate swaps, foreign exchange swaps, and non-option commodity contracts in derivative financial instruments is measured by discounting the expected receivable or payable amounts under the assumption that these swaps had been terminated at the end of the reporting period. The discount rates used are the related currency denominated swap yield curve as at the end of the reporting period.

Observable quoted price in market or valuation techniques applicable at present are used as the basis of determining the value of equity investments measured at FVTPL, investment funds and wealth management products.

The fair value of discounted bills at FVTOCI and at FVTPL is mainly measured based on the rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange Corporation Ltd. The Group uses the 10-day average discount rate as the basis for calculating the value of discounted bills; which can either be measured by discounted cash flow approach.

The fair value of equity investments designated at FVTOCI is measured by using the comprehensive valuations on Bloomberg or discounted cash flow approach using the relevant yield curve of China Bond at the end of the reporting period.

The fair value of certificates of deposit issued is measured by using the comprehensive valuations on Bloomberg.

The fair value of "Other" under financial investments measured at FVTPL is measured based on the net asset values.

The fair value of other financial liabilities designated at FVTPL is measured based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3

	Fair value as at 30 June 2025	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	**1,113**	Market approach	Liquidity discount
Equity investments designated at FVTOCI	**8**	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	**6,555**	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	**1,560**	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	**265,998**	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	**976**	Market approach	Liquidity discount
– Equity investments	**913**	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	**296**	Net asset value approach	Net assets, liquidity discount
– Debt securities	**113**	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	**584**	Net fund value approach	Net assets
– Fund investments	**65**	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	**45**	Market approach	Liquidity discount
– Other	**170**	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	**40**	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	**1,621**	Net fund value approach	Net assets, liquidity discount

	Fair value as at 31 December 2024	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	1,022	Market approach	Liquidity discount
Equity investments designated at FVTOCI	67	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	6,450	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	1,174	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	206,343	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	1,119	Market approach	Liquidity discount
– Equity investments	516	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	264	Net asset value approach	Net assets, liquidity discount
– Debt securities	340	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	807	Net fund value approach	Net assets
– Fund investments	64	Market approach	Liquidity discount
– Other	163	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	44	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,156	Net fund value approach	Net assets, liquidity discount

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) ***Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3*** *(continued)*

1) *Valuation of financial instruments with significant unobservable inputs*

The following tables show the movements from the beginning to be the end of the reporting period for Level 3 financial instruments:

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2025	3,317	1,174	206,343	7,539	218,373
Profit or loss					
– In profit or loss	153	5	–	–	158
– In other comprehensive income	–	–	(331)	196	(135)
Addition for the period	102	485	293,751	–	294,338
Disposals and settlement on maturity	(164)	(102)	(233,768)	–	(234,034)
Transfer out of level 3	(190)	–	–	–	(190)
Exchange difference	(16)	(2)	3	(59)	(74)
At 30 June 2025	3,202	1,560	265,998	7,676	278,436
Total unrealised gains and losses included in the consolidated statement of loss or profit for assets held at the end of the reporting period	69	(22)	–	–	47

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2024	4,160	3,729	120,762	7,338	135,989
Profit or loss					
– In profit or loss	(531)	(84)	–	–	(615)
– In other comprehensive income	–	–	252	297	549
Addition for the year	72	–	485,550	–	485,622
Disposals and settlement on maturity	(179)	(2,472)	(400,221)	(104)	(402,976)
Transfer out of level 3	(214)	–	–	–	(214)
Exchange difference	9	1	–	8	18
At 31 December 2024	3,317	1,174	206,343	7,539	218,373
Total unrealised losses and gains included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(434)	(104)	–	–	(538)

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3 (continued)

1) Valuation of financial instruments with significant unobservable inputs (continued)

Financial liabilities at fair value through profit or loss	2025	2024
Balance as at 1 January	**1,156**	1,825
In profit or loss	**98**	(235)
Addition for the period/year	**549**	6
Disposals and settlement on maturity	**(170)**	(455)
Exchange difference	**(12)**	15
Balance as at 30 June/31 December	**1,621**	1,156
Total unrealised gains and losses included in the consolidated statement of income for liabilities held at the end of the reporting period	**98**	(235)

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no significant transfers among different levels for financial instruments which are measured at fair value on a recurring basis.

During the six months ended 30 June 2025 and the year ended 31 December 2024, the Group did not significantly change the valuation techniques for the financial assets and liabilities disclosed above which are measured at fair value on a recurring basis.

(iii) Financial assets and financial liabilities that are not measured at fair value

(1) Financial assets

The Group's financial assets that are not measured at fair value mainly include balances with central banks, balances and placements with banks and other financial institutions, amounts held under resale agreements, loans and advances to customers at amortised cost and investments at amortised cost.

Except for loans and advances measured at amortised cost and debt instrument investments measured at amortised cost, most of the financial assets not measured at fair value mature within 1 year, and their carrying values approximate to their fair values. Loans and advances are stated at amortised cost less allowances for impairment losses (Note 16). Loans and advances at amortised cost are mostly priced at floating rates with reference to Loan Prime Rates (LPRs) and repriced at least annually, and impairment allowances are made to reduce the carrying amounts of impaired loans to estimated recoverable amounts. Accordingly, the carrying value of loans and advances approximates to their fair value.

Debt investments measured at amortised cost are carried at amortised cost less allowances for impairment losses. The fair value of the listed bonds is disclosed in Note 17(b).

The carrying value, fair value and fair value hierarchy of debt investments at amortised cost not measured at fair value are listed below:

The Level 1 fair value measurement is based on unadjusted quoted prices in active markets using Bloomberg, etc. For Level 2, the latest valuation results released by China Bond's website are used to measure fair value of bonds denominated in RMB. The Level 2 category also includes foreign currency bonds without active quoted price, which is measured using the published comprehensive valuation by Bloomberg. The Level 3 fair value is measured using discounted cash flow valuation technique.

	30 June 2025					31 December 2024				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt investments at amortised cost	**1,986,403**	**2,101,314**	**66,113**	**1,977,650**	**57,551**	1,920,461	2,066,244	71,429	1,913,893	80,922

Note: The above financial assets do not include accrued interest.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(iii) Financial assets and financial liabilities that are not measured at fair value *(continued)*

(2) Financial liabilities

Financial liabilities that are not measured at fair value mainly include deposits from customers, amounts due to banks and other financial institutions, amounts sold under repurchase agreements, and debts securities issued by the Group. The carrying value of financial liabilities approximated to their fair value at the end of the reporting period, except for the financial liabilities set out below:

	30 June 2025					31 December 2024				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt securities issued	91,080	90,834	–	90,834	–	85,003	84,438	–	84,438	–

Note: The above financial liabilities do not include accrued interest.

42. Material related party transactions

(a) Information about material related parties

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows:

Company name	place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
China Merchants Group (CMG)	Beijing	RMB16,900 million	7,559,427,375	29.97% (note (i)(vii))	–	Transportation, shipping agency, warehousing and storage, leasing, manufacturing building and facility, repair and contracting, sales operating management service, etc.	The largest shareholder's parent company	Limited liability	Miao Jianmin
– China Merchants Steam Navigation Co., Ltd. (CMSN)	Beijing	RMB17,000 million	3,289,470,337	13.04% (note (ii))	–	Transportation, building and repair, procurement, supply chain management and distribution, shipping agency services, etc.	The largest shareholder	Limited liability	Miao Jianmin
– Shenzhen Yan Qing Investment and Development Co., Ltd.	Shenzhen	RMB600 million	1,258,542,349	4.99%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Sun Xian
– Shenzhen Chu Yuan Investment and Development Co., Ltd.	Shenzhen	RMB600 million	944,013,171	3.74%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Sun Xian
– China Merchants Financial Holdings Co., Ltd.	Shenzhen	RMB7,778 million	1,147,377,415	4.55%	–	Financial holding company business	Shareholder	Limited liability	Miao Jianmin
– Best Winner Investment Ltd.	British Virgin Islands	USD 1	386,924,063	1.53%	–	–	Shareholder	Joint stock limited company	–
– China Merchants Union (BVI) Limited	British Virgin Islands	USD0.06 million	477,903,500	1.89%	–	–	Shareholder	Limited liability	–

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows: *(continued)*

Company name	place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
– China Merchants Industry Development (Shenzhen) Ltd.	Shenzhen	USD10 million	55,196,540	0.22%	–	Invest and set up industries, enterprise management consulting and investment consulting, etc.	Shareholder	Limited liability	Wang Xiaoding
China COSCO Shipping Corporation Limited.	Shanghai	RMB11,000 million	2,515,193,034	9.97% (note(iii))	–	International shipping business, supporting services to international shipping, imports and exports of goods and technology, international freight forwarding agent, etc.	Shareholder's parent company	Limited liability	Wan Min
– China Ocean Shipping Co., Ltd.	Beijing	RMB16,191 million	1,574,729,111	6.24%	–	Transportation business, leasing business, ship purchasing and marketing business, warehousing business, etc.	Shareholder	Limited liability	Wan Min
– COSCO Shipping (Guangzhou) Co., Ltd.	Guangzhou	RMB3,191 million	696,450,214	2.76%	–	Shipping business	Shareholder	Limited liability	Zhang Anming
– Guangzhou COSCO Shipping Haining Technology Co., Ltd.	Guangzhou	RMB52 million	103,552,616	0.41%	–	Business services	Shareholder	Limited liability	Chen Jianyao
– COSCO Shipping (Shanghai) Co., Ltd.	Shanghai	RMB1,399 million	75,617,340	0.30%	–	Shipping business, leasing business, ship repairing and building etc.	Shareholder	Limited liability	Zhao Bangtao
– COSCO Shipping Investment Holdings Co., Ltd.	Hong Kong	HKD500 million	54,721,930	0.22%	–	Leasing business, financing business, insurance business etc.	Shareholder	Limited liability	Zhang Mingwen
– Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	Guangzhou	RMB299 million	10,121,823	0.04%	–	Ship purchasing and marketing business, shipping agency, leasing business, shipping business etc.	Shareholder	Limited liability	Liu Wenbao
China Communications Construction Group Limited	Beijing	RMB7,274 million	406,670,418	1.61% (note(iv))	–	General contractor for construction	Shareholder's parent company	Limited liability	Song Hailiang
– China Communications Construction Company Limited	Beijing	RMB16,166 million	201,089,738	0.80%	–	General contractor for construction, leasing and repair, technical consulting service, imports and exports, investment and management business	Shareholder	Joint stock limited company	Song Hailiang
Shanghai Automotive Industry Corporation (Group)	Shanghai	RMB21,749 million	310,125,822	1.23% (note(v))	–	Production and sale of vehicles, asset management business, domestic trade business, consulting service	Shareholder's parent company	Limited liability	Wang Xiaoqiu

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows: *(continued)*

Company name	place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
– SAIC Motor Corporation Limited	Shanghai	RMB11,575 million	310,125,822	1.23%	–	Production and sale of vehicles, consulting service, imports and exports	Shareholder	Joint stock limited company	Wang Xiaoqiu
CMB International Capital Holdings Corporation Limited (CMBIC)	Hong Kong	HKD4,129 million	–	–	100.00%	Investment bank and investment managements	Subsidiary	Limited liability	Wang Liang
CMB Financial Leasing Company Limited (CMBFL)	Shanghai	RMB18,000 million	–	–	100.00%	Finance lease	Subsidiary	Limited liability	Zhong Desheng
CMB Wing Lung Bank Limited (CMB WLB)	Hong Kong	HKD1,161 million	–	–	100.00%	Banking	Subsidiary	Limited liability	Wang Liang
China Merchants Fund Management Co., Ltd. (CMFM)	Shenzhen	RMB1,310 million	–	–	55.00%	Fund Management	Subsidiary	Limited liability	Wang Xiaoqing
CMB Wealth Management Co., Ltd	Shenzhen	RMB5,556 million	–	–	90.00%	Asset management	Subsidiary	Limited liability	Wu Jianbin
China Merchants Europe S.A. (CMB Europe S.A.)	Luxembourg	EUR100 million	–	–	100.00%	Banking	Subsidiary	Limited liability	Xue Fei
Cigna & CMB Asset Management Company Limited (CIGNA & CMAM)	Beijing	RMB500 million	–	–	Note (vi)	Asset management	Subsidiary	Limited liability	Wang Xiaoqing

Notes:

(i) CMG held 29.97% of the Bank indirectly (31 December 2024: 29.97%) through its subsidiaries as at 30 June 2025.

(ii) As the largest direct shareholder, CMSN, a subsidiary of CMG, held 13.04% of the Bank as at 30 June 2025 (31 December 2024: 13.04%).

(iii) China COSCO Shipping Corporation Ltd. held 9.97% of the Bank (31 December 2024: 9.97%) through its subsidiaries as at 30 June 2025.

(iv) China Communications Construction Group Limited ("China Communications Construction Group") held 1.61% of the Bank indirectly as at 30 June 2025 through its subsidiaries (31 December 2024: 1.61%).

(v) Shanghai Automotive Industry Corporation (Group) ("Shanghai Automotive Industry Group") held 1.23% of the Bank indirectly as at 30 June 2025 through its subsidiary (31 December 2024: 1.23%).

(vi) CIGNA & CMAM is an indirectly controlled subsidiary of the Bank, with 87.3458% held by CIGNA & CMB Life Insurance Co., Ltd., a joint venture of the Bank, and 12.6542% held by CMBIC, a subsidiary of the Bank.

(vii) The sum of the direct holding percentage of CMG's shareholdings in the Bank and the sum of the above-mentioned relevant percentages may differ slightly due to rounding.

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

The registered capital of the Group's related parties is as follows:

Name of related party	30 June 2025		31 December 2024	
CMG	RMB	16,900,000,000	RMB	16,900,000,000
CMSN	RMB	17,000,000,000	RMB	17,000,000,000
Shenzhen Yan Qing Investment and Development Co., Ltd.	RMB	600,000,000	RMB	600,000,000
Shenzhen Chu Yuan Investment and Development Co., Ltd.	RMB	600,000,000	RMB	600,000,000
China Merchants Financial Holdings Co., Ltd.	RMB	7,778,000,000	RMB	7,778,000,000
Best Winner Investment Ltd.	USD	1	USD	1
China Merchants Union (BVI) Limited	USD	60,000	USD	60,000
China Merchants Industry Development (Shenzhen) Ltd.	USD	10,000,000	USD	10,000,000
China COSCO Shipping Corporation Limited	RMB	11,000,000,000	RMB	11,000,000,000
China Ocean Shipping Co., Ltd.	RMB	16,191,351,300	RMB	16,191,351,300
COSCO Shipping (Guangzhou) Co., Ltd.	RMB	3,191,200,000	RMB	3,191,200,000
Guangzhou COSCO Shipping Haining Technology Co., Ltd.	RMB	52,000,000	RMB	52,000,000
COSCO Shipping (Shanghai) Co., Ltd.	RMB	1,398,941,000	RMB	1,398,941,000
COSCO Shipping Investment Holdings Co., Ltd.	HKD	500,000,000	HKD	500,000,000
Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	RMB	299,020,000	RMB	299,020,000
China Communications Construction Group Limited	RMB	7,274,023,830	RMB	7,274,023,830
China Communications Construction Company Limited	RMB	16,165,711,425	RMB	16,165,711,425
Shanghai Automotive Industry Corporation (Group)	RMB	21,749,175,737	RMB	21,749,175,737
SAIC Motor Corporation Limited	RMB	11,575,299,445	RMB	11,575,299,445
CMBIC	HKD	4,129,000,000	HKD	4,129,000,000
CMBFL	RMB	18,000,000,000	RMB	18,000,000,000
CMB WLB	HKD	1,160,950,575	HKD	1,160,950,575
CMFM	RMB	1,310,000,000	RMB	1,310,000,000
CMBWM	RMB	5,555,555,555	RMB	5,555,555,555
CMB Europe S.A.	EUR	100,000,000	EUR	100,000,000
CIGNA & CMAM	RMB	500,000,000	RMB	500,000,000

42. Material related party transactions *(continued)*

(b) Terms and conditions for related party transactions

The Group enters into transactions with related parties in the ordinary course of its banking business including lending, investing, deposit taking, securities trading, providing agency and trust services, and off-balance sheet transactions. In the opinion of the directors, the Group enters into such material related party transactions under normal commercial terms. Interest rates on loans and deposits are strictly set in accordance with the deposit and loan interest rate management regulations published by the PBOC, and such banking transactions are priced based on the market prices at the time of transactions:

	30 June 2025	31 December 2024
Short-term loans	**3.00% to 3.10%**	3.10% to 3.45%
Medium to long-term loans	**3.00% to 3.60%**	3.10% to 4.20%
Demand deposits	**0.05% to 0.10%**	0.10% to 0.35%
Time deposits	**0.65% to 1.30%**	0.80% to 2.75%

There were no loans and advances granted to related parties that were credit impaired during the period (2024: None).

(c) Shareholders and their related companies

The Bank's largest shareholder, CMG, through CMSN and its related companies held 29.97% (31 December 2024: 29.97%) of the Bank's shares as at 30 June 2025, among which 13.04% of the shares were directly held by CMSN (31 December 2024: 13.04%).

The Group's transactions and balances with CMSN and its related companies are disclosed as follows:

	30 June 2025	31 December 2024
On-balance sheet:		
– Loans and advances to customers	**66,385**	58,843
– Financial investments	**2,857**	7,580
– Deposits from banks and other financial institutions	**43,660**	36,109
– Deposits from customers	**78,506**	75,028
– Lease liabilities	**171**	186
Off-balance sheet:		
– Irrevocable guarantees	**9,143**	8,748
– Irrevocable letters of credit	**1,015**	1,004
– Irrevocable loan commitments	**6,682**	7,489
– Bills of acceptances	**526**	599

	Six months ended 30 June	
	2025	2024
Interest income	**1,128**	1,100
Interest expense	**(690)**	(656)
Net fee and commission income	**237**	282
Operating expenses	**(385)**	(379)
Other net income	**62**	73

42. Material related party transactions *(continued)*

(d) Companies that share common directors, supervisors or senior management with the Bank (other than those disclosed in Note 42 (c)) and these personnel can control or exercise significant influence over the companies

	30 June 2025	31 December 2024
On-balance sheet:		
– Loans and advances to customers	**1**	8,805
– Deposits from banks and other financial institutions	**1**	1
– Deposits from customers	**13,329**	14,362
Off-balance sheet:		
– Irrevocable guarantees	**–**	6
– Bills of acceptances	**–**	3

	Six months ended 30 June	
	2025	2024
Interest income	**–**	216
Interest expense	**(217)**	(81)
Net fee and commission income/(expense)	**5**	(4)
Operating expenses	**(1,493)**	(1,424)
Other net income	**13**	–

(e) Associates and joint ventures other than those disclosed in Note 42(c)

	30 June 2025	31 December 2024
On-balance sheet:		
– Placements with banks and other financial institutions	**11,300**	12,800
– Loans and advances to customers	**6,273**	6,459
– Deposits from banks and other financial institutions	**884**	1,055
– Deposits from customers	**1,434**	658
Off-balance sheet:		
– Irrevocable guarantees	**2**	2

	Six months ended 30 June	
	2025	2024
Interest income	**307**	409
Interest expense	**(15)**	(20)
Net fee and commission income	**729**	1,316
Operating expenses	**(16)**	(173)
Other net income	**13**	1

42. Material related party transactions *(continued)*

(f) Other major shareholders holding more than 5% of shares of the Bank and exercising significant influence over the Bank

	30 June 2025	31 December 2024
On-balance sheet:		
– Placements with banks and other financial institutions	400	–
– Loans and advances to customers	52,019	46,929
– Financial investments	4,320	250
– Deposits from banks and other financial institutions	1,653	4,439
– Deposits from customers	25,320	24,718
– Lease liabilities	6	13
Off-balance sheet:		
– Irrevocable guarantees	12,770	12,979
– Irrevocable letters of credit	4,498	4,349
– Irrevocable loan commitments	1,000	1,000
– Bills of acceptances	4,466	5,398

	Six months ended 30 June	
	2025	2024
Interest income	827	747
Interest expense	(105)	(220)
Net fee and commission income	113	113
Operating expenses	(1)	–
Other net income	369	212

(g) Subsidiaries

	30 June 2025	31 December 2024
On-balance sheet:		
– Balances with banks and other financial institutions	644	5,585
– Placements with banks and other financial institutions	32,793	26,848
– Loans and advances to customers	14,580	15,984
– Financial investments	1,944	1,526
– Deposits from banks and other financial institutions	5,166	6,552
– Placements from banks and other financial institutions	264	–
– Deposits from customers	8,783	8,100

	Six months ended 30 June	
	2025	2024
Interest income	706	676
Interest expense	(61)	(63)
Net fee and commission income	287	294
Operating expenses	(2,123)	(2,131)
Other net income	454	267

All significant balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.

43. Non-controlling interests

Non-controlling interests represent the interests that the Group does not hold in the subsidiaries, the Group does not have any subsidiary with significant non-controlling interests during the reporting period.

(a) Perpetual debt capital

CMB WLB, the Group's subsidiary, issued perpetual debt of USD400 million on 24 January 2019 and fully redeemed the perpetual debt in the year ended 31 December 2024.

44. Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases, such transfers may give rise to full or partial derecognition of the financial assets concerned and in other cases the transfers may not qualify for derecognition as the Group retains substantially all the risks and rewards of these transferred assets. As a result, the Group continues to recognise these transferred assets.

Securitisation of credit assets

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to special purpose trusts which in turn issue asset-backed securities to investors. The Group may acquire certain investments at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that are securitised and qualified for derecognition, the Group derecognises the transferred credit assets in their entirety. During the six months ended 30 June 2025, the Group has transferred loans amounting to RMB14,621 million (six months ended 30 June 2024: RMB10,148 million) in securitisation arrangements, as well as substantially all the risks and rewards associated with the loans. The full amount of such securitised loans was then derecognised.

In the cases that the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and for which the Group retains control, the Group recognises an asset in the consolidated statement of financial position to the extent of the Group's continuing involvement in the transferred assets, otherwise the financial assets are derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards exposed by the Group to the value changes of the transferred assets. For the six months ended 30 June 2025, there were nil as of new securitised credit assets in which the Group retained the continuing involvement (six months ended 30 June 2024: Nil). The carrying amount of the continuing involvement asset and the corresponding continuing involvement liability was recognised in other assets and other liabilities in the unaudited consolidated statement of financial position and amounted to RMB5,274 million as at 30 June 2025 (31 December 2024: RMB5,274 million).

44. Transfers of financial assets *(continued)*

Transfers of credit assets to third parties

During the six months ended 30 June 2025, in addition to securitisation transactions, the Group transferred credit assets amounting to nil (six months ended 30 June 2024: nil) to independent third parties directly. The Group determined that these transferred assets qualified for full derecognition, since the Group has transferred substantially all the risks and rewards of the transferred assets to the counterparties.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities, discounted bills held by counterparties as collateral under repurchase agreements and securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group but has an obligation to return the securities at the maturity of the contract. The Group determines that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. Instead, it recognises a financial liability for cash received as collateral.

45. Interests in unconsolidated structured entities

The scope of the Group's consolidated financial statements is determined on a control basis. Control means that the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power to affect the amount of its return.

The Group has the power over structured entities, and the other investors have no substantive rights. In the meantime, the Group is entitled to variable returns, and will consolidate entities, in which the Group has the right to affect the amount of its return.

In addition to the above-mentioned structured entities that have been included in the Group's consolidated financial statements, the equity information on structured entities that are not consolidated by the Group is as follows:

(a) Interests in the structured entities sponsored by third parties

The Group holds interests in some structured entities sponsored by third parties through investments in the units issued by these structured entities. Such interests include investments in wealth management products, asset management schemes, trust beneficiary rights, asset-backed securities and investments in funds, and the Group does not consolidate these structured entities. The purpose of the Group holding these structured entities is to obtain investment income, capital appreciation or both.

45. Interests in unconsolidated structured entities *(continued)*

(a) Interests in the structured entities sponsored by third parties *(continued)*

The following tables set out an analysis of the balance of interests held by the Group in the structured entities sponsored by third parties and an analysis of the line items in the unaudited consolidated statements of financial position as at 30 June 2025 and 31 December 2024:

	30 June 2025				
	Carrying amount				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	8,401	49,770	–	58,171	58,171
Trust beneficiary rights	170	7,598	–	7,768	7,768
Asset-backed securities	1,060	805	49,579	51,444	51,444
Fund investments	259,545	–	–	259,545	259,545
Wealth management products	741	–	–	741	741
Total	269,917	58,173	49,579	377,669	377,669

	31 December 2024				
	Carrying amount				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	596	69,168	–	69,764	69,764
Trust beneficiary rights	163	12,942	–	13,105	13,105
Asset-backed securities	1,755	1,818	43,911	47,484	47,484
Fund investments	334,929	–	–	334,929	334,929
Wealth management products	432	–	–	432	432
Total	337,875	83,928	43,911	465,714	465,714

The maximum exposures of investments in funds, trust beneficiary rights, asset management schemes, wealth management products and asset-backed securities are the carrying amounts of these assets.

45. Interests in unconsolidated structured entities *(continued)*

(b) Interests in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products, funds and asset management schemes. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interests of the Group in these unconsolidated structured entities are limited to the fees and commissions charged for management services provided.

As at 30 June 2025, the amount of the unconsolidated non-principal-guaranteed wealth management products sponsored by the Group was RMB2,459,303 million (31 December 2024: RMB2,470,334 million).

As at 30 June 2025, the amount of the unconsolidated funds sponsored by the Group was RMB1,331,681 million (31 December 2024: RMB1,320,359 million).

As at 30 June 2025, the amount of the unconsolidated asset management schemes sponsored by the Group was RMB266,107 million (31 December 2024: RMB299,261 million).

As at 30 June 2025, the amount held under resale agreements transacted between the Group and the non-principal-guaranteed wealth management products sponsored by the Group totaled RMB1,361 million (31 December 2024: RMB18,397 million). The above transactions were conducted in accordance with normal business terms and conditions.

As at 30 June 2025, the amount of the Group's sponsored unconsolidated non-principal-guaranteed wealth management products held by the Group was RMB2,755 million (31 December 2024: RMB2,703 million).

As at 30 June 2025, the amount of the Group's sponsored unconsolidated funds held by the Group was RMB7,347 million (31 December 2024: RMB9,022 million).

During the six months ended 30 June 2025, the amount of fee and commission income the Group received from such non-principal-guaranteed wealth management products was RMB4,675 million (six months ended 30 June 2024: RMB4,588 million).

During the six months ended 30 June 2025, the amount of fee and commission income the Group received from such unconsolidated funds was RMB3,122 million (six months ended 30 June 2024: RMB3,685 million).

During the six months ended 30 June 2025, the amount of fee and commission income the Group received from such unconsolidated asset management schemes was RMB336 million (six months ended 30 June 2024: RMB246 million).

The total amount of non-principal-guaranteed wealth management products sponsored by the Group after 1 January 2025 with a maturity date before 30 June 2025 was RMB91,784 million (six months ended 30 June 2024: RMB161,997 million).

46. Events after the reporting period

The Bank has received the Approval from the NFRA on Preparation for Establishment of China Merchants Bank Financial Asset Investment Co., Ltd. (Jin Fu [2025] No. 395) on 3 July 2025, the Bank has been approved to prepare for the establishment of a wholly-owned subsidiary, CMB Financial Asset Investment Co., Ltd., with a registered capital of RMB15,000 million.

In accordance with the relevant terms stipulated in the Bond Prospectus, the Bank has exercised the call option on 9 July 2025 and completed the full redemption of the Perpetual Bonds 2020 originally issued between July 7 to 9, 2020, with a total issuance amount of RMB50,000 million.

47. Comparative figures

Certain comparative figures in the notes have been re-presented to conform to presentation in the current period.

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

(A) Capital adequacy ratio

The Group's capital adequacy ratio was prepared solely in accordance with the NFRA's *Rules on Capital Management of Commercial Banks*. The bases used herein may differ from those adopted in Hong Kong or other countries and regions.

	30 June 2025	31 December 2024
Core tier-1 capital adequacy ratio	**14.00%**	14.86%
Tier-1 capital adequacy ratio	**17.07%**	17.48%
Capital adequacy ratio	**18.56%**	19.05%
Components of capital base		
Core tier-1 capital:		
Qualifying portion of share capital	**25,220**	25,220
Qualifying portion of capital reserve	**65,415**	65,548
Surplus reserve	**122,615**	122,614
General reserve	**155,258**	155,404
Retained earnings	**647,876**	626,082
Qualifying portion of non-controlling interests	**–**	–
Other (note (i))	**33,515**	41,524
Total core tier-1 capital	**1,049,899**	1,036,392
Regulatory deductions from core tier-1 capital	**13,308**	13,344
Net core tier-1 capital	**1,036,591**	1,023,048
Additional tier-1 capital (note (ii))	**227,446**	180,446
Net tier-1 capital	**1,264,037**	1,203,494
Tier-2 capital:		
Qualifying portion of tier-2 capital instruments and their premium	**–**	–
Surplus provision for loans impairment	**110,497**	108,248
Qualifying portion of non-controlling interests	**–**	–
Total tier-2 capital	**110,497**	108,248
Regulatory deductions from core tier-2 capital	**–**	–
Net tier-2 capital	**110,497**	108,248
Net capital	**1,374,534**	1,311,742
Total risk-weighted assets (taking into consideration the capital floor requirements)	**7,404,703**	6,885,783

Notes:

(i) Under the NFRA*'s Rules on the Capital Management of Commercial Banks*, other includes exchange reserve in the unaudited consolidated financial statements, etc.

(ii) The Group's additional tier-1 capital includes preference shares, qualifying portion of non-controlling interests, etc.

As at 30 June 2025, the Group's core tier-1 capital adequacy ratio was 11.92%, tier-1 capital adequacy ratio was 14.53%, capital adequacy ratio was 15.61%, net capital was RMB1,357,875 million and total risk-weighted assets were RMB8,697,376 million, using the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in the calculations.

(B) Leverage ratio

In accordance with the NFRA's *Rules on Capital Management of Commercial Banks*, the Group's leverage ratio is shown below. The basis used herein may differ from those adopted in Hong Kong or other countries and regions.

The difference between regulatory items and accounting items:

		30 June 2025	31 March 2025
1	Total consolidated assets as per published financial statements	**12,657,151**	12,529,792
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(79,678)**	(77,865)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**–**	–
4	Adjustments for derivative financial instruments	**25,683**	18,300
5	Adjustment for securities financing transactions	**358**	355
6	Adjustment for off-balance sheet items	**2,314,454**	2,196,744
7	Adjustment for asset securitisation transactions	**–**	–
8	Adjustment for unsettled financial assets	**(83)**	(3,825)
9	Adjustments for eligible cash pooling transactions	**–**	–
10	Adjustments for temporary exemption of central bank reserves (if applicable)	**–**	–
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**–**	–
12	Other adjustments	**(13,308)**	(13,169)
13	Leverage ratio exposure measure	**14,904,577**	14,650,332

Leverage ratio, net tier-1 capital, adjusted on-balance sheet and off-balance sheet assets and other information:

		30 June 2025	31 March 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	**12,605,679**	12,480,569
2	Less: Specific and general provisions associated with on-balance sheet exposures deducted in determining Tier 1 capital	**(316,414)**	(316,708)
3	Less: Asset amounts deducted in determining Basel III Tier 1 capital	**(13,308)**	(13,169)
4	Adjusted on-balance sheet exposures (excluding derivatives and SFTs)	**12,275,957**	12,150,692
Derivative exposures			
5	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**6,163**	7,912
6	Add-on amounts for potential future exposure associated with all derivatives transactions	**39,490**	34,009
7	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	**–**	–
8	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	**–**	–
9	Less: Exempted central counterparty leg of client-cleared trade exposures	**–**	–
10	Effective notional amount of written credit derivatives	**1,409**	1,661
11	Less: Adjusted effective notional deductions for written credit derivatives	**(2)**	(2)
12	Derivative exposures	**47,060**	43,580

(B) Leverage ratio *(continued)*

		30 June 2025	31 March 2025
Securities financing transaction exposures			
13	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	**266,748**	258,961
14	Less: netted amounts of cash payables and cash receivables of gross SFT assets	**–**	–
15	Counterparty credit risk exposure for SFT assets	**358**	355
16	Agent transaction exposures	**–**	–
17	Total securities financing transaction exposures	**267,106**	259,316
Other off-balance sheet exposures			
18	Off-balance sheet exposure at gross notional amount	**10,253,367**	9,992,738
19	Less: adjustments for conversion to credit equivalent amounts	**(7,922,102)**	(7,780,160)
20	Less: Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	**(16,811)**	(15,834)
21	Off-balance sheet items	**2,314,454**	2,196,744
Capital and total exposures			
22	Tier 1 capital	**1,264,037**	1,222,698
23	Total exposures	**14,904,577**	14,650,332
Leverage ratio			
24	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	**8.48%**	8.35%
24a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**8.48%**	8.35%
25	National minimum leverage ratio requirement	**4.00%**	4.00%
26	Applicable leverage buffers	**0.375%**	0.375%
Disclosure of mean values			
27	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**127,253**	158,978
27a	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**266,748**	258,961
28	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**14,765,082**	14,550,349
28a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**14,765,082**	14,550,349
29	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**8.56%**	8.40%
29a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**8.56%**	8.40%

(C) Liquidity coverage ratio

The Group prepares and discloses information on liquidity coverage ratio in accordance with the "Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries and regions. The average liquidity coverage ratio of the Group was 159.83% in the second quarter of 2025, a decrease of 5.85 percentage points over the previous quarter, which was mainly caused by the increase in cash outflow from financial institutions. The Group's liquidity coverage ratio at the end of the second quarter of 2025 was 184.00%, which was in line with the regulatory requirements. The breakdown of the Group's average value of each item of liquidity coverage ratio in the second quarter of 2025 is set out below:

(Expressed in millions of Renminbi except the percentage)

Serial No.		Unweighted amount (average value)	Weighted amount (average value)
Stock of high quality liquid assets			
1	**Total stock of high quality liquid assets**		**2,551,631**
Cash outflows			
2	Retail and small business customers deposits, of which:	4,441,517	394,527
3	Stable deposits	992,500	49,625
4	Less stable deposits	3,449,017	344,902
5	Unsecured wholesale funding, of which:	4,747,465	1,672,158
6	Operational deposits (excluding correspondent banks)	2,598,054	641,527
7	Non-operational deposits (including all counterparties)	2,138,215	1,019,435
8	Unsecured debt issuance	11,196	11,196
9	Secured funding		2,188
10	Additional requirements, of which:	2,534,514	737,405
11	Cash outflows arising from derivative contract and other transactions arising from related collateral requirements	620,214	620,214
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	1,914,300	117,191
14	Other contractual obligations to extend funds	116,340	116,340
15	Other contingent funding obligations	3,850,214	122,706
16	**Total cash outflows**		**3,045,324**
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	128,042	126,519
18	Contractual inflows from fully performing loans	1,057,270	700,426
19	Other cash inflows	620,011	619,682
20	**Total cash inflows**	**1,805,323**	**1,446,627**
			Adjusted value
21	**Total stock of high quality liquid assets**		**2,551,631**
22	**Net cash outflows**		**1,598,697**
23	**Liquidity coverage ratio (%)**		**159.83%**

Notes:

(i) The data in the above table is a simple arithmetic average of the 91-day value.

(ii) The high quality liquid assets in the above table comprise cash, central bank reserve available under stress conditions, as well as the bonds that meet the definition of Tier 1 and Tier 2 assets set out in the "Measures for the Liquidity Risk Management of Commercial Banks".

(D) Net stable funding ratio

The Group prepares and discloses information on Net Stable Funding ratio in accordance with the "Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries and regions. The Group's Net Stable Funding Ratio at the end of the second quarter of 2025 was 136.71%, representing an increase of 2.93 percentage points as compared with the previous quarter, which has been held in basically. The breakdown of the Group's Net Stable Funding Ratio in the last two quarters is set out below:

30 June 2025

(Expressed in millions of Renminbi except the percentage)

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
Available stable funding (ASF) item						
1	Capital	1,277,355	–	–	–	1,277,355
2	Regulatory capital	1,277,355	–	–	–	1,277,355
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customer	2,524,777	2,184,893	43,545	9,900	4,338,960
5	Stable deposits	1,013,315	8,553	1,444	980	973,127
6	Less stable deposits	1,511,462	2,176,340	42,101	8,920	3,365,833
7	Wholesale funding	2,935,200	2,649,965	193,854	288,673	2,898,928
8	Operational deposits	2,644,643	–	–	–	1,322,321
9	Other wholesale funding	290,557	2,649,965	193,854	288,673	1,576,607
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	4,201	226,268	83,501	187,692	200,463
12	NSFR derivative liabilities				28,979	
13	All other liabilities and equity not included in the above categories	4,201	226,268	83,501	158,713	200,463
14	Total ASF					8,715,706
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					413,846
16	Deposits held at other financial institutions for operational purposes	52,214	8,673	43	–	30,955
17	Performing loans and securities	148,843	2,795,561	1,631,180	4,164,476	5,439,101
18	Performing loans to financial institutions secured by Level 1 HQLA	–	260,042	–	–	39,006
19	Performing loans to financial institutions secured by non-Level 1 HQLA or unsecured performing loans to financial institutions	69	778,005	189,383	36,520	249,756
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,496,017	1,288,588	2,495,740	3,483,411
21	With a risk weight of less than or equal to 35%	–	66,260	51,164	151,355	157,093
22	Performing residential mortgages, of which:	–	30,241	30,179	1,371,266	1,193,432
23	With a risk weight of less than or equal to 35%	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	148,774	231,256	123,030	260,950	473,496
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	58,269	107,733	33,321	79,116	252,856

(D) Net stable funding ratio *(continued)*

30 June 2025 *(continued)*

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
27	Physical traded commodities, including gold	15,604				13,264
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				612	520
29	NSFR derivative assets				30,190	1,211
30	Derivative additional requirement				6,273	6,273
31	All other assets not included in the above categories	42,665	107,733	33,321	48,314	231,588
32	Off-balance sheet items				6,239,278	238,432
33	Total RSF					6,375,190
34	Net Stable Funding Ratio (%)					136.71%

31 March 2025

(Expressed in millions of Renminbi except the percentage)

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
Available stable funding (ASF) item						
1	Capital	1,235,852	–	–	–	1,235,852
2	Regulatory capital	1,235,852	–	–	–	1,235,852
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customer	2,480,843	2,180,709	22,755	2,808	4,269,595
5	Stable deposits	1,012,641	5,220	363	749	968,062
6	Less stable deposits	1,468,202	2,175,489	22,392	2,059	3,301,533
7	Wholesale funding	3,016,311	2,684,881	193,841	269,707	2,876,220
8	Operational deposits	2,607,800	–	–	–	1,303,900
9	Other wholesale funding	408,511	2,684,881	193,841	269,707	1,572,320
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	3,539	188,195	67,806	141,365	144,390
12	NSFR derivative liabilities				30,877	
13	All other liabilities and equity not included in the above categories	3,539	188,195	67,806	110,488	144,390
14	Total ASF					8,526,057

(D) Net stable funding ratio *(continued)*

31 March 2025 *(continued)*

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					406,025
16	Deposits held at other financial institutions for operational purposes	45,578	9,766	41	–	27,957
17	Performing loans and securities	147,165	2,741,582	1,595,036	4,137,594	5,384,757
18	Performing loans to financial institutions secured by Level 1 HQLA	–	242,373	–	–	36,356
19	Performing loans to financial institutions secured by non-Level 1 HQLA or unsecured performing loans to financial institutions	467	755,035	150,897	44,795	234,525
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,486,803	1,324,108	2,453,665	3,460,731
21	With a risk weight of less than or equal to 35%	–	89,341	42,846	151,702	164,700
22	Performing residential mortgages, of which:	–	29,684	29,824	1,364,625	1,187,360
23	With a risk weight of less than or equal to 35%	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	146,698	227,687	90,207	274,509	465,785
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	33,968	134,430	58,279	122,145	322,924
27	Physical traded commodities, including gold	8,164				6,939
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				787	669
29	NSFR derivative assets				34,479	3,602
30	Derivative additional requirement				6,542	6,542
31	All other assets not included in the above categories	25,804	134,430	58,279	86,879	305,172
32	Off-balance sheet items				5,960,480	231,295
33	Total RSF					6,372,958
34	Net Stable Funding Ratio (%)					133.78%

Notes:

(i) The Group calculates Net Stable Funding Ratio in accordance with the "Measures for the Liquidity Risk Management of Commercial Banks" and relevant statistical regulations.

(ii) Items to be reported in the "no maturity" bucket include, but not limited to, items such as capital with perpetual maturity, no maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

(iii) The item 30 "Derivative additional requirement" should be the derivative liabilities amount, which is the NSFR derivative liabilities amount before deducting the variable margin. It should not be distinguished by term and its unweighted amount is not included in the item 26 "Other Assets".

(E) International claims

The Group is principally engaged in business operations within the mainland China and regards all claims on third parties outside the mainland China and claims in foreign currencies on third parties within the mainland China as international claims.

International claims include loans and advances, balances and placements with banks and other financial institutions, holdings of trade bills, certificates of deposit and securities investment.

International claims are disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk is transferred only when the claims are guaranteed by a party in country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2025			
	Banks and other financial institutions	**Public sector entities**	**Other**	**Total**
Foreign currencies transactions in the mainland China	**115,364**	**8,997**	**114,492**	**238,853**
Asia Pacific excluding the mainland China	**79,851**	**34,582**	**219,306**	**333,739**
– of which attributed to Hong Kong	**32,465**	**27,190**	**189,460**	**249,115**
Europe	**30,435**	**5,535**	**34,896**	**70,866**
North and South America	**52,714**	**145,612**	**25,710**	**224,036**
Total	**278,364**	**194,726**	**394,404**	**867,494**

	31 December 2024			
	Banks and other financial institutions	Public sector entities	Other	Total
Foreign currencies transactions in the mainland China	122,484	12,623	120,710	255,817
Asia Pacific excluding the mainland China	78,918	31,004	216,901	326,823
– of which attributed to Hong Kong	47,984	24,822	190,446	263,252
Europe	24,834	6,193	21,654	52,681
North and South America	44,952	154,054	24,865	223,871
Total	271,188	203,874	384,130	859,192

(F) Loans and advances to customers overdue for more than 90 days

(i) By geographical segments

	30 June 2025	31 December 2024
Headquarters	**11,570**	12,621
Yangtze River Delta region	**12,800**	10,431
Bohai Rim region	**4,022**	5,118
Pearl River Delta and West side of Taiwan Strait	**9,881**	8,647
Northeast region	**2,440**	1,280
Central region	**4,926**	4,361
Western region	**3,851**	3,819
Outside the mainland China	**346**	352
Subsidiaries	**2,172**	3,018
Total	**52,008**	49,647

(ii) By overdue period

	30 June 2025	31 December 2024
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
– between 3 and 6 months (inclusive)	**13,940**	13,712
– between 6 and 12 months (inclusive)	**13,399**	11,489
– over 12 months	**24,669**	24,446
Total	**52,008**	49,647
As a percentage of total gross loans and advances:		
– between 3 and 6 months (inclusive)	**0.20%**	0.20%
– between 6 and 12 months (inclusive)	**0.19%**	0.17%
– over 12 months	**0.35%**	0.35%
Total	**0.74%**	0.72%

(iii) Collateral information

	30 June 2025	31 December 2024
Secured portion of overdue loans and advances	**22,473**	20,453
Unsecured portion of overdue loans and advances	**29,535**	29,194
Fair value of collateral held against overdue loans and advances	**64,416**	60,051

The amount of the Group's loans and advances to financial institutions overdue for more than 90 days as at 30 June 2025 was nil (31 December 2024: nil).

Note: The above analysis represents loans and advances overdue for more than 90 days as required and defined by the Hong Kong Monetary Authority (the "HKMA").

Loans and advances with a specific repayment date are classified as overdue when either the principal or interest is overdue.

For loans and advances repayable by regular instalments, if part of the instalments of a loan is overdue, the whole amount of the loan is classified as overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions.

The collateral of the Group includes cash deposit, shares, land use right, property, motor vehicles and other equipment, etc. The fair value of collateral is estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance had been included in the "secured portion of overdue loans and advances" as set out in the above tables.

(G) Rescheduled loans and advances to customers

	30 June 2025		31 December 2024	
	Amount	% of total loans and advances	Amount	% of total loans and advances
Renegotiated loans and advances to customers (Note)	**26,123**	**0.37%**	24,826	0.36%
Less:				
– Renegotiated loans and advances to customers overdue more than 90 days	**9,109**	**0.13%**	8,084	0.12%
– Renegotiated loans and advances to customers less than 90 days	**17,014**	**0.24%**	16,742	0.24%

The amount of the Group's rescheduled loans and advances to financial institutions as at 30 June 2025 was RMB260 million (31 December 2024: Nil).

(H) Non-bank exposures in the mainland China

The Bank is a commercial bank incorporated in the mainland China with its banking business primarily conducted in the mainland China. As of 30 June 2025 and 31 December 2024, most of the Bank's exposures arose from businesses with the mainland China non-bank institutions or individuals. Analyses of various types of exposures by counterparty have been disclosed in the notes to the interim condensed consolidated financial statements.

(I) Currency concentrations other than RMB

	30 June 2025			
	USD	HKD (in millions of RMB)	Other	Total
Non-structural position				
Spot assets	**791,285**	**206,216**	**81,476**	**1,078,977**
Spot liabilities	**737,193**	**224,637**	**80,768**	**1,042,598**
Forward purchased	**880,886**	**87,613**	**48,469**	**1,016,968**
Forward written	**884,383**	**61,169**	**54,972**	**1,000,524**
Net option position	**(4,792)**	**10,586**	**4,462**	**10,256**
Net long position	**45,803**	**18,609**	**(1,333)**	**63,079**
Net structural position	**18,284**	**32,316**	**506**	**51,106**

	31 December 2024			
	USD	HKD (in millions of RMB)	Other	Total
Non-structural position				
Spot assets	748,358	193,593	74,475	1,016,426
Spot liabilities	694,927	195,071	81,157	971,155
Forward purchased	738,325	31,449	49,354	819,128
Forward written	794,768	13,811	44,774	853,353
Net option position	14,498	(116)	661	15,043
Net long position	11,486	16,044	(1,441)	26,089
Net structural position	14,190	36,476	100	50,766

The net option position is calculated using the delta equivalent approach required by the HKMA. The net structural position of the Group includes the structural positions of the Bank's branches substantially involved in foreign exchange.