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 **哈尔滨银行**
HarbinBank
哈爾濱銀行股份有限公司*
Harbin Bank Co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6138)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “**Board**”) of Harbin Bank Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025. This results announcement, containing the full text of the 2025 interim report of the Bank, complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcement of interim results. The condensed consolidated financial statements for the six months ended 30 June 2025 prepared by the Group have been reviewed by BDO Limited in accordance with International Standard on Review Engagements. Such interim results have also been reviewed by the Board and the audit committee of the Bank. Unless otherwise stated, financial data of the Group are presented in Renminbi.

This results announcement is published on the websites of the Bank (www.hrbb.com.cn) and HKEXnews (www.hkexnews.hk). The interim report of the Bank for the six months ended 30 June 2025 will be available on the above websites in due course.

By order of the Board of Directors
Harbin Bank Co., Ltd.
Deng Xinquan
Chairman

Harbin, the PRC, 29 August 2025

As at the date of this announcement, the Board comprises Deng Xinquan and Yao Chunhe as executive directors; Zhang Xianjun, Liu Peiwei, Cheng Shuai and Jia Haining as non-executive directors; and Jin Qinglu, Chen Ming and Leung Sau Fan, Sylvia as independent non-executive directors.

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

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Harbin Bank Co., Ltd.
Interim Report 2025

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The Company holds the Finance Permit No. B0306H223010001 approved by the National Financial Regulatory Administration (the former China Banking and Insurance Regulatory Commission) and has obtained the Business License (Unified Social Credit Code: 912301001275921118) approved by the Market Supervision and Administration Bureau of Harbin. The Company is not an authorised institution within the meaning of the Hong Kong Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking/deposit-taking business in Hong Kong.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Articles of Association”	the articles of association of Harbin Bank Co., Ltd.
“Board” or “Board of Directors”	the board of directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“China” or “PRC”	the People’s Republic of China
“Company”	Harbin Bank Co., Ltd. (哈爾濱銀行股份有限公司), a joint stock company incorporated in the PRC on 25 July 1997 with limited liability in accordance with PRC laws
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Domestic Share(s)”	ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are subscribed for or credited as paid in RMB
“Group” or “Bank”	the Company and all of its subsidiaries and branches
“H Share(s)”	overseas-listed foreign invested ordinary share(s) of a nominal value of RMB1.00 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and subscribed and traded in Hong Kong dollars
“Harbin Economic Development”	Harbin Economic Development and Investment Company Limited
“HBCF”	Harbin Bank Consumer Finance Co., Ltd.
“HB Leasing”	Harbin Bank Financial Leasing Co., Ltd.
“Heilongjiang Financial Holdings”	Heilongjiang Financial Holdings Group Co., Ltd.
“HKD” or “HK\$”	the lawful currency of Hong Kong, the PRC

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“LPR”	Loan Prime Rate
“Latest Practicable Date”	29 August 2025, being the latest practicable date for the purpose of ascertaining certain information of this report
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“NFRA”/“CBIRC”/“CBRC”	the National Financial Regulatory Administration/the China Banking and Insurance Regulatory Commission (before 18 May 2023)/China Banking Regulatory Commission (before 17 March 2018)
“PBOC” or “Central Bank”	the People’s Bank of China
“Reporting Period”	the six months period ended 30 June 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SHIBOR”	the Shanghai Interbank Offered Rate, a daily reference rate published by the National Interbank Funding Center

Unless otherwise stated, all figures in this report are approximates, and any figure, amount or information expressed in hundred, thousand, ten thousand, million, a hundred million, billion or similar expressions, as well as percentage are rounded to certain decimal places or the whole number. Any discrepancies (if any) in any table between the totals and sums of amounts listed therein are due to rounding.

This report was originally prepared in Chinese and an English translation is attached. In case of any discrepancies between the Chinese version and English translation, the former shall prevail.

Company Profile

Basic Information

Legal Chinese Name:

哈爾濱銀行股份有限公司(Abbreviation: 哈爾濱銀行)

English Name:

HARBIN BANK CO., LTD. (Abbreviation: HARBIN BANK)

Legal Representative:

Deng Xinquan

Authorised Representatives for the Hong Kong Stock Exchange:

Deng Xinquan and Ngai Wai Fung

Board Secretary:

Wu Siliang

Joint Company Secretaries:

Wu Siliang and Ngai Wai Fung

Registered Address:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Principal Place of Business in Hong Kong:

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Place Where this Report is Available:

No. 888 Shangjiang Street, Daoli District, Harbin, PRC

Place of Listing, Stock Name and Stock Code:

The Stock Exchange of Hong Kong Limited, HARBIN BANK and 6138

Corporate Unified Social Credit Code:

912301001275921118

Finance Permit Institution Number:

B0306H223010001

Date of Initial Registration:

25 July 1997

Initial Registration Authority:

Market Supervision and Administration Bureau of Harbin, Heilongjiang Province, PRC

Legal Adviser as to Laws of China:

Beijing Jun He Law Offices

Legal Adviser as to Laws of Hong Kong, China:

Jun He Law Offices

Auditors:

Overseas auditor: BDO Limited

Domestic auditor: BDO China SHU LUN PAN Certified Public Accountants LLP

Hong Kong H Share Registrar and Transfer Office:

Computershare Hong Kong Investor Services Limited

Company Profile

The Company, headquartered in Harbin, was granted its finance permit to carry on financial business by the PBOC in February 1997, and obtained its corporate business license on 25 July 1997. At present, the Company has established 17 branches in Tianjin, Chongqing, Dalian, Shenyang, Chengdu, Harbin, Daqing, etc. and 26 village and township banks in 14 provinces and municipalities, including Beijing, Guangdong, Jiangsu, Jilin and Heilongjiang, etc. The Company, as a controlling shareholder, has promoted the establishment of each of HB Leasing, the first financial leasing company in Northeastern China, and HBCF, the first consumer finance company in Heilongjiang Province. As at 30 June 2025, the Group had 383 business outlets with branches and sub-branches across seven regions in China.

As at 30 June 2025, the Bank had total assets of RMB927,527.5 million, total loans and advances to customers of RMB397,566.3 million and total customer deposits of RMB695,055.9 million.

As at 30 June 2025, the Bank ranked 192nd in “Top 1000 World Banks 2025” published by The Banker in the United Kingdom; and 42nd in “2024 China Banking Top 100 (2024 年中國銀行業100強)” published by China Banking Association. The Bank has been awarded the “China Wealth Awards: Best Private Bank – Gold Award (Urban/Rural Commercial Banks)” by the Asian Private Banker magazine; the Bank’s “Harbin Bank Digital E-Pass” has been honoured with the “Regional Best Digital Trade Finance Platform” award in 2025 China Awards Program by The Asian Banker; and it has been shortlisted as “National Excellent Cases of Consumer Protection and Service Innovation in 2025” by the China Banking and Insurance News.

Company Profile

Major Subsidiaries

The details of major subsidiaries of the Company as at 30 June 2025 are as follows:

Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital (RMB million)	Percentage of ownership/voting rights directly owned by the Company %	Amount invested by the Company (RMB million)
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30	100.00	30
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200	85.00	207.6
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30	100.00	30
Shenzhen Bao'an Rongxing Village and Township Bank Co., Ltd.	Bao'an, Shenzhen	220	70.00	140
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180	83.33	174.4
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80	75.00	60
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344.7	99.63	343.4
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90	100.00	90
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294	100.00	294
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd. ^(note)	Rudong, Jiangsu	106	80.00	80
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30	100.00	30
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55	80.00	40
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50	70.00	35
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33.3	90.09	30
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60	100.00	30
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142	100.00	132

Company Name	Place of incorporation/ registration and operations place in the PRC	Nominal value of issued share/ paid-up capital (RMB million)	Percentage of ownership/voting rights directly owned by the Company %	Amount invested by the Company (RMB million)
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160	100.00	160
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30	96.67	29
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100	80.00	80
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50	100.00	50
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000	80.00	1,600
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500	53.00	795
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50	80.00	40
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50	90.00	45
Tianshui Maiji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50	98.00	49
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50	70.00	35
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50	90.00	45
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100	70.00	70

Note: On 15 August 2025, Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd., a subsidiary of the Company, received the “Approval of the Jiangsu Office of the NFRA on the Change in Equity Interest and Qualifications of Relevant Shareholder of Rudong Rongxing Village and Township Bank” (Su Jin Fu [2025] No. 277) 《江蘇金融監管局關於如東融興村鎮銀行變更股權及有關股東資格的批覆》(蘇金復[2025]277 號) issued by the Jiangsu Office of the NFRA, which approves the shareholder qualification of Jiangsu Changshu Rural Commercial Bank Co., Ltd. in Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd., and consents to the transfer of 80% equity interest in Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd. by the Company to Jiangsu Changshu Rural Commercial Bank Co., Ltd. Upon completion of the equity transfer, Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd. will cease to be consolidated within the Group.

Summary of Accounting Data and Financial Indicators

The unaudited financial information contained herein is prepared under the International Financial Reporting Standards on a consolidated basis. Unless otherwise stated, such information is the data of the Group denominated in RMB.

	For the six months ended 30 June			For the year ended
	2025	2024	2025 vs 2024	31 December 2024
(In RMB million, except percentages)				
Results of operations			Rate of change	
Net interest income	4,412.6	4,978.7	-11.37%	9,836.9
Net fee and commission income	269.3	207.6	29.72%	367.5
Operating income	7,385.5	7,198.7	2.59%	14,243.2
Operating expenses	(2,245.4)	(2,101.4)	6.85%	(5,415.8)
Credit impairment losses	(4,457.0)	(4,363.4)	2.15%	(8,073.1)
Other assets impairment loss	(1.8)	–	–	(102.9)
Profit before tax	681.3	733.9	-7.17%	651.4
Net profit	992.1	845.9	17.28%	1,082.4
Net profit attributable to shareholders of the Company	915.4	763.1	19.96%	919.7
For each share (RMB)			Rate of change	
Net assets per share attributable to shareholders of the Company ⁽¹⁾	4.67	4.63	0.86%	4.68
Earnings per share ⁽²⁾	0.05	0.03	66.67%	0.03
Profitability indicators			Change	
Return on average total assets ⁽³⁾	0.22%	0.20%	increased by 0.02 percentage point	0.13%
Return on average equity ⁽⁴⁾	2.07%	1.50%	increased by 0.57 percentage point	0.69%
Net interest spread ⁽⁵⁾	1.11%	1.45%	decreased by 0.34 percentage point	1.38%
Net interest margin ⁽⁶⁾	1.10%	1.36%	decreased by 0.26 percentage point	1.31%
Net fee and commission income to operating income ratio	3.65%	2.88%	increased by 0.77 percentage point	2.58%
Cost-to-income ratio ⁽⁷⁾	28.68%	27.27%	increased by 1.41 percentage points	36.10%

Summary of Accounting Data and Financial Indicators

	As of 30 June	As of 31 December	
	2025	2024	30 June 2025 vs. 31 December 2024
(In RMB million, except percentages)			
Capital adequacy indicators⁽⁸⁾			Change
Core tier 1 capital adequacy ratio	8.52%	8.68%	decreased by 0.16 percentage point
Tier 1 capital adequacy ratio	12.23%	12.37%	decreased by 0.14 percentage point
Capital adequacy ratio	13.47%	13.61%	decreased by 0.14 percentage point
Total equity to total assets	7.07%	7.16%	decreased by 0.09 percentage point
Assets quality indicators			Change
NPL ratio ⁽⁹⁾	2.83%	2.84%	decreased by 0.01 percentage point
Impairment coverage ratio ⁽¹⁰⁾	209.95%	202.59%	increased by 7.36 percentage points
Impairment losses on loans ⁽¹¹⁾	5.95%	5.75%	increased by 0.20 percentage point
Other indicators			Change
Loan-deposit ratio	57.20%	54.65%	increased by 2.55 percentage points
Scale indicators			Rate of change
Total assets	927,527.5	916,231.9	1.23%
Of which: total loans and advances to customers	397,566.3	379,093.9	4.87%
Total liabilities	861,921.8	850,635.6	1.33%
Of which: total due to customers	695,055.9	693,679.4	0.20%
Share capital	10,995.6	10,995.6	–
Equity attributable to shareholders of the Company	63,094.6	63,161.9	-0.11%
Non-controlling interests	2,511.1	2,434.4	3.15%
Total equity	65,605.7	65,596.3	0.01%

Summary of Accounting Data and Financial Indicators

Notes:

- (1) The equity attributable to shareholders of the Company divided by the share capital at the end of the period, after deducting other equity instruments at the end of the Reporting Period.
- (2) The net profit attributable to ordinary shareholders of the Company during the Reporting Period divided by the share capital at the end of the Reporting Period.
- (3) The percentage of net profit during the Reporting Period to the average balance of the total assets at the beginning and the end of the Reporting Period.
- (4) The percentage of net profit attributable to ordinary shareholders of the Company during the Reporting Period to the average balance of total equity attributable to ordinary shareholders of the Company at the beginning and the end of the Reporting Period.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities, calculated based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (6) Calculated by dividing net interest income by balance of interest-earning assets, calculated based on the daily average of the interest-earning assets.
- (7) Calculated with the operating cost after deducting tax and surcharges and divided by the operating income.
- (8) Calculated in accordance with the Measures for the Administration of Capital of Commercial Banks issued in 2023 since 1 January 2024.
- (9) Calculated with the total NPLs divided by the total loans to customers.
- (10) Calculated with the allowance for impairment loss on loans divided by the total NPLs.
- (11) Calculated with the allowance for impairment loss on loans divided by the total loans to customers.

Management Discussion and Analysis

I. Past Economy and Environment and Operation Overview

(I) Past Economy and Environment

In the first half of 2025, the international political and economic situation became increasingly volatile and uncertain due to the U.S. tariff policies, international conflicts, and geopolitical contradictions, with the sluggish economic development remaining unchanged. Under the firm leadership of the Central Committee of the Communist Party of China headed by President Xi Jinping, Chinese people of all ethnic groups, regional departments, by conscientiously implementing the strategies and decisions of the Central Committee of the Communist Party of China and the State Council, forged ahead with determination, overcome difficulties, and implemented various macro policies in a more proactive and effective manner. Despite facing multiple pressures, the overall national economy performed in a stable manner and achieved improvement, such as, the stable growth of the main objectives of economic and social development, effective implementation of high-quality development, orderly development of new quality productivity, continuous recovery of demand, overall stability in employment and prices, continuous growth in residents' income, thus achieving new progress in high-quality development. In the first half of 2025, the gross domestic product (GDP) amounted to RMB66.05 trillion, representing a year-on-year increase of 5.3%. On an industrial structure basis, the growth rates of primary, secondary and tertiary industries were 3.7%, 5.3% and 5.5%, respectively. At the end of June 2025, the balance of M2 amounted to RMB330.29 trillion, representing a year-on-year increase of 8.3%; the balance of M1 amounted to RMB113.95 trillion, representing a year-on-year increase of 4.6%, and the balance of M0 amounted to RMB13.18 trillion, representing a year-on-year increase of 12%. The balance of RMB loans amounted to RMB268.56 trillion, representing a year-on-year increase of 7.1%, the balance of RMB deposits amounted to RMB320.17 trillion, representing a year-on-year increase of 8.6%, and social financing scale amounted to RMB430.22 trillion, representing a year-on-year increase of 8.9%. In the first half of 2025, the new RMB loans increased by RMB12.92 trillion; and new RMB deposits increased by RMB17.94 trillion.

In the first half of 2025, Heilongjiang Province resolutely carried out the decisions and deployments of the Party Central Committee and the State Council and diligently implemented the work requirements of the Heilongjiang Provincial Party Committee and the Provincial Government. Adhering to the general keynote of seeking progress while maintaining stability, the province fully, accurately and comprehensively applied the new development philosophy, actively served and integrated into the new development pattern, and focused on the central task of economic construction and the primary task of high-quality development. As a result, the economy of Heilongjiang Province maintained overall stability. In the first half of 2025, the regional gross domestic product (RGDP) of Heilongjiang Province reached RMB708.77 billion, representing a year-on-year increase of 5.1%. Specifically, the added value of the primary industry was RMB49.66 billion, representing a year-on-year increase of 3.5%; the added value of the secondary industry was RMB198.96 billion, representing a year-on-year increase of 3.5%; and the added value of the tertiary industry was RMB460.15 billion, representing a year-on-year increase of 5.6%. The per capita disposable income of urban and rural residents increased by 4.8% and 5.6%, respectively.

Management Discussion and Analysis

(II) Operation Overview

In the first half of 2025, under the strong leadership of the Party Committee and the Board of Directors, and with the oversight and support of the Board of Supervisors and the resident discipline inspection and supervisory team, as well as the guidance from the provincial and municipal Party committees and governments in Heilongjiang Province, the People's Bank of China and regulatory authorities, the Bank adhered to the guidance of President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented President Xi Jinping's Thought on Economy and his important exposition on financial work, and comprehensively implemented the spirit of the 20th National Congress of the Communist Party of China and the Second and Third Plenary Session of the 20th Central Committee. The Bank strictly implemented regulatory requirements, comprehensively strengthened the Party's leadership, continuously deepened reform and transformation, accelerated the restructuring of balance sheet and income statement, provided in-depth services to the real economy, actively prevented and defused risks. Our business development has shown a positive trend of steady progress with improved quality in terms of "scale, quality, structure and efficiency".

Steady business development

As at 30 June 2025, the Bank had total assets of RMB927,527.5 million, representing an increase of RMB11,295.6 million or 1.23% as compared to the end of last year; the balance of loans and advances to customers amounted to RMB397,566.3 million, representing an increase of RMB18,472.4 million or 4.87% as compared to the end of last year; and the balance of customer deposit amounted to RMB695,055.9 million, representing an increase of RMB1,376.5 million or 0.20% as compared to the end of last year.

Stable and positive operating efficiency

In the first half of 2025, the Bank recorded a net profit of RMB992.1 million, representing a year-on-year increase of RMB146.2 million or 17.28%; and the net profit attributable to shareholders of the Company was RMB915.4 million, representing a year-on-year increase of RMB152.3 million or 19.96%. The return on average total assets of the Bank was 0.22%, representing a year-on-year increase of 0.02 percentage point and the return on average equity of the Bank was 2.07%, representing a year-on-year increase of 0.57 percentage point.

Stable loan quality

As of 30 June 2025, the balance of the Bank's non-performing loans was RMB11,269.7 million, and the non-performing loan ratio was 2.83%, representing a decrease of 0.01 percentage point as compared to the end of last year; the impairment coverage ratio was 209.95%, representing an increase of 7.36 percentage points as compared to the end of last year; and impairment losses on loans was 5.95%, representing an increase of 0.20 percentage point as compared to the end of last year, showing that the Bank's capability to risk resistance remained basically stable.

Stable development of subsidiaries

As at 30 June 2025, HB Leasing, HBCF and 26 village and township banks controlled by the Company kept stable and healthy development momentum as a whole. As at 30 June 2025, HB Leasing had total assets of RMB26,782 million, representing an increase of 7.69% as compared to the end of last year; HBCF had total assets of RMB25,418 million, representing an increase of 4.30% as compared to the end of last year. Total assets of the 26 village and township banks controlled by the Company amounted to RMB22,621 million.

Compliance with applicable laws and regulations

The Bank has been, throughout its operation, in compliance with applicable laws and regulations, including the Commercial Bank Law of the People's Republic of China, the Company Law of the People's Republic of China, the Hong Kong Listing Rules and other laws and regulations. During the Reporting Period, there was no material violation of the laws and regulations by the Bank.

(III) Analysis of Key Issues

1. Net interest margin

In the first half of 2025, the Bank's net interest spread was 1.11%, representing a decrease of 0.34 percentage point as compared to the same period of last year, and its net interest margin was 1.10%, representing a decrease of 0.26 percentage point as compared to the same period of last year. In response to the national policy guidance, the Bank focused on its main responsibilities and business, actively practiced its mission of serving the real economy, continued to deepen the implementation of the "Five Major Areas (五篇大文章)", and strengthened the intensity of credit disbursement. The Bank also actively adapted to the downward trend of LPR, lowered the finance costs for the real economy, strengthened efforts of financial service security and fully supported the high-quality development of local economies. The Bank has also continuously improved the liability product and service system, actively provided financial service guarantees for the general public to achieve a better life, expanded the sources of low-cost deposits, strengthened the control of long-term and high-cost deposits, and lowered the customer deposit interest rate several times. While maintaining a stable growth trend of the deposit scale, it has gradually optimized the liability term and cost structure. However, affected by factors such as the insufficient effective demand for credit in the real economy, the maturity of high-yield asset businesses, the downward trend of market interest rates, and repricing, the decline rate of the asset yield was greater than that of rate of the liability cost compared with the same period, resulting in a decrease in the net interest margin and net interest spread compared with the same period.

Looking forward to the second half of 2025, there are still uncertainties in the external environment. The effective domestic demand is still in the recovery stage, market interest rates remain at a low level, and competition among peers is fierce. The net interest spread and net interest margin are expected to still face pressure. To this end, on the basis of deeply serving the local real economy, the Bank will strive to create a benign development model driven by credit disbursement to further drive asset growth, optimize the asset portfolio and credit structure in combination with market dynamics, expand liability sources with low costs through multiple channels, continuously optimize the cost structure, improve the marginal benefit, and ensure the basic stability of the net interest spread and net interest margin.

2. Quality of assets

As of 30 June 2025, the balance of the Bank's non-performing loans was RMB11,269.7 million, and the non-performing loan ratio was 2.83%, representing a decrease of 0.01 percentage point as compared to the end of last year. Impairment coverage ratio was 209.95%, representing an increase of 7.36 percentage points as compared to the end of last year; and impairment losses on loans were 5.95%, representing an increase of 0.20 percentage point as compared to the end of last year, showing that the Bank's capability to risk resistance remained basically stable.

Management Discussion and Analysis

During the Reporting Period, in accordance with the support direction of national industrial policy and based on the characteristics of regional economic development, the Bank strengthened its credit support to the local real economy and increased loan disbursements to relevant key sectors including manufacturing industry, regional featured industries with competitive advantages, high-tech industry, green finance, and inclusive finance. The Bank closely monitored changes in internal and external environments, continuously optimized risk access standards and policy requirements, built a risk control system prioritizing risk management and control, strictly controlled the risk of new defaults, increased efforts in addressing stock-related risks, disposed of non-performing assets with the combination of collection in cash, collection by litigation, and write-off of doubtful debts, and steadily pushed forward the structural adjustment of its assets, maintaining the overall stability of asset quality.

3 · *Capital management*

During the Reporting Period, in accordance with the Administration Measures for the Capital of Commercial Banks, the Bank continuously strengthened the construction of its capital management fundamental capability, and further enhanced the role of capital in leading and restraining its business development. During the Reporting Period, the Bank met the regulatory requirements for the capital adequacy ratios as required by the NFRA.

As at 30 June 2025, the core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.52%, 12.23%, 13.47%, respectively, representing a decrease of 0.16 percentage point, 0.14 percentage point and 0.14 percentage point, respectively, as compared to the end of last year, which was mainly due to the change in net capital. As at the end of the Reporting Period, the Bank's net capital was RMB79.5443 billion, representing a decrease of RMB0.9305 billion or 1.2% as compared to the end of last year. Looking ahead to the second half of 2025, the Bank will continue to strengthen capital management through the following initiatives. First, it will continue to implement differentiated competition strategies, establish diversified revenue streams, and further enhance internal capital generation capabilities. Second, it will actively adapt to the current evolving market conditions, enhance active capital management, constantly optimize business structure, and raise awareness of the intensive use of capital. Third, it will establish a multi-tiered capital replenishment mechanism to ensure that capital levels consistently meet regulatory requirements.

4 · *Investment in debt instruments issued by financial institutions*

The Bank consistently performed a rigorous review on risk and compliance with respect to the use of capital in accordance with the requirements of the Notice on Regulating the Interbank Business of Financial Institutions (Yin Fa [2014] No. 127). The Bank accurately measured risks, and set aside capital and made provisions accordingly based on the principle of “substance over formality” and the nature of the underlying assets. With reference to loan provision requirements, the Bank progressively raised the coverage ratio for investment in debt instruments issued by financial institutions to a relatively higher level in a steady, prudent and dynamic manner based on the expected credit loss model measurement. As of 30 June 2025, the total investment by the Bank in debt instruments issued by financial institutions amounted to RMB120,404.7 million, representing a decrease of 12.2% as compared to the end of last year. As of 30 June 2025, the balance of provision for investments by the Bank in debt instruments issued by financial institutions amounted to RMB8,259.3 million, representing an increase of RMB819.0 million as compared to the end of last year, and the coverage ratio was 6.86%, representing an increase of 1.43 percentage points as compared to the end of last year.

5. *Net stable funding ratio*

As at 30 June 2025, the net stable funding ratio of the Bank was 138.54%, which was in compliance with the net stable funding ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (Order No. 3 [2018], CBIRC). The available stable funding (upon translation) was RMB638,953 million, and the required stable funding (upon translation) was RMB461,209 million.

The following table sets out the net stable funding ratio of the Bank as at the dates indicated.

Item	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
	(In RMB100 million, except percentages)		
Net stable funding ratio	138.54%	137.30%	136.70%
Available stable funding	6,389.53	6,411.78	6,327.28
Required stable funding	4,612.09	4,669.97	4,628.74

Management Discussion and Analysis

II. Analysis on Income Statement

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
	(In RMB million, except percentages)			
Interest income	14,124.0	15,204.6	(1,080.6)	-7.1%
Interest expense	(9,711.4)	(10,225.9)	514.5	-5.0%
Net interest income	4,412.6	4,978.7	(566.1)	-11.4%
Fee and commission income	352.9	300.5	52.4	17.4%
Fee and commission expense	(83.6)	(92.9)	9.3	-10.0%
Net fee and commission income	269.3	207.6	61.7	29.7%
Net trading income or loss	383.0	1,310.4	(927.4)	-70.8%
Net gains or losses on financial investments	2,305.2	665.4	1,639.8	246.4%
Net other operating income or loss	15.4	36.6	(21.2)	-57.9%
Operating income	7,385.5	7,198.7	186.8	2.6%
Operating expenses	(2,245.4)	(2,101.4)	(144.0)	6.9%
Credit impairment losses	(4,457.0)	(4,363.4)	(93.6)	2.1%
Other assets impairment loss	(1.8)	–	(1.8)	–
Operating profit	681.3	733.9	(52.6)	-7.2%
Profit before tax	681.3	733.9	(52.6)	-7.2%
Income tax credit	310.8	112.0	198.8	177.5%
Net profit	992.1	845.9	146.2	17.3%

In the first half of 2025, the Bank recorded a profit before tax of RMB681.3 million, representing a year-on-year decrease of 7.2%; and a net profit of RMB992.1 million, representing a year-on-year increase of 17.3%.

(I) Net Interest Income

In the first half of 2025, the Bank recorded a net interest income of RMB4,412.6 million, representing a year-on-year decrease of RMB566.1 million or 11.4%. The following tables set forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield ratio of these interest-earning assets and the average cost ratio of these interest-bearing liabilities for the periods indicated.

	For the six months ended 30 June					
	2025			2024		
	Average balance ⁽⁶⁾	Interest income	Average yield ratio	Average balance ⁽⁶⁾	Interest income	Average yield ratio
	(In RMB million, except percentages)					
Interest-earning assets						
Loans and advances to customers	377,333.7	7,837.1	4.19%	333,145.0	8,268.4	4.99%
Investments in debt securities ⁽¹⁾	318,948.2	4,720.4	2.98%	277,743.1	5,037.2	3.65%
Cash and balances with Central Bank	45,279.5	324.7	1.45%	49,527.5	350.5	1.42%
Due from banks and other financial institutions ⁽²⁾	44,078.3	465.8	2.13%	47,985.4	674.4	2.83%
Financial lease receivables	25,053.3	776.0	6.25%	26,006.8	874.1	6.76%
Total interest-earning assets	810,693.0	14,124.0	3.51%	734,407.8	15,204.6	4.16%

Management Discussion and Analysis

	For the six months ended 30 June					
	2025			2024		
	Average balance ⁽⁶⁾	Interest expense	Average cost ratio	Average balance ⁽⁶⁾	Interest expense	Average cost ratio
	(In RMB million, except percentages)					
Interest-bearing liabilities						
Due to customers	693,349.9	8,364.0	2.43%	662,023.3	8,882.5	2.70%
Due to banks ⁽³⁾	72,983.5	841.7	2.33%	68,663.2	980.6	2.87%
Debt securities issued and others	45,578.9	459.9	2.03%	24,971.0	320.0	2.58%
Due to Central Bank	5,270.8	45.8	1.75%	4,456.6	42.8	1.93%
Total interest-bearing liabilities	817,183.1	9,711.4	2.40%	760,114.1	10,225.9	2.71%
Net interest income		4,412.6			4,978.7	
Net interest spread⁽⁴⁾			1.11%			1.45%
Net interest margin⁽⁵⁾			1.10%			1.36%

Notes:

- (1) Include financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost.
- (2) Include due from banks and other financial institutions and financial assets held under reverse repurchase agreements.
- (3) Include due to banks, financial assets sold under repurchase agreements and borrowings from banks and other financial institutions.
- (4) Calculated as the difference between the average yield ratio of total interest-earning assets and the average cost ratio of total interest-bearing liabilities, based on the daily average of the interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the balance of interest-earning assets, based on the daily average of the interest-earning assets.
- (6) Calculated as the average of the Bank's daily balances.

The following table sets out the changes in the Bank's interest income and interest expense attributable to changes in volumes and interest rates for the periods indicated. Changes in volumes are measured by changes in the average balances of the Bank's interest-earning assets and interest-bearing liabilities, while changes in interest rates are measured by changes in the average interest rates of the Bank's interest-earning assets and interest-bearing liabilities. The combined effects of changes in volumes and interest rates are included in changes in interest.

Management Discussion and Analysis

	For the six months ended 30 June		
	2025 vs. 2024		
	Increase/(decrease) Volume ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
	(In RMB million)		
Interest-earning assets			
Loans and advances to customers	1,096.7	(1,528.0)	(431.3)
Investments in debt securities	747.3	(1,064.1)	(316.8)
Cash and balances with Central Bank	(30.1)	4.3	(25.8)
Due from banks and other financial institutions	(54.9)	(153.7)	(208.6)
Financial lease receivables	(32.0)	(66.1)	(98.1)
Change in interest income	1,727.0	(2,807.6)	(1,080.6)
Interest-bearing liabilities			
Due to customers	420.3	(938.8)	(518.5)
Due to banks	61.7	(200.6)	(138.9)
Debt securities issued and others	264.1	(124.2)	139.9
Due to Central Bank	7.8	(4.8)	3.0
Change in interest expense	753.9	(1,268.4)	(514.5)

Notes:

- (1) Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/cost ratio for such previous period.
- (2) Represents the average yield/cost ratio for the Reporting Period minus the average yield/cost ratio for the previous period, multiplied by the average balance for the Reporting Period.
- (3) Represents the interest income/expense for the Reporting Period minus the interest income/expense for the previous period.

(II) Interest Income

In the first half of 2025, the Bank realised an interest income of RMB14,124.0 million, representing a year-on-year decrease of RMB1,080.6 million or 7.1%. The decrease in interest income was primarily due to a decrease in average yield on interest-earning assets from 4.16% for the same period last year to 3.51% for the first half of 2025.

Management Discussion and Analysis

1. Interest income from loans and advances to customers

In the first half of 2025, the Bank's interest income from loans and advances to customers amounted to RMB7,837.1 million, representing a year-on-year decrease of RMB431.3 million or 5.2%, primarily because the Bank actively played its role in serving the real economy, implemented the requirements of the "Five Major Areas (五篇大文章)", and improved its quality and efficiency of services in key sectors and weak sections, increasing its credit size as compared to the same period last year. However, with the effects of factors such as the downward trend of the LPR, the repricing of existing loan rates, and the settlement of high-priced businesses, the average yield decreased by 0.80 percentage point as compared to the same period last year, resulting in a year-on-year decrease in interest income.

The following table sets out the average balance, interest income and average yield ratio for each component of the Bank's loans and advances to customers for the periods indicated.

	For the six months ended 30 June					
	2025			2024		
	Average balance	Interest income	Average yield ratio	Average balance	Interest income	Average yield ratio
	(In RMB million, except percentages)					
Corporate loans	210,579.5	4,224.3	4.05%	193,406.7	4,420.7	4.60%
Personal loans	117,467.8	3,395.8	5.83%	114,816.4	3,675.7	6.44%
Discounted bills	49,286.4	217.0	0.89%	24,921.9	172.0	1.39%
Total loans and advances to customers	377,333.7	7,837.1	4.19%	333,145.0	8,268.4	4.99%

2. Interest income from investments in debt securities

In the first half of 2025, the Bank's interest income from investments in debt securities was RMB4,720.4 million, representing a year-on-year decrease of RMB316.8 million or 6.3%, primarily because the Bank allocated bond investment assets in line with its liquidity to enhance the contribution value of funds, contributing to an increase in investment size as compared to the same period last year. However, due to factors such as the maturity of existing high-yield businesses and the downward trend of market interest rates, the average yield on debt securities investments decreased by 0.67 percentage point, resulting in a year-on-year decrease in interest income.

3. Interest income from cash and balances with Central Bank

In the first half of 2025, the Bank's interest income from cash and balances with Central Bank amounted to RMB324.7 million, representing a year-on-year decrease of RMB25.8 million or 7.4%, mainly due to the reduction in the Central Bank's reserve requirement ratio, resulting in a decrease of RMB4,248.0 million in the average balance of cash and balances with Central Bank as compared to the same period of last year.

4. Interest income from amounts due from banks and other financial institutions

In the first half of 2025, the Bank's interest income from amounts due from banks and other financial institutions amounted to RMB465.8 million, representing a year-on-year decrease of RMB208.6 million or 30.9%, primarily attributable to the fact that the Bank's adjustment of asset allocation structure and prioritization on funds to support the issuance of credit assets resulted in a year-on-year decrease of RMB3,907.1 million in the balance of amounts due from banks and other financial institutions, coupled with the downward trend of market interest rates, leading to a decrease of 0.70 percentage point in average yield ratio.

5. Interest income from financial lease receivables

In the first half of 2025, the Bank's interest income from financial lease receivables amounted to RMB776.0 million, representing a year-on-year decrease of RMB98.1 million or 11.2%, mainly due to a year-on-year decrease of 0.51 percentage point in the average yield ratio of financial lease receivables.

(III) Interest Expense

In the first half of 2025, the Bank's interest expense was RMB9,711.4 million, representing a year-on-year decrease of RMB514.5 million or 5.0%, primarily due to a decrease in average cost ratio from 2.71% for the same period of last year to 2.40% for the first half of 2025, being offset by the increase in average balances of overall interest-bearing liabilities from RMB760,114.1 million for the same period last year to RMB817,183.1 million for the first half of 2025.

1. Interest expense due to customers

In the first half of 2025, the Bank continuously improved its liability products and service system, continued to consolidate its customer base and expanded the sources of low-cost deposits, and maintained a steady growth in deposit scale. The Bank's interest expense on due to customers decreased by RMB518.5 million or 5.8% year on year to RMB8,364.0 million, primarily because the Bank voluntarily lowered deposit interest rates for customers several times, continuously optimized deposit terms and cost structure, contributing to a year-on-year decrease in interest rates.

Management Discussion and Analysis

	For the six months ended 30 June					
	2025			2024		
	Average balance	Interest expense	Average cost ratio	Average balance	Interest expense	Average cost ratio
	(In RMB million, except percentages)					
Corporate deposits						
Demand	63,522.6	257.6	0.82%	81,950.2	528.4	1.30%
Time	121,290.1	1,621.1	2.70%	118,536.5	1,775.9	3.01%
Subtotal	184,812.7	1,878.7	2.05%	200,486.7	2,304.3	2.31%
Personal deposits						
Demand	43,353.3	26.0	0.12%	43,307.7	44.3	0.21%
Time	465,183.9	6,459.3	2.80%	418,228.9	6,533.9	3.14%
Subtotal	508,537.2	6,485.3	2.57%	461,536.6	6,578.2	2.87%
Total deposits from customers	693,349.9	8,364.0	2.43%	662,023.3	8,882.5	2.70%

2. Interest expense on due to banks

In the first half of 2025, the Bank's interest expense on amounts due to banks decreased by RMB138.9 million or 14.2% year on year to RMB841.7 million, primarily attributable to a decrease of 0.54 percentage point in the average cost ratio of amounts due to banks.

3. Interest expense on debt securities issued and others

In the first half of 2025, the Bank's interest expense on debt securities issued and others amounted to RMB459.9 million, representing an increase of RMB139.9 million or 43.7% year on year, mainly attributable to the Bank's adjustment of liability structure in light of market and liquidity and an increase in the daily transaction volume.

(IV) Net Interest Spread and Net Interest Margin

In the first half of 2025, the Bank's net interest spread decreased from 1.45% for the same period of last year to 1.11%, and the net interest margin decreased from 1.36% for the same period of last year to 1.10%. For the analysis of the reasons for the change in net interest spread and net interest margin, please refer to I. (III) Analysis of Key Issues.

(V) Non-interest Income

1. Net fee and commission income

In the first half of 2025, the Bank's net fee and commission income was RMB269.3 million, representing a year-on-year increase of RMB61.7 million or 29.7%, primarily due to an increase in the Bank's agency fees.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
	(In RMB million, except percentages)			
Fee and commission income	352.9	300.5	52.4	17.4%
Advisory and consultancy fee	52.9	35.1	17.8	50.7%
Settlement fee	62.1	48.8	13.3	27.3%
Agency fee	130.6	109.6	21.0	19.2%
Of which: non-principal protected wealth management agency fee	79.7	68.6	11.1	16.2%
Bank card fee	88.0	102.2	(14.2)	-13.9%
Others	19.3	4.8	14.5	302.1%
Fee and commission expense	(83.6)	(92.9)	9.3	-10.0%
Net fee and commission income	269.3	207.6	61.7	29.7%

In the first half of 2025, the Bank's advisory and consultancy fee income was RMB52.9 million, representing a year-on-year increase of RMB17.8 million or 50.7%, primarily due to changes in the volume of the advisory and consultancy business.

Management Discussion and Analysis

In the first half of 2025, the Bank's settlement fee income was RMB62.1 million, representing a year-on-year increase of RMB13.3 million or 27.3%, primarily due to changes in the volume of the settlement business.

In the first half of 2025, the Bank's agency fee income was RMB130.6 million, representing a year-on-year increase of RMB21.0 million or 19.2%, primarily due to an increase in the scale of agency business.

In the first half of 2025, the Bank's bank card fee income was RMB88.0 million, representing a year-on-year decrease of RMB14.2 million or 13.9%, mainly attributable to the changes in bank card intermediary business volume.

In the first half of 2025, the Bank's other fee and commission income was RMB19.3 million, representing a year-on-year increase of RMB14.5 million or 302.1%.

2. Net trading income or loss

In the first half of 2025, the Bank's net trading income or loss was RMB383.0 million, representing a year-on-year decrease of RMB927.4 million or 70.8%, primarily due to decreases in gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss and interest income.

3. Net gains or losses on financial investments

In the first half of 2025, the Bank's net gains or losses on financial investments were RMB2,305.2 million, representing a year-on-year increase of RMB1,639.8 million or 246.4%, primarily due to an increase in the net gains on disposal of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

4. Net other operating income or loss

In the first half of 2025, the Bank's net other operating income or loss was RMB15.4 million, representing a year-on-year decrease of RMB21.2 million or 57.9%.

(VI) Operating Expenses

In the first half of 2025, the Bank's operating expenses were RMB2,245.4 million, representing a year-on-year increase of RMB144.0 million or 6.9%.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
(In RMB million, except percentages)				
Staff costs	917.9	880.7	37.2	4.2%
Tax and surcharges	126.9	138.3	(11.4)	-8.2%
Depreciation and amortisation	333.8	363.6	(29.8)	-8.2%
Others	866.8	718.8	148.0	20.6%
Total operating expenses	2,245.4	2,101.4	144.0	6.9%

The following table shows the major components of staff costs of the Bank for the periods indicated.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
(In RMB million, except percentages)				
Staff costs				
Salaries, bonuses and allowances	550.1	526.3	23.8	4.5%
Social insurance	229.4	219.3	10.1	4.6%
Housing fund	87.4	83.4	4.0	4.8%
Staff benefits	31.0	38.5	(7.5)	-19.5%
Labor union expenditure and education costs	13.1	10.8	2.3	21.3%
Early retirement benefits	6.9	2.4	4.5	187.5%
Total	917.9	880.7	37.2	4.2%

In the first half of 2025, the Bank's staff costs were RMB917.9 million, representing a year-on-year increase of RMB37.2 million or 4.2%.

In the first half of 2025, the Bank's tax and surcharges were RMB126.9 million, representing a year-on-year decrease of RMB11.4 million or 8.2%.

Management Discussion and Analysis

In the first half of 2025, the Bank's depreciation and amortisation were RMB333.8 million, representing a year-on-year decrease of RMB29.8 million or 8.2%.

In the first half of 2025, the Bank's other operating expenses were RMB866.8 million, representing a year-on-year increase of RMB148.0 million or 20.6%.

(VII) Credit Impairment Losses

In the first half of 2025, the Bank's credit impairment losses were RMB4,457.0 million, representing a year-on-year increase of RMB93.6 million or 2.1%.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
(In RMB million, except percentages)				
Impairment losses on loans and advances to customers at amortised cost	3,425.9	3,470.8	(44.9)	-1.3%
Impairment losses on financial assets at amortised cost	815.4	674.9	140.5	20.8%
Impairment losses on financial investments at fair value through other comprehensive income	60.1	(7.0)	67.1	-958.6%
Impairment losses on financial lease receivables	164.8	178.3	(13.5)	7.6%
Others	(9.2)	46.4	(55.6)	-119.8%
Total	4,457.0	4,363.4	93.6	2.1%

(VIII) Other Assets Impairment Losses

In the first half of 2025, the Bank's other assets impairment losses increased by RMB1.8 million year on year to RMB1.8 million.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
(In RMB million, except percentages)				
Impairment losses on repossessed assets	1.8	—	1.8	—
Total	1.8	—	1.8	—

(IX) Income Tax Credit

In the first half of 2025, the Bank's income tax expenses were RMB-310.8 million, representing a year-on-year decrease of RMB198.8 million or 177.5%.

	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change
(In RMB million, except percentages)				
Current income tax expenses	472.8	527.9	(55.1)	-10.4%
Deferred income tax expenses	(783.6)	(639.9)	(143.7)	-22.5%
Effective income tax expenses	(310.8)	(112.0)	(198.8)	-177.5%

III. Analysis of Key Items of Financial Position

(I) Assets

As at 30 June 2025, the Bank's total assets increased by RMB11,295.6 million or 1.2% to RMB927,527.5 million as compared to the end of last year.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans and advances to customers, net	379,675.5	40.9%	362,408.1	39.6%
Net investment in securities and other financial assets	387,329.0	41.8%	377,801.0	41.2%
Cash and balances with the Central Bank	78,159.1	8.4%	99,873.9	10.9%
Due from banks and other financial institutions	35,498.6	3.8%	31,944.2	3.5%
Reverse repurchase agreements	200.0	0.0%	150.0	0.0%
Other assets	46,665.3	5.1%	44,054.7	4.8%
Total assets⁽¹⁾	927,527.5	100.0%	916,231.9	100.0%

Note:

(1) Of which, accrued interest is accounted in each of the interest-generating assets items but not in other discussions and analysis.

Management Discussion and Analysis

1 · Loans and advances to customers

As at 30 June 2025, the Bank's total loans and advances to customers increased by RMB18.4724 billion to RMB397.5663 billion, representing an increase of 4.9% as compared to the end of last year.

The following table sets out a breakdown of the Bank's loans by business lines as at the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate loans	233,224.8	58.7%	205,405.0	54.2%
Personal loans	118,899.2	29.9%	117,779.9	31.1%
Discounted bills	45,442.3	11.4%	55,909.0	14.7%
Total loans and advances to customers	397,566.3	100.0%	379,093.9	100.0%

(1) Corporate loans

As at 30 June 2025, the Bank's corporate loans increased by RMB27,819.8 million to RMB233.2248 billion, representing an increase of 13.5% as compared to the end of last year, mainly attributable to the Bank's increased support for its loan customers as the Bank continued to support the development of the real economy.

The following table sets out a breakdown of the Bank's corporate loans by customer type as at the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprises ⁽¹⁾	107,808.3	46.2%	93,269.0	45.4%
Other corporate loans excluding loans to small enterprises	125,416.5	53.8%	112,136.0	54.6%
Total corporate loans	233,224.8	100.0%	205,405.0	100.0%

Note:

- (1) Loans to small enterprises include corporate loans to small enterprises and micro enterprises as defined in the SME Classification Standards. According to the SME Classification Standards, there are different classification standards for different industries. For example, industrial enterprises having more than 20 but less than 1,000 employees and generating more than RMB3 million in operating income in a year are classified as small enterprises, while enterprises having more than 5 but less than 200 employees and generating more than RMB10 million in operating income in a year in the wholesale industry are also classified as small enterprises. Industrial enterprises having less than 20 employees or generating less than RMB3 million in operating income in a year are classified as micro enterprises, while enterprises having less than 5 employees or generating less than RMB10 million in operating income in a year in the wholesale industry are also classified as micro enterprises.

As at 30 June 2025, the Bank's loans to small enterprises increased by RMB14.5393 billion to RMB107.8083 billion, representing an increase of 15.6% as compared to the end of last year. As at 30 June 2025 and 31 December 2024, the Bank's loans to small enterprises accounted for 46.2% and 45.4% of the Bank's total corporate loans, respectively.

(2) Personal loans

As at 30 June 2025, the Bank's personal loans increased by RMB1.1193 billion to RMB118.8992 billion, representing an increase of 1.0% as compared to the end of last year, mainly attributable to an increase in loans to farmers by RMB2.0858 billion or 14.4% as compared to the end of last year.

The following table sets out a breakdown of the Bank's personal loans by product type as at the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprise owners	21,670.1	18.2%	22,813.2	19.3%
Personal consumption loans	80,696.9	67.9%	80,520.3	68.4%
Loans to farmers	16,532.2	13.9%	14,446.4	12.3%
Total personal loans	118,899.2	100.0%	117,779.9	100.0%

As at 30 June 2025, loans to small enterprise owners decreased by 5.0% as compared to the end of last year, whilst personal consumption loans increased by 0.2% as compared to the end of last year.

2. Investment in securities and other financial assets

As at 30 June 2025, the total amount of the Bank's investment in securities and other financial assets was RMB388.3650 billion, representing an increase of RMB9.4400 billion or 2.5% as compared to the end of last year. The increase in such assets in the first half of 2025 was mainly due to the fact that the Bank improved its capital utilization and continuously expanded its channels of capital utilization under the premise of ensuring stable and sufficient liquidity.

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The following table sets out the components of the Bank's investment in securities and other financial assets as at the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Financial assets measured at fair value through profit or loss	71,641.0	18.5%	81,644.6	21.5%
Financial assets measured at amortised cost	219,953.1	56.6%	226,606.5	59.8%
Financial assets measured at fair value through other comprehensive income	96,770.9	24.9%	70,673.9	18.7%
Total investment in securities and other financial assets	388,365.0	100.0%	378,925.0	100.0%

The following table sets out the distribution of the Bank's investment in securities and other financial assets divided by debt investments and equity investment as at the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Debt investments:				
Bond investments	263,139.2	67.8%	236,959.4	62.5%
Debt instruments issued by financial institutions ⁽¹⁾	120,404.7	31.0%	137,083.2	36.2%
Subtotal	383,543.9	98.8%	374,042.6	98.7%
Equity investment	4,821.1	1.2%	4,882.4	1.3%
Total investment in securities and other financial assets	388,365.0	100.0%	378,925.0	100.0%

Note:

(1) Includes fund trust scheme, funds and asset management plans.

As at 30 June 2025, the Bank's total investment in debt instruments issued by financial institutions was RMB120.4047 billion, representing a decrease of RMB16.6785 billion or 12.2% as compared to the end of last year. The investments of this class as a percentage of total investment in securities and other financial assets decreased from 36.2% as at 31 December 2024 to 31.0% as at 30 June 2025.

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	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Government bonds	194,190.9	73.8%	168,163.2	71.0%
Bonds issued by financial institutions	8,477.1	3.2%	13,786.9	5.8%
Corporate bonds	39,043.5	14.8%	43,698.1	18.4%
Bonds issued by policy banks	21,427.7	8.1%	11,311.2	4.8%
Total bond investments	263,139.2	100.0%	236,959.4	100.0%

3. Other components of the Bank's assets

Other components of the Bank's assets primarily consist of (i) cash and balances with the Central Bank, (ii) due from banks and other financial institutions.

As at 30 June 2025, the Bank's total cash and balances with the Central Bank decreased by RMB21.7114 billion to RMB78.1455 billion, representing a decrease of 21.7% as compared to the end of last year.

As at 30 June 2025, the Bank's due from banks and other financial institutions increased by RMB3.5097 billion to RMB35.2829 billion, representing an increase of 11.0% as compared to the end of last year, mainly because the Bank adjusted the proportion of such assets based on its capital and changes in liquidity in the market.

(II) Liabilities

As at 30 June 2025, the Bank's total liabilities were RMB861.9218 billion, representing an increase of RMB11.2862 billion or 1.3% as compared to the end of last year.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Due to customers	716,134.1	83.0%	713,113.5	83.9%
Due to banks ⁽¹⁾	49,779.5	5.8%	49,759.4	5.8%
Repurchase agreements	30,773.8	3.6%	34,721.2	4.1%
Debt securities issued	49,631.2	5.8%	39,942.0	4.7%
Due to Central Bank	7,069.0	0.8%	5,548.2	0.6%
Other liabilities ⁽²⁾	8,534.2	1.0%	7,551.3	0.9%
Total liabilities⁽³⁾	861,921.8	100.0%	850,635.6	100.0%

Notes:

- (1) Due to banks also includes borrowings from banks and other financial institutions.
- (2) Other liabilities primarily consist of derivative financial liabilities, income tax payable and other tax payable, items in the process of clearance and settlement as well as staff salary payable.
- (3) Of which, interest payable is accounted in each of the interest-bearing liabilities items but not in other discussions and analysis.

Management Discussion and Analysis

1. Due to customers

As at 30 June 2025, the Bank's total due to customers was RMB695.0559 billion, representing an increase of RMB1.3765 billion or 0.2% as compared to the end of last year.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Corporate deposits				
Demand deposits	58,689.9	8.3%	78,967.7	11.4%
Time deposits	126,395.9	18.3%	114,734.7	16.5%
Subtotal	185,085.8	26.6%	193,702.4	27.9%
Personal deposits				
Demand deposits	42,967.7	6.2%	43,993.5	6.3%
Time deposits	467,002.4	67.2%	455,983.5	65.8%
Subtotal	509,970.1	73.4%	499,977.0	72.1%
Total due to customers	695,055.9	100.0%	693,679.4	100.0%

2. Due to banks

As at 30 June 2025, the Bank's due to banks balance was RMB49.3887 billion, representing an increase of RMB0.0270 billion or 0.1% as compared to the end of last year.

3. Repurchase agreement

As at 30 June 2025, the Bank's repurchase agreement was RMB30.7412 billion, representing a decrease of RMB3.9593 billion or 11.4% as compared to the end of last year.

4. Debt securities issued

As at 30 June 2025, the Bank's debt securities issued were RMB49.6312 billion, representing an increase of RMB9.6892 billion or 24.3% as compared to the end of last year.

(III) Shareholders' Equity

As at 30 June 2025, the Bank's total shareholders' equity amounted to RMB65,605.7 million, representing an increase of RMB9.4 million as compared to the end of last year. As at 30 June 2025, total equity attributable to shareholders of the parent company amounted to RMB63,094.6 million, representing a decrease of RMB67.3 million or 0.1% as compared to the end of last year.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Share capital	10,995.6	16.8%	10,995.6	16.8%
Other equity instruments	11,699.0	17.8%	11,699.0	17.8%
Reserves	22,805.8	34.8%	22,350.7	34.1%
Undistributed profits	17,594.2	26.8%	18,116.6	27.6%
Equity attributable to shareholders of the parent company	63,094.6	96.2%	63,161.9	96.3%
Non-controlling interests	2,511.1	3.8%	2,434.4	3.7%
Total equity	65,605.7	100.0%	65,596.3	100.0%

Management Discussion and Analysis

IV. Off-balance Sheet Commitments

The following table sets out the contract value of the Bank's off-balance sheet commitments as of the dates indicated.

	As at 30 June 2025	As at 31 December 2024
		(In RMB million)
Credit commitments:		
Bank bills acceptance	9,025.2	7,332.8
Issued letters of guarantee	203.9	192.9
Issued letters of credit	1,481.5	1,377.2
Credit limit of credit card	13,567.7	15,372.3
Subtotal	24,278.3	24,275.2
Capital expenditure commitments	179.9	181.9
Treasury bond redemption commitments	191.0	194.0
Total	24,649.2	24,651.1

In addition, as at 30 June 2025, the amount involved in major pending litigation cases where the Group is the defendant or a third-party defendant with the amount in dispute for each case exceeding RMB10,000,000 was RMB29,665,000 (as of 31 December 2024: RMB29,665,000). As of 30 June 2025, based on the best estimate, the Group did not recognize a provision for liabilities in the balance sheet (as of 31 December 2024: nil). Details of off-balance sheet commitment contracts are disclosed in the note 40 "Commitments and Contingent Liabilities" to the condensed consolidated interim financial information of this report.

V. Analysis of Loan Quality

During the Reporting Period, the Bank proactively implemented high-quality development goals, adhered to the principles of active defence and precise risk resolution, focused on stabilizing existing business, optimizing new business, and strengthening mechanisms, and continuously improved and refined risk prevention and control. The Bank accelerated the digital transformation of risk management, continuously improved intelligent early warning risk control models and full-process risk monitoring mechanisms, and significantly enhanced the forward-looking nature of risk identification and the scientific nature of decision-making. While strictly controlling new risks, the Bank took multiple measures to speed up the disposal of existing non-performing assets, effectively activating inefficient assets through market-oriented transfer, debt restructuring, and legal recovery. As at 30 June 2025, the non-performing loan ratio was 2.83%, representing a decrease of 0.01 percentage point as compared to the end of last year. The impairment coverage ratio was 209.95%, representing an increase of 7.36 percentage points as compared to the end of last year. The impairment losses on loans ratio was 5.95%, representing an increase of 0.20 percentage point as compared to the end of last year, showing the ability of risk resilience remained stable.

(I) Distribution of Loans by Five-category Loan Classification

The following table sets out the Bank's loans and advances to customers in each category of the Bank's five-category loan classification as of the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Pass	362,496.9	91.2%	346,268.5	91.4%
Special mention	23,799.7	6.0%	22,068.4	5.8%
Substandard	1,575.2	0.4%	1,322.6	0.3%
Doubtful	419.0	0.1%	1,337.8	0.4%
Loss	9,275.5	2.3%	8,096.6	2.1%
Total loans and advances to customers	397,566.3	100.0%	379,093.9	100.0%
Non-performing loans amount and non-performing loan ratio ⁽¹⁾	11,269.7	2.83%	10,757.0	2.84%

Note:

(1) Non-performing loan ratio is calculated by dividing non-performing loans by total loans and advances to customers.

According to the five-category loan classification system, the Bank classified its non-performing loans into substandard, doubtful and loss categories.

Management Discussion and Analysis

(II) The Distribution of Loans and Non-performing Loans by Business Lines

The following table sets out the Bank's loans and non-performing loans by business lines as of the dates indicated.

	As at 30 June 2025			As at 31 December 2024		
	Loan amount	Non-performing loans amount	Non-performing loan ratio	Loan amount	Non-performing loans amount	Non-performing loan ratio
(In RMB million, except percentages)						
Corporate loans						
Loans to small enterprises	107,808.3	2,615.0	2.43%	93,269.0	2,682.1	2.88%
Other corporate loans excluding loans to small enterprises	125,416.5	2,579.6	2.06%	112,136.0	2,219.3	1.98%
Subtotal	233,224.8	5,194.6	2.23%	205,405.0	4,901.4	2.39%
Personal loans						
Loans to small enterprises owners	21,670.1	1,287.9	5.94%	22,813.2	1,212.2	5.31%
Personal consumption loans	80,696.9	4,555.2	5.64%	80,520.3	4,438.4	5.51%
Loans to farmers	16,532.2	232.0	1.40%	14,446.4	205.0	1.42%
Subtotal	118,899.2	6,075.1	5.11%	117,779.9	5,855.6	4.97%
Discounted bills	45,442.3	-	-	55,909.0	-	-
Total	397,566.3	11,269.7	2.83%	379,093.9	10,757.0	2.84%

During the Reporting Period, due to factors such as the slowdown in economic growth, overcapacity in certain industries, and weak recovery of consumer spending, the real economy continued to face pressure. The Bank continuously tracked, researched and assessed the external economic situation, and adjusted business guidance and admission rules in a timely manner. The Bank made dynamic adjustments to policies, optimized customer base and asset structures, and strictly prevented default risks in new businesses. The Bank established regular monitoring and feedback mechanisms, intelligent early warning management, and elaborate overdue supervision systems, and paid close attention to source prevention and control and full-process management to continuously improve the quality and efficiency of risk prevention and control. As of 30 June 2025, the Bank's non-performing loan ratio was 2.83%, its non-performing loan ratio for corporate loans was 2.23%, and its non-performing loan ratio for personal loans was 5.11%.

(III) Distribution of Loans and Non-performing Loans Classified by Industry

The following table sets out the distribution of the Bank's loans and non-performing loans by industry as of the dates indicated.

	As at 30 June 2025				As at 31 December 2024			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
(In RMB million, except percentages)								
Agriculture, forestry, husbandry and fishery	1,265.7	0.3%	121.9	9.63%	1,039.0	0.3%	122.2	11.76%
Mining	2,645.0	0.7%	-	-	1,720.1	0.5%	-	-
Manufacturing	13,326.1	3.4%	1,457.6	10.94%	11,972.5	3.2%	988.7	8.26%
Production and supply of electricity, heating, gas and water	16,252.3	4.1%	58.8	0.36%	11,559.2	3.0%	58.8	0.51%
Construction	17,461.4	4.4%	413.0	2.37%	14,026.6	3.7%	486.6	3.47%
Wholesale and retail	37,381.4	9.4%	1,583.1	4.23%	36,931.2	9.7%	1,570.1	4.25%
Transportation, storage and postal services	4,228.0	1.1%	37.3	0.88%	3,045.2	0.8%	31.5	1.03%
Accommodations and catering	13,866.9	3.5%	113.7	0.82%	3,258.2	0.9%	127.7	3.92%
Information transmission, software and information technology services	1,369.8	0.3%	1.2	0.09%	465.3	0.1%	1.2	0.26%
Finance	247.3	0.1%	-	-	49.7	0.0%	-	-
Real estate	29,525.3	7.4%	551.5	1.87%	28,920.7	7.6%	621.5	2.15%
Leasing and commercial services	82,537.1	20.8%	726.1	0.88%	80,945.2	21.4%	726.2	0.90%
Scientific research and technological services	739.8	0.2%	7.8	1.05%	1,131.6	0.3%	7.8	0.69%

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	As at 30 June 2025				As at 31 December 2024			
	Loan		NPLs		Loan		NPLs	
	amount	% of total	amount	NPL ratio	amount	% of total	amount	NPL ratio
(In RMB million, except percentages)								
Water conservation, environment and public utility management	9,642.8	2.3%	102.4	1.06%	9,015.9	2.4%	106.8	1.18%
Residential, repair and other services	543.1	0.1%	16.4	3.02%	299.9	0.1%	10.4	3.47%
Education	120.7	0.0%	-	-	114.4	0.0%	38.1	33.30%
Health and social work	1,835.7	0.5%	3.8	0.21%	474.5	0.1%	3.8	0.80%
Culture, sports and entertainment	236.4	0.1%	-	-	435.8	0.1%	-	-
Total corporate loans	233,224.8	58.7%	5,194.6	2.23%	205,405.0	54.2%	4,901.4	2.39%
Total personal loans	118,899.2	29.9%	6,075.1	5.11%	117,779.9	31.1%	5,855.6	4.97%
Discounted bills	45,442.3	11.4%	-	-	55,909.0	14.7%	-	-
Total	397,566.3	100.0%	11,269.7	2.83%	379,093.9	100.0%	10,757.0	2.84%

During the Reporting Period, the Bank kept abreast of the support direction of national industrial policy and the characteristics of regional economic development, strengthened its credit support for the local real economy and increased loan disbursements to relevant key sectors such as regional featured industries with competitive advantages, manufacturing industry, science and technology enterprises, and green finance. Meanwhile, the Bank reinforced its financial cooperation among peers and proactively promoted the development of the syndicate business. For key programmes within the province, it continued to improve the matching of financing needs and offered financing support to private enterprises and small and micro enterprises. As of 30 June 2025, the total corporate loans of the Bank amounted to RMB233,224.8 million, representing an increase of RMB27,819.8 million as compared to the end of last year. The Bank's non-performing loans are mainly concentrated in the wholesale and retail industry and manufacturing industry. The Bank has always followed its microcredit strategy and implemented policies on inclusive finance as most of its customers are Micro, Small and Medium Enterprises (MSMEs), whereas the wholesale and retail industry and the manufacturing industry account for a relatively large proportion of MSMEs customers. Given that factors such as the low-level running of the macro economy and the growth slowdown of regional economies have exerted certain pressure on MSMEs customers' operation and development, enterprises need a certain period of time to recover their cash flows. As of 30 June 2025, the Bank's non-performing loans to the wholesale and retail industry and manufacturing industry amounted to RMB1,583.1 million and RMB1,457.6 million, respectively.

(IV) Distribution of Loans and Non-performing Loans by Geographical Region

The following table sets out the distribution of the Bank's loans and non-performing loans by geographical region as of the dates indicated.

	As at 30 June 2025				As at 31 December 2024			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
	(In RMB million, except percentages)							
Heilongjiang region	229,840.8	57.8%	5,072.8	2.21%	233,051.3	61.5%	4,649.9	2.00%
Other regions in								
Northeastern China	36,730.4	9.2%	1,636.7	4.46%	37,877.4	10.0%	1,730.9	4.57%
Southwestern China	90,206.2	22.7%	2,797.0	3.10%	68,211.1	18.0%	2,660.8	3.90%
Other regions	40,788.9	10.3%	1,763.2	4.32%	39,954.1	10.5%	1,715.4	4.29%
Total	397,566.3	100.0%	11,269.7	2.83%	379,093.9	100.0%	10,757.0	2.84%

During the Reporting Period, the Bank actively implemented the national strategy of coordinated regional development and increased its credit support to the real economy with a strategic focus on the “Five Major Areas (五篇大文章)”, the “Chengdu-Chongqing Economic Circle” and the “Beijing-Tianjin-Hebei Integration”. Meanwhile, the Bank remained committed to returning to its local roots by gradually steering credit resources towards Heilongjiang region and promoting its cooperation with key enterprises in the region. As of 30 June 2025, loans disbursed to Heilongjiang region by the Bank accounted for 57.8% of its total loans, to regions other than Heilongjiang in Northeastern China was 9.2%, to Southwestern China was 22.7%, and to other regions was 10.3%.

Management Discussion and Analysis

(V) The Distribution of Loans and Non-performing Loans by Collateral

The following table sets out the distribution of the Bank's loans and non-performing loans by collateral as of the dates indicated.

	As at 30 June 2025				As at 31 December 2024			
	Loan amount	% of total	NPLs amount	NPL ratio	Loan amount	% of total	NPLs amount	NPL ratio
	(In RMB million, except percentages)							
Unsecured loans	169,656.6	42.7%	5,276.1	3.11%	165,903.2	43.8%	4,441.9	2.68%
Guaranteed loans	123,031.0	30.9%	2,365.9	1.92%	101,390.3	26.7%	1,489.1	1.47%
Collateralised loans	84,645.2	21.3%	3,356.7	3.97%	92,715.6	24.5%	4,771.6	5.15%
Pledged loans	20,233.5	5.1%	271.0	1.34%	19,084.8	5.0%	54.4	0.29%
Total	397,566.3	100.0%	11,269.7	2.83%	379,093.9	100.0%	10,757.0	2.84%

During the Reporting Period, the Bank kept abreast with the deployment of national key strategic development, offered financial support to the development of the real economy, and increased disbursements of inclusive loans to small and micro enterprises and resident consumer loans, contributing to an increase in the size of unsecured loans and guaranteed loans. As of 30 June 2025, the balance of the Bank's unsecured loans amounted to RMB169,656.6 million, representing an increase of 2.3% as compared to the beginning of the year, and the balance of its guaranteed loans was RMB123,031.0 million, representing an increase of 21.3% as compared to the beginning of the year.

(VI) Concentration of Borrowers

As of 30 June 2025, the Bank was in compliance with the lending limit of 10% of the Bank's net capital to any single borrower. The following table sets out, as at 30 June 2025, the Bank's 10 largest single borrowers (excluding group borrowers) in terms of loan balance.

		As at 30 June 2025		
Industry		Loan balance	% of total loans	% of net capital
(In RMB million, except percentages)				
1	D—Production and supply of electricity, gas and water	6,680.0	1.68%	8.40%
2	L—Leasing and commercial services	3,024.4	0.76%	3.80%
3	K—Real estate	2,945.1	0.74%	3.70%
4	K—Real estate	2,537.1	0.64%	3.19%
5	N—Water conservation, environment and public utility management	2,521.9	0.63%	3.17%
6	L—Leasing and commercial services	2,185.0	0.55%	2.75%
7	E—Construction	2,161.2	0.54%	2.72%
8	K—Real estate	2,125.8	0.53%	2.67%
9	E—Construction	2,095.7	0.53%	2.63%
10	F—Wholesale and retail	2,041.0	0.51%	2.57%
Total		28,317.2	7.11%	35.60%

Management Discussion and Analysis

(VII) Overdue Loans and Advances to Customers

The following table sets out, as of the dates indicated, the distribution of the Bank's loans and advances to customers by maturity.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentages)			
Current loans and advances	345,924.4	87.0%	327,487.4	86.4%
Loans and advances past due: ⁽¹⁾				
For 1 to 90 days	15,935.9	4.0%	17,457.9	4.6%
For 91 days to 1 year	5,144.4	1.3%	4,775.0	1.3%
For 1 year and above	30,561.6	7.7%	29,373.6	7.7%
Subtotal	51,641.9	13.0%	51,606.5	13.6%
Total loans and advances to customers	397,566.3	100.0%	379,093.9	100.0%

Note:

- (1) Loans to customers with specific repayment date are classified as overdue when the principal or interest becomes overdue.

During the Reporting Period, the Bank has always adhered to the principle of “asset quality is our lifeline”, prevented and controlled operating risks, reasonably guided credit resources, enhanced the quality and efficiency of financial services, continuously strengthened asset quality management, constantly optimized risk prevention and control measures, made preliminary risk control by developing the concept of pre-management featuring forward look and proactiveness, and made “controlling new delinquencies” a key task for the whole Bank to effectively curb the deterioration of asset quality at source. Meanwhile, the Bank intensified the collection and disposal efforts by taking various measures by classification, formulating differentiated collection and disposal plans based on the actual business conditions, and making every effort to reduce non-performing assets by comprehensive use of collection in cash and by litigation, bad debt write-off and other means, so as to drive its all-round, high-quality development. As at 30 June 2025, the percentage of overdue loans in total loans decreased by 0.6 percentage point as compared to the beginning of the year.

(VIII) Movements of Allowance for Impairment Losses on Loans

Pursuant to the requirements of IFRS 9, the Bank made use of “expected credit loss model” for the measurement of impairment of underlying financial assets. The Bank adhered to the prudence principle and made provision for impairment losses on loans in full amount. As at 30 June 2025, the allowance for impairment losses on loans amounted to RMB23,661.1 million, which increased by RMB1,868.5 million as compared to the end of last year. The allowance for impairment losses on loans ratio was 5.95%, representing an increase of 0.20 percentage point as compared to the end of last year. Risk resilience remained stable.

Movements in allowance for impairment losses on loans are as follows:

Item	As at 30 June 2025	As at 31 December 2024
		(In RMB million)
Balance at the beginning of the period	21,792.6	18,276.5
Exchange difference	0.0	(0.2)
Charged during the period	3,425.9	6,437.1
Accreted interest on impaired loans	(309.2)	(569.6)
Write-offs and transferred	(1,503.2)	(2,907.0)
Recoveries of loans and advances previously written off	255.0	555.8
Balance at the end of the period	23,661.1	21,792.6

Management Discussion and Analysis

VI. Segment Report

(I) Geographical Segment Report

The description of the geographical areas of the Bank is as follows:

Heilongjiang region: Head office, branches in Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun and Nongken, as well as HB Leasing, HBCF and village and township banks operating within Heilongjiang province;

Other regions in Northeastern China: Branches in Dalian and Shenyang, as well as village and township banks operating in Northeastern China excluding the ones in Heilongjiang province;

Southwestern China: Branches in Chengdu and Chongqing, as well as village and township banks operating in Southwest region mainly in Sichuan and Chongqing;

Other regions: Branch in Tianjin as well as village and township banks operating in regions other than those listed above.

The table below sets out certain key financial indicators of the Bank's head office and branches in each of the geographical regions for the periods indicated.

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
	(In RMB million)				
For the six months ended					
30 June 2025					
Operating income	5,874.7	61.8	1,193.6	255.4	7,385.5
Operating expenses	(1,675.8)	(163.9)	(211.9)	(193.8)	(2,245.4)
Credit impairment losses	(2,675.9)	(1,343.0)	(710.1)	272.0	(4,457.0)
Other assets impairment loss	(1.8)	–	–	–	(1.8)
Operating profit	1,521.2	(1,445.1)	271.6	333.6	681.3
As at 30 June 2025					
Segment assets	740,849.1	48,536.2	87,384.2	50,758.0	927,527.5
Segment liabilities	686,606.1	52,323.7	73,541.4	49,450.6	861,921.8

Management Discussion and Analysis

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
(In RMB million)					
For the six months ended					
30 June 2024					
Operating income	5,270.4	19.5	1,334.6	574.2	7,198.7
Operating expenses	(1,541.1)	(143.6)	(224.3)	(192.4)	(2,101.4)
Credit impairment losses	(2,714.6)	(243.0)	(562.5)	(843.3)	(4,363.4)
Operating profit	1,014.7	(367.1)	547.8	(461.5)	733.9
As at 30 June 2024					
Segment assets	681,086.2	58,276.5	86,549.0	56,926.1	882,837.8
Segment liabilities	619,926.0	58,507.9	84,126.8	55,314.8	817,875.5

The table below sets out the Bank's operating income by geographical region and their proportion to the Bank's total operating income for the periods indicated.

	For the six months ended 30 June			
	2025		2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentage(s))				
Heilongjiang region	5,874.7	79.5%	5,270.4	73.2%
Other regions in Northeastern China	61.8	0.8%	19.5	0.3%
Southwestern China	1,193.6	16.2%	1,334.6	18.5%
Other regions	255.4	3.5%	574.2	8.0%
Total operating income	7,385.5	100.0%	7,198.7	100.0%

Management Discussion and Analysis

(II) Business Segment Report

The table below sets out the Bank's total operating income by business segment for the periods indicated.

	For the six months ended 30 June			
	2025		2024	
	Amount	% of total	Amount	% of total
	(In RMB million, except percentage(s))			
Corporate finance business	2,501.0	33.9%	2,722.9	37.8%
Retail finance business	3,845.8	52.0%	3,641.8	50.6%
Financial institutions business	1,056.2	14.3%	839.0	11.7%
Other businesses	(17.5)	-0.2%	(5.0)	-0.1%
Total operating income	7,385.5	100.0%	7,198.7	100.0%

VII. Capital Adequacy Ratio and Leverage Ratio

(I) Capital Adequacy Ratio

The Group continued to optimise its business structure and strengthen capital management. As at 30 June 2025, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio of the Bank were 8.52%, 12.23% and 13.47% respectively, which were in line with the regulatory requirements provided in the Measures for the Administration of Capital of Commercial Banks. Due to the change in net capital, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio decreased by 0.16 percentage point, 0.14 percentage point and 0.14 percentage point respectively as compared to the end of last year.

Management Discussion and Analysis

In accordance with the Measures for the Administration of Capital of Commercial Banks, the capital adequacy ratios of the Bank as at 30 June 2025 and 31 December 2024 were calculated as follows:

	As at 30 June 2025	As at 31 December 2024
(In RMB million, except percentages)		
Core capital	52,625.6	52,621.8
Core tier 1 capital deductible items:		
Full deductible items	(2,278.1)	(1,324.4)
Net core tier 1 capital	50,347.5	51,297.4
Net other tier 1 capital	21,862.3	21,853.3
Net tier 1 capital	72,209.8	73,150.7
Net tier 2 capital	7,334.5	7,324.1
Net capital	79,544.3	80,474.8
Total credit risk-weighted assets	567,599.6	568,243.6
Total market risk-weighted assets	919.5	859.7
Total operational risk-weighted assets	22,101.6	22,101.6
Total risk-weighted assets	590,620.7	591,204.9
Core tier 1 capital adequacy ratio	8.52%	8.68%
Tier 1 capital adequacy ratio	12.23%	12.37%
Capital adequacy ratio	13.47%	13.61%

(II) Leverage Ratio

In accordance with the Measures for the Administration of Capital of Commercial Banks, the leverage ratios of the Bank as at 30 June 2025 and 31 December 2024 were calculated as follows:

	As at 30 June 2025	As at 31 December 2024
(In RMB million, except percentages)		
Net tier 1 capital	72,209.8	73,150.7
Adjusted on-and off-balance sheet assets	938,771.8	930,120.8
Leverage ratio	7.69%	7.86%

Management Discussion and Analysis

VIII. Business Operation

The principal businesses of the Company comprise of the provision of banking services such as deposit, loan, payment and settlement, as well as other approved businesses.

(I) Retail Finance Business

The retail finance business of the Bank continues to deepen its transformation, which aims to gradually improve the wealth management system to serve the demand of customers and their families for wealth planning. The Bank strengthened eco-scenario construction to meet customers' needs for diversified investment and balanced asset allocation and achieved breakthroughs in brand building and financial services for customers. The Bank also strengthened government-bank cooperation and launched the “nearby services (就近辦)” for social security through multiple service channels, enabling one-stop processing of high-frequency social security services. The Bank further strengthened customer relationship management with digitalisation, accelerated “online + offline (線上+線下)” channel synergy and digital marketing transformation to provide powerful support for the transformation of comprehensive retail business from monolithic to integrated. The Bank had built a closed loop from retail finance business to customer service to deepen its image as a warm and connotational retail service brand and promote the sustainable and high-quality development of its retail finance business.

During the Reporting Period, the retail finance business of the Bank recorded an operating income of RMB3,845.8 million, accounting for 52.0% of the Bank's operating income.

Retail customers

The Bank has always adhered to the business philosophy of “customer-centricity” and established a comprehensive “financial + non-financial” service model. The Bank organised teams to participate in the first National Elderly Finance Competition to enhance both practical capabilities and professional competence in elderly financial services. The Bank carried out characteristic customer activities to meet the non-financial comprehensive needs of multiple customer groups, including elderly customers, child customers, and payroll customers. The Bank upgraded the privileges for private banking customers to enhance their satisfaction with its services. In the first half of the year, leveraging the achievements of its retail finance business in transformation and customer service, the Bank won nine awards in total. In particular, it received the Gold Award for Best Private Bank – City and Rural Commercial Bank Category and the Silver Award for Best Private Bank – Tailored Client Experience from the Asian Private Banker's 7th China Wealth Awards (“中國財富獎” – 城農商行最佳私人銀行金獎以及最佳私人銀行 – 專屬客戶體驗銀獎), marking the Bank's first recognition at the top international level in the private banking sector and the only city and rural commercial bank awarded in this session. As of 30 June 2025, the Bank had 15.0823 million retail customers, representing an increase of 174,600 as compared to the end of last year. The balance of financial assets under management amounted to RMB542.076 billion, representing an increase of RMB20.384 billion from the end of the previous year. The number of retail customers with personal financial assets (in RMB and other currencies) over RMB50,000 amounted to 1.4734 million, representing an increase of 68,900 or 4.91% as compared to the end of last year.

Retail deposits

As of 30 June 2025, the balance of retail deposits of the Company (in RMB and other currencies) amounted to RMB509,970.1 million, representing an increase of RMB9,993.1 million or 2.0% as compared to the end of last year. In the first half of 2025, the average balance of retail deposits (in RMB and other currencies) amounted to RMB508,537.2 million, representing an increase of RMB47,000.6 million or 10.2% as compared to the same period of last year. According to statistics provided by the Heilongjiang Branch of the People's Bank of China, as of the end of the Reporting Period, the balance of retail deposits of the Harbin branch of the Company accounted for 19.58% of the local market share, ranking first in the regional market.

Retail loans

During the Reporting Period, the Bank further implemented its inclusive finance strategy, unlocking consumer potential and promoting the improvement and efficiency of the real economy. The Bank launched a new generation of digital retail lending products, "Qian Dao Jia (錢到家)", integrating big data risk management, omni-channel services, and full-scenario marketing. This allowed for full-process online management and full lifecycle digital operations, advancing digital transformation and service ecosystem upgrades. The rapid service approach injected vitality into the consumer market, enhancing the precision of micro-enterprise financing and stimulating consumption engines, driving retail loan business to become a new engine of business growth. The Bank also strengthened talent development and team culture, laying a solid foundation for the retail asset customer manager team. Furthermore, the application of financial technology was enhanced, improving intelligent and refined management capabilities, and building a comprehensive retail loan business system.

As of 30 June 2025, the balance of the Bank's personal loans reached RMB118,899.2 million, representing an increase of 1.0% as compared to the end of last year and accounting for 29.9% of the Bank's total loans to customers, of which the balance of loans to small enterprise owners, personal consumption loans and loans to farmers amounted to RMB21,670.1 million, RMB80,696.9 million and RMB16,532.2 million, respectively, and accounted for 18.2%, 67.9% and 13.9% of the Bank's total personal loans, respectively.

Bank cards

In the first half of 2025, the Bank made significant progress in promoting the "One Thing (一件事)" service for social security cards. Through the integration of government services, strengthening customer base, expanding application scenarios, and innovating business development, the Bank worked to create a distinctive livelihood service brand, continuously enhancing the comprehensive effectiveness of financial services. The Bank further deepened the "Nearby Service (就近辦)" model for social security, actively promoting the integration of related services. A series of high-frequency social security services, such as personal rights record inquiry, personal insurance proof inquiry, and eligibility certification, were made available through multiple channels. This formed a comprehensive service matrix that includes the issuance of social security cards, social security information inquiries, benefits eligibility certification, and benefit subsidy collection. The Bank successfully provided a convenient service experience for customers by enabling them to "get a number, visit one window, and handle multiple tasks (取一次號、跑一個窗、辦一串事)" in a streamlined process, significantly improving customer satisfaction and sense of benefit in public service. As of 30 June 2025, the Bank had provided services for issuing, replenishing, and replacing the third-generation social security cards for 1,642.1 thousand customers.

As of 30 June 2025, the total number of debit cards issued by the Bank amounted to 18,300.0 thousand, of which the number of cards issued during the Reporting Period increased by 122.7 thousand.

Management Discussion and Analysis

Wealth management business

The wealth management business of the Bank focuses on assisting customers in enhancing their family's comprehensive financial assets. The Bank has always adhered to meeting the diversified financial investment needs of customers and enhancing their experience. The Bank integrated online and offline channel resources to build an excellent financial services brand of Clove Wealth. It made efforts to improve the strategic cooperation structure with leading institutions to expand its strategic cooperation continually, while also improved its wealth management product system, and continuously iterated the online financial product market. Focusing on the financial scenarios such as healthcare for the elderly, children, education and agency payment, the Bank is dedicated to providing professional, convenient and high-quality wealth management service to customers.

During the Reporting Period, the Company realised total sales of personal wealth management products, such as wealth management, fund and insurance, of RMB34,957 million.

(II) Corporate Finance Business

In the first half of 2025, the Bank's corporate finance business comprehensively promoted specialized and differentiated operations, enhanced the level of operation and management, and improved the quality and efficiency of serving the real economy with "returning to the basics, focusing on key areas, optimising the structure and innovating for development" as its main goal. The Bank actively implemented the service philosophy of "being customer-oriented" and created a comprehensive financial service system for customers throughout their lifetimes, forming an integrated and comprehensive financial service pattern with "quick response to customer needs, service plans with collaborated design, and coordinated advancement of financial services".

During the Reporting Period, the corporate finance business of the Bank recorded a profit before tax of RMB93.2 million, accounting for 13.68% of the profit before tax of the Bank; an operating income of RMB2,501.0 million, accounting for 33.9% of the operating income of the Bank.

Corporate customers

By leveraging the Bank's strengths in cross-regional operation layout and outlet resource and closely following the direction of the national strategy, the Bank continuously improved the marketing service system for the three key customer segments, namely institutional customers, settlement customers and credit customers, thereby solidifying its corporate customer base and create a long-term driving force for business scale expansion. The Bank upholds the service philosophy of "being customer-oriented" and strengthens tri-level collaboration among headquarters, branches and sub-branches. It develops comprehensive, personalized and customized financial service solutions for customers throughout their lifetimes through information sharing, product mix, and cross-selling, achieving precision marketing and integrated financial service management for core customers, and enhancing deep customer engagement and business integration, thereby forming a corporate customer management system characterized by "precise marketing, refined management, and value-oriented services" to effectively enhance brand recognition and customers' loyalty. The Bank focused on its local roots and concentrated its financial resources to give priority to supporting the high-quality development of Heilongjiang Province. The Bank continued to deepen its strategic cooperation with provincial and municipal enterprise groups, enhanced cooperation with customer groups and core customer groups in key regions and industries. The Bank has continued to strengthen its customer base by intensifying customer visits and increasing its business reserves. At the same time, the Bank adhered to the four-pronged institutional customer service model of "channel building, qualification development, technical support and team service" and strengthened communication and coordination with government agencies. Relying on digital means to explore diverse service modes, the Bank was fully engaged in institutional business marketing and empowered customer value creation, and further strengthened its corporate client base, striving to support the efficient development of Heilongjiang's economy in all aspects.

Corporate deposits

During the Reporting Period, the Bank continued to intensify its efforts in marketing corporate deposits, strengthened the marketing of low-cost settlement funds while ensuring the stability of deposit scale, further optimized and adjusted its liability, so as to consolidate the foundation for sustainable business development. At the same time, the Bank continued to implement cost reduction and efficiency enhancement and lowered the pricing of deposit products in an orderly manner with interest costs reduced and the ability of refined operation enhanced. By fully leveraging local advantages, the Bank expanded the layout of institutional business, continuously strengthened its “bank-government (銀政)” strategic cooperation model, further explored key areas such as finance, social security, medical insurance and housing construction, provided comprehensive and integrated financial services, improved its regional expansion service capabilities for institutional customers, and realised the multi-level coverage of institutional business qualifications at provincial, city and county levels, so as to increase the scale of institutions’ deposits through various initiatives. The Bank the growth potential of customer deposits with a focus on key customer groups such as state-owned enterprises, listed companies and key industrial chains, and extended upstream and downstream marketing chains to expand deposit sources through multiple channels. In the first half of 2025, the average corporate deposits of the Bank amounted to RMB184,812.7 million, remaining relatively stable.

Corporate loans

During the Reporting Period, centered on the finance, the Bank took meeting the demands of the real economy as the starting point and the ultimate goal of high-quality development. Through leveraging the advantage of the distribution of the Bank’s operating institutions, keeping abreast of national key strategic development and deployment, including the “Chengdu-Chongqing Economic Circle” and “Beijing-Tianjin-Hebei Integration” and focusing on “Three Bases, One Barrier, One Highland (三基地、一屏障、一高地)” “4567” modern industry system and “Five Major Areas (五篇大文章)”, the Bank provided financial support to the development of the real economy. Through enhanced industrial research, the Bank increased credit investment for key sectors, such as technology finance, green finance, inclusive finance, pension finance, and digital finance; fully supported the transformation and upgrading of the manufacturing industry by focusing on increasing medium-and long-term loans for manufacturing and exploring high-quality enterprises with high added value and core position in the industrial chain; increased credit investment for energy sectors by fully utilizing development potential of new energy on the basis of ensuring the safety of traditional energy; concentrated advantageous resources to support the development of modern agriculture of the Heilongjiang Province by continuously strengthening the support for the economic development of county areas; deepened cooperation in areas such as serving the construction of the “three major projects” of the government and local state-owned enterprises, special bond matching financing, the implementation of major national strategies, the revitalization of idle assets, ensuring the delivery of real estate projects, and the implementation of investment projects; quickly responded to working requirements of the financing coordination mechanism of real estate enterprises to support the steady and sound development of the real estate market; strengthened financial cooperation among peers and proactively promoted the development of the syndicate business, so as to improve financial services; and continuously increased visits to customers and actively organized various forms of banking-enterprise communication, to focus on strengthening financial support for private enterprises and small and micro enterprises. As at 30 June 2025, the total corporate loans of the Bank amounted to RMB233,224.8 million, representing an increase of RMB27,819.8 million as compared to the beginning of the year and accounting for 58.7% of the total loans.

Management Discussion and Analysis

Intermediary business

During the Reporting Period, the Bank continued to strengthen its management of intermediary business. Taking into account the market environment, policy guidance and diverse financial service needs of customers, the Bank developed integrated service solutions. Also, the Bank actively promoted the development of its syndicate, bank acceptances, letters of credit and forfaiting businesses. The Bank continuously strengthened the construction of corporate payment and settlement product systems and platforms, and constantly improved the treasury management platforms' functions in financial scenarios such as finance, housing construction, bidding, trade and financing, and capital supervision. The Bank strove to build a comprehensive financial service system integrating payment, settlement, corporate property management and value-added service, strengthened technology empowerment, and continuously improved its customer service capabilities.

Transaction banking

During the Reporting Period, the Bank continuously expanded its transaction banking business, comprehensively accelerated business upgrade and transformation, and won the “Digital Finance Promotion Award (Banking Sector)” of the China Financial Annual Brand List. The Bank incubated and upgraded 8 transaction banking products under four brands of transaction banking, such as Finance and Management Connect (財管通), Credit and Financing Connect (信融通), Chain Financing Connect (鏈融通) and e-Financing Connect (e 融通). The Bank deeply cultivated key industrial chains and upstream and downstream supply chains, focusing on the “transaction +” ecology of scenario-based finance and accelerating the establishment of systems to enhance the level of digital intelligence and continuously constructed a system of transaction banking with multiple levels, modes and products. The Bank continuously developed the digital supply chain financial products under the e-Financing Connect and the investment in inclusive credit business was driven by batch core enterprises. The Bank developed the cross-bank re-factoring business products for the supply chain, launched the online business system and completed the first business incubation project, which further enriched product lines of Chain Financing Connect; deepened cooperation with industrial and financial platforms such as Cloudchain and Longyirong (龍易融) to further expand the channels for cooperation in supply chain business; and organized to carry out marketing campaigns for supply chain finance to orderly promote the development of scenario-based business in transaction banks, hospitals and universities, achieving “acquiring customers from various channels” through “one marketing channel”. Moreover, the Bank promoted the iterative upgrade of the business system platforms, completed the construction of 2 institutional customization system platforms, and finalised 16 functional optimization and upgrades.

(III) Financial Market Business

Regarding financial market business qualifications, the Company is a Class A settlement member of the national interbank bond market, a member of the underwriting syndicate of financial bonds of China Development Bank and Agricultural Development Bank, a member of the underwriting syndicates of local government bonds of Heilongjiang Province, Sichuan Province, Liaoning Province, Tianjin municipality and Chongqing municipality, a member of the SHIBOR quoting syndicate of National Interbank Funding Center, and a member of the underwriting syndicate of debt financing instruments of non-financial enterprises. The Bank has business qualification for derivative transactions and qualification as a national interbank bond market settlement agent.

During the Reporting Period, the financial market businesses of the Bank recorded an operating income of RMB1,056.2 million, accounting for 14.3% of the operating income of the Bank.

Bond Investments and Transactions

During the Reporting Period, due to the global geopolitical instability and monetary policies of central banks, the interbank bond market presented a volatile trend, initially rising before declining and fluctuating within a wide range. Amid the complex environment, the Bank accurately predicted the market trend at different stages, timely took profits, and optimized its bond portfolio simultaneously. As of 30 June 2025, the balance of bond investments was RMB263,139.2 million.

During the Reporting Period, the Bank actively participated in various businesses in the interbank bond market and was awarded by the National Interbank Funding Center as the Monthly Innovative Business Active Institution for a number of times.

Financial Interbank Business

During the Reporting Period, based on the guidance of regulatory policies, market development and its requirements for capital use, the Bank actively cooperated with non-bank financial institutions such as fund companies, asset management companies, consumer finance companies and financial leasing companies and flexibly adjusted investments in funds and interbank loans to strongly support the financing needs of real enterprises and residents' consumption. As at 30 June 2025, the balance of the Bank's investments in funds amounted to RMB29,079.1 million and the balance of deposits and placements with banks amounted to RMB35,282.9 million.

Interbank Investment Business

During the Reporting Period, the Bank closely monitored the changes in the economic environment and market and closely followed the national policies and policy guidance and orientation of the regulatory authorities. The Bank increased efforts in supporting the real economy and continued to optimize customer and product structure based on the market condition, regulatory policy and development strategies and annual plan of the Bank. The Bank continuously increased the investment in standardised products and rationally deployed asset allocation. As at 30 June 2025, the balance of interbank investment business amounted to RMB91,325.6 million, effectively supporting the real economy development.

Management Discussion and Analysis

Wealth management business

During the Reporting Period, the Company, in active response to changes in market, has adjusted business strategies as appropriate and continued to improve self-operated wealth management products' structure and asset allocation. In terms of products, in close alignment with the risk appetite of customers, the Company has continued to steadily supply products under the strategy of stable returns and less fluctuation, and focused on constructing its product matrix with stable returns by building certain flagship series of fixed-income products, including "Ri Tian Jin (日添金)", "Zhiying (智贏)", "Ruiying (睿贏)" and "Yueying (悅贏)". In terms of investment, by establishing a scientific asset allocation framework, the Company systematically enhanced the professional investment capabilities across all product categories. While continuously refining investment decision-making processes and improving operational efficiency, the Company prioritized strengthening market risk and liquidity risk management, driving ongoing optimization of the asset structure to adapt to complex and volatile market conditions. In addition, the Company closely monitored the policy guidance of the regulatory authorities on the establishment of wealth management subsidiaries by small and medium-sized banks in order to fully prepare for the license application of a wealth management subsidiary.

During the Reporting Period, the Company raised funds of RMB18,851 million in total through self-operated wealth management products. As at the end of the Reporting Period, the balance of self-operated wealth management products amounted to RMB35,363 million.

During the Reporting Period, the Company was honored with the "2024 Outstanding Institution for Wealth Management Information Registration (2024 年度理財信息登記優秀機構)" by the Banking Wealth Management Registration and Custody Center (銀行業理財登記託管中心) and the Outstanding Bank Wealth Management Product in Cash Management Class (優秀現金管理類銀行理財產品獎) in the "Golden Honor Award (金譽獎)" by Puyi Standards.

(IV) Key Featured Businesses

1. Microcredit business

During the Reporting Period, the Company consistently adhered to the development path of microcredit guided by inclusive finance policies and with a dedicated focus on enhancing financial services for agriculture-supporting and SME-supporting initiatives. Taking the financial needs of microcredit customer groups as the starting point and the ultimate goal, the Company increased the inclination of policies and resources, upgraded its microcredit products and services, accelerated the digital transformation of inclusive financial services, and comprehensively constructed a long-term mechanism of lending, being willing to lend, available to lend, and being able to lend, aiming to enhance the coverage, accessibility and convenience of microcredit services. During the Reporting Period, the Company continued to improve its customer service, product innovation and risk control capabilities in microcredit business to effectively promote the high-quality development of microcredit business.

As at 30 June 2025, the balance of the Bank's microcredit loans reached RMB226,707.5 million, representing an increase of RMB15,658.6 million from the end of the previous year and accounting for 57.0% of the Bank's total loans to customers.

Management Discussion and Analysis

The following table sets out the distribution of the balance of microcredit loans by product type as of the dates indicated.

	As at 30 June 2025		As at 31 December 2024	
	Amount	% of total	Amount	% of total
(In RMB million, except percentages)				
Loans to small enterprises	107,808.3	47.6%	93,269.0	44.2%
Personal loans	118,899.2	52.4%	117,779.9	55.8%
Total of microcredit loans	226,707.5	100.0%	211,048.9	100.0%

Small and micro enterprise finance business

During the Reporting Period, the Company's inclusive finance business adhered to the politics-based and people-oriented principle of finance and oriented towards differentiated operation and bulk customer acquisition, comprehensively met the diverse financial needs of customers from various dimensions such as the full lifecycle patterns of small and micro customers and the characteristics of segmented customers. The Company consistently executed the work deployment of supporting small and micro enterprise financing coordination mechanism. Through proactive SME visits, the Company has advanced the mechanism's detailed implementation. Since its launch in October last year, as of the end of June 2025, the Company has granted credits to 1,471 clients in the approved list in total with a credit amount of RMB3,414 million. The Company focused on serving three core customer groups – business operators, livelihood services, and agriculture-related enterprises – through its “One Bank, One Policy” product innovation mechanism. The “SME Sci-Tech Innovation Loan” program was launched to support the operation and development of technology-driven SMEs, and the marketing and promotion of the “Supply Chain Loan” business was advanced to provide flexible funding support for SME supply chain enterprises. The Company strengthened its digital products and specialized services capabilities with the introduction of “Qian Dao Jia”, the next-generation digital retail credit product, to provide “Turnover-Based Lending” and other credit facilities for SME individual clients. With its convenient and efficient application process, flexible and diverse credit solutions, and clear and transparent service framework, the product gained immediate market acclaim upon launch. To deeply implement the national strategy for high-quality county-level economic development, the Company convened the “Finance Empowering Counties: New Breakthroughs for Industries” Symposium on County-Level Economic Development and the Launch of the Breakthrough Year Action Plan for County-Level Economic Development to jointly explore service models and development pathways for finance supporting county-level economies.

During the Reporting Period, the inclusive small and micro enterprise loans granted by the Company were RMB16.918 billion, representing an increase of RMB1.62 billion as compared with that of the last year. The outstanding balance was RMB41.198 billion, representing an increase of 11.72%. The number of existing customers amounted to 194,900. The average price of loans during the Reporting Period was 5.83%, representing a decrease of 0.87 percentage point as compared with that of last year. The Company has continued to reduce the financing costs for small and micro enterprises.

Management Discussion and Analysis

During the Reporting Period, the Company strengthened the prediction of risk trends, established risk prevention and control think tank for inclusive credit business to build intelligent and standardized dual recording and in-person signing system, accelerated the in-depth integration of fintech and digital technology with traditional financial services, strengthened the construction of its internal control system, refined its warning indicators, consolidated routine post-risk oversight and standardized action management practices and continued to improve the proactive risk management mechanism of its small and micro finance business, so as to continuously improve the asset quality of its small and micro finance business.

As at 30 June 2025, the balance of the Company's loans to small enterprises amounted to RMB107,808.3 million. The balance of NPLs for the small enterprises was RMB2,615.0 million and the NPL ratio was 2.43%.

Consumer finance business

During the Reporting Period, the Company continued to put the business philosophy of "Inclusive Finance and Shared Prosperity" into practice with the mission of "Making People's Lives Better," and the responsibility of "Creating Returns for Shareholders, Taking Responsibility for Employees, and Fulfilling Customers' Dreams". The Company has been constantly establishing an all-rounded comprehensive consumer finance service (product) system, expanding the quality business scenarios, and enriching innovative products and services and actively improving loan-granting efficiency, reaching more customers, enhancing the quality and effectiveness of financial services and so on. Always focusing on strategic planning and the in-depth integration of digital technologies such as big data, cloud computing and AI and traditional financial services, the Company established its intelligent finance system by syncing online and offline services. Through continuous development of service scenarios, as well as the research and development and application of cutting-edge technologies, the Company improved the customer acquisition capabilities, risk control capabilities, and product operation capabilities of its consumer finance business, thereby further exploring consumer financial service and contributing to the real economy development and people's life improvement. During the Reporting Period, the new-generation digital retail credit product "Qian Dao Jia"(錢到家) was successfully launched. Leveraging big data and artificial intelligence technologies, the product is deeply integrated into people's daily life scenarios. Based on customer profiling, it enables personalized product recommendations and dynamic credit limit adjustments, transforming financial services from "standardized supply" to a "tailored experience for each individual". This innovation significantly reshaped the boundaries of financial services and accelerates the digital transformation of the financial sector.

As at 30 June 2025, the balance of the Bank's personal consumption loans amounted to RMB80,696.9 million.

2. Cross-border financial business

During the Reporting Period, the Company actively integrated into the national and international “dual circulation” new development framework and major national strategies such as the high-quality co-construction of the “Belt and Road” Initiative and the “China-Mongolia-Russia Economic Corridor”. It thoroughly implemented the national, provincial, and municipal requirements for financial services to support the real economy, steadfastly facilitated high-standard opening-up, and achieved high-quality development in cross-border financial business.

During the Reporting Period, guided by its business development philosophy of “consolidating mass customer acquisition, reinforcing key account retention, and fostering deep customer integration”, the Company has solidified its core client ecosystem and forged strategic collaborations with multiple leading enterprises both domestically and globally.

During the Reporting Period, the Company continued to enhance its cross-border technology service capabilities, driving the optimization and upgrading of its next-generation international settlement system and cross-border digital finance business platform. These efforts have strengthened data governance, streamlined operational processes, and improved processing efficiency, further achieving business process optimization.

During the Reporting Period, with a commitment to innovation in cross-border financial services, the Company successfully executed Heilongjiang Province’s first border residents’ mutual market trade settlement transaction and was honored with The Asian Banker’s “Best Digital Trade Finance Platform in China (Regional)” (中國區域最佳數位化貿易金融平台) award.

During the Reporting Period, by upholding a compliance-first philosophy, the Company maintains strict adherence to internal control policies and has established a comprehensive foreign exchange compliance management system covering all aspects before, during and after events. By enhancing the scientific rigor, foresight, and effectiveness of decision-making, the Company conducts its cross-border financial business prudently and steadily.

3. Agriculture-benefiting finance business

During the Reporting Period, the Company has leveraged its role as a local bank in Heilongjiang Province, capitalizing on the region’s resource endowments and agricultural strengths to enhance the quality of financial services for rural revitalization. With a focus on promoting the development of key rural industries and driving innovation in financial products and services, we have consistently reinforced our commitment to fulfilling the social responsibilities of a financial enterprise.

Management Discussion and Analysis

During the Reporting Period, the Company strengthened its agricultural financial services through innovative product offerings. First, upgrading of the “Agricultural Flash Loan” online agricultural loan product, which leverages big data to enable fully digital processing of spring planting loans, including online application, approval, contracting, disbursement and repayment via mobile platforms, with disbursements reaching RMB2.647 billion for this period. Second, innovative introduction of the “New Agricultural Property Rights Financing Loan for Agricultural Business Entity”, the Company collaborated with Heilongjiang Innovative Agricultural Property Rights Financing Co., (黑龍江省創新農業物權融資有限公司) in pioneering crop expected income right pledge financing to support spring planting with future harvest income, serving individual farmers, agricultural SMEs and corporate entities across the entire planting industry chain. This product focuses on innovative service upgrades for agricultural loans targeting new-type agricultural business entities across the province, aiming to effectively facilitate the high-quality and rapid development of these modern agricultural operators. Since its March launch, it has extended over RMB172 million in credit lines. Third, the Company also specialized in developing the “Black Soil Premium Products Loan” (黑土優品貸) to financially support Heilongjiang’s premium agricultural brand development, with disbursements exceeding RMB170 million for authorized enterprises. Fourth, the Company’s targeted agricultural financial solutions include the “Agricultural Machinery Purchase Loan” (農機購置貸) supporting equipment upgrades for large-scale farmers and cooperatives; the “Agricultural Inputs & Machinery Dealership Loan” (農資農機經銷貸) offering up to RMB10 million credit insurance to address liquidity challenges in distribution channels with RMB210 million disbursed to date; and the “Grain Trading & Processing Loan” (糧貿加工貸) providing urgent working capital support up to RMB10 million through comprehensive credit scoring, with current disbursements reaching RMB415 million through our proactive client outreach program.

As at 30 June 2025, the balance of agriculture loans of the Bank amounted to RMB32,210.4 million, and the balance of the loans to farmers amounted to RMB16,532.2 million, with the scope of service covering the majority of rural village markets of 11 prefecture-level cities in Heilongjiang Province and 6 major Agricultural Cultivation Bureaus as well as some rural villages of Chengdu, Chongqing, Shenyang, Tianjin and Dalian which are located outside the province, greatly promoting the economic development of county areas in Heilongjiang Province and the prosperity of rural financial markets, and supporting rural areas in achieving comprehensive revitalisation.

(V) Related Party Transactions as Defined by the NFRA

During the Reporting Period, the Bank identified related parties and related party transactions in accordance with the management requirements of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (the “Measures”) which was announced by the Order No.1 [2022] of the China Banking and Insurance Regulatory Commission and came into effect on 1 March 2022.

Significant related party transactions

(1). Significant related transactions between major shareholders and related companies

1. Harbin Economic Development

Harbin Economic Development is a state-owned enterprise, holding 29.63% Shares of the Company and is a substantial shareholder of the Company. Harbin Economic Development was established on 22 August 1992 with a registered capital of RMB2.3 billion and Mr. Ren Yi (任毅) being the legal representative. It is domiciled in Harbin and mainly engaged in financial investments in fixed-assets of municipally-owned enterprises and others and receipt of dividends in return. Harbin Economic Development is a wholly-owned subsidiary of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) (the “Harbin Investment Group”). Harbin Economic Development and its shareholder Harbin Investment Group (including the related parties of Harbin Investment Group) are included in the management of related parties and related transaction of the Company in accordance with relevant provisions of the Administrative Measures for Related Transactions of Harbin Bank Co., Ltd. 《哈爾濱銀行股份有限公司關聯交易管理辦法》.

Harbin Investment Group was established on 28 October 2003 with a registered capital of RMB5 billion. Its legal representative is Zhao Hongbo (趙洪波), and its shareholders are Harbin Municipal People’s Government State-owned Assets Supervision and Administration Commission with a contribution of RMB4.5 billion and shareholding of 90%, and Heilongjiang Provincial People’s Government State-owned Assets Supervision and Administration Commission with a contribution of RMB0.5 billion and shareholding of 10%, respectively. Harbin Investment Group has established presence in five major industries, including financial asset operation, financial capital management, equity investment, heat supply operation and industrial investment. The headquarters is located at No.277, Innovation No. 2 Road, Songbei District, Harbin.

The Bank’s significant related transactions with Harbin Investment Group: As at the end of June 2025, Harbin Investment Group and its related companies had related-party credit transactions with the Bank amounting to RMB2,169 million, all of which are significant related transactions, with a credit balance of RMB4,773 million, accounting for 6.79% of the Bank’s net capital for the first quarter of 2025.

Pricing policy: During the Reporting Period, the related party transactions between the Company and Harbin Investment Group and its related companies negotiated and established specific transaction terms on a compliant and arm’s length basis, and the credit facilities granted by the Company were on terms that are not superior to those for similar transactions with non-related parties.

The overall credit of significant related transactions between the Bank and Harbin Investment Group was considered and approved by the Risk Management and Related Transactions Control Committee and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and Articles of Association.

Management Discussion and Analysis

Table 1: Breakdown of Related Transactions in 2025

Unit: RMB'0,000

Name	Transaction		Date of	Maturity	Method of
	amount	Type of business	agreement		
Heilongjiang Suibao Thermoelectric Co., Ltd. (黑龍江歲寶熱電有限公司)	10,000	Short term working capital loans	2025.05.06	2026.05.05	Guarantee
Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司)	60,000	Medium term working capital loans	2025.06.25	2026.06.24	Guarantee
Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司)	45,000	Medium term note	2025.03.14	2028.03.14	Credit
Jianghai Securities Co., Ltd.	9,975	Bond repurchase	2025.4.9	2025.4.10	Pledge
Jianghai Securities Co., Ltd.	9,880	Bond repurchase	2025.4.10	2025.4.11	Pledge
Jianghai Securities Co., Ltd.	30,000	Interbank corporation overdraft	2025.6.11	2026.3.20	
Jianghai Securities Co., Ltd.	50,000	Bond investment (Securities corporate bonds)	2025.5.20	2028.5.20	Credit (Standardized bond products)
Harbin Guohui Automobile Sales Service Co., Ltd. (哈爾濱國惠汽車銷售服務有限公司)	1,000	Working capital loans	2023.9.11	2026.9.10	Guarantee
Harbin Yuecai Technology Co., Ltd. (哈爾濱悅採科技有限公司)	1,000	Working capital loans	2025.4.16	2026.4.15	Guarantee
Total	216,855				

(II) Significant Related Party Transactions of Subsidiaries

1. HBCF

HBCF was established on 24 January 2017. Its registered place is No. 1, 12th Floor, Unit B, Building AB, No. 2586, Lijiang Road, Daoli District, Harbin. Its registered capital is RMB1.5 billion. It is a financial enterprise initiated and established by the Company as the controlling shareholder with the approval of the former CBRC.

The Company contributed RMB795 million to HBCF, accounting for 53% of the registered capital. Duxiaoman (Chongqing) Technology Co., Ltd. contributed RMB450 million to HBCF, accounting for 30% of the registered capital. Shanghai Site Fude Property Co., Ltd. contributed RMB95 million to HBCF, accounting for 6.33% of the registered capital. Suzhou Tongcheng Software Co., Ltd. contributed RMB75 million to HBCF, accounting for 5% of the registered capital. Beijing Bosheng Youshi Technology Development Co., Ltd. contributed RMB50 million to HBCF, accounting for 3.33% of the registered capital. Heilongjiang Circle International Trade, Inc. (黑龍江賽格國際貿易有限公司) contributed RMB25 million to HBCF, accounting for 1.67% of the registered capital. Heilongjiang Xinda Auction Co., Ltd. contributed RMB10 million to HBCF, accounting for 0.67% of the registered capital.

HBCF is a legal entity controlled or exercised significant influence by the Company, and is included in the management of related parties of the Company.

2. HB Leasing

HB Leasing was established on 11 June 2014. Its registered place is Room 211, No. 66 Shimao Avenue, Building 12, Innovation and Entrepreneurship Square, Science and Technology Innovation City, Harbin Hightech Zone. Its registered capital is RMB2 billion. It is a financial enterprise engaged in financial leasing business initiated and established by the Company as the controlling shareholder with the approval of the former CBRC. It is also the first bank-based financial leasing company established in Northeast China.

The Company contributed RMB1,600 million to HB Leasing, accounting for 80% of the registered capital. Dongning Lizhi Building Decoration Engineering Co., Ltd. contributed RMB300 million to HB Leasing, accounting for 15% of the registered capital. Harbin Express Auto Sales Co., Ltd. contributed RMB100 million to HB Leasing, accounting for 5% of the registered capital.

HB Leasing is a legal entity controlled by or significantly influenced by the Company, and is included in the management of related parties of the Company.

Management Discussion and Analysis

3. The Company's significant related transactions and unified transaction agreements with HB Leasing
Upon review and approval by the Risk Management and Related Transactions Control Committee under the Board of Directors and the Board of Directors, the Company entered into a unified transaction agreement with HBCF on 17 February 2025. The agreement is effective from the date of signing and expires on 24 June 2025. The transaction volume under the agreement shall not exceed RMB27.6 billion, and the balance shall not exceed 10% of the Company's net capital as at the end of the previous quarter. Pricing shall be determined in accordance with general commercial principles and market practices, on terms no more favourable than those applicable to similar transactions with non-related parties.

In the first half of 2025, the Company had a total of 26 related-party credit transactions including 6 major related-party transactions amounted to RMB1.2 billion, and 20 transactions under a unified transaction agreement amounted to RMB4.83 billion with a balance of RMB5.6 billion, all of which were inter-bank loan transactions. As at the end of June 2025, the transaction balance of HBCF accounted for 7.96% of the Company's net capital at the end of the first quarter of 2025.

The overall credit of significant related transactions and unified transaction agreements between the Company and HBCF was considered and approved by the Risk Management and Related Transactions Control Committee and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and the Articles of Association.

4. The Company's significant related party transactions and the unified transaction agreement with HB Leasing

Upon review and approval by the Risk Management and Related Transactions Control Committee and the Board of Directors, the Company entered into a unified transaction agreement with HB Leasing on 11 February 2025. The agreement is effective from the date of signing and expires on 24 June, 2025. The transaction volume under the agreement shall not exceed RMB27.6 billion and the balance shall not exceed 10% of the Company's net capital as of the end of the previous quarter. Pricing shall be determined in accordance with general commercial principles and market practices, on terms no more favourable than those applicable to similar transactions with non-related parties.

In the first half of 2025, the Company had a total of 5 related-party credit transactions with HB Leasing, all of which were under the unified transaction agreement, with a transaction amount of RMB4.5 billion and a balance of RMB4.5 billion, all of which were inter-bank loan transactions. As at the end of June 2025, the balance of the transaction business of HB Leasing accounted for 6.40% of the Company's net capital at the end of the first quarter of 2025.

The overall credit of significant related transactions and unified transaction agreement between the Company and HB Leasing were considered and approved by the Risk Management and Related Transactions Control Committee and the Board of Directors, **and the independent Directors expressed their opinions as follows:** the above business was the regular business of Harbin Bank conducted in the ordinary and usual course of business, which followed the principle of market-oriented pricing, was conducted on terms that are not superior to those for similar transactions with non-related parties, met the principle of fairness required by the management of related transactions, did not affect the independence of Harbin Bank, would not have an adverse impact on the going concern, profitability and asset condition of Harbin Bank, and did not harm the legitimate rights and interests of small and medium-sized investors. The voting procedure of the resolutions on significant related transactions was legal and in compliance with the relevant laws, regulations and the Articles of Association.

Management Discussion and Analysis

Ordinary Related Party Transactions

It is stipulated in the Article 57 of the Measures that, “The following related party transactions conducted by banking and insurance institutions may be exempted from consideration and disclosure in the manner of a related party transaction: A related party transaction with a related natural person of less than RMB500,000 or with a related legal person of less than RMB5,000,000 for a single transaction, and the cumulative amount after such transaction does not reach the conditions of significant related party transactions; subscription in cash by one party for stocks, company bonds or corporate bonds, convertible bonds or other derivatives publicly issued by the other party; demand deposit transactions; where the same natural person serves as an independent director of both a banking and insurance institution and other legal person(s) and there are no other circumstances that constitutes a related party, transactions between the legal person and such banking and insurance institution; transactions with the pricing set by the state; other circumstances approved by the CBIRC”.

Therefore, except for the related party transactions exempted from disclosure as mentioned above, the Bank discloses ordinary related party transactions.

As at 30 June 2025, there were a total of 179 ordinary related party transactions that the Company was required to disclose, with a total amount of RMB3.888 billion, mainly including credit transactions, asset transfer transactions, services transactions, deposit transactions and other transactions with related parties. Among which, inter-bank credit transactions with related parties were all inter-bank transactions conducted between the Company and its related party banks, which can be excluded from the scope of calculating the proportion of credit balances and the statistics of significant related party transactions according to the requirements under Clause 3 of the Article 16 of the Measures.

1. There were 10 ordinary related-party credit transactions conducted with an aggregate amount of RMB371 million.

Including one natural person loan transactions with insiders involved in the review and approval of core businesses, such as credit granting and asset transfer, and its related parties, with an aggregate amount of RMB1 million. The Company had 3 inter-bank credit transactions with subordinate village and township banks, with an aggregate amount of RMB260 million. The Company had 6 bond investment businesses with Longjiang Bank Corporation (龍江銀行股份有限公司), a related party of the controlling shareholder Heilongjiang Financial Holdings, with an aggregate amount of RMB110 million.

2. There were 3 ordinary related-party asset transfer transactions, with an aggregate amount of RMB176 million.

Specifically, the Company had 1 ordinary related-party asset transfer transaction with Shanghai Bank Corporation Limited, a related party of Jin Qinglu, a Director of the Company, with an amount of RMB100 million, which was a transaction of spot securities trading completed through automatic matching in the secondary market. The Company had 2 related-party asset transfer transaction with Beijing Baohong Tiancheng Real Estate Development Co., Ltd., with an aggregate amount of RMB75.8 million.

3. There were 3 ordinary related-party service transactions, with an aggregate amount of RMB77 million.

Specifically, the Company had 1 ordinary related-party service transaction with Harbin Yintong Property Co., Ltd., with an amount of RMB7.1342 million. The Company had 2 related-party service transactions with HBCF, a subsidiary, with an aggregate amount of RMB70 million.

4. There were 163 deposit transactions with related parties, with an aggregate amount of RMB3.264 billion.

Including 94 deposit transactions with related natural persons, with an aggregate amount of RMB84 million; 64 deposit transactions with inter-bank institutions, with an amount of RMB3.062 billion and 5 deposit transactions with other related legal persons, with an amount of RMB118 million.

(VI) Information on Controlling Subsidiaries

1. *Village and township banks*

As at 30 June 2025, the Company had a controlling interest in 26 village and township banks and 42 village and township sub-branches, which were mainly located in the eastern, central and western regions of China. As at 30 June 2025, the total assets of 26 village and township banks amounted to RMB22.621 billion, the balance of loans amounted to RMB11.326 billion, and the balance of deposits amounted to RMB18.142 billion.

2. *HB Leasing*

Since its establishment, HB Leasing has made some achievements in respect of asset scale, accumulated leased amount, business innovation model, etc., and initially maintained leading position in domestic leasing market for farmers. As at 30 June 2025, the total assets of HB Leasing amounted to RMB26,782 million. The accumulated leased amount during the Reporting Period amounted to RMB10,143 million.

Management Discussion and Analysis

HB Leasing always strives to serve the real industry and the “Agriculture, Rural Areas and Farmers” and remains steadfast in its agricultural strategies. With “strategic focus, returning to the basics, outstanding characteristics and elevating values” as corporate goals and “pragmatic and efficient, innovative development, and inclusive and win-win” as business philosophy, HB Leasing strives to build a first-class domestic financial leasing company with distinct business features, scientific corporate governance, outstanding regional advantages, well-designed product system, tightened risk prevention and control and leading management technology. By adhering to the characteristic and differentiated development path with a focus on maintaining operation efficiency through management, HB Leasing strives to develop its featured businesses, explores the transformation of direct lease business, proactively creates new income sources, explores the agriculture and agricultural equipment industries, puts great efforts into developing the agricultural machinery leasing business, and successfully launched its “contactless leasing service model”. It continues to build and optimise the agricultural machinery leasing and retail business model under the empowerment of science and technology. Through the leasing of special products and business innovation, HB Leasing contributes to rural revitalization and high-quality development of the real economy, and support to excel in the “Five Major Areas (五篇大文章)”.

3. *HBCF*

HBCF is a licensed consumer financial company approved by the former CBIRC, the 19th company nationwide and also the first to receive strategic investments from internet giants in China. It is also the second licensed consumer financial company in the country with the qualification of a high-tech enterprise. With the Company as its major founder, the registered capital of HBCF was RMB1.5 billion as of the end of the Reporting Period.

HBCF adheres to the “customer-focused” development philosophy. Capitalising on the extensive experiences in product, customer and technology that the Company has accumulated across over a decade of in-depth operation in microcredit business, and leveraging shareholders’ resource advantages in leading financial technology and diverse business scenarios, HBCF gives full play to its advantages such as strong ability of risk control based on big data, agile “digital intelligence” technology, professional core team and rapid market response, and deeply engages with a focus on consumption scenarios. It mainly targets customers who are young and ambitious with consumption credit needs, with relatively stable jobs, a certain extent of debt repayment ability and certain growth and development potential in the future, as well as small and micro owners, entrepreneurs of small business and new citizens with certain consumption capacity and profitability, whose short-term consumption credit needs are not related to housing and cars. HBCF is committed to building itself into a leading domestic consumer financial company with sound risk quality, good economic benefits and a high market reputation.

As at 30 June 2025, the total assets of HBCF amounted to RMB25.418 billion, representing an increase of RMB1.049 billion or 4.30% as compared to the beginning of the year; loan balances amounted to RMB23.671 billion, representing an increase of RMB1.104 billion or 4.89% as compared to the beginning of the year; the credit customers exceeded 25.40 million in total; the cumulative loans in Heilongjiang Province exceeded RMB8.500 billion; and operating income amounted to RMB0.823 billion, representing an increase of RMB0.133 billion or 19.26% as compared to the same period last year.

HBCF strictly implements regulatory requirements, steadily advances the development of the compliance culture, continuously improves its internal control mechanisms, and consistently enhances corporate governance effectiveness. The company is actively promoting its “technology empowerment” strategy by exploring innovative applications of large-scale models across all consumer finance scenarios. Leveraging AI technology, it has upgraded its consumer rights protection system, achieving dual improvements in operational efficiency and customer satisfaction through intelligent transformation. These efforts have optimized the cost structure while strengthening core market competitiveness, contributing positively to the high-quality development of the regional economy and the comprehensive revitalization of Northeast China.

(VII) Distribution Channels

1. *Physical network*

As at 30 June 2025, the Company had a total of 313 branch outlets, including 17 branches, 294 sub-branches, 1 branch-level financial service centre for small enterprises and 1 head office.

In addition, the Company had controlling interest in 26 village and township banks, 42 village and township sub-branches, 1 consumer finance company and 1 financial leasing company.

2. *Electronic banking*

The Bank has built up an electronic service system combining online means such as mobile phone banking, network banking, WeChat banking, phone banking and offline self-service terminals. E-channels have become the main business channels of the Bank.

(1) **Self-service banking**

The Bank has provided various convenient services to customers through self-service terminals, including deposit and withdrawal, account opening, transfer, account inquiry, passcode changing, social security card issuance and foreign currency exchange. As at 30 June 2025, the Bank had 1,176 self-service terminals, including 334 BCDMs, 108 ATMs, 4 foreign currency exchange machines, 256 smart counters, 222 non-cash super counters, 193 desktop card-making machines for 3rd generation social security cards and 59 CRS for 3rd generation social security cards.

(2) **Network banking**

The Bank continues to expand the functions of network banking. Personal network banking provides customers with account services, transfer and remittance, membership management, loan management, investment and wealth management, credit card, special services and other functions, while corporate network banking provides customers with account management, transfer and remittance, agency collections and payments investment and wealth management, treasury management and other functions. As at 30 June 2025, the Bank had 5,905.9 thousand network banking membership customers, representing an increase of 6.52% as compared to the same period of last year.

Management Discussion and Analysis

(3) Phone banking

The Bank provides 24-hour phone banking services, which include account inquiries, verbal report of card loss, operator inquiry and outgoing calls, to customers through the unified national customer service hotline 95537/4006095537. As at 30 June 2025, the volume of inbound calls to the remote bank center's customer service hotline reached 827 thousand, with a customers' satisfaction of 99.5%; online customer service channel served 16 thousand customers, with a response rate of 99.4%.

The Bank provides services including credit card consultancy, complaint and advice, card activation, reporting for loss and instalment through the unified national customer service hotline for credit card 4006695537. In the first half of 2025, the credit card customer service centre recorded a total of 555.9 thousand business calls, representing a decrease of 21.05% as compared to the same period of last year.

(4) Mobile phone banking

The Bank continues to expand the functions of mobile phone banking. While providing customers with basic services such as account management, investment and wealth management, transfers and remittance, living payment and credit card etc., the Bank also focuses on featured businesses such as microfinance and agriculture-benefiting finance, and provides guidance and constructs relevant scenarios for mobile banking customers, so as to put people-benefit services into practice through people-benefit scenarios such as medical insurance zones and social security zones. In addition, the minimalist version of mobile banking fully considers the actual needs and application habits of elderly and disabled users, providing customers with a more convenient and efficient experience to improve their happiness. As at 30 June 2025, the Bank had 4,668.7 thousand mobile banking users, representing an increase of 8.67% as compared to the same period of last year.

(5) WeChat banking

The Bank continues to upgrade the customer service and marketing capabilities of WeChat banking, and has launched a business hall mini program on WeChat platform, offering a variety of financial services including wealth management, deposits and loans. At the same time, it provides diverse value-added daily-life services such as online medical insurance payment, and provident fund inquiry and withdrawal. As at 30 June 2025, WeChat banking had 6,326.2 thousand followers, representing an increase of 13.34% as compared to the same period of last year.

(VIII) Information Technology

In the first half of the year, closely aligning with the strategic development objective of the Group, the Bank steadily advanced the construction of “Digital Harbin Bank”, continuously strengthened the foundation for safe and stable operations, consistently enhanced technological support and innovation-driven capabilities, and deepened reforms in the technological systems and mechanisms to build new engines to support high-quality development.

Safe and stable operations. The Bank adhered to the bottom line of safe operations, advanced the digital transformation of operations and maintenance, and comprehensively enhanced operational support capabilities. The availability rate of the Bank’s core business systems reached above 99.988%, providing strong support for business development. The Bank optimized the structural layout of “three centers in two areas”, coordinated and promoted the site selection and planning and construction of the disaster recovery center in the same city, and continuously enhanced the in-depth defense capabilities of the Bank’s data centers, in a bid to gradually establish a multi-tiered, highly available data center architecture. The Bank also intensified the digital handling of production incidents by establishing an operation and maintenance guarantee mechanism for the first-, second – and third-line production systems, and refined problem diagnosis and standardized handling procedures to enable rapid issue identification and standardized handling, thereby further improving processing efficiency and issue resolution rates. By strengthening the control over system deployment and changes, and optimizing change plans, no production incidents caused by deployment changes occurred during the Reporting Period.

Technology-enabled efficiency improvements. The Bank developed a smart credit project and successfully launched “Qian Dao Jia (錢到家)”, a digital financial product, accelerating the digital transformation of retail credit business. By enriching and refining financial products and business models, the Bank successfully launched a cross-border mutual market trade service, which has provided efficient and convenient settlement tools for border economies and enabled digital financial services for border trade. Moreover, the Bank enhanced its capacity for inclusive financial services to respond to the “nearby services (就近辦)” initiative of the Department of Human Resources and Social Security, and established a multi-channel social security handling system covering 21 high-frequency services across 6 categories to enhance the capabilities of smart terminal services. Currently, self-service terminals and mobile platforms have launched three core functions, including social insurance inquiries, business applications, and certificate printing, significantly improving public service experience and strengthening the Bank’s capabilities in government-related financial services.

Governance system enhancement. The Bank strengthened the top-level design of financial technology governance by formulating a Three-Year Implementation Plan for Information Technology Strategy (2025-2027). This plan clarifies the development direction, implementation strategies, and specific pathways, identifies the “Ten Key Initiatives (十大工程)” of the strategy, and outlines a blueprint for financial technology development encompassing the governance system, data elements, infrastructure, research and development efficiency, operation and maintenance guarantee, security risks, and other areas. A “three-dimensional” research and development management framework encompassing business, technology, and governance domains was established to further advance the refinement of a business-technology integrated agile system. The Bank has intensified Group-wide technology integration by establishing standardized working mechanisms between parent and subsidiaries, designating liaison officers with clearly defined responsibilities and operational guidelines, addressing key challenges in subsidiaries’ development processes, and promoting holistic and coordinated advancement of Group-wide technology capabilities.

Management Discussion and Analysis

Robust security defenses. To achieve standardized and regulated operations for information technology security assurance during the critical periods, the Bank has established an information technology security assurance system for these periods. Specifically, the Bank strengthened terminal security protection capabilities by implementing Group-wide unified terminal management measures. These measures enabled centralized monitoring, protection, and control of users, files, data, and other software/hardware equipment to ensure all terminal devices comply with security standards, thereby preventing data breaches and system intrusions. The Bank also enhanced the monitoring and prevention of cyberattack risks by continuously conducting activities such as traffic monitoring, penetration testing of internet information systems, and cyber defense drills, thereby consistently strengthening its cybersecurity protection capabilities. In the first half of the year, the Bank achieved centralized management and control of over 4,500 office network terminals across the Group, monitored 401.79 Tbit of network traffic, identified and blocked 74 malicious IP addresses, and handled over 100 security threats. These efforts have effectively supported and ensured the Bank's safe and stable operations.

IX. Risk Exposure and Management

Adhering to the core philosophy of “creating value through risk management”, the Bank maintains a steady and prudent risk appetite, fosters a risk culture of “compliance and stability”, and has coordinated and promoted the construction of a comprehensive risk management system that is commensurate with its development strategy, business scale, organisational structure and risk characteristics. The Bank continuously enhanced the proactivity and foresight of its risk management and integrated risk management into the whole process of strategic development, performance targets and value enhancement, and into all aspects of business development, so as to ensure the effective operation of management mechanisms. The Bank continued to enrich its risk management strategies and methods, optimising its risk identification, measurement, monitoring and control processes covering the whole range, process and cycle, while effectively strengthening its internal control mechanisms of pre-prevention, in-process control, post-event monitoring and correction, thereby promoting the continuous improvement of risk management capabilities and laying a solid foundation for its high-quality development.

During the Reporting Period, the Bank adhered strictly to the legal and compliance operating principles, improved the risk management system, communicated and implemented risk appetite and policies, reinforced the foundation of various risk management measures, enhanced intelligent risk control capabilities, and actively prevented and responded to various risks, so as to safeguard the sound and sustainable development of the Bank's various businesses.

(I) Credit Risk

Credit risk refers to the Bank's risk of economic losses caused by a debtor or a counter-party failing to fulfil his obligations under the contract, or credit quality changes affecting the value of the financial products. The Bank's credit risks exist mainly in loan portfolios, investment portfolios, guarantees, commitments and other on-and off-balance sheet exposures. The Bank executes a unified risk appetite in credit risk management and controls risk within an acceptable range, in order to achieve a higher risk return and effectively identify, measure, monitor, and control credit risk.

Closely focusing on both control risks and operational risks under the work goal of “Enhancing Development Quality”, the Bank continuously enhanced its credit risk management. **Return to the basis of business and strengthen policy guidance.** Based on the requirement of local economic development and the guidance of regulatory policies, the Bank returned to the basic and local business while focusing on the main responsibility and business. With the mission of “taking root in black soil and gathering momentum for the economic development of Heilongjiang”, the Bank improved the quality and efficiency of financial services servicing the local economy and the real economy. With the national strategies and cutting-edge technology in high-tech industry development as its guidance, the Bank made efforts in developing the “Five Major Areas (五篇大文章)”, directed branches to prioritize support the “implementation of major national strategies and the construction of security capabilities in key areas (兩重)”, “promotion of a new round of large-scale equipment renewal and the trade-in of old consumer goods (兩新)”, scientific and technological innovation, consumption promotion, “agriculture, rural areas and farmers” and the development of small and micro enterprises, and increased policy guidance and financial assistance for the real economy. **Strengthen the active management of credit risk and improve the quality and efficiency of compliance and risk control.** The Bank continued to enhance the proactivity, foresight, differentiation, and intelligence of credit risk management, focused on both the quality and efficiency of risk management, optimized the allocation of management resources, and drove the entire Bank to strengthen daily proactive management through mechanisms such as potential risk management, large-amount risk reporting, joint consultations for major customers, and maturity reminders, so as to continuously solidify its asset control efforts and rigorously control the addition of overdue and non-performing assets. The Bank also organized the development of an intelligent risk monitoring platform that leverages both internal and external data to deeply explore and detect customer warning rules, which enhances the scientific and timely monitoring management and achieves early warning alerts and review processes within our full-process credit management system through technology empowerment. **Strengthen proactive risk management to maintain and improve the stability of asset quality.** The Bank strengthened guidance under the Party’s principles, enhanced risk control over major credit businesses, introduced a pre-deliberation and discussion process by the Bank’s Party Committee, and strictly guarded against risks to ensure the safety of credit funds. The Bank gave priority to the first source of repayment from customers. With compliance with legal and regulatory policies as the guiding principle, the Bank fully utilized the “Contact Bank” and “Account Manager” mechanism to clarify marketing directions through collaboration between branches and headquarters, thereby establishing a robust “firewall” for new admissions. The Bank standardized the review and approval criteria for credit business operations, issued typical cases of credit business and guidelines for review and approval to guide the approval process, and enhance the quality of reviews. The Bank also strengthened the analysis and sorting of customer risks to accurately identify risk points, providing a basis for review and approval decisions. Through parallel operation mechanisms and information-sharing systems, the Bank managed to intervene early in the investigations of key projects and major clients, achieving forward-shifted risk management and control. **Increase efforts in the disposal of non-performing assets to prevent and resolve financial asset risks.** The Bank continued to pursue the goal of “high-quality recovery and disposal”, with cash recovery as the core and diversified disposal methods as supplements, concentrated efforts on advancing the recovery and disposal of non-performing assets to achieve a steady improvement in both the quality and efficiency of non-performing assets disposal. The Bank formulated an annual recovery work plan, specifying clear objectives and measures. The Bank strengthened organizational leadership, assigned solid responsibility to leaders, and enforced the management responsibility of the head office and primary responsibility of branches for non-performing assets recovery and disposal, allowing the head office and branches to work in tandem to enhance the effectiveness of non-performing assets recovery. The Bank conducted a comprehensive analysis of non-performing assets, implemented refined project management, adopted tailored strategies, and focused on key areas for breakthroughs. While continuously enhancing in-house recovery and disposal capabilities, the Bank further leveraged external resources to broaden channels for disposing of non-performing assets, thus continually improving the disposal efficiency of non-performing assets.

Management Discussion and Analysis

(II) Liquidity Risk

Liquidity risk refers to the risk of commercial banks failing to acquire sufficient funds at reasonable cost in time in order to pay the due debt, fulfill other payment obligations or meet other capital requirements for normal operation.

Adhering to the philosophy of “prevention first, enhanced monitoring, and effective emergency response”, the Bank pursued the principle of prudent liquidity management and adopted a steady liquidity management strategy, it coordinated and optimized the liquidity security and capital income, so as to firmly uphold the bottom line against regional and systemic financial risks and maintain local financial stability. The Bank regularly analysed economic and financial situation, market trends and policy orientations, paid close attention to specific situations or events that may cause liquidity risks, assessed their impact on the liquidity of the Bank in a prudent manner, and identified the potential source of liquidity risk. The Bank established a compliant, reasonable and effective liquidity risk management and control mechanism according to regulatory requirements, so as to identify, measure, monitor and control the liquidity risks, striving to achieve a state where liquidity risks are “clearly understood and effectively managed (摸得清、管得住)”. The liquidity risk was measured by indicator analysis, gap analysis, cash flow analysis, scenario simulation, stress testing and other approaches. A limits management system and reporting system was built to continuously monitor the liquidity risks by taking liquidity risk appetite, operation, management level and changes in the external environment into account. Through formulating liquidity risk limits management policy and procedure, establishing mechanisms for setting and adjusting liquidity risk limits, and relevant reviewing and approving processes, the Bank monitored the implementation of the liquidity risk limits in real time, so as to give early warning in time, and timely take effective measures to control the liquidity risk when the limit is exceeded. It has established a standardized liquidity risk reporting system, which specifies the content, form, frequency and scope of reporting to ensure that the Board of Directors, senior management and other management personnel have a timely understanding of the level of liquidity risk and its management status. The Bank has established a liquidity monitoring system that integrates coordination between the head office and branches and combines online and offline channels. This system conducts regular and multidimensional monitoring of important sensitive transactions, providing reliable support for risk warnings, risk situation assessments, and emergency responses. At the same time, it regularly counts and monitors the scale and structure of qualified high-quality current assets in bonds, and information on bonds that are readily realizable and can be used for collateralized repurchase financing. Therefore, in the normal operating environment or under stress, the Bank can have sufficient daytime liquidity positions and financing arrangements to meet the needs of asset allocation and liability repayment at maturity in a timely manner.

Management Discussion and Analysis

As at 30 June 2025, the liquidity coverage ratio of the Bank was 253.75%, which was in compliance with the liquidity coverage ratio of commercial banks required by the Measures for the Liquidity Risk Management of Commercial Banks (Order [2018] No. 3, CBIRC).

Item	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
	(In RMB100 million, except percentages)		
Liquidity coverage ratio (%)	253.75%	310.48%	213.38%
Qualified high-quality current assets	1,621.75	1,648.32	1,682.18
Net cash outflow in the next 30 days	639.11	530.90	788.35

(III) Market Risk

Market risk refers to the risk of loss on the Bank's on-and off-balance sheet businesses as a result of adverse changes in market prices (interest rates, exchange rates, stock and commodity prices). Currently, the market risks mainly faced by the Bank are interest rate risk and exchange rate risk.

The Bank had established a market risk management system commensurate to the nature, scale and complexity of the Bank's business, and continuously improved the market risk management efficiency in light of new regulatory requirements and market dynamics. In addition, the Bank improved the market risk management system by continuously sorting out regulations and establishing systems to consolidate the foundation of market risk management. It also carried out market risk measurement in an orderly manner, regularly conducting duration analysis, foreign exchange exposure analysis, value-at-risk measurement and stress testing, etc., to quantify the level of market risk. Besides, it improved the market risk quota system, regularly assessed the setting up of market risk quota system to strengthen market risk research, judgment and early warning capabilities. During the Reporting Period, the Bank conducted daily monitoring and reporting of market risk routinely in accordance with risk appetite determined by the Board and market risk limits.

Management Discussion and Analysis

In terms of trading account management, the Bank adopts a relatively prudent trading account investment strategy with the investment mostly in interest rate bonds, and carries out market risk control in conjunction with the quota system and measurement methods such as stress testing and sensitivity analysis, so as to ensure that market risks remain under control. The Bank established a risk management system for the interest rate risk of bank books commensurate with the risk profile and business complexity, and clarified the main responsibilities of the Board of Directors, senior management and relevant departments. It employs reasonable interest rate shock scenarios and model assumptions, utilizing methods such as repricing gap analysis, net interest income analysis and stress testing to measure the interest rate risk of bank books. The Bank sets limit management targets and continuously monitors the indicators. It also closely monitors changes in external markets, actively adjusts the structure of assets and liabilities, and implements forward-looking management of interest rate risk on bank books.

(IV) Operational Risk

During the Reporting Period, the Company strictly implemented the requirements of the regulatory authorities on operational risk, continued to build a more effective operational risk management system, accelerated the development of an operational risk management information system, gradually improved the level of online and automated management, strengthened the cultivation of an operational risk management culture with full participation of all staffs, and promoted the long-term governance of operational risk in daily running. By formulating and transmitting risk appetite and management policies, it strengthened the identification, assessment, monitoring, and control of operational risks, and by reconstructing the operational risk management system, it further enhanced the adaptability of mechanisms, processes, management tools, and management requirements. The Bank also accurately collected the operational risk loss data to ensure the implementation of the new standard law and the smooth conversion of the Bank's capital measurements, and to further enhance the capability of operational risk refinement and management.

(V) Information Technology Risk

Information technology risk refers to operational, legal, reputational and other risks caused by natural factors, human factors, technical loopholes and flawed management in the course of the Bank's usage of information technology.

During the Reporting Period, the Bank continued to strengthen the top-level design of information technology (IT) risk, improve the organizational structure of IT risk management, and enhance the professional ability of IT risk management. It also regularly carried out re-evaluations on the monitoring indicators of IT risks and optimized the monitoring indicator system to identify and assess IT risks, as well as managed the IT outsourcing risk and strengthened outsourcing risk prevention and control capabilities, thus to prevent and reduce outsourcing risks by enhancing the service capability of our own technical team and strengthening the level of independent development and maintenance of systems.

(VI) Compliance Risk Management

During the Reporting Period, the Company was committed to preventing and resolving financial risks, with emphasis placed on strengthening supervision, implementing corrective measures, enhancing governance, and driving continuous improvement. These efforts were aimed at promoting the compliance risk management of the Company to operate in the same track and direction as the steady development of the financial industry. **Firstly**, we have strengthened system management. The Company continuously established a scientifically designed, stringent and clear structure and regularly conducted special rectification of system implementation to standardize system management. **Secondly**, we have strictly prevented legal risks. The Company continued to establish a legal risk prevention and control system with clear responsibilities and effective checks and balances, and continued to implement process-based control mechanisms such as prereview, mid-term tracking, post-assessment, and full-process support, thereby improving the level of law-based management. **Thirdly**, we have focused on compliance supervision. The Company continued to promote the rectification and governance of internal and external risk issues, effectively implemented comprehensive internal control compliance inspections and special verification work mechanisms, built an accountability mechanism with an integration of punishment and linkage and cooperation, a due diligence exemption mechanism, and thoroughly conveyed the concept of strict governance. **Fourthly**, we have strengthened the foundation for case prevention. The Company has continuously optimized its case prevention organizational structure and institutional mechanisms, promoted the handling of cases and risk mitigation, strengthened the investigation of case risks and convened case warning and education conferences to continuously improve the quality and efficiency of case risk prevention and control. **Fifthly**, we have provided frequent training and education. The Company continued to refine the construction work of internal control and compliance culture, extensively carried out the daily promotion of the compliance culture, compiled compliance teaching materials, and persistently conducted the concept and cultivation education.

(VII) Anti-money Laundering (AML) Management

During the Reporting Period, the Company strictly adhered to all AML laws, regulations, and supervisory requirements, diligently fulfilled its legal obligations and social responsibilities under AML laws, implemented a “risk-based” AML approach, continuously improved its AML risk control system, and effectively enhanced its AML risk control capabilities and operational efficiency. **Firstly**, we have improved our top-level design by establishing a comprehensive AML management system that aligns with the Company’s strategic development, risk preferences, and operational scale. This has been achieved through optimizing organizational structures and work mechanisms to advance the optimization and full implementation of the management system. **Secondly**, we have strengthened system development by formulating and revising internal control systems such as basic anti-money laundering risk management regulations and suspicious transaction monitoring model management. This has involved refining role assignments and optimizing the AML institutional framework. **Thirdly**, we have increased technological investment and orderly advanced the construction of a new AML monitoring system. By enhancing the system’s scalability and computational efficiency, it improves the accuracy and effectiveness of risk identification. **Fourthly**, we have strengthened refined management and improved the customer and product money laundering risk assessment indicator system. By focusing on the application of assessment results, we establish standards for suspicious transaction reporting, optimize suspicious transaction monitoring models, standardize list management processes, and enhance money laundering risk management capabilities. **Fifthly**, we have fostered a positive AML environment. Internally, we have organised multi-level, diverse AML training activities to continuously enhance the AML awareness and risk prevention capabilities of all staff. Externally, we have actively conducted AML public awareness campaigns to educate the public about AML knowledge, enhance public AML awareness, and create a favorable financial ecosystem.

Management Discussion and Analysis

X. Internal Control and Internal Audit

(I) Internal Control

During the Reporting Period, the Company followed the principles of comprehensiveness, prudence, effectiveness and independence, carried out multiple initiatives to optimize and strengthen internal controls. **First**, the Company committed to establishing and maintaining a sound and prudent internal control environment in compliance with laws and regulations. The Company has a clear and reasonable internal control management framework. The Board, senior management personnel, various departments and branches carry out compliance work within their respective scope of responsibilities. **Second**, the Company constantly improved its risk evaluation system. The Company has established a comprehensive risk management system geared to the Bank, developing a working pattern in which business units and business lines, compliance and risk control lines, internal audit departments and other supervision units work together. **Third**, the Company took multiple measures and implemented practical and effective risk control measures. The Company established and optimized comprehensive, systematic and standardized business and management systems for various business and management activities, so as to continuously regulate system management. **Fourth**, the Company established standardized and reasonable information transmission and communication channels. The Company established information reporting systems such as compliance reports, and formulated a two-way information communication mechanism from two dimensions, namely top-down and bottom-up communication. **Fifth**, the Company has continuously strengthened its internal supervision mechanism. “Board of Directors, Board of Supervisors and management” continuously reviewed and made decisions on the internal control compliance management across the Bank, giving full play to the roles of leadership, supervision and management.

(II) Internal Audit

The internal audit of the Company closely focuses on the key areas of regulatory concern and the work priorities of the Company. With the identification and disclosure of risks as the core and the purpose of improving the operation and management, an independent and vertical internal audit management system is established. The Internal Audit Department is the internal audit department of the Company, responsible for independently carrying out audit work within its duties and authorities. It is accountable to the Board and the Audit Committee of the Board and reports its work to them, and notifies the senior management of the audit situation.

During the Reporting Period, the internal audit department actively implemented regulatory regulations and overall requirement of stringent auditing by the Party Committee of the Bank. In accordance with work deployments by the Party Committee of the Bank, the Board and the Audit Committee, the internal audit department focused on key areas and institutions, paid attention to important links, closely monitored key individuals, implemented key tasks. By adopting measures such as data monitoring to identify potential risks, take-over audits to detect vulnerabilities, periodic follow-ups to drive rectification and multi-level joint reviews to ensure quality, the internal audit department strengthened a focused, effective and high-quality full coverage of audits. The internal audit covered areas such as credit operation, basic operation, financial management, risk management, and information technology management as well as the performance of economic responsibilities assumed by key persons, and continuously carried out supervision of subsidiaries. By effectively revealing the deficiencies in internal control and risk management, it supervised all units to conduct in-depth systematic and root cause rectifications, continuously improved the management mechanism, business processes, and system functions, enhanced risk compliance awareness, effectively played the value-added role of audit, thereby promoting the stable operation of the Company and the achievement of strategic goals.

XI. Prospects

In the second half of the year, China's economy will maintain stable performance, and its long-term positive trajectory remains unchanged. As the effects of various policies continue to materialize, the country possesses the capability to achieve its annual socio-economic targets. Opportunities and challenges coexist for China's banking sector. With the continuous implementation of industrial policies, proactive fiscal policies, and appropriately accommodative monetary policies, China's economy will be propelled to overcome the difficulties of transition and insufficient effective demand, making progress in challenges.

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank will adhere to the spirit of the 20th National Congress of the CPC and the second and third plenary session of the 20th Central Committee of the CPC in the new development stage and put the new development philosophy into practice. In particular, it will fulfill the responsibility of implementing the national financial strategy by providing comprehensive services to the real economy, making efforts to enhance the refined management, so as to deeply integrate into the new development pattern. Being committed to the general principle of seeking advancement amidst stability and under the leadership of the CPC, the Bank will persist in deepening reforms and safeguarding against systemic risks. In the course of coordinating reform advancement with risk mitigation and transformational development, it will adopt market-oriented approaches and persist in high-quality development, continuously optimizing the asset and liability structure, and improving the profitability and anti-risk capability. Furthermore, it seeks to forge core competitive advantages and industry leadership by integrating compliance operations with pioneering initiatives, leveraging digitalization to enable agile transformation, and aligning value creation with customer-centric solutions. This facilitates the organic integration of efficiency, quality, and scale. On the path to accelerating the development of a modern financial system with Chinese characteristics, the Bank will embark on a distinctive growth trajectory suitable to its development.

Changes in Share Capital and Information on Shareholders

I. Share Capital

The Company was listed on the Hong Kong Stock Exchange on 31 March 2014, upon an issuance of 2,748,700,000 H Shares in total, and on the same date, 274,870,000 Domestic Shares were transferred to the National Council for Social Security Fund of the PRC (全國社會保障基金理事會) and converted into H Shares on a one-for-one basis pursuant to the relevant PRC regulations relating to reduction of state-owned shares. After completion of the issuance, the total share capital of the Company increased to 10,995,599,553 shares. As at the end of the Reporting Period, the Company has a registered capital of RMB10,995,599,553 in total.

II. Statement of Changes in Shares

Unit: Shares

	1 January 2025		Increase/decrease during the Reporting Period (+/-)					30 June 2025	
	Number	Percentage	Private placement	New shares issued	Bonus issue	Others	Subtotal	Number	Percentage
Domestic Shares									
1. Non-listed shares held by corporations	7,908,966,550	71.93%	-	-	-	-	-	7,908,966,550	71.93%
Including: (1) Shares held by state-owned enterprises ^{note}	6,886,196,734	62.63%	-	-	-	-	-	6,886,196,734	62.63%
(2) Shares held by private enterprises	1,022,769,816	9.30%	-	-	-	-	-	1,022,769,816	9.30%
2. Non-listed shares held by natural persons	63,063,003	0.57%	-	-	-	-	-	63,063,003	0.57%
H Shares									
3. Overseas listed foreign shares	3,023,570,000	27.50%	-	-	-	-	-	3,023,570,000	27.50%
Total number of shares	10,995,599,553	100%	-	-	-	-	-	10,995,599,553	100%

Note: Non-listed shares held by corporations (Domestic Shares) of the Company were held by 35 state-owned corporate shareholders, including Harbin Economic Development, Heilongjiang Financial Holdings, Harbin Hadong Investment Co., Ltd. (哈爾濱市哈東投資有限責任公司), and Harbin Industrial Investment Group Co., Ltd. (哈爾濱工業投資集團有限公司), etc.

Changes in Share Capital and Information on Shareholders

III. Shareholdings of Shareholders

As at the end of the Reporting Period, the total number of the shares of the Company was 10,995,599,553 shares, comprising 7,972,029,553 Domestic Shares and 3,023,570,000 overseas listed H Shares.

Shareholdings of Top 10 Shareholders of the Company as at the end of the Reporting Period

Name of shareholder	Nature of shareholder	Number of shares held (Shares)	Shareholding percentage (%) ²	Number of shares pledged or frozen	Type of shares
1 Harbin Economic Development and Investment Company Limited	State-owned	3,257,943,986	29.63%	–	Non overseas-Listed shares
2 Heilongjiang Financial Holdings Group Co., Ltd.	State-owned	2,036,215,535	18.52%	–	Non overseas-Listed shares
3 Fubon Life Insurance Company Limited	Foreign investment	725,712,000	6.60%	–	H Shares
4 Huaxia Life Insurance Co., Ltd.	Private enterprise	410,699,000	3.74%	–	H Shares
5 Harbin Heli Investment Holding Co., Ltd.	State-owned	397,000,000	3.61%	–	Non overseas-Listed shares
6 Finance Bureau of Daoli District, Harbin	State-owned	386,025,859	3.51%	–	Non overseas-Listed shares
7 Finance Bureau of Nangang District, Harbin	State-owned	378,941,968	3.45%	–	Non overseas-Listed shares
8 Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd. (哈爾濱高新技術產業開發區基礎設施開發建設有限公司) ¹	State-owned	301,315,846	2.74%	–	Non overseas-Listed shares
9 CC HB Investment, L.P.	Foreign investment	284,212,000	2.58%	–	H Shares
10 Beijing Xinrun Investment Co., Ltd. (北京新潤 Private 投資有限公司)	Private enterprise	255,418,587	2.32%	–	Non overseas-Listed shares

Notes:

1. Harbin High-tech Industrial Development Zone Infrastructure Development and Construction Co., Ltd., a shareholder of the Company and Harbin Science and Technology Innovation Investment Co., Ltd. are related with each other. Harbin Science and Technology Innovation Investment Co., Ltd. held 96,220,000 shares of the Company, with aggregate shareholding of 397,535,846 shares, representing 3.62% of total shareholding.
2. The above shareholding percentage of non overseas-listed shares and H Shares as at the end of the Reporting Period is calculated based on the total share capital of the Company, being 10,995,599,553 shares.

Changes in Share Capital and Information on Shareholders

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2025, according to the disclosure of interest information as shown on the website of the Hong Kong Stock Exchange, the interests or short positions of the following persons (excluding the Directors, Supervisors and the chief executive of the Bank) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Domestic Shares

Name of shareholder	Capacity	Number of Domestic Shares held (long position)	Percentage of issued Domestic Share capital of the Company	Percentage of issued share capital of the Company
Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Investment Group Corporation Limited ¹	Interest of controlled corporation	3,258,338,652	40.87%	29.63%
Harbin Economic Development and Investment Company Limited ¹	Beneficial owner	3,257,943,986	40.87%	29.63%
Department of Finance of Heilongjiang Province of the People's Republic of China ²	Interest of controlled corporation	2,041,132,253	25.60%	18.56%
Heilongjiang Financial Holdings Group Co., Ltd. ²	Beneficial owner	2,036,215,535	25.54%	18.52%
	Interest of controlled corporation	4,300,000	0.05%	0.04%
	Interest of controlled corporation	616,718	0.008%	0.006%

Notes:

- Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) indirectly holds a total of 3,258,338,652 Domestic Shares of the Company through its controlled corporations, including (1) Harbin Economic Development, its wholly-owned subsidiary, which holds 3,257,943,986 Domestic Shares of the Company; and (2) Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資擔保有限責任公司), its wholly-owned subsidiary, which holds 394,666 Domestic Shares of the Company. Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission (哈爾濱市人民政府國有資產監督管理委員會) and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission (黑龍江省人民政府國有資產監督管理委員會), respectively. According to the SFO, each of the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and Harbin Investment Group Corporation Limited are deemed to be interested in the 3,258,338,652 Domestic Shares held by Harbin Economic Development. Harbin Economic Development was established on 22 August 1992 with a registered capital of RMB2,307,522,010, and Ren Yi (任毅) being the legal representative. The business scope of Harbin Economic Development is to make financial investments in areas like fixed-assets to municipally owned enterprises and to receive dividends in return (business subject to approval by law shall be conducted upon approval by competent authorities).

Changes in Share Capital and Information on Shareholders

2. Heilongjiang Financial Holdings directly holds 2,036,215,535 Domestic Shares of the Company and indirectly holds 4,300,000 and 616,718 Domestic Shares of the Company through its indirectly controlled entity, namely Harbin Dazheng Microcredit Co., Ltd. (哈爾濱市大正小額貸款有限責任公司), and Heilongjiang Dazheng Investment Group Co., Ltd. (黑龍江省大正投資集團有限責任公司), respectively. According to the SFO, Heilongjiang Financial Holdings is deemed to be interested in a total of 2,041,132,253 Domestic Shares. In addition, Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province (黑龍江省財政廳). According to the SFO, the Department of Finance of Heilongjiang Province is also deemed to be interested in such 2,041,132,253 Domestic Shares. Heilongjiang Financial Holdings was established on 18 January 2019 with a registered capital of RMB10,315,660,690 and Lang Shufeng (郎樹峰) being the legal representative. The business scope of Heilongjiang Financial Holdings is investment and asset management and capital investment services; nonpublic offering of securities investment funds; holding company services; and financial information services (business subject to approval by law shall be conducted upon approval by competent authorities).

H Shares

Name of shareholder	Capacity	Number of H shares held (long position)	Percentage of issued H share capital of the Company	Percentage of total issued share capital of the Company
Fubon Financial Holding Co., Ltd. ¹	Interest of controlled corporation	725,712,000	24.00%	6.60%
Huaxia Life Insurance Co., Ltd.	Beneficial owner	410,699,000	13.58%	3.74%
CITIC Capital Holdings Limited ²	Interest of controlled corporation	284,212,000	9.40%	2.58%

Notes:

- Fubon Financial Holding Co., Ltd. held the interests in 725,712,000 H Shares of the Company through its 100% owned corporation Fubon Life Insurance Co., Ltd. which was established in March 2006 with a paid-up capital of TWD118,420.45 million and Lin Fuxing (林福星) being the legal representative. The business scope of Fubon Life Insurance Co., Ltd. is personal insurance related operations, such as life insurance, injury insurance, health insurance and annuity insurance. Fubon Life Insurance Co., Ltd. held 18% equity interest in CITIC Capital Holdings Limited and nominated directors. Pursuant to PRC laws and regulations and as determined by the competent regulatory authorities, the two companies are therefore parties related to each other. Due to reasons including different requirements under the laws of Taiwan and Mainland China, Fubon Life Insurance Co., Ltd. is unable to issue a capital supplement undertaking to the Company. As of the Latest Practicable Date, the qualifications of shareholders have yet to be approved.
- CITIC Capital Holdings Limited held the interests in the relevant number of shares through a series of controlled corporations. Pursuant to requirements of regulatory authorities, CC HB Investment, L.P. (an indirect subsidiary of CITIC Capital Holdings Limited) was undergoing the approval procedures for shareholder's qualification with Fubon Life Insurance Co., Ltd.. As of the Latest Practicable Date, the qualifications of shareholders have yet to be approved.

Save as disclosed above, to the knowledge of the Directors, none of other persons (excluding the Directors, Supervisors and the chief executive of the Bank) had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2025.

Changes in Share Capital and Information on Shareholders

IV. Substantial Shareholders of the Company under the Hong Kong Listing Rules

As at the end of the Reporting Period, details of the direct substantial shareholders of the Company (holding 10% or more of the shares of the Company) under the Hong Kong Listing Rules are as follows:

- (I) As at 30 June 2025, Harbin Economic Development, the largest shareholder of the Company, directly held 29.63% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100424004064C) issued by the Market Supervision and Administration Bureau of Harbin on 3 February 2023, and the Articles of Association of Harbin Economic Development and Investment Company Limited, Harbin Economic Development is a validly subsisting entity with limited liability (sole proprietorship invested or controlled by a non-natural person). Harbin Economic Development is owned as to 100% by Harbin Investment Group Corporation Limited, which in turn is owned as to 90% and 10% by the Harbin Municipal People's Government State-owned Assets Supervision and Administration Commission and the Heilongjiang Provincial People's Government State-owned Assets Supervision and Administration Commission, respectively.
- (II) As at 30 June 2025, Heilongjiang Financial Holdings directly held 18.52% of the total issued shares of the Company. According to the Business License (Unified Social Credit Code: 91230100MA1BF51Q38) issued by the Market Supervision and Administration Bureau of Harbin on 13 September 2024 and the Articles of Association of Heilongjiang Financial Holdings Group Co., Ltd., Heilongjiang Financial Holdings is a validly subsisting entity with limited liability (wholly state-owned). Heilongjiang Financial Holdings is wholly owned by the Department of Finance of Heilongjiang Province.

V. Details of Pledged and Frozen Shares Held by Shareholders with Shareholding of 5% or More in the Company

As at 30 June 2025, no shares held by any shareholder with shareholding of 5% or more of the Company were pledged or judicially frozen.

VI. Controlling Shareholder and De Facto Controller

The Company does not have a controlling shareholder or de facto controller.

VII. Shareholders with Shareholding of 5% or More of the Company

Please see "III. Shareholdings of Shareholders" above for the particulars of shareholders with shareholding of 5% or more of the Company as at 30 June 2025.

VIII. Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares, if any).

Directors, Supervisors, Senior Management and Employees

Directors

As at the Latest Practicable Date, the Directors of the Company are as follows:

Name	Gender	Age	Position	Term of office
Deng Xinquan	Male	60	Executive Director and Chairman of the Board	2024.7.12 – expiry of Ninth Session of the Board
Yao Chunhe	Male	47	Executive Director and President	2024.7.12 – expiry of Ninth Session of the Board
Zhang Xianjun	Male	51	Non-executive Director	2024.7.12 – expiry of Ninth Session of the Board
Jia Haining	Male	39	Non-executive Director	2025.4.17 – expiry of Ninth Session of the Board
Liu Peiwei	Male	53	Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Cheng Shuai	Male	44	Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Jin Qinglu	Male	52	Independent Non-executive Director	2024.7.12 – expiry of Ninth Session of the Board
Chen Ming	Male	54	Independent Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Leung Sau Fan, Sylvia	Female	61	Independent Non-executive Director	2024.12.12 – expiry of Ninth Session of the Board
Hou Bojian	Male	66	Independent Non-executive Director	2024.7.12 – 2025.8.29

Note: Pending the approval of Mr. Yao Chunhe's qualification for the position of chairman of the Board by the Heilongjiang Office of the NFRA, Mr. Deng Xinquan will continue to serve as an executive Director, chairman of the Board and chairman of the Development Strategy Committee of the Board of the ninth session of the Board of the Company.

Directors, Supervisors, Senior Management and Employees

Supervisors

As at the Latest Practicable Date, the Supervisors of the Company are as follows:

Name	Gender	Age	Position	Term of office
Zhao Baocai	Male	56	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Jiang Yongmei	Female	52	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Wang Yuanfang	Male	49	Employee Representative Supervisor	2024.7.2 – expiry of Ninth Session of the Board of Supervisors
Sun Yi	Male	54	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Li Zhaohua	Female	59	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Jiang Minghui	Male	58	External Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors
Chen Wei	Female	55	Shareholder Representative Supervisor	2024.7.12 – expiry of Ninth Session of the Board of Supervisors

Senior Management

As at the Latest Practicable Date, the senior management of the Company is comprised of:

Name	Gender	Age	Position	Term of office
Yao Chunhe	Male	47	President	2024.7.12 – expiry of Ninth Session of the Board
Han Gang	Male	52	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Liu Dianxin	Male	56	Vice President	2024.7.12 – expiry of Ninth Session of the Board
Yang Dazhi	Male	48	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Wang Ying	Female	54	Chief Audit Officer	2024.7.12 – expiry of Ninth Session of the Board
Liang Yong	Male	53	Chief Information Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Siliang	Male	41	Board Secretary and Joint Company Secretary	2024.7.12 – expiry of Ninth Session of the Board
Fang Shang	Male	53	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Weichao	Male	53	Assistant to the President	2024.7.12 – expiry of Ninth Session of the Board
Sun Shengxue	Male	42	Chief Risk Officer	2024.7.12 – expiry of Ninth Session of the Board
Wu Mingfei	Male	55	Chief Credit Approval Officer	2024.7.12 – expiry of Ninth Session of the Board
Guan Gongming	Male	53	Chief Compliance Officer	2025.4.25 – expiry of Ninth Session of the Board

Directors, Supervisors, Senior Management and Employees

Changes in Directors, Supervisors and Senior Management

At the 2025 first extraordinary general meeting of the Company held on 17 January 2025, the proposal for the change of a non-executive Director candidate for the Ninth Session of the Board was approved. Mr. Jia Haining was appointed as a non-executive Director of the Company, and his qualification has been approved by the Heilongjiang Office of the NFRA, with effect from 17 April 2025. Mr. Jia obtained the legal advice as required by Rule 3.09D of the Hong Kong Listing Rules from the Company's Hong Kong legal advisor on 27 March 2025, and confirmed that he understood his obligations as a director. Mr. Zhao Hongbo ceased to be a non-executive director of the Company, with effect from 17 April 2025.

At the 2025 first interim meeting of the Board held on 24 January 2025, the Company considered and approved the proposal regarding the appointment of Mr. Guan Gongming as Chief Compliance Officer of the Company, and accordingly appointed Mr. Guan Gongming as the Chief Compliance Officer of the Company. Mr. Guan Gongming's qualification as Chief Compliance Officer has been approved by the Heilongjiang Office of the NFRA, with effect from 25 April 2025. At the fifth meeting of the ninth session of the Board held on 27 June 2025, the Company considered and approved the proposal regarding the appointment of Mr. Liang Yong, Mr. Sun Shengxue and Mr. Wu Mingfei as Assistants to the President of the Bank, of which their qualifications are subject to the approval of the Heilongjiang Office of the NFRA.

Mr. Wu Siliang, the Company's Board Secretary and Joint Company Secretary, has obtained confirmation from the Hong Kong Stock Exchange on 15 July 2025 that he is qualified to act as the Company Secretary of the Company under Rule 3.28 of the Hong Kong Listing Rules.

As Mr. Hou Bojian has served as an independent non-executive Director of the Company for six consecutive years, pursuant to the Articles of Association and relevant rules and regulations, he has resigned as a independent non-executive Director and a member of the Risk Management and Related Transactions Control Committee of the Board, the Nomination and Remuneration Evaluation Committee of the Board, and the Audit Committee of the Board, effective from 29 August 2025.

Directors, Supervisors, Senior Management and Employees

Changes in Information of Directors, Supervisors, Chief Executive and Other Senior Management

Mr. Jin Qinglu (靳慶魯), has been an independent non-executive Director of the Company since March 2021. Mr. Jin has served as the dean of the School of Accountancy of Shanghai University of Finance and Economics since November 2018, a professor of the School of Accountancy of Shanghai University of Finance and Economics since June 2012, an independent director of JPMorgan Chase Securities (China) Company Limited (摩根大通證券(中國)有限公司) since August 2025, and an independent director of Shanghai Bank Corporation Limited (601229.SH) since September 2024. Mr. Jin was an independent director of Orient Securities Company Limited (600958.SH; 03958.HK) from September 2017 to October 2023; an independent director of Shanghai Emperor of Cleaning Hi-tech Co., Ltd. (603200.SH) from October 2017 to October 2020; an independent director of China Grand Automotive Services Group Co., Ltd. (600297.SH) from July 2015 to December 2015; an independent director of Besttone Holding Co., Ltd. (600640.SH) from May 2014 to December 2015; an independent director of Shanghai SK Petroleum & Chemical Equipment Corporation Ltd. (002278.SZ) from November 2013 to November 2016; the vice dean of the School of Accountancy of Shanghai University of Finance and Economics from March 2015 to November 2018; the vice dean of the Institute of Accounting and Finance of Shanghai University of Finance and Economics from March 2014 to November 2018; an assistant professor and a vice professor in the School of Accountancy of Shanghai University of Finance and Economics from June 2005 to May 2012; and an assistant professor of Accounting Department of Xi'an Jiaotong University from March 1999 to June 2000. Mr. Jin received a doctorate degree in accountancy from the Hong Kong University of Science and Technology in November 2005.

Mr. Jia Haining (賈海寧), has been a non-executive Director of the Company since April 2025. Mr. Jia has been the director of the financial asset management department of Harbin Investment Group Corporation Limited (哈爾濱投資集團有限責任公司) since January 2025, the deputy general manager of Harbin Hatou Capital Co., Ltd. (哈爾濱哈投資本有限公司) since May 2023, and a partner of Ningbo Jinxiang Qianyi Investment Partnership (Limited Partnership) (寧波錦享謙溢投資合夥企業(有限合夥)) with 9.98% shares since March 2018; Mr. Jia served as a director of Harbin Property Financing Guarantee Co., Ltd. (哈爾濱市房屋置業融資擔保有限責任公司) from October 2021 to May 2025, the deputy director of the financial asset management department of Harbin Investment Group Corporation Limited from June 2022 to January 2025, an assistant to the director of the financial asset management department of Harbin Investment Group Corporation Limited from April 2020 to June 2022, a junior staff (II), junior staff (I), intermediate staff and senior staff of the financial business department of Harbin Investment Group Corporation Limited from July 2014 to April 2020, and a trainee and junior staff (II) of the financing department of Harbin Investment Group Corporation Limited from March 2012 to July 2014. Mr. Jia received a Master's degree in Management from Dongbei University of Finance & Economics in December 2011, and is currently a senior economist accredited by the Heilongjiang Human Resources and Social Security Bureau.

Ms. Jiang Yongmei (姜詠梅) has been an employee representative Supervisor of the Company since March 2023. Ms. Jiang has been the Business Director of the Head Office of the Company since June 2025. Ms. Jiang joined the Company in June 1994. From June 1994 to June 2025, she held positions as an accountant of the Business Department, dealer and chief dealer of the Planning and Finance Department, assistant to the general manager and deputy general manager of the Capital Operation Department, general manager of the Financial Market Department, general manager of the Investment Banking and Interbank Department, general manager of the General Management Department of the Interbank Finance Headquarter and general manager of the Capital Transaction Centre. Ms. Jiang received a Master's degree in business administration from Harbin Engineering University in June 2009.

Directors, Supervisors, Senior Management and Employees

Mr. Guan Gongming (管公明), has been the Chief Compliance Officer of the Company since April 2025. Mr. Guan previously served as the head and first-class researcher of the credit collection management division of Heilongjiang Provincial Branch of PBOC from August 2024 to January 2025; the head of the credit collection management division of Heilongjiang Provincial Branch of PBOC from August 2023 to August 2024; and the head of the currency and credit management division of the Harbin Center Sub-branch of the PBOC successively from December 2012 to August 2023 (during which: from April 2021 to March 2023, he was appointed as a member of the party group and deputy director of the Daqing Financial Work Office), and head of the credit management division. From September 2007 to December 2012, he successively served as the director of the office of the Party Committee and the director of the office of the Harbin Center Sub-branch of the PBOC, the secretary of the Party Committee and the president of the Heihe Center Sub-branch of the PBOC, and the president of the Heihe Center Sub-branch of the State Administration of Foreign Exchange. From November 2004 to September 2007, he successively served as a deputy director of the office of the Harbin Center Sub-branch of the PBOC, deputy director of the office of the Party Committee, and deputy director (in charge of work) of the office of the Party Committee. From October 1993 to November 2004, he successively served as a staff of the funding division, a staff of the banking division, deputy principal staff of the banking division of the Harbin Branch of PBOC, deputy principal staff and manager officer of the office of the Harbin Center Sub-branch of the PBOC. He served as a staff member of Harbin Securities Company from July 1993 to October 1993. Mr. Guan obtained a Master's degree in economics in October 2012 from Harbin Institute of Technology.

Save as disclosed above, as at the Latest Practicable Date, the Directors, Supervisors and chief executive confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Securities Transactions by Directors and Supervisors

The Company has adopted a code of conduct regarding securities transactions by Directors, Supervisors and relevant employees on terms no less exacting than the required standards as set out in the Model Code. Having made specific enquiries to the Directors and Supervisors, all Directors and Supervisors of the Company confirmed that they had complied with the aforesaid code during the Reporting Period.

Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

Save as disclosed below, to the knowledge of the Company, as at 30 June 2025, the Directors, Supervisors and chief executive of the Company did not hold any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO of Hong Kong) which were required to be registered in the register pursuant to section 352 of the SFO of Hong Kong or to be disclosed to the Company and the Hong Kong Stock Exchange as provided by the Model Code:

Name	Position	Nature of interest	Class of shares	Number of shares held (long positions)	Percentage of issued domestic share capital of the Company	Percentage of total issued share capital of the Company
Deng Xinquan	Executive Director	Beneficial owner	Domestic Shares	1,205	0.00002%	0.00001%

During the Reporting Period, the Company did not grant any right to subscribe for shares or debentures of the Company or any associated corporations to its Directors, Supervisors and president (including their spouses or children under the age of 18).

Directors, Supervisors, Senior Management and Employees

Employees

(I) Personnel Composition

As at 30 June 2025, the Group had a total of 8,782 regular employees. Among them, the Company had 7,310 employees, among which 783 were management functions staff in Head Office, accounting for 10.71% of the total, 497 were staff directly under the centres, accounting for 6.80% of the total, and 2,440 were Harbin Branch staff, accounting for 33.38% of the total. Regarding the gender of employees, the Company had 3,150 male employees, accounting for 43.09% of the total, and 4,160 female employees, accounting for 56.91% of the total. Regarding the age composition, the average age of employees of the Company was 38.08 years old. 1,184 were between 21 and 30 years old, accounting for 16.20% of the total. Regarding the educational background composition, there were 6,828 employees of the Company holding a bachelor's degree or above, accounting for 93.41% of the total. Regarding the number of years of services, the Company had 4,816 employees with 10 years or more banking experiences, accounting for 65.88% of the total. Staff turnover rate of the Company was 0.99%.

Employees of the Company enjoy equal rights in recruitment, position adjustment, training and promotion. The Company appreciates and encourages differences in the workplace to create a professional, inclusive and diversified working environment.

(II) Staff Training Programmes

During the Reporting Period, the Bank emphasized on the development demands of the Group and focused on various stages of career development and the training needs of staff from different levels with respect to job competency and core competency improvement, with particular emphasis on new employees, those in the early and middle stages of their careers, and those who have been newly promoted or transferred to new positions. The Bank continued to advance the professional capabilities of the staff by creating the “embark, guide, escort, endure, voyage, cruise, pilot” (啟航、導航、護航、續航、遠航、巡航、領航) training system. Leveraging both internal and external high-quality resources, the Group combined online and offline training methods by utilizing diverse methodologies such as “on-site training” (送教上門), “going out to learn” (走出去) and “inviting experts” (請進來) to create excellent training programs. Both training completion rate and coverage rate were 100% during the Reporting Period. In the first half of 2025, the Company arranged 384 training sessions in total, including 351 internal training sessions, and 57 external training sessions for selected staff of the Company. The total training hours amounted to 1,576.

(III) Staff Incentive Policy

The Bank has established a scientific and reasonable staff evaluation system to implement comprehensive performance management. At the beginning of each year, the Bank sets up performance plans for each staff by breaking down its strategic objectives layer by layer, and carries out the annual review mechanism. Apart from the performance review, the Bank has also adopted a multi-dimensional measurement to evaluate employee performance, and innovatively adopted an autonomous allocation of performance levels within the total points to ensure truthful staff performance evaluation. In addition, the effective performance communication helps employee reach their performance goals.

Directors, Supervisors, Senior Management and Employees

The Bank has established a series of staff incentive policies in line with its development needs based on scientific performance review results: firstly, the Bank has implemented the management of total annual performance remuneration of the head office departments, and gave them the right to distribute performance remuneration. They would focus on distributing performance remuneration to staff with “good performance review results”, “high value contribution” and in “key positions”, so as to form a remuneration determination mechanism of “fixed remuneration reflecting historical contribution and performance remuneration reflecting current contributions”. Secondly, the Bank has adopted a points system to adjust employee job grades and salary levels, with employees’ annual performance review results translated into points, which may be redeemed for rank or salary promotion qualifications, ensuring the “fairness, openness, transparency” in the rank and salary promotion system. Thirdly, the Bank has established a career development platform, implementing three talent development initiatives including “Young Talent Cultivation,” “Career Ladder,” and “Outstanding Talent”. These initiatives are integrated with the “Navigation Series” training system to build a tiered training framework covering the entire career development lifecycle of employees.

(IV) Remuneration Policy for Employees

The Bank has successfully established a broadband salary management system with diversified composition, standardised management and systematic implementation and adopted a market-oriented and region-diversified management scheme in order to scientifically and effectively motivate the Bank’s employees and ensure the smooth implementation of the Bank’s strategic development. The Bank’s remuneration package is composed of fixed remuneration, variable remuneration and welfare income. The Bank is able to strictly comply with regulatory requirements in remuneration payment by adopting deferred payment and setting up a lock-up period for paying senior management as well as employees holding positions that may exert significant influence to risks in order to tie job duties with risk management responsibilities. Meanwhile, the Bank will pursue and deduct the performance remuneration of the senior management and key staff who have been exposed to risks within the scope of their duties due to obvious negligence or failure to fulfill their prudent management obligations.

(V) Retirement and Benefits

The Bank pays living expenses and other welfare benefits for employees who have not yet reached the statutory retirement age limit but are approved by the Bank to voluntarily retire from their employment from the internal retirement date to the statutory retirement age limit. For details of the retirement benefit scheme, please refer to Note 31 of “Notes to the Condensed Consolidated Interim Financial Information”. Save as disclosed in Note 31 of “Notes to the Condensed Consolidated Interim Financial Information” in this report (if any), there was no forfeiture of retirement benefits schemes contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 30 June 2025, no forfeited contribution under the retirement benefits schemes of the Group is available to reduce the contribution payable in future years.

Important Events

I. Corporate Governance

During the Reporting Period, the Bank continued to optimise its corporate governance structure and improve its corporate governance practice in strict compliance with relevant laws and regulations such as the Company Law of the PRC, the Commercial Bank Law of the PRC as well as the Hong Kong Listing Rules, with due consideration given to the actual conditions of the Bank.

During the Reporting Period, the Bank strictly complied with relevant overseas listing regulatory requirements, and strived to improve the Bank's corporate governance mechanism, as well as enhance and improve the Bank's corporate governance. The Bank has adopted the "Corporate Governance Code" in Appendix C1 to the Hong Kong Listing Rules, complied with the relevant requirements of the PRC commercial bank administrative measures and corporate governance and established a sound corporate governance system. Currently, the primary corporate governance documents of the Company include: the Articles of Association, the Rules of Procedure for the Shareholders' General Meetings, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Board of Supervisors, the Working Rules for the Independent Directors, the Terms of Reference of the Development Strategy Committee of the Board, the Terms of Reference of the Risk Management and Related Transactions Control Committee of the Board, the Terms of Reference of the Audit Committee of the Board, the Terms of Reference of the Nomination and Remuneration Evaluation Committee of the Board, the Terms of Reference of the Consumer Rights Protection Committee of the Board, the Terms of Reference of the President, the Administrative Measures for Related Party Transactions, the Information Disclosure Administrative Measures, etc. The Board believes that during the Reporting Period, the Bank had complied with the requirements of the code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules.

II. Issuance of Debt Securities

(I) Bond Issuance during the Reporting Period

During the Reporting Period, the Bank did not issue new bonds.

(II) Previous Financial Bonds Issuance

1. *Capital Bonds without a Fixed Term*

According to the resolutions of the 22nd meeting of the sixth session of the Board held on 28 March 2018 and the 2017 annual general meeting of the Company held on 18 May 2018, the Board and the general meeting of the Company approved the Proposal on the Issuance of not more than RMB15.0 Billion Capital Supplemental Bonds, pursuant to which the Company was approved to issue capital supplemental bonds by way of public or non-public issuance to onshore or offshore investors, and the capital supplemental bonds not exceeding RMB15.0 billion (inclusive) shall, upon approval by regulatory authorities, be issued in a single or multiple series in accordance with the relevant procedures. The actual issuance size of the capital supplemental bonds was determined by the Board or its designated person within the abovementioned scope, in accordance with the capital needs of the Company and the market condition at the time of the issuance. The capital supplemental bonds shall be issued at the par value. All target investors shall subscribe for the capital supplemental bonds in cash. The initial term of the capital supplemental bonds shall not be less than 5 years. There is no fixed expiration date prior to the exercise of redemption right by the Company. Interests on the capital supplemental bonds shall be paid in cash. The

interest-bearing principal amount of the capital supplemental bonds shall be the aggregate amount of the relevant series of the capital bonds without a fixed term then issued and outstanding. After receiving the interests at the prescribed interest rate, the holders of the capital supplemental bonds shall not be entitled to any distribution of residual profits of the Company together with the ordinary shareholders. Relevant matters in respect of the proposed issuance of the capital supplemental bonds by the Company were disclosed in the circular dated 6 April 2018 and the announcement dated 18 May 2018 of the Company. The Company received the Approval of Heilongjiang Regulatory Bureau of the CBIRC for Harbin Bank to Issue the Capital Bonds Without a Fixed Term (Hei Yin Bao Jian Fu [2021] No. 44) on 5 February 2021 and the Administrative Approval Decision of the People's Bank of China (Banking Market Licence [2021] No. 92) issued by the PBOC on 7 June 2021, approving the Company's issuance of capital bonds without a fixed term in an amount not more than RMB15.0 billion, which shall be included in additional tier-1 capital according to relevant regulations.

The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB8.0 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The second tranche of Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2021 has an issuance size of RMB3.0 billion. The coupon rate of the bonds for the first five years is 5.0%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

The Capital Bonds Without a Fixed Term of Harbin Bank Co., Ltd. in 2022 has an issuance size of RMB0.7 billion. The coupon rate of the bonds for the first five years is 4.8%, and is subject to adjustment every five years. The issuer's conditional redemption right is attached to the bonds which can be exercised on the annual interest payment date of the fifth year and the subsequent years.

Important Events

III. Connected Transactions under Hong Kong Listing Rules

During the Reporting Period, in the ordinary and usual course of business, the Bank provided commercial banking services and products to the public in China, which included certain connected persons of the Bank such as substantial shareholders, Directors, Supervisors, the President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, as these transactions were entered into on normal commercial terms in the ordinary and usual course of business of the Bank, such transactions were exempt from reporting, annual review, disclosure and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, there were no non-exempt connected/continuing connected transactions between the Bank and its connected persons. Besides disclosed above (if any), there is no related party transaction or continuing related party transaction set out in Note 43 to the Condensed Consolidated Interim Financial Information of this report that constitutes the connected transaction or continuing connected transaction (if any) that should be disclosed under the Hong Kong Listing Rules.

IV. Material Legal Proceedings and Arbitrations

As at 30 June 2025, the amount involved in major pending litigation cases where the Group is the defendant or a third-party defendant with the amount in dispute for each case exceeding RMB10,000,000 was RMB29,665,000 (as of 31 December 2024: RMB29,665,000).

V. Penalties Imposed on the Company and Directors, Supervisors and Senior Management of the Company

During the Reporting Period, the Company and all its Directors, Supervisors and senior management had no records of being imposed on inspections, administrative penalties or circulating criticisms by the CSRC or public censures by the Hong Kong Stock Exchange, or penalties by other relevant regulatory authorities that posed significant impact on the Company's operation.

VI. Material Contracts and Their Performance

During the Reporting Period, the Bank had not entered into any material contracts nor performed such contracts.

VII. Review of Interim Report

The Company's 2025 unaudited interim consolidated financial statements prepared in accordance with International Financial Reporting Standards had been reviewed by BDO Limited, who had issued an unqualified review report.

The Company's 2025 interim results, 2025 interim report and 2025 unaudited interim consolidated financial statements had been reviewed by the Audit Committee of the Board and the Board of the Company.

VIII. Implementation of Share Scheme during the Reporting Period

The Company did not implement any share scheme during the Reporting Period.

IX. Appointment and Dismissal of Auditors

Subject to consideration and approval at the 2024 annual general meeting held on 30 May 2025, the Company engaged BDO China Shu Lun Pan Certified Public Accountant LLP and BDO Limited to respectively act as auditors for 2025 annual financial report of the Bank prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively.

X. Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Company had no material acquisition and disposal of subsidiaries, associates and joint ventures.

XI. Significant Investments Held

During the Reporting Period, the Company had not held any significant investments.

XII. Profit Distribution during the Reporting Period

The Proposal on the 2024 Profit Distribution Plan was considered and approved at the 2024 annual general meeting held on 30 May 2025, pursuant to which, the Company would not distribute cash dividends to all Shareholders. The Company has not distributed and does not propose to distribute any interim dividend for the six months ended 30 June 2025.

XIII. Pledge of Assets

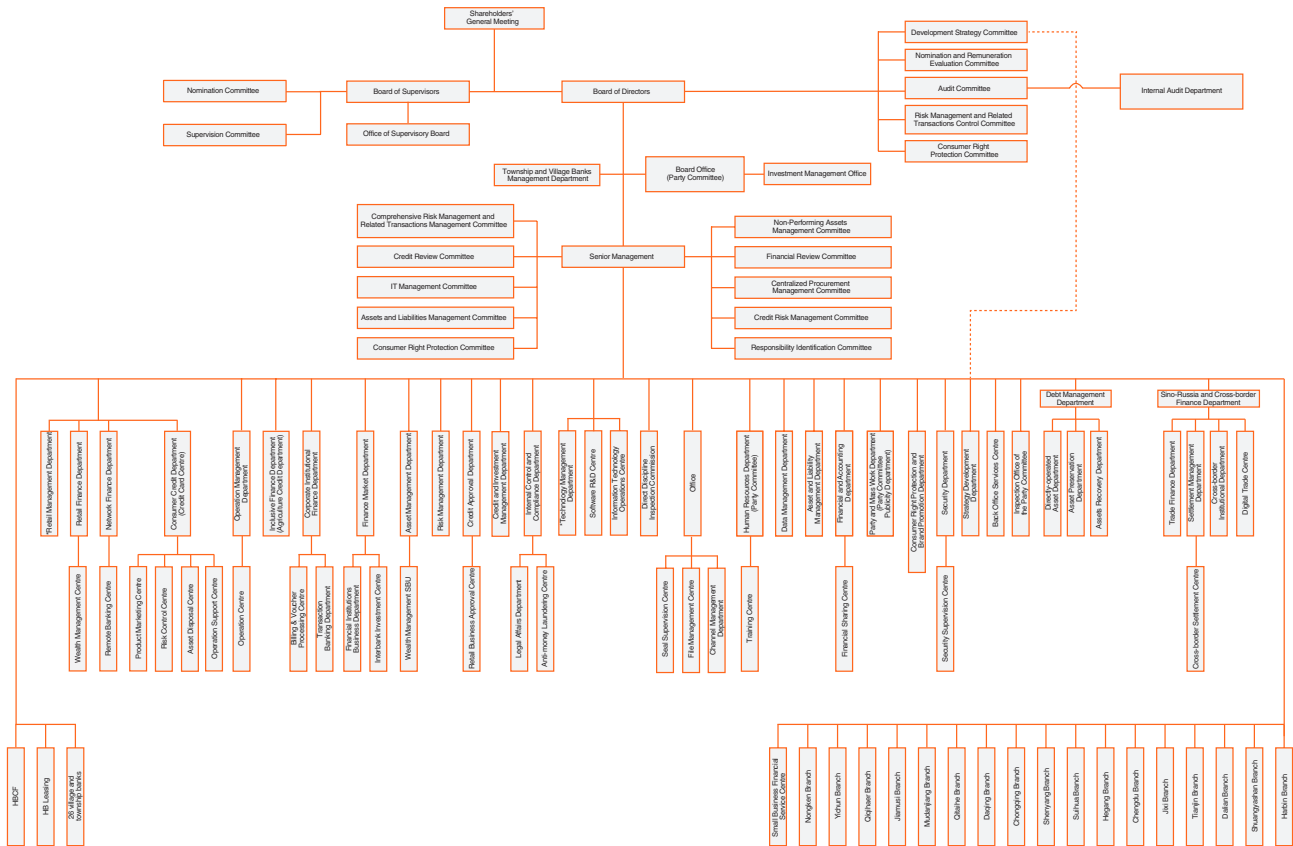
For the details of the Group's pledge of assets, please refer to note 40 "Commitments and Contingent Liabilities" to the condensed consolidated interim financial information of this report.

XIV. Significant Subsequent Events

The Company has no significant subsequent events after the end of the Reporting Period and up to the Latest Practicable Date.

Organisation Chart

Organisation Chart of Harbin Bank



Note: The department marked with * is the coordinating department for this business line.

Financial Statements

- I. Report on Review of Interim Financial Information
- II. Unaudited Condensed Consolidated Interim Financial Statements (Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows)
- III. Notes to Condensed Consolidated Interim Financial Information
- IV. Unaudited Supplementary Financial Information

Report on Review of Interim Financial Information



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TO THE BOARD OF DIRECTORS OF HARBIN BANK CO., LTD.

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

Introduction

We have reviewed the interim financial information set out on pages 97 to 195, which comprise the condensed consolidated statement of financial position of Harbin Bank Co., Ltd. (the "Bank") and its subsidiaries (together, the "Group") as at 30 June 2025 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other 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") issued by the International Accounting Standards Board ("IASB"). The directors are responsible for the preparation and presentation of interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim 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". 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 accompanying interim financial information are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong, 29 August 2025

Condensed Consolidated Statement of Profit or Loss

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2025	2024
		Unaudited	Unaudited
Interest income	4	14,123,996	15,204,591
Interest expense	4	(9,711,396)	(10,225,862)
Net interest income	4	4,412,600	4,978,729
Fee and commission income	5	352,883	300,476
Fee and commission expense	5	(83,636)	(92,910)
Net fee and commission income	5	269,247	207,566
Net trading income	6	383,011	1,310,374
Net gains on financial investments	7	2,305,172	665,422
Other operating income, net	8	15,411	36,599
Operating income		7,385,441	7,198,690
Operating expenses	9	(2,245,387)	(2,101,366)
Credit impairment losses	10	(4,456,983)	(4,363,452)
Other assets impairment losses	11	(1,762)	–
Operating profit		681,309	733,872
Profit before tax		681,309	733,872
Income tax credit	12	310,810	112,032
Profit for the period		992,119	845,904
Attributable to:			
Equity holders of the Bank		915,419	763,098
Non-controlling interests		76,700	82,806
		992,119	845,904
Earnings per share (RMB yuan)			
Basic and diluted	14	0.05	0.03

Details of the dividends declared and paid or proposed are disclosed in note 13 to these condensed consolidated interim financial information.

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2025	2024
		Unaudited	Unaudited
Profit for the period		992,119	845,904
Other comprehensive income/(expense), (after tax, net):			
Other comprehensive (expense)/income attributable to equity holders of the Bank	35	(598,791)	612,239
Items that will not be reclassified to profit or loss			
– Net losses on investments in equity instruments designated at fair value through other comprehensive income		(6,761)	(85)
Items that may be reclassified subsequently to profit or loss			
– Net (losses)/gains on investments in debt instruments measured at fair value through other comprehensive income		(356,173)	723,991
– Allowance for credit impairment on investments in debt instruments measured at fair value through other comprehensive income		45,079	(5,264)
– Reclassified to profit or loss upon disposal		(280,936)	(106,403)
Subtotal of other comprehensive (expense)/income for the period, net of tax		(598,791)	612,239
Total comprehensive income for the period		393,328	1,458,143
Total comprehensive income attributable to:			
Equity holders of the Bank		316,628	1,375,337
Non-controlling interests		76,700	82,806
Total		393,328	1,458,143

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

	Notes	As at 30 June 2025	As at 31 December 2024
		Unaudited	Audited
Assets			
Cash and balances with the central bank	15	78,159,137	99,873,888
Due from banks and other financial institutions	16	35,498,641	31,944,199
Reverse repurchase agreements	17	199,968	149,994
Loans and advances to customers	18	379,675,486	362,408,130
Derivative financial assets	19	243,500	375,304
Financial investments	20	387,329,007	377,800,978
– financial assets at fair value through profit or loss	(a)	71,656,324	81,646,830
– financial assets at fair value through other comprehensive income	(b)	97,813,058	71,353,926
– financial assets at amortised cost	(c)	217,859,625	224,800,222
Finance lease receivables	21	24,833,114	22,755,963
Property and equipment	22	7,617,480	7,807,223
Deferred income tax assets	23	7,155,561	6,172,385
Other assets	24	6,815,596	6,943,865
Total assets		927,527,490	916,231,929
Liabilities			
Due to the central bank	25	7,068,980	5,548,237
Borrowings from banks and other financial institutions	26	30,882,710	26,342,546
Due to banks and other financial institutions	27	18,896,749	23,416,864
Derivative financial liabilities	19	243,500	375,304
Repurchase agreements	28	30,773,768	34,721,246
Due to customers	29	716,134,095	713,113,428
Income tax payable		390,637	398,304
Debt securities issued	30	49,631,204	39,942,009
Other liabilities	31	7,900,171	6,777,643
Total liabilities		861,921,814	850,635,581
Equity			
Share capital	32	10,995,600	10,995,600
Other equity instruments	33	11,699,007	11,699,007
Capital reserves	34	7,657,284	7,657,284
Other comprehensive income	35	879,455	1,478,246
Surplus reserves	36	4,017,540	4,017,540
General and regulatory reserves	37	10,251,465	9,197,649
Undistributed profits	38	17,594,212	18,116,609
Equity attributable to equity holders of the Bank		63,094,563	63,161,935
Non-controlling interests		2,511,113	2,434,413
Total equity		65,605,676	65,596,348
Total equity and liabilities		927,527,490	916,231,929

DENG Xinquan	YAO Chunhe	YANG Dazhi	DONG Kai
Chairman	President	Assistant to the President (in Charge of Finance)	General Manager of Finance and Accounting Department

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

		Unaudited									
		Equity attributable to equity holders of the Bank									
		Other equity instruments		Other comprehensive income		General and regulatory reserves		Undistributed profits		Non-controlling interests	Total
Notes		Share capital	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Non-controlling interests	Total	
	Balance at 1 January 2025	10,995,600	11,699,007	7,657,284	1,478,246	4,017,540	9,197,649	18,116,609	2,434,413	65,596,348	
	Movements in this period	-	-	-	(598,791)	-	1,053,816	(522,397)	76,700	9,328	
	Total comprehensive income	35	-	-	(598,791)	-	-	915,419	76,700	393,328	
	Profit distribution	-	-	-	-	-	1,053,816	(1,053,816)	-	-	
	1. Appropriation to general and regulatory reserves	37	-	-	-	-	1,053,816	(1,053,816)	-	-	
	2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	
	Distribution of interests of perpetual bonds	-	-	-	-	-	-	(384,000)	-	(384,000)	
	Transfer on disposal of financial asset at fair value through other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-	
	Balance at 30 June 2025	10,995,600	11,699,007	7,657,284	879,455	4,017,540	10,251,465	17,594,212	2,511,113	65,605,676	

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

Unaudited										
Equity attributable to equity holders of the Bank										
		Other equity instruments								
	Notes	Share capital	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus Reserves	General and regulatory reserves	Undistributed profits	Non- controlling interests	Total
Balance at 1 January 2024		10,995,600	11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201
Movements in this period		-	-	-	610,589	-	916,299	(535,551)	82,806	1,074,143
Total comprehensive income	35	-	-	-	612,239	-	-	763,098	82,806	1,458,143
Profit distribution		-	-	-	-	-	916,299	(916,299)	-	-
1. Appropriation to general and regulatory reserves	37	-	-	-	-	-	916,299	(916,299)	-	-
2. Distribution to shareholders		-	-	-	-	-	-	-	-	-
Distribution of interests of perpetual bonds		-	-	-	-	-	-	(384,000)	-	(384,000)
Transfer on disposal of financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(1,650)	-	-	1,650	-	-
Balance at 30 June 2024		10,995,600	11,699,007	7,657,284	915,911	3,956,250	9,146,571	18,224,971	2,366,750	64,962,344

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

	Audited										
	Equity attributable to equity holders of the Bank										
	Notes	Share capital	Other equity instruments	Perpetual bonds	Capital reserves	Other comprehensive income	Surplus reserves	General and regulatory reserves	Undistributed profits	Non-controlling interests	Total
Balance at 1 January 2024		10,995,600		11,699,007	7,657,284	305,322	3,956,250	8,230,272	18,760,522	2,283,944	63,888,201
Movements in this year		-	-	-	-	1,172,924	61,290	967,377	(643,913)	150,469	1,708,147
Total comprehensive income	35	-	-	-	1,205,612	-	-	-	919,666	162,689	2,287,967
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-	-
Profit distribution		-	-	-	-	61,290	967,377	(1,028,667)	-	(12,220)	(12,220)
1. Appropriation to surplus reserves	36	-	-	-	-	61,290	-	(61,290)	-	-	-
2. Appropriation to general and regulatory reserves	37	-	-	-	-	-	967,377	(967,377)	-	-	-
3. Distribution to shareholders		-	-	-	-	-	-	-	(12,220)	(12,220)	-
Distribution of interests of perpetual bonds		-	-	-	-	-	-	(567,600)	-	-	(567,600)
Transfer on disposal of financial asset at fair value through other comprehensive income to retained earnings		-	-	-	(32,688)	-	-	-	32,688	-	-
Balance at 31 December 2024		10,995,600		11,699,007	7,657,284	1,478,246	4,017,540	9,197,649	18,116,609	2,434,413	65,596,348

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2025	2024
		Unaudited	Unaudited
Cash flows (used in)/from operating activities			
Profit before tax		681,309	733,872
Adjustments for:			
Depreciation and amortisation	9	333,750	363,643
Net trading gains	6	(383,011)	(1,310,374)
Dividend income	7	(1,098)	(14,545)
Interest income on financial investments	4	(4,720,431)	(5,037,223)
Credit impairment losses	10	4,456,983	4,363,452
Other assets impairment losses	11	1,762	–
Unrealised foreign exchange gains		(334)	(32,548)
Interest expense on debt securities issued	4	454,116	313,205
Interest expense on lease liabilities	4	5,753	6,751
Accrued interest on impaired loans	4	(309,216)	(287,584)
Net gains on disposal of financial investments	7	(2,304,074)	(650,877)
Net (gains)/losses on disposal of property and equipment	8	(1,802)	7,353
		(1,786,293)	(1,544,875)
Net (increase)/decrease in operating assets:			
Due from the central bank		1,973,534	1,854,561
Due from banks and other financial institutions		(2,609,404)	3,155,107
Loans and advances to customers		(20,029,746)	(29,054,607)
Finance lease receivables		(2,207,520)	(3,476,504)
Other assets		(399,227)	(2,695,325)
		(23,272,363)	(30,216,768)
Net increase/(decrease) in operating liabilities:			
Due to the central bank		1,518,850	1,913,681
Borrowings from banks and other financial institutions		4,560,401	3,631,064
Due to banks and other financial institutions		(4,533,424)	8,502,638
Repurchase agreements		(3,959,217)	22,223,264
Due to customers		1,376,510	28,795,140
Other liabilities		1,925,943	1,035,601
		889,063	66,101,388
Net cash flows (used in)/from operating activities before tax		(24,169,593)	34,339,745
Income tax paid		(428,496)	(460,745)
Net cash flows (used in)/from operating activities		(24,598,089)	33,879,000

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2025	2024
		Unaudited	Unaudited
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment, intangible assets and other long term assets		(57,127)	(122,591)
Proceeds from disposal of property and equipment		19,802	(5,007)
Cash paid for investments		(245,426,585)	(412,080,810)
Proceeds from sale and redemption of investments		234,485,246	396,149,208
Return on investments		8,014,587	7,179,131
Net cash flows used in investing activities		(2,964,077)	(8,880,069)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of other debt securities		101,750,000	48,271,500
Payment for redemption of debt securities		(92,130,000)	(46,800,000)
Interest and issue expenses paid on debt securities		(384,921)	(310,884)
Dividends or interest paid to holders of other equity instruments		(384,000)	(384,000)
Payment for lease liabilities		(83,589)	(68,623)
Net cash flows from financing activities		8,767,490	707,993
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(18,794,676)	25,706,924
Cash and cash equivalents at the beginning of the period		76,019,116	57,031,629
Effect of exchange rate changes on cash and cash equivalents		7,069	(13,021)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39	57,231,509	82,725,532
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Interest received		9,403,565	10,629,805
Interest paid		(9,251,527)	(6,984,311)

The accompanying notes form an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE

Harbin Bank Co., Ltd. (the “Bank”) is a joint-stock commercial bank established on 25 July 1997 based on the authorisation of the People’s Bank of China (“PBOC”) designated as YinFu [1997] No. 69 “Approval upon the opening of Harbin Urban Cooperative Bank”.

The Bank obtained its finance permit No. B0306H223010001 from the China Banking and Insurance Regulatory Commission (“CBIRC”) (In 2023, the regulator was renamed as the National Financial Regulatory Administration, hereinafter referred to as the “NFRA”) of the PRC. The Bank obtained its business licence No. 912301001275921118 from the Market Supervision and Administration Bureau of Harbin. As at 30 June 2025, the legal representative is Deng Xinquan and the registered office is located at No. 888 Shangjiang Street, Daoli District, Harbin, PRC.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) comprise deposit services, loan services, payment and settlement services and financial leasing services, as well as other financial services approved by the NFRA.

The subsidiaries of the Bank as at 30 June 2025 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Huining Huishi Village and Township Bank Co., Ltd.	Huining, Gansu	30,000	100.00	30,000	Village and township bank
Beijing Huairou Rongxing Village and Township Bank Co., Ltd.	Huairou, Beijing	200,000	85.00	207,600	Village and township bank
Yushu Rongxing Village and Township Bank Co., Ltd.	Yushu, Jilin	30,000	100.00	30,000	Village and township bank
Shenzhen Baoan Rongxing Village and Township Bank Co., Ltd.	Baoan, Shenzhen	220,000	70.00	140,000	Village and township bank
Chongqing Dadukou Rongxing Village and Township Bank Co., Ltd.	Dadukou, Chongqing	180,000	83.33	174,420	Village and township bank
Suining Anju Rongxing Village and Township Bank Co., Ltd.	Suining, Sichuan	80,000	75.00	60,000	Village and township bank
Huachuan Rongxing Village and Township Bank Co., Ltd.	Huachuan, Heilongjiang	344,655	99.63	343,379	Village and township bank
Yanshi Rongxing Village and Township Bank Co., Ltd.	Luoyang, Henan	90,000	100.00	90,000	Village and township bank

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Leping Rongxing Village and Township Bank Co., Ltd.	Leping, Jiangxi	294,000	100.00	294,000	Village and township bank
Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd.	Rudong, Jiangsu	106,000	80.00	80,000	Village and township bank
Honghu Rongxing Village and Township Bank Co., Ltd.	Honghu, Hubei	30,000	100.00	30,000	Village and township bank
Zhuzhou Rongxing Village and Township Bank Co., Ltd.	Zhuzhou, Hunan	55,000	80.00	40,000	Village and township bank
Chongqing Wulong Rongxing Village and Township Bank Co., Ltd.	Wulong, Chongqing	50,000	70.00	35,000	Village and township bank
Xin'an Rongxing Village and Township Bank Co., Ltd.	Xin'an, Henan	33,300	90.09	30,000	Village and township bank
Anyi Rongxing Village and Township Bank Co., Ltd.	Anyi, Jiangxi	60,000	100.00	30,000	Village and township bank
Yingcheng Rongxing Village and Township Bank Co., Ltd.	Yingcheng, Hubei	142,000	100.00	132,000	Village and township bank
Leiyang Rongxing Village and Township Bank Co., Ltd.	Leiyang, Hunan	160,000	100.00	160,000	Village and township bank
Hainan Baoting Rongxing Village and Township Bank Co., Ltd.	Baoting, Hainan	30,000	96.67	29,000	Village and township bank
Chongqing Shapingba Rongxing Village and Township Bank Co., Ltd.	Shapingba, Chongqing	100,000	80.00	80,000	Village and township bank
Hejian Ronghui Village and Township Bank Co., Ltd.	Hejian, Hebei	50,000	100.00	50,000	Village and township bank
Nehe Rongxing Village and Township Bank Co., Ltd.	Nehe, Heilongjiang	50,000	80.00	40,000	Village and township bank

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

1. CORPORATE INFORMATION AND GROUP STRUCTURE *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued share/paid-up capital	Percentage of interest owned by the Bank/ voting rights	Amount invested by the Bank	Principal activities
			%		
Pingliang Kongtong Rongxing Village and Township Bank Co., Ltd.	Pingliang, Gansu	50,000	90.00	45,000	Village and township bank
Tianshui Maiji Rongxing Village and Township Bank Co., Ltd.	Tianshui, Gansu	50,000	98.00	49,000	Village and township bank
Zhongjiang Rongxing Village and Township Bank Co., Ltd.	Zhongjiang, Sichuan	50,000	70.00	35,000	Village and township bank
Chengdu Qingbaijiang Rongxing Village and Township Bank Co., Ltd.	Chengdu, Sichuan	100,000	70.00	70,000	Village and township bank
Langzhong Rongxing Village and Township Bank Co., Ltd.	Langzhong, Sichuan	50,000	90.00	45,000	Village and township bank
Harbin Bank Financial Leasing Co., Ltd.	Harbin, Heilongjiang	2,000,000	80.00	1,600,000	Leasing company
Harbin Bank Consumer Finance Co., Ltd.	Harbin, Heilongjiang	1,500,000	53.00	795,000	Consumer finance company

During the six-month period ended 30 June 2025, the major changes to the structure of the Group are as follows:

With the approval of the 2024 Annual General Meeting, wholly owned subsidiaries of Huanan Rongxing Village and Township Bank Co., Ltd. (“Huanan Village Bank”), Baiquan Rongxing Village and Township Bank Co., Ltd (“Baiquan Village Bank”), Chongqing Youyang Village and Township Bank Co., Ltd. (“Youyang Village Bank”) and Ning’an Rongxing Village and Township Bank Co., Ltd. (“Ning’an Village Bank”) were merged by the Bank and converted into its branches at their original locations.

Other than the major changes mentioned as above, the Group’s structure remained unchanged during the six-month period ended 30 June 2025.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

2. BASIS OF PRESENTATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Standards and amendments that are not yet effective and have not been early adopted by the Group in 2025 *(Continued)*

The Group has not early adopted any new standards and amendments that are not yet effective for the current accounting period. Except as described below, the application of the new standards and amendments will have no material impact on the result and the financial position of the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about a company's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from this IAS unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management defined performance measures and the aggregation and disaggregation of information.

While IFRS 18 will not change recognition criteria or measurement bases, it is expected to have an impact on presenting information in the financial statements. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on or after 1 January 2026. The amendments include clarifications on how ESG-linked features could affect the assessment of contractual cash flows. Further, the amendments provide clarification on the date on which a financial asset or a financial liability is derecognised. The Group has already commenced an assessment of the potential impact but is not yet in a position to state whether the impact will be material to the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The nature and assumptions related to the Group's accounting estimates are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2024.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

4. NET INTEREST INCOME

	For the six-month period ended 30 June	
	2025	2024
Interest income on:		
Loans and advances to customers	7,837,049	8,268,375
Including: – Corporate loans and advances	4,224,246	4,420,674
– Personal loans	3,395,804	3,675,728
– Discounted bills	216,999	171,973
Reverse repurchase agreements	48,210	134,333
Financial assets at fair value through other comprehensive income	1,006,972	1,146,201
Financial assets at amortised cost	3,713,459	3,891,022
Due from the central bank	324,721	350,484
Due from banks and other financial institutions	417,621	540,117
Finance lease receivables	775,964	874,059
Subtotal	14,123,996	15,204,591
Interest expense on:		
Due to customers	(8,363,953)	(8,882,454)
Repurchase agreements	(218,529)	(147,827)
Due to banks and other financial institutions	(386,660)	(378,495)
Debt securities issued	(454,116)	(313,205)
Due to the central bank	(45,934)	(42,881)
Borrowings from banks and other financial institutions	(236,451)	(454,249)
Lease liabilities	(5,753)	(6,751)
Subtotal	(9,711,396)	(10,225,862)
Net interest income	4,412,600	4,978,729
Including: interest income on impaired loans	309,216	287,584

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

5. NET FEE AND COMMISSION INCOME

	For the six-month period ended 30 June	
	2025	2024
Fee and commission income:		
Advisory and consulting fees	52,903	35,061
Settlement and clearing fees	62,054	48,846
Agency services fees	130,614	109,546
Including: wealth management products	79,666	68,603
Bank card fees	87,978	102,202
Others	19,334	4,821
Subtotal	352,883	300,476
Fee and commission expense:		
Settlement and clearing fees	(13,614)	(14,409)
Agency fees	(6,792)	(10,666)
Bank card fees	(12,150)	(16,785)
Others	(51,080)	(51,050)
Subtotal	(83,636)	(92,910)
Net fee and commission income	269,247	207,566

6. NET TRADING INCOME

	For the six-month period ended 30 June	
	2025	2024
Financial assets at fair value through profit or loss	383,011	1,310,374

The above amounts mainly include gains and losses arising from the purchase and sale of, interest income and changes in the fair value of financial assets at fair value through profit or loss.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

7. NET GAINS ON FINANCIAL INVESTMENTS

	For the six-month period ended 30 June	
	2025	2024
Gains on disposal of financial assets at amortised cost, net	1,955,621	446,707
Gains on disposal of financial assets at fair value through other comprehensive income, net	348,453	204,170
Dividends from equity investments at fair value through other comprehensive income	1,098	14,545
Total	2,305,172	665,422

8. OTHER OPERATING INCOME, NET

	For the six-month period ended 30 June	
	2025	2024
Gains/(losses) on sale of property and equipment	1,802	(7,353)
Gains on foreign exchange, net	7,403	19,527
Leasing income	5,357	14,955
Government grants and subsidies	2,473	4,664
Others	(1,624)	4,806
Total	15,411	36,599

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

9. OPERATING EXPENSES

	For the six-month period ended 30 June	
	2025	2024
Staff costs:		
Salaries, bonuses and allowances	550,154	526,295
Social insurance	229,389	219,300
Housing fund	87,417	83,442
Staff benefits	30,956	38,509
Labour union expenditure and education costs	13,095	10,750
Early retirement benefits	6,868	2,356
Subtotal	917,879	880,652
General and administrative expenses	782,691	612,975
Tax and surcharges	126,873	138,331
Depreciation and amortisation	333,750	363,643
Leasing expense	30,966	37,592
Auditors' remuneration	1,800	1,800
Others	51,428	66,373
Total	2,245,387	2,101,366

10. CREDIT IMPAIRMENT LOSSES

	For the six-month period ended 30 June	
	2025	2024
Provision for/(reversal of) impairment losses on:		
Loans and advances to customers at amortised cost	3,425,857	3,470,810
Financial investments at amortised cost	815,449	674,877
Financial assets at fair value through other comprehensive income	60,105	(7,018)
Finance lease receivables	164,811	178,322
Other assets	(9,239)	46,461
Total	4,456,983	4,363,452

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

11. OTHER ASSETS IMPAIRMENT LOSSES

	For the six-month period ended 30 June	
	2025	2024
Impairment losses on repossessed assets	1,762	–
Total	1,762	–

12. INCOME TAX CREDIT

(a) Income tax

	For the six-month period ended 30 June	
	2025	2024
Current income tax	472,770	527,904
Deferred income tax	(783,580)	(639,936)
Total	(310,810)	(112,032)

(b) Reconciliation between income tax and accounting profit

The income tax of the Group's institutions has been provided at the statutory rate of 25% or 15%. A reconciliation of the income tax credit applicable to profit before tax at the PRC statutory income tax rate to income tax credit at the Group's effective income tax rate is as follows:

	For the six-month period ended 30 June	
	2025	2024
Profit before tax	681,309	733,872
Tax at the PRC statutory income tax rate	170,327	183,468
Items not deductible for tax purposes	178,520	209,908
Non-taxable income (i)	(620,138)	(476,502)
Adjustment for income tax from prior years	31,951	53,010
Effect of different tax rates for certain subsidiaries	(9,918)	(7,077)
Effect of unrecognised tax deductible losses	34,448	21,161
Others	(96,000)	(96,000)
Income tax credit at the Group's effective income tax rate	(310,810)	(112,032)

Notes:

- (i) The non-taxable income mainly represents interest income arising from the PRC government bonds and local government bonds and public fund dividends, which are exempted from income tax under Chinese tax regulations.

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For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

13. DIVIDENDS

The Bank proposed not to distribute any dividend for the years ended 31 December 2024 and 2023.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	For the six-month period ended 30 June	
	2025	2024
Net profit attributable to equity holders of the Bank	915,419	763,098
Less: Distribution of interests of perpetual bonds	(384,000)	(384,000)
Net profit attributable to ordinary shareholders of the Bank	531,419	379,098
Shares:		
Weighted average number of ordinary shares in issue (expressed in thousands) at the end of the period	10,995,600	10,995,600
Basic and diluted earnings per share (expressed in RMB per share)	0.05	0.03

The Group had no potentially dilutive ordinary shares for the six-month period ended 30 June 2025 (for the six-month period ended 30 June 2024: Nil).

Basic earnings per share for the six-month period ended 30 June 2025 and 2024 were computed by dividing distributions on non-cumulative perpetual bonds declared for the period was deducted from the amounts attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year. The Bank has declared an interest of RMB384 million on perpetual bonds during the six-month period ended 30 June 2025 (for the six-month period ended 30 June 2024: RMB384 million).

15. CASH AND BALANCES WITH THE CENTRAL BANK

	30 June 2025	31 December 2024
Cash	855,016	815,789
Mandatory reserves with the central bank (i)	36,623,143	38,460,364
Surplus reserves with the central bank (ii)	40,635,110	60,412,232
Fiscal deposits with the central bank	32,213	168,526
Subtotal	78,145,482	99,856,911
Accrued interest	13,655	16,977
Total	78,159,137	99,873,888

(i) The Group is required to place mandatory reserve deposits with the PBOC. Mandatory reserve deposits with the central bank are not available for use in the Group's daily operations. As at 30 June 2025 and 31 December 2024, the mandatory deposit reserve ratios of the branches and subsidiaries of the Bank in respect of customer deposits denominated in RMB and foreign currencies were consistent with the requirements of the PBOC.

(ii) Surplus reserves with the central bank mainly include funds for the purpose of cash settlement.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

16. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2025	31 December 2024
Nostro accounts:		
Banks operating in Mainland China	14,551,495	12,364,448
Other financial institutions operating in Mainland China	36,798	37,726
Banks operating outside Mainland China	124,620	151,022
Subtotal	14,712,913	12,553,196
Accrued interest	48,365	37,509
Less: Allowance for impairment losses	(7,129)	(2,819)
Subtotal	14,754,149	12,587,886
Placements with banks and other financial institutions:		
Banks operating in Mainland China	570,000	570,000
Other financial institutions operating in Mainland China	20,000,000	18,650,000
Subtotal	20,570,000	19,220,000
Accrued interest	199,375	153,004
Less: Allowance for impairment losses	(24,883)	(16,691)
Subtotal	20,744,492	19,356,313
Total	35,498,641	31,944,199

As at 30 June 2025 and 31 December 2024, all the amounts due from banks and other financial institutions of the Group were in Stage 1 and measured the impairment losses based on expected credit loss (“ECL”) in the next 12 months.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

17. REVERSE REPURCHASE AGREEMENTS

	30 June 2025	31 December 2024
Reverse repurchase agreements analysed by counterparty:		
Other financial institutions in Mainland China	200,000	150,000
Accrued interest	11	9
Less: Allowance for impairment losses	(43)	(15)
Total	199,968	149,994
Reverse repurchase agreements analysed by collateral:		
Bonds	200,000	150,000
Accrued interest	11	9
Less: Allowance for impairment losses	(43)	(15)
Total	199,968	149,994

As at 30 June 2025 and 31 December 2024, reverse repurchase agreements were in stage 1 and measured the impairment losses based on ECLs in the next 12 months).

18. LOANS AND ADVANCES TO CUSTOMERS

18.1 Analysis of loans and advances to customers by measurement category

	30 June 2025	31 December 2024
Loans and advances measured at amortised cost		
– Corporate loans and advances	215,105,906	196,214,319
– Personal loans	118,899,242	117,779,856
Subtotal	334,005,148	313,994,175
Loans and advances measured at fair value through other comprehensive income		
– Discounted bills and forfaiting	63,561,115	65,099,731
Total loans and advances to customers	397,566,263	379,093,906
Accrued interest	5,770,258	5,106,791
Less: Allowance for impairment losses	(23,661,035)	(21,792,567)
Loans and advances to customers, net	379,675,486	362,408,130

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

18. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

18.1 Analysis of loans and advances to customers by measurement category *(Continued)*

As at 30 June 2025, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB63,561,115 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB18,981 thousand. As at 31 December 2024, loans and advances to customers measured at fair value through other comprehensive income of the Group amounted to RMB65,099,731 thousand were in stage 1 and the corresponding accumulated allowance for impairment losses on the above-mentioned loans and advances to customers amounted to RMB9,966 thousand.

18.2 Analysis of loans and advances to customers by industry, collateral type and analysis of overdue loans and advances to customers are presented in Note 46 (a).

18.3 Analysis of loans and advances to customers

	As at 30 June 2025			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
Total loans and advances at amortised cost	268,099,191	29,487,738	36,418,219	334,005,148
Accrued interest	4,973,665	556,836	239,757	5,770,258
Allowance for impairment losses				
at amortised cost	(3,525,713)	(5,095,402)	(15,039,920)	(23,661,035)
Loans and advances to customers				
at amortised cost, net	269,547,143	24,949,172	21,618,056	316,114,371
	As at 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
Total loans and advances at amortised cost	249,276,322	29,973,603	34,744,250	313,994,175
Accrued interest	4,357,491	668,012	81,288	5,106,791
Allowance for impairment losses				
at amortised cost	(3,713,686)	(3,683,364)	(14,395,517)	(21,792,567)
Loans and advances to customers				
at amortised cost, net	249,920,127	26,958,251	20,430,021	297,308,399

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

18. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

18.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the period/year are as follows:

	For the six-month period ended 30 June 2025			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2025	3,713,686	3,683,364	14,395,517	21,792,567
Charge/(reversal) for the period	(649,701)	1,384,703	2,690,855	3,425,857
Write-offs and transferred for the period	-	-	(1,503,158)	(1,503,158)
Stage conversion	461,728	27,335	(489,063)	-
Converted to Stage 1	535,682	(229,712)	(305,970)	-
Converted to Stage 2	(47,706)	394,864	(347,158)	-
Converted to Stage 3	(26,248)	(137,817)	164,065	-
Recovery of loans and advances				
previously written off	-	-	254,960	254,960
Exchange difference	-	-	25	25
Accrued interest on impaired loans	-	-	(309,216)	(309,216)
As at 30 June 2025	3,525,713	5,095,402	15,039,920	23,661,035

During the six-month period ended 30 June 2025, the changes in the loan principal of loans and advances to customers that had a significant impact on the Group's impairment provisions were mainly due to the credit business in China, including the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB7,002 million. The loan principal transferred from stage 2 to stage 3 was RMB1,388 million. The loan principal transferred from stage 2 to stage 1 was RMB993 million. The loan principal transferred from stage 3 to stage 1 was RMB1,334 million. The impairment provision caused by the transfer of stage 1 to stage 3, transfer of stage 3 to stage 1 and stage 2 are not material.

During the six-month period ended 30 June 2025, the Group did not transfer loans and advances to independent third parties.

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

18. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

18.4 Movements in allowance for impairment losses of loan and advances to customers at amortised cost during the period/year are as follows: *(Continued)*

	For the year ended 31 December 2024			Total
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	
As at 1 January 2024	3,103,354	3,325,025	11,848,119	18,276,498
Charge for the year	884,967	1,003,497	4,548,691	6,437,155
Write-offs and transferred for the year	–	–	(2,907,092)	(2,907,092)
Stage conversion	(274,635)	(645,158)	919,793	–
Converted to Stage 1	397,915	(372,082)	(25,833)	–
Converted to Stage 2	(171,905)	281,542	(109,637)	–
Converted to Stage 3	(500,645)	(554,618)	1,055,263	–
Recovery of loans and advances				
previously written off	–	–	555,802	555,802
Exchange difference	–	–	(195)	(195)
Accreted interest on impaired loans	–	–	(569,601)	(569,601)
As at 31 December 2024	3,713,686	3,683,364	14,395,517	21,792,567

During the year ended 31 December 2024, the changes in the loan principal of loans and advances to customers that had a significant impact on the Group's impairment provisions were mainly due to the credit business in China, including the loan principal transferred from stage 1 to stage 2 and stage 3 was RMB13,866 million. The loan principal transferred from stage 2 to stage 3 was RMB5,026 million. The loan principal transferred from stage 2 to stage 1 was RMB11,351 million. The loan principal transferred from stage 3 to stage 1 was RMB291 million. The impairment provision caused by the transfer of stage 1 to stage 3, transfer of stage 3 to stage 1 and stage 2 are not material.

During the year ended 31 December 2024, the Group transferred loans and advances amount of RMB1,233 million to independent third parties and the transfer price was RMB477 million.

Notes to the Condensed Consolidated Interim Financial Information

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(Amount in thousands of RMB, unless otherwise stated)

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments related to interest rate, currency rate and price of precious metal, for trading and on behalf of customers.

The contractual/notional amounts of financial instruments provide a basis for comparison with fair value instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in interest rates, currency rates and prices of precious metal relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The contractual/notional amounts and fair values of derivative instruments held by the Group are set out in the following tables.

	30 June 2025			31 December 2024		
	Contractual/ notional amount	Fair value		Contractual/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Option contracts	48,837,248	243,500	(243,500)	105,601,786	375,304	(375,304)
Total	48,837,248	243,500	(243,500)	105,601,786	375,304	(375,304)

20. FINANCIAL INVESTMENTS

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

	30 June 2025	31 December 2024
Corporate debt securities	505,690	504,116
Trust investments and asset management plans (i)	41,814,155	39,537,565
Subtotal	42,319,845	40,041,681
Equity instruments	242,093	242,035
Funds	29,079,125	41,360,944
Accrued interest	15,261	2,170
Total	71,656,324	81,646,830

As at 30 June 2025 and 31 December 2024, no debt securities measured at fair value through profit or loss were pledged.

- (i) The Group classified the trust investments and asset management plans that could not pass the SPPI testing as financial assets at fair value through profit or loss.

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(Amount in thousands of RMB, unless otherwise stated)

20. FINANCIAL INVESTMENTS (Continued)

(b) Financial assets at fair value through other comprehensive income

	30 June 2025	31 December 2024
Government debt securities	71,871,694	52,699,230
Policy bank debt securities	16,831,560	6,109,996
Financial institution debt securities	1,454,596	3,893,123
Corporate debt securities	2,034,094	3,331,196
Subtotal	92,191,944	66,033,545
Equity investments	4,579,021	4,640,352
Accrued interest	1,042,093	680,029
Net balance	97,813,058	71,353,926

As at 30 June 2025, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB76,167 thousand. As at 31 December 2024, all debt securities at fair value through other comprehensive income were in stage 1 and the corresponding accumulated allowance for impairment losses amounted to RMB25,077 thousand.

As at 30 June 2025, debt securities of RMB7,162,100 thousand, RMB10,752,866 thousand, RMB1,810,080 thousand and RMB26,024 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements, due to the central bank and securities lending and repurchase agreements respectively. As at 31 December 2024, debt securities of RMB8,472,023 thousand, RMB10,551,838 thousand and RMB1,962,802 thousand at fair value through other comprehensive income of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

The Group irrevocably designated parts of its equity investments and classified as financial assets at fair value through other comprehensive income.

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20. FINANCIAL INVESTMENTS (Continued)

(b) Financial assets at fair value through other comprehensive income (Continued)

Movements in allowance for impairment losses of debt securities of financial assets at fair value through other comprehensive income during the period/year are summarised as follows:

	For the six-month period ended 30 June 2025			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2025	25,077	-	-	25,077
Charge for the period	51,090	-	-	51,090
Write-offs	-	-	-	-
As at 30 June 2025	76,167	-	-	76,167

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	27,680	-	-	27,680
Reversal for the year	(2,603)	-	-	(2,603)
Write-offs	-	-	-	-
As at 31 December 2024	25,077	-	-	25,077

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20. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost

	30 June 2025	31 December 2024
Government debt securities	122,319,242	115,463,889
Policy bank debt securities	4,596,135	5,201,246
Financial institution debt securities	2,490,000	1,990,000
Corporate debt securities	36,503,685	39,862,821
Inter-bank certificates of deposits	4,532,492	7,903,800
Trust investments and asset management plans	49,511,570	56,184,703
Subtotal	219,953,124	226,606,459
Accrued interest	6,392,476	5,863,960
Allowance for impairment losses	(8,485,975)	(7,670,197)
Net balance	217,859,625	224,800,222

As at 30 June 2025, debt securities of RMB13,720,507 thousand, RMB7,754,378 thousand and RMB1,576,857 thousand at amortised cost of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

As at 31 December 2024, debt securities of RMB13,047,904 thousand, RMB11,638,293 thousand and RMB2,744,994 thousand at amortised cost of the Group were pledged in fixed time deposits, repurchase agreements and due to the central bank respectively.

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(Amount in thousands of RMB, unless otherwise stated)

20. FINANCIAL INVESTMENTS (Continued)

(c) Financial assets at amortised cost (Continued)

Movements in allowance for impairment losses on financial assets at amortised cost during the period/year are summarised as follows:

	For the six-month period ended 30 June 2025			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2025	591,201	78,521	7,000,475	7,670,197
Charge/(reversal) for the period	364,663	(51,180)	501,966	815,449
Write-offs	-	-	-	-
Stage conversion	-	(22,011)	22,011	-
Converted to Stage 1	-	-	-	-
Converted to Stage 2	-	-	-	-
Converted to Stage 3	-	(22,011)	22,011	-
Recovery of loans and advances previously written off	-	-	329	329
As at 30 June 2025	955,864	5,330	7,524,781	8,485,975

	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	585,793	-	6,386,771	6,972,564
Charge/(reversal) for the year	(282,666)	24,607	1,217,425	959,366
Write-offs	-	-	(261,733)	(261,733)
Stage conversion	288,074	53,914	(341,988)	-
Converted to Stage 1	305,925	-	(305,925)	-
Converted to Stage 2	(1,352)	53,914	(52,562)	-
Converted to Stage 3	(16,499)	-	16,499	-
As at 31 December 2024	591,201	78,521	7,000,475	7,670,197

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21. FINANCE LEASE RECEIVABLES

	30 June 2025	31 December 2024
Finance lease receivables	28,163,700	25,859,783
Less: unearned finance lease income	(2,124,946)	(2,028,549)
Finance lease receivables, net	26,038,754	23,831,234
Accrued interest	201,211	189,808
Less: Allowance for impairment losses	(1,406,851)	(1,265,079)
Net balance	24,833,114	22,755,963

As at 30 June 2025, the Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB24,363,771 thousand, RMB1,297,408 thousand, and RMB578,786 thousand respectively, and allowances for impairment losses were RMB488,986 thousand, RMB396,276 thousand, and RMB521,589 thousand, respectively.

As at 31 December 2024, the Group divided finance lease receivables into stage 1, stage 2 and stage 3. The gross amounts were RMB22,199,520 thousand, RMB1,263,762 thousand, and RMB557,760 thousand respectively, and allowances for impairment losses were RMB429,848 thousand, RMB389,229 thousand and RMB446,002 thousand respectively.

As at 30 June 2025, the fair value of collateral that the Group holds relating to finance lease receivables amounted to RMB27,838,080 thousand (As at 31 December 2024: RMB23,782,797 thousand). The collateral mainly consists of right to charge for tourist attractions, provision of other public services and other receivables.

Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are as follows:

	30 June 2025			31 December 2024		
	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net	Finance lease receivables	Unearned finance lease income	Finance lease receivables, net
Less than 1 year	14,761,695	(1,332,201)	13,429,494	11,907,496	(1,191,955)	10,715,541
1 year to 2 years	8,869,757	(601,305)	8,268,452	9,439,617	(649,768)	8,789,849
2 years to 3 years	3,602,085	(136,549)	3,465,536	3,421,017	(123,340)	3,297,677
3 years to 5 years	919,289	(54,647)	864,642	745,048	(54,891)	690,157
More than 5 years	10,874	(244)	10,630	346,605	(8,595)	338,010
Total	28,163,700	(2,124,946)	26,038,754	25,859,783	(2,028,549)	23,831,234

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21. FINANCE LEASE RECEIVABLES (Continued)

Movements in allowance for impairment losses of finance lease receivables during the period/year are summarised as follows:

	For the six-month period ended 30 June 2025			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2025	429,848	389,229	446,002	1,265,079
Charge/(reversal) for the period	61,176	184,472	(80,837)	164,811
Stage conversion	(2,038)	(177,425)	179,463	-
Converted to Stage 1	5,893	(3,488)	(2,405)	-
Converted to Stage 2	(7,455)	7,839	(384)	-
Converted to Stage 3	(476)	(181,776)	182,252	-
Write-offs and transferred	-	-	(27,389)	(27,389)
Recovery of finance lease receivables previously written off	-	-	4,350	4,350
As at 30 June 2025	488,986	396,276	521,589	1,406,851
	For the year ended 31 December 2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL-impaired)	Total
As at 1 January 2024	262,656	431,605	312,646	1,006,907
Charge for the year	169,724	107,949	215,484	493,157
Stage conversion	(2,532)	(150,325)	152,857	-
Converted to Stage 1	1,077	(777)	(300)	-
Converted to Stage 2	(2,994)	3,039	(45)	-
Converted to Stage 3	(615)	(152,587)	153,202	-
Write-offs and transferred	-	-	(276,801)	(276,801)
Recovery of finance lease receivables previously written off	-	-	41,816	41,816
As at 31 December 2024	429,848	389,229	446,002	1,265,079

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22. PROPERTY AND EQUIPMENT

	Properties and buildings	Construction in progress	Leasehold improvements	Office equipment	Motor vehicles	Operating lease fixed assets	Total
Cost:							
At 1 January 2024	9,279,526	221,797	696,096	2,441,224	67,725	314,398	13,020,766
Additions	197,425	18,882	16,085	78,156	7,625	338	318,511
Transfer from construction in progress	4,342	(9,138)	-	4,796	-	-	-
Disposals	(722)	(3,277)	-	(233,526)	(1,368)	-	(238,893)
At 31 December 2024 and 1 January 2025	9,480,571	228,264	712,181	2,290,650	73,982	314,736	13,100,384
Additions	9,666	10,207	3,100	10,137	494	-	33,604
Transfer from construction in progress	-	(51)	-	51	-	-	-
Disposals	(411)	(4,636)	(2,089)	(11,761)	(6,063)	-	(24,960)
At 30 June 2025	9,489,826	233,784	713,192	2,289,077	68,413	314,736	13,109,028
Accumulated depreciation:							
At 1 January 2024	2,051,145	-	645,124	1,923,534	60,369	120,523	4,800,695
Depreciation charge for the year	291,188	-	24,472	95,969	4,434	7,953	424,016
Disposals	(353)	-	-	(31,047)	(1,177)	-	(32,577)
At 31 December 2024 and 1 January 2025	2,341,980	-	669,596	1,988,456	63,626	128,476	5,192,134
Depreciation charge for the period	159,090	-	11,215	31,343	1,052	4,219	206,919
Disposals	(362)	-	(2,089)	(2,492)	(3,589)	-	(8,532)
At 30 June 2025	2,500,708	-	678,722	2,017,307	61,089	132,695	5,390,521
Accumulated Impairment loss:							
At 31 December 2024 and 1 January 2025	-	-	-	-	-	101,027	101,027
Provided for the year	-	-	-	-	-	-	-
At 31 December 2024, 1 January 2025 and 30 June 2025	-	-	-	-	-	101,027	101,027
Net carrying amount:							
At 30 June 2025	6,989,118	233,784	34,470	271,770	7,324	81,014	7,617,480
At 31 December 2024	7,138,591	228,264	42,585	302,194	10,356	85,233	7,807,223

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22. PROPERTY AND EQUIPMENT (Continued)

The carrying value of the Group's properties and buildings is analysed based on the remaining terms of the land leases as follows:

	30 June 2025	31 December 2024
Held in China:		
10 to 50 years	6,791,195	6,940,231
Less than 10 years	197,923	198,360
	6,989,118	7,138,591

As at 30 June 2025, the process of obtaining the titles for the Group's properties and buildings with an aggregate net carrying value of RMB2,677 million (As at 31 December 2024: RMB2,678 million) was still in progress. Management is of the view that the aforesaid matter would not affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

23. DEFERRED INCOME TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	30 June 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets:				
Allowance for impairment losses	30,986,704	7,701,097	27,420,140	6,795,985
Lease liabilities	283,044	69,772	289,564	71,578
Provisions	55,646	13,794	112,546	28,019
Salaries, bonuses, allowances and subsidies payable	200,404	48,747	217,140	52,930
Early retirement benefits	37,244	9,311	35,388	8,847
Deferred revenue	185,112	46,278	241,896	60,474
Others	274,254	54,562	1,318,808	317,113
Subtotal	32,022,408	7,943,561	29,635,482	7,334,946
Deferred income tax liabilities:				
Right-of-use assets	(275,078)	(68,650)	(298,888)	(73,823)
Changes in fair value of financial assets at fair value through profit or loss	(1,581,752)	(395,438)	(2,197,616)	(549,404)
Changes in fair value of financial assets at fair value through other comprehensive income	(1,077,460)	(269,365)	(1,935,948)	(483,987)
Changes in fair value of derivative financial instrument	(218,188)	(54,547)	(221,388)	(55,347)
Subtotal	(3,152,478)	(788,000)	(4,653,840)	(1,162,561)
Total	28,869,930	7,155,561	24,981,642	6,172,385

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23. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax

	At 1 January 2025	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 30 June 2025
For the six-month period ended 30 June 2025				
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	6,795,985	905,112	-	7,701,097
Lease liabilities	71,578	(1,806)	-	69,772
Right-of-use assets	(73,823)	5,173	-	(68,650)
Provisions	28,019	(14,225)	-	13,794
Changes in fair value of financial assets at fair value through profit or loss	(549,404)	153,966	-	(395,438)
Changes in fair value of financial assets at fair value through other comprehensive income	(483,987)	-	214,622	(269,365)
Allowance for impairment losses on the financial assets at fair value through other comprehensive income	-	15,026	(15,026)	-
Changes in fair value of derivative financial instruments	(55,347)	800	-	(54,547)
Salaries, bonuses, allowances and subsidies payable	52,930	(4,183)	-	48,747
Early retirement benefits	8,847	464	-	9,311
Deferred revenue	60,474	(14,196)	-	46,278
Others	317,113	(262,551)	-	54,562
Deferred income tax, net	6,172,385	783,580	199,596	7,155,561

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23. DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

(b) Movements in deferred income tax (Continued)

	At 1 January 2024	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in other comprehensive income	At 31 December 2024
Deferred income tax assets/(liabilities):				
Allowance for impairment losses	6,016,345	779,640	–	6,795,985
Lease liabilities	80,732	(9,154)	–	71,578
Right-of-use assets	(85,649)	11,826	–	(73,823)
Provisions	24,900	3,119	–	28,019
Changes in fair value of financial assets at fair value through profit or loss	(545,648)	(3,756)	–	(549,404)
Changes in fair value of financial assets at fair value through other comprehensive income	(92,329)	–	(391,658)	(483,987)
Allowance for impairment losses on the financial assets at fair value through other comprehensive income	–	(683)	683	–
Changes in fair value of derivative financial instruments	–	(55,347)	–	(55,347)
Salaries, bonuses, allowances and subsidies payable	42,537	10,393	–	52,930
Early retirement benefits	8,198	649	–	8,847
Deferred revenue	36,524	23,950	–	60,474
Others	45,199	271,914	–	317,113
Deferred income tax, net	5,530,809	1,032,551	(390,975)	6,172,385

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(Amount in thousands of RMB, unless otherwise stated)

24. OTHER ASSETS

	30 June 2025	31 December 2024
Interest receivables (a)	63,327	390,218
Right-of-use assets (b)	282,126	301,641
Land use rights	308	318
Advance payments	193,094	292,905
Settlement and clearing accounts	1,124,067	1,048,673
Intangible assets (c)	350,125	379,901
Other receivables	1,155,409	752,977
Repossessed assets (d)	4,142,458	4,144,005
Others	278,718	281,522
Subtotal	7,589,632	7,592,160
Less: Allowance for impairment losses	(774,036)	(648,295)
Total	6,815,596	6,943,865

(a) Interest receivables

As at 30 June 2025, the carrying amounts of the Group's overdue interest receivables in stage 1 and stage 2 were RMB5,853 thousand and RMB57,474 thousand respectively. The allowance for impairment losses were RMB17 thousand and RMB9,857 thousand respectively. As at 31 December 2024, the carrying amounts of the Group's overdue interest receivables in stage 1 and 2 were RMB300,440 thousand and RMB89,778 thousand respectively. The allowance for impairment losses were RMB5,760 thousand and RMB9,524 thousand respectively.

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For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

24. OTHER ASSETS (Continued)

(b) Right-of-use assets

	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2025	787,811	10,371	798,182
Additions	58,899	1,112	60,011
Decrease	(85,965)	(1,554)	(87,519)
At 30 June 2025	760,745	9,929	770,674
Accumulated depreciation:			
At 1 January 2025	487,420	9,121	496,541
Additions	65,945	476	66,421
Decrease	(74,227)	(187)	(74,414)
At 30 June 2025	479,138	9,410	488,548
Net carrying amount:			
At 30 June 2025	281,607	519	282,126
At 1 January 2025	300,391	1,250	301,641
	Properties and buildings	Motor vehicles and others	Total
Cost:			
At 1 January 2024	801,629	16,621	818,250
Additions	83,583	966	84,549
Decrease	(97,401)	(7,216)	(104,617)
At 31 December 2024	787,811	10,371	798,182
Accumulated depreciation:			
At 1 January 2024	444,589	13,231	457,820
Additions	138,245	2,722	140,967
Decrease	(95,414)	(6,832)	(102,246)
At 31 December 2024	487,420	9,121	496,541
Net carrying amount:			
At 31 December 2024	300,391	1,250	301,641
At 1 January 2024	357,040	3,390	360,430

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24. OTHER ASSETS (Continued)

(c) Intangible assets

Intangible assets consist primarily of computer software, which is amortised within five years.

(d) Repossessed assets

	30 June 2025	31 December 2024
Land use rights and buildings	4,112,548	4,114,095
Account receivables	29,910	29,910
Total	4,142,458	4,144,005

25. DUE TO THE CENTRAL BANK

	30 June 2025	31 December 2024
Small enterprises supporting re-lending	7,030,800	5,516,500
Agricultural supporting re-lending	–	23,770
Poverty alleviation re-lending	24,800	5,000
Rediscounted bills	8,520	–
Subtotal	7,064,120	5,545,270
Interest payable	4,860	2,967
Total	7,068,980	5,548,237

26. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2025	31 December 2024
Unsecured borrowings	30,684,021	25,312,500
Pledged borrowings	–	811,120
Subtotal	30,684,021	26,123,620
Interest payable	198,689	218,926
Total	30,882,710	26,342,546

As at 30 June 2025, no pledged borrowings were secured by the finance lease receivables. As at 31 December 2024, the pledged borrowings of RMB811 million were secured by the finance lease receivables of RMB983 million.

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27. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2025	31 December 2024
Deposits:		
Banks operating in Mainland China	17,213,534	22,439,418
Banks operating outside Mainland China	1,081,199	688,739
Subtotal	18,294,733	23,128,157
Interest payable	189,932	178,100
Subtotal	18,484,665	23,306,257
Placements:		
Banks operating in Mainland China	410,000	110,000
Subtotal	410,000	110,000
Interest payable	2,084	607
Subtotal	412,084	110,607
Total	18,896,749	23,416,864

Interest due to banks and other financial institutions is calculated based on contractual interest rates.

28. REPURCHASE AGREEMENTS

	30 June 2025	31 December 2024
Repurchase agreements analysed by counterparty:		
Banks operating in Mainland China	30,391,243	23,614,150
Other financial institutions in Mainland China	350,000	11,086,310
Interest payable	32,525	20,786
Total	30,773,768	34,721,246
Repurchase agreements analysed by collateral:		
Bonds	29,295,140	34,700,460
Bills	1,446,103	–
Interest payable	32,525	20,786
Total	30,773,768	34,721,246

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29. DUE TO CUSTOMERS

	30 June 2025	31 December 2024
Demand deposits:		
Corporate deposits	58,689,911	78,967,717
Personal deposits	42,967,651	43,993,483
Subtotal	101,657,562	122,961,200
Fixed time deposits:		
Corporate deposits	116,395,905	104,734,672
Personal deposits	467,002,433	455,983,518
Subtotal	583,398,338	560,718,190
Demand and fixed time deposits	685,055,900	683,679,390
Convertible negotiated deposit (i)	10,000,000	10,000,000
Interest payable	21,078,195	19,434,038
Total	716,134,095	713,113,428

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(Amount in thousands of RMB, unless otherwise stated)

29. DUE TO CUSTOMERS (Continued)

(i) Convertible negotiated deposit

After obtaining the proceeds from issuance of local government special bonds, the Department of Finance of Heilongjiang Province has deposited the relevant funds in the form of negotiated deposit into the special convertible negotiated deposit account in the Bank. The deposit is included in the Bank's other tier-one capital and is converted to ordinary shares in stages to replenish the Bank's capital and be included in its core tier-one capital when the conversion conditions specified in the agreement are triggered. The maturity of the deposit shall be set in accordance with the maturity requirements in batches. Among them, RMB2.0 billion is for the six-year maturity, RMB2.0 billion is for the seven-year maturity, RMB2.0 billion is for the eight-year maturity, RMB2.0 billion is for the nine-year maturity and RMB2.0 billion is for the ten-year maturity. The interest is paid semi-annually on the convertible negotiated deposit, and the interest rate shall match with the corresponding local government special bonds issuance interest rate.

The conversion for convertible negotiated deposit may be fully or partially converted into the ordinary shares of the Bank if one of the following triggering events occurs: (i) The core tier-one capital adequacy ratio of the Bank drops to 5.125% or below; or (ii) As confirmed by the regulatory authorities, the core tier-one capital adequacy ratio of the Bank is not less than 5.125%, but non-viability trigger events occurred to the Bank. The non-viability trigger event is defined as the earlier of: (a) the NFRA having decided that without a conversion, the Bank would become non-viable; or (b) the relevant authorities having decided that injection of capital or equivalent support by a public sector is necessary, without which the Bank would become non-viable. Subject to the above triggering conditions, if the core tier-one capital adequacy ratio of the Bank is still lower than 5.125% as calculated after all the convertible amount is converted into the ordinary shares of the Bank in accordance with the agreement, the Bank shall at the same time take other measures to ensure that the core tier-one capital adequacy ratio reaches 5.125%, otherwise the Harbin Municipal Finance Bureau has the right to suspend the conversion. Subject to the above triggering conditions, if the designated share-holding entity does not satisfy the relevant requirements of the NFRA and the Harbin Municipal Government, or if the class and number of ordinary shares to be converted and the shareholding structure of the Bank after the conversion as calculated do not satisfy the relevant requirements of the Hong Kong Stock Exchange in respect of the minimum public float, no conversion shall be made until the conversion is in compliance with the relevant requirements of the NFRA, the Hong Kong Stock Exchange and the Harbin Municipal Government. In principle, only one conversion can be made during the term of the convertible negotiated deposit.

30. DEBT SECURITIES ISSUED

	30 June 2025	31 December 2024
Negotiable certificates of deposit issued (i)	49,181,487	39,530,198
Payable of asset-backed securities	449,717	411,811
Total	49,631,204	39,942,009

- (i) For the six-month period ended 30 June 2025 and the year ended 31 December 2024, the Group issued at discount 137 and 300 interbank negotiable certificates of deposit with face value of RMB100 through the domestic interbank bond market respectively. As at 30 June 2025, 88 negotiable certificates of deposit issued by the Group, with annual interest rates between 1.65% and 2.15% and maturities between one month and one year, were undue, amounting to RMB49,400 million. As at 31 December 2024, 113 negotiable certificates of deposit issued by the Group, with annual interest rates between 1.74% and 2.70% and maturities between one month and one year, were undue, amounting to RMB39,530 million.

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31. OTHER LIABILITIES

	30 June 2025	31 December 2024
Lease guarantee fee	2,161,666	2,145,176
Settlement and clearing accounts	2,779,825	1,739,212
Salaries, bonuses, allowances and subsidies payable (a)	380,856	902,884
Lease liabilities	285,754	292,939
Accounts payable from agency services	263,684	127,104
Accrued expenses	491,517	397,315
Sundry tax payables	333,105	333,530
Deferred revenue (b)	51,514	73,006
Dividends payable	29,851	29,851
Provisions	53,263	110,163
Other payables	1,069,136	626,463
Total	7,900,171	6,777,643

(a) Salaries, bonuses, allowances and subsidies payable

	30 June 2025	31 December 2024
Salaries, bonuses and allowances	270,583	833,075
Social insurance	39,781	9,549
Housing fund	24,392	2,097
Labour union expenditure and education costs	8,856	22,776
Early retirement benefits	37,244	35,387
Total	380,856	902,884

The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 30 June 2025 and 31 December 2024, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

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31. OTHER LIABILITIES (Continued)

(b) Deferred revenue

Deferred revenue consists mainly of deferred revenue from the provision of intermediary services. Deferred revenue will be recognised in the next few years in accordance with the corresponding amortisation expense that is charged to the condensed consolidated statement of profit or loss.

	30 June 2025	31 December 2024
Intermediary services	51,514	73,006

32. SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	Number of shares (thousand)	Nominal value	Number of shares (thousand)	Nominal value
Issued and fully paid ordinary shares at par value RMB1 per share	10,995,600	10,995,600	10,995,600	10,995,600
At the beginning and end of the period/year	10,995,600	10,995,600	10,995,600	10,995,600

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33. OTHER EQUITY INSTRUMENTS

	1 January 2025		Changes during the period		30 June 2025	
	Number of shares		Number of shares		Number of shares	
	(thousand)	Amount	(thousand)	Amount	(thousand)	Amount
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	-	-	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	-	-	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	-	-	30,000	2,999,460
Total	117,000	11,699,007	-	-	117,000	11,699,007

	1 January 2024		Changes during the year		31 December 2024	
	Number of shares		Number of shares		Number of shares	
	(thousand)	Amount	(thousand)	Amount	(thousand)	Amount
Issuance of perpetual bonds						
2022 Perpetual bonds with no maturity date (i)	7,000	699,717	-	-	7,000	699,717
2021 Perpetual bonds with no maturity date – Phase 1 (ii)	80,000	7,999,830	-	-	80,000	7,999,830
2021 Perpetual bonds with no maturity date – Phase 2 (iii)	30,000	2,999,460	-	-	30,000	2,999,460
Total	117,000	11,699,007	-	-	117,000	11,699,007

(i) On 26 December 2022, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB700 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8% respectively and is subject to adjustment every five years. The perpetual bonds were successfully issued on 28 December 2022.

(ii) On 25 June 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB8,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 4.8% and is subject to adjustment every five years.

(iii) On 12 November 2021, being approved by relevant regulatory authorities in China, the Group issued perpetual bonds in an amount of RMB3,000 million with no fixed maturity date which the coupon rate of the Bond for the first five years is 5.0% respectively and is subject to adjustment every five years. The perpetual bonds were successfully issued on 16 November 2021.

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33. OTHER EQUITY INSTRUMENTS *(Continued)*

These perpetual bonds have no maturity date and will continue indefinitely until redeemed by the Bank in accordance with their terms. The Bank is entitled to redeem the perpetual bonds at fully or partially written down of par value on the fifth and each of the subsequent interest payment dates of the perpetual bonds if the Bank fulfilled the conditions in their terms. These perpetual bonds have no accumulated interest and the Bank can elect to defer or cancel payment of interest due pursuant to their terms, the aforesaid deferral or cancellation of interest shall not constitute a default by the Bank.

The perpetual bonds are classified as equity instruments as they do not include any contractual obligation:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

During the six-month ended 30 June 2025, RMB384 million interest payment was paid by the Group to the holders of perpetual bonds. During the year ended 31 December 2024, RMB568 million interest payment was paid by the Group to the holders of perpetual bonds.

34. CAPITAL RESERVES

	Share premium	Other capital reserves	Total
At 31 December 2024, 1 January 2025 and 30 June 2025	7,420,764	236,520	7,657,284

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35. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of financial position:

	Gains/(Losses) on debt instruments at fair value through other comprehensive income	Gains/(Losses) on equity instruments at fair value through other comprehensive income	Total
At 1 January 2024	470,269	(164,947)	305,322
Other comprehensive income after tax	1,310,103	(104,491)	1,205,612
Other comprehensive income in the previous period and transferred to retained earnings in the current year	–	(32,688)	(32,688)
At 31 December 2024 and 1 January 2025	1,780,372	(302,126)	1,478,246
Other comprehensive income after tax	(592,031)	(6,760)	(598,791)
Other comprehensive income in the previous period and transferred to retained earnings in the current period	–	–	–
At 30 June 2025	1,188,341	(308,886)	879,455

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35. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

Transactions of other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of comprehensive income:

For the six-month period ended 30 June 2025	Amount before tax	Income tax	Amount after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	(9,013)	2,252	(6,761)
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	(474,897)	118,724	(356,173)
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	60,105	(15,026)	45,079
Other comprehensive income in the previous period and transferred to profit or loss in the current period	(374,582)	93,646	(280,936)
Total	(798,387)	199,596	(598,791)

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35. COMPONENTS OF OTHER COMPREHENSIVE INCOME (Continued)

Transactions of other comprehensive income attributed to equity holders of the Bank in the condensed consolidated statement of comprehensive income: (Continued)

For the six-month period ended 30 June 2024	Amount		Amount
	before tax	Income tax	after tax
Items that will not be reclassified to profit or loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	(665)	580	(85)
Items that may be reclassified to profit or loss in subsequent years			
Changes in fair value of debt instruments measured at fair value through other comprehensive income	965,322	(241,331)	723,991
Allowance for impairment losses on debt instruments at fair value through other comprehensive income	(7,018)	1,754	(5,264)
Other comprehensive income in the previous period and transferred to profit or loss in the current period	(141,870)	35,467	(106,403)
Total	815,769	(203,530)	612,239

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36. SURPLUS RESERVES

	Statutory surplus reserves	Discretionary surplus reserves	Total
At 1 January 2024	3,930,064	26,186	3,956,250
Appropriation during the year	61,290	–	61,290
At 31 December 2024, 1 January 2025 and 30 June 2025	3,991,354	26,186	4,017,540

Under the Company Law of the People's Republic of China, the Bank is required to appropriate 10% of its net profit to the statutory surplus reserve. The appropriation to the statutory surplus reserve may cease when the balance of such reserve has reached 50% of the share capital. Subject to the approval of the shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

After making the appropriation to the statutory surplus reserve, the Bank may also appropriate its profit for the year to the discretionary surplus reserve upon approval by the shareholders in general meetings. Subject to the approval by the shareholders, the discretionary surplus reserve may be used to offset accumulated losses of the Bank, if any, and may be converted into capital.

37. GENERAL AND REGULATORY RESERVES

	30 June 2025	31 December 2024
Balance as at the beginning of the period/year	9,197,649	8,230,272
Increase during the period/year (i)	1,053,816	967,377
Balance as at the end of the period/year	10,251,465	9,197,649

(i) For the six-month period ended 30 June 2025, the appropriation made by the Group in the amount of RMB1,053,816 thousand (For the year ended 31 December 2024: RMB967,377 thousand).

From 1 July 2012, according to the requirements of the Administrative Measures for the Provision of Reserves of Financial Enterprises (No.20 [2012] of the Ministry of Finance ("MOF")), the Group is required to maintain a general reserve within equity, through the appropriation of profit, which should not be less than 1.5% of the year-end balance of its risk assets.

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(Amount in thousands of RMB, unless otherwise stated)

38. UNDISTRIBUTED PROFITS

	30 June 2025	31 December 2024
Balance as at the beginning of the period/year	18,116,609	18,760,522
Net profit for the period/year attributable to equity holders of the Bank	915,419	919,666
Net of:		
Appropriation to statutory surplus reserves	–	(61,290)
Appropriation to general and regulatory reserves	(1,053,816)	(967,377)
Distribution of interests of perpetual bonds	(384,000)	(567,600)
Transfer of loss on disposal of financial asset at fair value through other comprehensive income to retained earnings	–	32,688
Balance as at the end of the period/year	17,594,212	18,116,609

39. CASH AND CASH EQUIVALENTS

On the condensed consolidated statement of cash flows, cash and cash equivalents with an original maturity of less than three months are as follows:

	30 June 2025	31 December 2024
Cash on hand (note 15)	855,016	837,973
Balances with the central bank (note 15)	40,635,110	58,348,748
Due from banks and other financial institutions	15,541,415	23,538,811
Reverse repurchase agreements	199,968	–
Total	57,231,509	82,725,532

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(Amount in thousands of RMB, unless otherwise stated)

40. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at the end of the Reporting Period, the Group had capital commitments as follows:

	30 June 2025	31 December 2024
Contracted, but not provided	179,378	181,222
Approved, but not contracted	477	658
Total	179,855	181,880

(b) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and undrawn credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise 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 below. The amounts disclosed in respect of credit commitments and the undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	30 June 2025	31 December 2024
Bank bill acceptances	9,025,227	7,332,781
Letters of guarantee issued	203,904	192,871
Letters of credit	1,481,531	1,377,163
Undrawn credit card limits	13,567,655	15,372,335
Total	24,278,317	24,275,150

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

40. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Credit commitments (Continued)

Credit risk-weighted amount of financial guarantees and credit related commitments

	30 June 2025	31 December 2024
Financial guarantees and credit related commitments	3,344,183	5,214,695

The credit risk-weighted amount of financial guarantees and credit related commitments refers to the amount as computed in accordance with the formula promulgated by the NFRA and depends on the status of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

(c) Legal proceedings

As at 30 June 2025, significant legal proceedings exceeding RMB10,000 thousand outstanding against the Group (for itself or as a third party) were RMB29,665 thousand (As at 31 December 2024: RMB29,665 thousand). As at 30 June 2025, the Group did not recognise a provision for liabilities in the balance sheet based on the best estimate (As at 31 December 2024: Nil).

(d) Redemption commitments of government bonds

As an underwriting agent of the government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public. The Group is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 30 June 2025, the Bank had underwritten and sold bonds with an accumulated amount of RMB191 million (As at 31 December 2024: RMB194 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material. The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(e) Assets pledged as security

Financial assets of the Group including securities and finance lease receivables have been pledged as security for liabilities or contingent liabilities, and mainly arise from repurchase agreements, fixed time deposit agreements, debt securities lending and borrowing agreement, securities lending and repurchase agreements, due to the central bank and borrowings from banks and other financial institutions. As at 30 June 2025, the carrying value of the financial assets of the Group pledged as security amounted to approximately RMB42,803 million (As at 31 December 2024: approximately RMB48,418 million).

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41. FIDUCIARY ACTIVITIES

	30 June 2025	31 December 2024
Designated funds	1,827,825	2,208,747
Designated loans	1,827,628	2,208,747

The designated funds represent the funding that the trustors have instructed the Group to use to grant loans to third parties as designated by them. The credit risk remains with the trustors.

The designated loans represent the loans granted to specific borrowers designated by the trustors on their behalf according to the entrusted agreements signed by the Group and the trustors. The Group does not bear any risk.

42. 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 special purpose entities. In some cases where these transferred financial assets qualify for derecognition, the transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Repurchase agreements

Transferred financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase. The counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require or be required to pay additional cash collateral. The Group has determined that the Group retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, the Group recognised a financial liability for cash received as collateral.

As at 30 June 2025 and 31 December 2024, none of the above-mentioned financial assets or financial liabilities which did not qualify for derecognition was transferred to third parties.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

42. TRANSFERS OF FINANCIAL ASSETS *(Continued)*

Securitisation of credit assets

The Group enters into securitisation of credit assets in the normal course of business by which it transfers credit assets to special purpose entities which in turn issue asset-backed securities to investors. The Group may acquire some subordinated tranches of securities and accordingly may retain part 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 were securitised and qualified for derecognition, the Group derecognised the transferred credit assets in their entirety.

For the six-month period ended 30 June 2025, the Group neither transferred nor retained substantially all the risks (mainly including the credit risk, early repayment risk and interest rate risk of the transferred assets) and rewards of the ownership and retained the control in these financial assets (For the year ended 31 December 2024: Nil).

As at 30 June 2025, the Group recognised the securitised credit assets with an original value of RMB550,000 thousand (As at 31 December 2024: RMB550,000 thousand) and recognised RMB449,717 thousand of payable of asset-backed securities as debt securities issued (As at 31 December 2024: RMB411,811 thousand).

43. INTERESTS IN STRUCTURED ENTITIES

The Group is principally involved with structured entities through financial investments, asset management and credit asset transfers. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on the Group's controls on them.

Structured entities consolidated by the Group include certain securitisation products issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns. As at 30 June 2025, the consolidated structured entities amounted to RMB600,000 thousand (As at 31 December 2024: RMB567,312 thousand).

The interests held by the Group in the unconsolidated structured entities are set out below:

43.1 Structured entities managed by the Group

Wealth management products

When conducting the wealth management business, the Group has established various structured entities to provide customers with specialised investment opportunities within narrow and well-defined objectives. As at 30 June 2025, the balance of the unconsolidated wealth management products issued by the Group amounted to RMB35,362,620 thousand (As at 31 December 2024: RMB32,960,652 thousand). For the six-month period ended 30 June 2025, fee and commission income from the wealth management business that amounted to RMB79,666 thousand (For the six-month period ended 30 June 2024: RMB68,603 thousand).

Notes to the Condensed Consolidated Interim Financial Information

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43. INTERESTS IN STRUCTURED ENTITIES (Continued)

43.1 Structured entities managed by the Group (Continued)

Wealth management products (Continued)

For the purpose of asset-liability management, wealth management products may trigger short-term financing needs for the Group and other banks. However, the Group is not contractually obliged to provide financing. For the six-month period ended 30 June 2025, the Group did not provide any financing to the unconsolidated wealth management products (For the six-month period ended 30 June 2024: Nil).

43.2 Structured entities sponsored by other financial institutions

The Group has invested in some structured entities which are issued or managed by other institutions and are out of the consolidation scope, and the Group recognises its investment income. These structured entities include trust fund plans and asset management plans, funds, etc. These structured entities' nature and purpose are to earn management fees by managing the investors' assets, and the way of financing is to issue investment products to investors. For the six-month period ended 30 June 2025 and the year ended 31 December 2024, the Group has not provided liquidity support for those kinds of structured entities.

As at 30 June 2025, the interests held by the Group in the structured entities sponsored by third party financial institutions through direct investments are set out below:

	As at 30 June 2025			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	41,814,155	49,511,570	91,325,725	87,248,615
Funds	29,079,125	–	29,079,125	29,079,125
	As at 31 December 2024			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total	Maximum exposure to loss
Trust investments and asset management plans	39,537,565	56,184,703	95,722,268	88,281,942
Funds	41,360,944	–	41,360,944	41,360,944

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(Amount in thousands of RMB, unless otherwise stated)

44. RELATED PARTY DISCLOSURES

(a) Significant related party disclosures

(i) Shareholders of the Bank with ownership of 5% or above

Name	Share percentage in the Bank	
	30 June 2025	31 December 2024
	%	%
Harbin Economic Development and Investment Company Limited	29.63	29.63
Heilongjiang Financial Holding Group Company Limited	18.52	18.52
Fubon Life Insurance Company Limited	6.60	6.60

(ii) Subsidiaries of the Bank

Details of the subsidiaries of the Bank are set out in note 1.

(iii) Directors, Supervisors and senior management personnel of the Group and their close family members.

(iv) Entities controlled or jointly controlled by the Directors, Supervisors and senior management personnel of the Group and their close family members.

(b) Related party transactions

1. Transactions between the Group and related parties

(i) Transactions between the Group and shareholders of the Group with ownership of 5% or above

Interest expense on due to customers

Name	For the six-month period ended 30 June	
	2025	2024
Harbin Economic Development and Investment Company Limited	2	9
Heilongjiang Financial Holdings Group Co., Ltd.	12,114	26,483

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44. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

1. Transactions between the Group and related parties (Continued)

(ii) Transactions between the Group and key management personnel or their close family members

	For the six-month period ended 30 June	
	2025	2024
Interest income	87	136
Interest expense	103	379

(iii) Transactions between the Bank and its subsidiaries

	For the six-month period ended 30 June	
	2025	2024
Interest income	143,437	321,513
Interest expense	50,405	126,617
Other operating income	9,421	–

(iv) Transactions between the Group and entities that are controlled or jointly controlled or significantly influenced by the Directors, Supervisors and senior management personnel of the Group or their close family members

For the six-month period ended 30 June 2025, the Group has not undertaken such transactions (For the six-month period ended 30 June 2024: Nil).

(v) Transactions with other related parties

	For the six-month period ended 30 June	
	2025	2024
Emoluments of key management personnel and their close family members	6,986	6,930

In the view of the management of the Group, the transactions with the above related parties were conducted based on general business terms and conditions, general market prices for the pricing and according to the normal business procedures.

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44. RELATED PARTY DISCLOSURES (Continued)

(b) Related party transactions (Continued)

2. Balances with related parties

(i) Balances between the Group and shareholders of the Group with ownership of 5% or above

Due to customers

	30 June 2025	31 December 2024
Heilongjiang Financial Holdings Group Co., Ltd.	1,062,868	1,050,754
Harbin Economic Development and Investment Company Limited	22,813	2,012

(ii) Balances between the Group and key management personnel or their close family members

	30 June 2025	31 December 2024
Loans and advances to customers	4,170	4,693
Due to customers	24,827	23,910

(iii) Balances between the Group and its subsidiaries

	30 June 2025	31 December 2024
Due from banks and other financial institutions	10,743,728	13,011,061
Due to banks and other financial institutions	5,961,489	7,804,743
Due to customers	122,894	65,130
Other assets	67,703	58,779
Other liabilities	68,990	53,566

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45. SEGMENT INFORMATION

(a) Operating segments

For management purposes, the Group is organised into four different operating segments as follows according to products and services:

Corporate financial business

Corporate financial business covers the provision of financial products and services to corporate customers. The products and services include deposits, loans, settlement and clearing and other products and services relating to the trading business.

Retail financial business

Retail financial business covers the provision of financial products and services to retail customers. The products and services include deposits, bank cards and credit cards, personal loans and collateral loans, and personal wealth management services.

Interbank financial business

Interbank financial business covers money market placements, investments and repurchasing, foreign exchange transactions for the Group's own accounts or on behalf of customers.

Other business

This represents businesses other than the corporate financial business, retail financial business and interbank financial business, whose assets, liabilities, income and expenses are not directly attributable or cannot be allocated to a segment on a reasonable basis.

The transfer prices among segments are determined by the capital sources and due time which should match with the level of lending and deposit rates and interbank market rates announced by the People's Bank of China (the "PBOC"). Expenses are distributed among different segments according to their benefits.

Notes to the Condensed Consolidated Interim Financial Information

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45. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Six-month period ended 30 June 2025</u>					
External net interest income/(expense)	3,188,878	(2,615,096)	3,844,571	(5,753)	4,412,600
Internal net interest (expense)/income	(754,283)	6,398,170	(5,643,887)	-	-
Net fee and commission income	66,442	62,667	140,138	-	269,247
Other income, net (i)	-	-	2,715,349	(11,755)	2,703,594
Operating income	2,501,037	3,845,741	1,056,171	(17,508)	7,385,441
Operating expenses	(425,928)	(1,714,839)	(98,103)	(6,517)	(2,245,387)
Credit impairment losses on:					
Loans and advances to customers	(1,888,964)	(1,536,893)	-	-	(3,425,857)
Other credit impairment losses	(91,173)	(17,126)	(887,679)	(35,148)	(1,031,126)
Other assets impairment losses	(1,762)	-	-	-	(1,762)
Operating profit/(loss)	93,210	576,883	70,389	(59,173)	681,309
Profit/(loss) before tax	93,210	576,883	70,389	(59,173)	681,309
Income tax credit					310,810
Profit for the period					992,119
Other segment information:					
Depreciation and amortisation	39,915	288,247	3,719	1,869	333,750
Capital expenditure	4,356	52,255	516	-	57,127
<u>As at 30 June 2025</u>					
Segment assets	693,964,790	191,686,892	36,244,982	5,630,826	927,527,490
Segment liabilities	191,986,968	534,889,351	130,533,765	4,511,730	861,921,814
Other segment information:					
Credit commitments	10,710,662	13,567,655	-	-	24,278,317

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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45. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

	Corporate financial business	Retail financial business	Interbank financial business	Other business	Total
<u>Six-month period ended 30 June 2024</u>					
External net interest income/(expense)	3,000,016	(2,389,552)	4,375,016	(6,751)	4,978,729
Internal net interest (expense)/income	(312,426)	5,955,126	(5,642,700)	–	–
Net fee and commission income	35,264	76,267	96,035	–	207,566
Other income, net (i)	–	–	2,010,632	1,763	2,012,395
Operating income	2,722,854	3,641,841	838,983	(4,988)	7,198,690
Operating expenses	(449,955)	(1,539,708)	(104,552)	(7,151)	(2,101,366)
Impairment losses on:					
Loans and advances to customers	(1,973,888)	(1,496,922)	–	–	(3,470,810)
Other credit impairment losses	(204,498)	(19,563)	(665,071)	(3,510)	(892,642)
Operating profit/(loss)	94,513	585,648	69,360	(15,649)	733,872
Profit/(loss) before tax	94,513	585,648	69,360	(15,649)	733,872
Income tax credit					112,032
Profit for the period					845,904
Other segment information:					
Depreciation and amortisation	42,263	315,000	4,327	2,053	363,643
Capital expenditure	11,719	109,759	1,113	–	122,591
<u>As at 30 June 2024</u>					
Segment assets	647,617,612	192,547,169	37,313,537	5,359,524	882,837,842
Segment liabilities	204,856,378	490,851,334	117,886,617	4,281,169	817,875,498
Other segment information:					
Credit commitments	11,550,793	21,492,128	–	–	33,042,921

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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45. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The Group operates principally in Mainland China.

The distribution of the geographical areas is as follows:

Heilongjiang region:	Including Head Office, Harbin, Shuangyashan, Jixi, Hegang, Suihua, Daqing, Qitaihe, Mudanjiang, Jiamusi, Qiqihar, Yichun, Nongken, Harbin Bank Financial Leasing Co., Ltd. and Harbin Bank Consumer Finance Co., Ltd. as well as village and township banks operating within Heilongjiang.
Other regions in Northeastern China:	Including Dalian, Shenyang, as well as village and township banks operating in Northeastern China excluding those in Heilongjiang.
Southwestern China:	Including Chengdu, Chongqing, as well as village and township banks operating in Southwestern China and mainly located in Sichuan and Chongqing.
Other regions:	Including Tianjin as well as village and township banks operating in regions other than those listed above.

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45. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
<u>Six-month period ended 30 June 2025</u>					
External net interest income/(expense)	3,151,363	8,196	1,009,925	243,116	4,412,600
Internal net interest (expense)/income	(172,432)	30,909	143,438	(1,915)	-
Net fee and commission income	201,452	18,991	40,708	8,096	269,247
Other income, net (i)	2,694,261	3,737	(511)	6,107	2,703,594
Operating income	5,874,644	61,833	1,193,560	255,404	7,385,441
Operating expenses	(1,675,784)	(163,911)	(211,917)	(193,775)	(2,245,387)
Impairment losses on:					
Loans and advances to customers	(1,644,813)	(1,342,964)	(710,085)	272,005	(3,425,857)
Other credit impairment losses	(1,031,162)	-	-	36	(1,031,126)
Other assets impairment losses	(1,762)	-	-	-	(1,762)
Operating profit/(loss)	1,521,123	(1,445,042)	271,558	333,670	681,309
Profit/(Loss) before tax	1,521,123	(1,445,042)	271,558	333,670	681,309
Income tax credit					310,810
Profit for the period					992,119
Other segment information:					
Depreciation and amortisation	236,539	29,768	43,667	23,776	333,750
Capital expenditure	22,962	2,202	31,104	859	57,127
<u>As at 30 June 2025</u>					
Segment assets	740,849,057	48,536,211	87,384,197	50,758,025	927,527,490
Segment liabilities	686,606,045	52,323,690	73,541,443	49,450,636	861,921,814
Other segment information:					
Credit commitments	10,008,743	2,082,275	10,803,375	1,383,924	24,278,317

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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45. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

	Mainland China				Total
	Heilongjiang region	Other regions in Northeastern China	Southwestern China	Other regions	
<u>Six-month period ended 30 June 2024</u>					
External net interest income	3,282,699	(23,501)	1,195,986	523,545	4,978,729
Internal net interest income/(expense)	(203,498)	32,891	117,426	53,181	–
Net fee and commission income	160,362	8,119	23,508	15,577	207,566
Other income, net (i)	2,030,757	2,010	(2,287)	(18,085)	2,012,395
Operating income	5,270,320	19,519	1,334,633	574,218	7,198,690
Operating expenses	(1,541,133)	(143,593)	(224,258)	(192,382)	(2,101,366)
Impairment losses on:					
Loans and advances to customers	(1,822,025)	(242,994)	(562,508)	(843,283)	(3,470,810)
Other credit impairment losses	(892,642)	–	–	–	(892,642)
Operating (loss)/profit	1,014,520	(367,068)	547,867	(461,447)	733,872
(Loss)/Profit before tax	1,014,520	(367,068)	547,867	(461,447)	733,872
Income tax credit					112,032
Profit for the period					845,904
Other segment information:					
Depreciation and amortisation	268,169	23,183	46,787	25,504	363,643
Capital expenditure	65,581	283	49,139	7,588	122,591
<u>As at 30 June 2024</u>					
Segment assets	681,086,246	58,276,503	86,548,976	56,926,117	882,837,842
Segment liabilities	619,926,075	58,507,850	84,126,752	55,314,821	817,875,498
Other segment information:					
Credit commitments	17,174,047	3,050,296	10,079,952	2,738,626	33,042,921

(i) Includes trading income/loss, net gains/losses from financial investments and other net operating income/loss.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT

A description and an analysis of the major risks faced by the Group are as follows:

The Board has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management Committee and the Audit Committee of the Board.

The President supervises the risk management strategies and reports directly to the Board. He chairs two management committees including the Risk Management Committee and the Asset and Liability Management Committee. These two committees formulate and make recommendations in respect of risk management strategies and policies through the President to the Risk Management Committee of the Board. The Chief Risk Officer assists the President to supervise and manage various risks.

The Group has also assigned departments to monitor financial risks within the Group, including the Risk Management Department to monitor credit risk and operational risk as well as the Asset and Liability Management department together with the Risk Management Department to monitor market and liquidity risks. The Risk Management Department is primarily responsible for coordinating and establishing a comprehensive risk management framework, preparing consolidated reports on credit risk, market risk, liquidity risk and operational risk and reporting directly to the Chief Risk Officer.

The Group maintains a dual-reporting line structure at the branch level for risk management purposes. Under this structure, the risk management departments of the branches report to both the corresponding risk management departments at the head office and management of the relevant branches.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk

Credit risk is the risk of loss arising from a borrower's or counterparty's inability to meet its obligations. Credit risk can also arise from operational failures that result in an unauthorised or inappropriate guarantee, commitment or investment of funds. Credit risk affecting the group is primarily due to loans, debt instruments, guarantees, commitment as well as other risks both on and off the statement of financial position.

The principal features of the Group's credit risk management function include:

- Centralised credit management procedures;
- Risk management rules and procedures that focus on risk control throughout the entire credit business process, including customer investigation and credit rating, granting of credit limits, loan evaluation, loan review and approval, granting of loan and post-disbursement loan monitoring;
- A stringent qualification system for the loan approval officers; and
- Information management systems designed to enable a real time risk monitoring.

To enhance the credit risk management practices, the Group also launches training programs periodically for credit officers at different levels.

Risk concentration

Credit risk is often greater when counterparties are concentrated in one single industry, or geographic location or have comparable economic characteristics.

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement**

Measurement of ECLs

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Group discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL for the lifetime of the financial instruments.

For the previous accounting period, the impairment allowance has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the financial reporting date of the current period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the impairment allowance of the financial instruments at the financial reporting date of the current period according to the ECL in the next 12 months.

Notes to the Condensed Consolidated Interim Financial Information

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Measurement of ECLs *(Continued)*

For credit-impaired financial assets that have been purchased or owned, the Group only recognises the accumulated amount equivalent to the ECL for the lifetime as impairment allowance since the initial recognition at the financial reporting date. The Group recognises the amount of the change to the ECL for the lifetime as an impairment loss or gain in profit on each financial reporting date.

The Group shall measure the ECL of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

When measuring the ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of the occurrence of a credit loss is very low.

The Group conducts an assessment of ECLs according to forward-looking information and uses complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards such as:

- Criteria for judging a significant increase in credit risk;
- Definition of credit-impaired financial assets;
- Models and parameters for measuring ECLs;
- Forward-looking information; and
- Individual impairment assessment.

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For the six-month period ended 30 June 2025
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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each financial reporting date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating, and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the financial reporting date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- At the reporting date, the rating or the Probability of Default (“PD”) of the financial instruments reaches a certain extent, compared with the one at initial recognition; and
- The debtors’ contractual payment (including principal and interest) are overdue more than 30 days.

Qualitative criteria

- The operating or financial condition of the debtor which is highly likely to lead to significant adverse effects;
- Be classified into the Special Mention category; and
- The list of pre-warning debtors.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Definition of credit-impaired financial asset

The method adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, and takes into account quantitative and qualitative criteria. When the Group assesses whether a credit impairment of a debtor occurs, the following main factors are considered:

- The issuer or the debtor encounters significant financial difficulty;
- The debtor is in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- An active market for that financial asset disappears because of financial difficulties of the issuer or the debtor;
- The purchase or origination of a financial asset at a deep discount reflects the incurred credit losses; and
- Any principal, advances, interest and corporate bond investments held by debtors are overdue for more than 90 days.

The credit impairment of a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of ECL measurement

Depending on whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with ECLs of 12 months or the entire lifetime respectively. The key measuring parameters of ECLs include the PD, Loss Given Default ("LGD") and Exposure at Default ("EAD"). Based on the current New Basel Capital Accord used in risk management and the requirements of IFRS 9, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral and repayments) and forward-looking information in order to establish the model of PD, LGD and EAD.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Parameters of ECL measurement *(Continued)*

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collateral, the LGD varies. LGD is expressed as a percentage loss per unit of exposure at the time of default and is calculated on a 12-month or lifetime basis; and
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECLs both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECLs of various business types, such as Gross domestic product ("GDP"), Industrial added value, Consumer Price Index, and Producer Price Index.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. In this process, the Group mainly applies the experts' judgement. According to the result, the Group forecasts these economic indicators regularly and also determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

When calculating the weighted average ECL provision, the Group determines the optimistic, neutral and pessimistic scenarios and their weightings through a combination of macro-statistical analysis and expert judgement.

As at 30 June 2025, the Group has taken into account different macro-economic scenarios, made forward-looking forecasts of macro-economic indicators. Of which, the quarterly year-on-year GDP growth rate used to estimate ECL is 4.8% in the neutral scenario for the next year (from July 2025 to June 2026).

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(i) **Credit risk measurement** *(Continued)*

Collateral

The amount and type of collateral required depend on the assessment of the credit risk of the counterparty. Guidelines are in place specifying the types of collateral and valuation parameters which can be accepted.

Reverse repurchase business is mainly collateralised by bills or investment securities. As part of the reverse repurchase agreements, the Group has received securities that it is allowed to sell or repledge in the absence of default by their owners.

Corporate loans are mainly collateralised by properties or other assets. As at 30 June 2025, the carrying value of corporate loans covered by collateral amounted to RMB70,437 million (As at 31 December 2024: RMB73,256 million).

Personal loans are mainly collateralised by residential properties. As at 30 June 2025, the carrying value of personal loans covered by collateral amounted to RMB34,441 million (As at 31 December 2024: RMB36,161 million).

The Group prefers more liquid collateral with a relatively stable market value and does not accept the collateral that is illiquid, with difficulties in registration or high fluctuations in market value. The value of collateral should be assessed and confirmed by the Group or valuation agents identified by the Group. The value of collateral should adequately cover the outstanding balance of loans. The loan-to-value ratio depends on types of collateral, usage condition, liquidity, price volatility and realisation cost. All collateral has to be registered in accordance with the relevant laws and regulations. The credit officers inspect the collateral and assess the changes in the value of collateral regularly.

Although collateral can be an important mitigation of credit risk, the Group grants loans based on the assessment of the borrowers' ability to meet obligations out of their cash flows, instead of the value of collateral. The necessity of collateral is dependent on the nature of the loan.

In the event of default, the Group might sell the collateral for repayment. The fair values of collateral of past due but not impaired loans and impaired loans are disclosed in note 46(a)(iv).

The credit business management department monitors the market value of collateral periodically and requests additional collateral in accordance with the underlying agreement when it is considered necessary.

It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not occupy repossessed assets for business use.

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For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	30 June 2025	31 December 2024
Balances with the central bank	77,304,121	99,058,099
Due from banks and other financial institutions	35,498,641	31,944,199
Reverse repurchase agreements	199,968	149,994
Loans and advances to customers	379,675,486	362,408,130
Derivative financial assets	243,500	375,304
Financial investments		
– Financial assets at fair value through profit or loss	71,414,231	81,404,795
– Financial assets at fair value through other comprehensive income	93,234,037	66,713,574
– Financial assets at amortised cost	217,859,625	224,800,222
Finance lease receivables	24,833,114	22,755,963
Others	1,687,284	1,660,327
Subtotal	901,950,007	891,270,607
Credit commitments	24,255,186	24,258,966
Total maximum credit risk exposure	926,205,193	915,529,573

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Risk concentrations

By industry distribution

The credit risk exposures of the Group mainly comprise loans and advances to customers, finance lease receivables and investments in debt securities. Details of the composition of the Group's investments in debt securities are set out in note 46(a)(vi) to the condensed consolidated interim financial statements. The composition of the Group's gross loans and advances to customers by industry is analysed as follows:

	30 June 2025	31 December 2024
Corporate loans and advances		
Agriculture, forestry, animal husbandry and fishing	1,265,715	1,039,026
Mining	2,644,988	1,720,060
Manufacturing	13,326,127	11,972,546
Production and supply of electricity, gas and water	16,252,350	11,559,167
Construction	17,461,355	14,026,622
Wholesale and retail	37,381,412	36,931,246
Transportation, storage and postal services	4,228,009	3,045,151
Lodging and catering	13,866,887	3,258,177
Information transmission, software and information technology services	1,369,841	465,314
Finance	247,254	49,750
Real estate	29,525,336	28,920,677
Leasing and commercial services	82,537,132	80,945,198
Scientific research and technological services	739,817	1,131,639
Water, environment and public utility management	9,642,765	9,015,886
Resident services and other services	543,059	299,896
Education	120,676	114,400
Health and social affair	1,835,656	474,453
Culture, sports and entertainment	236,377	435,839
Subtotal	233,224,756	205,405,047

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For the six-month period ended 30 June 2025
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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Risk concentrations (Continued)

By industry distribution (Continued)

	30 June 2025	31 December 2024
Discounted bills	45,442,265	55,909,003
Personal loans		
Personal business	21,670,176	22,813,177
Mortgages	11,046,235	11,419,075
Personal consumption	69,650,620	69,101,218
Loans to farmers	16,532,211	14,446,386
Subtotal	118,899,242	117,779,856
Total	397,566,263	379,093,906

By geographical distribution

The composition of the Group's gross loans and advances to customers by region:

	30 June 2025	31 December 2024
Heilongjiang region	229,840,786	233,051,365
Other regions in Northeastern China	36,730,354	37,877,362
Southwestern China	90,206,232	68,211,124
Other regions	40,788,891	39,954,055
Total	397,566,263	379,093,906

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iii) Risk concentrations *(Continued)*

By type of guarantees

The composition of the Group's gross loans and advances to customers by type of guarantee:

	30 June 2025	31 December 2024
Unsecured loans	169,656,571	165,903,190
Guaranteed loans	123,031,032	101,390,267
Loans secured by mortgages	84,645,195	92,715,606
Pledged loans	20,233,465	19,084,843
Total	397,566,263	379,093,906

(iv) Loans and advances to customers

The total credit risk exposure of loans and advances to customers is summarised as follows:

	30 June 2025	31 December 2024
Corporate loans and advances		
– Neither past due nor impaired	243,994,727	226,165,089
– Past due but not impaired	14,817,020	15,933,243
– Impaired	19,855,274	19,215,718
Subtotal	278,667,021	261,314,050
Personal loans		
– Neither past due nor impaired	99,763,905	99,599,331
– Past due but not impaired	2,572,392	2,651,993
– Impaired	16,562,945	15,528,532
Subtotal	118,899,242	117,779,856
Total	397,566,263	379,093,906

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For the six-month period ended 30 June 2025
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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iv) Loans and advances to customers *(Continued)*

Neither past due nor impaired

The loans and advances to customers of the Group that are neither past due nor impaired are classified as “Pass” or “Special mention” under the five-tier loan classification system maintained by the Group. The management of the Group considers that these loans are exposed to normal business risk and there was no identifiable objective evidence of impairment for these loans which may incur losses to the Group at the end of the reporting period.

	As at 30 June 2025		
	Pass	Special Mention	Total
Corporate loans and advances	241,897,524	2,097,203	243,994,727
Personal loans	98,745,397	1,018,508	99,763,905
Total	340,642,921	3,115,711	343,758,632

	As at 31 December 2024		
	Pass	Special Mention	Total
Corporate loans and advances	223,889,202	2,275,887	226,165,089
Personal loans	98,717,247	882,084	99,599,331
Total	322,606,449	3,157,971	325,764,420

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(iv) Loans and advances to customers *(Continued)*

Past due but not impaired

The following tables present the ageing analysis of each type of loans and advances to customers of the Group that are subject to credit risk which are past due but not impaired as at the end of the reporting period:

	As at 30 June 2025			Total
	Within 1 month	1 to 3 months	Over 3 months	
Overdue days				
Corporate loans and advances	3,701,832	11,115,188	–	14,817,020
Personal loans	1,095,243	1,477,149	–	2,572,392
Total	4,797,075	12,592,337	–	17,389,412

	As at 31 December 2024			Total
	Within 1 month	1 to 3 months	Over 3 months	
Overdue days				
Corporate loans and advances	3,235,168	12,698,075	–	15,933,243
Personal loans	1,445,055	1,206,938	–	2,651,993
Total	4,680,223	13,905,013	–	18,585,236

As at 30 June 2025, the fair values of collateral that the Group holds relating to corporate loans which are past due but not impaired amounted to RMB26,431,121 thousand (As at 31 December 2024: RMB25,458,352 thousand), and the fair value of collateral that the Group holds relating to personal loans which are past due but not impaired amounted to RMB1,712,475 thousand (As at 31 December 2024: RMB1,623,554 thousand).

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iv) Loans and advances to customers (Continued)

Impaired

Impaired loans and advances are defined as those loans and advances which have objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of loans and advances that can be reliably estimated.

	30 June 2025	31 December 2024
Corporate loans and advances	19,855,274	19,215,718
Personal loans	16,562,945	15,528,532
Total	36,418,219	34,744,250

As at 30 June 2025, the fair value of collateral that the Group holds relating to loans individually determined to be impaired amounted to RMB35,112,421 thousand (As at 31 December 2024: RMB33,749,262 thousand). The collateral mainly consists of land, buildings, equipment and others.

Loans and advances rescheduled

Loans and advances rescheduled represent the loans and advances whose original contract repayment terms have been modified as a result of the deterioration of borrowers' financial conditions or inability to repay the loans and advances according to contractual terms. Forms of loans and advances rescheduled include deferral of payments, borrowing for repayment, deduction of interest or part of the principal, modification of the repayment method, improvement of collateral, changing the type of guarantee, etc. As at 30 June 2025, the gross value of the loans and advances rescheduled held by the Group amounted to RMB27,798 million (As at 31 December 2024: RMB21,238 million).

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For the six-month period ended 30 June 2025

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

(v) Finance lease receivables

	30 June 2025	31 December 2024
Finance lease receivables, net		
Neither past due nor impaired	25,614,943	23,398,425
Past due but not impaired	46,236	64,857
Impaired	578,786	557,760
Subtotal	26,239,965	24,021,042
Less: Allowance for impairment losses	(1,406,851)	(1,265,079)
Net balance	24,833,114	22,755,963

(vi) Financial assets

The following tables present an analysis of the carrying values of debt securities by credit or issuer rating and credit risk characteristics:

Financial assets at amortised cost

	As at 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
AAA	77,474,983	–	–	77,474,983
AA- to AA+	27,566,746	–	–	27,566,746
A+ or below	677,411	–	–	677,411
Unrated	100,207,692	10,000	20,408,768	120,626,460
Total	205,926,832	10,000	20,408,768	226,345,600
Less: Allowance for impairment losses	(955,864)	(5,330)	(7,524,781)	(8,485,975)
Net balance	204,970,968	4,670	12,883,987	217,859,625

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For the six-month period ended 30 June 2025
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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(vi) Financial assets (Continued)

The following tables present an analysis of the carrying values of debt securities by credit or issuer rating and credit risk characteristics: (Continued)

Financial assets at amortised cost (Continued)

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	79,542,881	–	–	79,542,881
AA- to AA+	36,565,015	–	–	36,565,015
A+ or below	450,542	–	–	450,542
Unrated	95,158,552	205,400	20,548,029	115,911,981
Total	211,716,990	205,400	20,548,029	232,470,419
Less: Allowance for impairment losses	(591,201)	(78,521)	(7,000,475)	(7,670,197)
Net balance	211,125,789	126,879	13,547,554	224,800,222

Notes to the Condensed Consolidated Interim Financial Information

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(vi) Financial assets (Continued)

Financial assets at fair value through other comprehensive income

	As at 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
AAA	45,076,705	–	–	45,076,705
AA- to AA+	1,343,272	–	–	1,343,272
A+ or below	–	–	–	–
Unrated	46,814,060	–	–	46,814,060
Total	93,234,037	–	–	93,234,037

	As at 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
AAA	29,222,448	–	–	29,222,448
AA- to AA+	1,880,905	–	–	1,880,905
A+ or below	–	–	–	–
Unrated	35,610,221	–	–	35,610,221
Total	66,713,574	–	–	66,713,574

Notes to the Condensed Consolidated Interim Financial Information

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk

(i) Maturity analysis of contractual undiscounted cash flows

The tables below summarise the maturity profile of the Group's financial instruments based on the contractual undiscounted cash flows. The balances of some items in the tables below are different from the balances on the statement of financial position as the tables incorporate all cash flows relating to both principal and interest. The Group's expected cash flows on these instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

30 June 2025	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	41,503,781	-	-	-	-	-	36,655,356	78,159,137
Due from banks and other financial institutions and reverse repurchase agreements	8,774,527	3,070,128	3,976,541	20,276,310	-	-	-	36,097,506
Loans and advances to customers	-	4,559,249	29,144,246	152,620,334	111,808,250	95,314,766	44,860,578	438,307,423
Financial investments	29,387,338	4,242,839	10,116,742	73,578,817	132,200,916	162,605,182	17,384,637	429,516,471
Finance lease receivables	-	296,899	241,445	2,303,682	23,582,334	27,681	506,018	26,958,059
Other financial assets	55,076	183,280	68,430	143,599	602,297	230,738	403,864	1,687,284
Total financial assets	79,720,722	12,352,395	43,547,404	248,922,742	268,193,797	258,178,367	99,810,453	1,010,725,880

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

30 June 2025	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows (Continued)								
Financial liabilities:								
Due to the central bank	-	1,280,243	69,403	5,788,016	-	-	-	7,137,662
Borrowings from banks and other financial institutions	-	3,391,270	7,507,301	18,463,939	1,933,863	-	-	31,296,373
Due to banks and other financial institutions and repurchase agreements	1,190,733	27,656,640	3,816,236	17,387,918	-	-	-	50,051,527
Due to customers	106,403,183	31,379,955	67,499,872	259,580,365	259,903,500	9,543,008	-	734,309,883
Debt securities issued	-	2,720,000	35,950,000	11,179,717	-	-	-	49,849,717
Other financial liabilities	1,975,677	155,518	99,270	1,519,568	2,993,870	235,175	-	6,979,068
Total financial liabilities	109,569,593	66,583,626	114,942,082	313,919,513	264,831,233	9,778,183	-	879,624,230
Net position	(29,848,871)	(54,231,231)	(71,394,678)	(64,996,771)	3,362,564	248,400,184	99,810,453	131,101,650
Derivative cash flows								
Derivative financial instruments settled on a gross basis	-	36,671	100,283	107,109	-	-	-	244,063
Total inflow	-	(36,671)	(100,283)	(107,109)	-	-	-	(244,063)
Credit commitments	32,426	1,383,152	3,201,401	5,992,611	101,072	-	13,567,655	24,278,317

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2024	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows								
Financial assets:								
Cash and balances with the central bank	61,244,998	-	-	-	-	-	38,628,890	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	6,416,972	2,163,825	4,346,071	19,606,555	-	-	-	32,533,423
Loans and advances to customers	-	5,509,804	19,856,578	129,083,281	126,078,423	93,675,219	44,452,296	418,655,601
Financial investments	42,385,061	2,487,472	3,202,562	48,097,086	159,889,344	138,962,555	24,624,924	419,649,004
Finance lease receivables	-	245,237	438,575	1,761,061	21,680,192	659,447	26,919	24,811,431
Other financial assets	21,133	41,211	35,553	375,410	667,282	144,803	374,935	1,660,327
Total financial assets	110,088,164	10,447,549	27,879,339	198,923,393	308,315,241	233,442,024	108,107,964	997,183,674

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

(i) Maturity analysis of contractual undiscounted cash flows (Continued)

31 December 2024	Repayable on demand	Less than one month	One to three months	Three months to one year	One to five years	More than five years	Overdue/ Undated	Total
Non-derivative cash flows (Continued)								
Financial liabilities:								
Due to the central bank	-	626,166	831,267	4,135,958	-	-	-	5,593,391
Borrowings from banks and other financial institutions	-	3,821,709	6,566,240	15,319,157	963,858	-	-	26,670,964
Due to banks and other financial Institutions and repurchase agreements	3,696,097	31,766,340	7,678,519	10,258,286	-	5,452,135	-	58,851,377
Due to customers	145,338,593	31,932,142	52,299,681	211,807,311	290,713,247	1,904,701	-	733,995,675
Debt securities issued	-	5,470,000	20,020,000	14,701,811	-	-	-	40,191,811
Other financial liabilities	845,889	462,746	292,393	1,689,942	1,999,629	90,434	-	5,381,033
Total financial liabilities	149,880,579	74,079,103	87,688,100	257,912,465	293,676,734	7,447,270	-	870,684,251
Net position	(39,812,415)	(63,631,554)	(59,808,761)	(68,989,072)	14,638,507	225,994,754	108,107,964	126,499,423
Derivative cash flows								
Derivative financial instruments settled on a gross basis								
Total inflow	-	74,827	68,032	233,714	-	-	-	376,573
Total outflow	-	(74,827)	(68,032)	(233,714)	-	-	-	(376,573)
Credit commitments	50,853	1,119,545	3,554,112	4,033,760	144,545	-	15,372,335	24,275,150

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(c) Market risk

Market risk is the risk of loss, in respect of the Group's on-and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both the Group's trading and non-trading businesses.

The Group's market risk contains interest rate risk and currency risk.

The Group is primarily exposed to structural interest rate risk arising from commercial banking and position risk arising from treasury transactions.

The Group's currency risk mainly results from the risk arising from exchange rate fluctuations on its foreign exchange exposures. Foreign exchange exposures include the mismatch of foreign exchange assets and liabilities, and off-balance sheet foreign exchange positions arising from derivative transactions.

Sensitivity analysis, interest rate repricing gap analysis and foreign exchange risk concentration analysis are the major market risk management tools used by the Group. The Bank uses different management methods to control market risks, including trading book and banking book risks.

(i) Currency risk

The Group conducts its businesses mainly in RMB, with certain transactions denominated in USD, HKD, Russian ruble ("RUB") and, to a lesser extent, other currencies. Transactions in foreign currencies mainly arise from the Group's treasury operations and foreign exchange dealings.

The exchange rate of RMB to USD is managed under a floating exchange rate system.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies in which the Group has significant exposure on its monetary assets and liabilities and its forecasted cash flows. The analysis shows the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on profit before tax and equity. A negative amount in the table reflects a potential net reduction in profit before tax or equity, while a positive amount reflects a potential net increase. This effect, however, is based on the assumption that the Group's foreign exchange exposures as at the period/year end are kept unchanged and, therefore, has not incorporated actions that would be taken by the Group to mitigate the adverse impact of this foreign exchange risk.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(c) Market risk *(Continued)*

(i) Currency risk *(Continued)*

The Group sets trading limits, stop-loss limits and exposure limits to foreign exchange transactions to manage foreign exchange risk and to keep currency risk within limits. Based on the guidelines provided by the Risk Management Committee, laws and regulations as well as evaluation of the current market, the Group sets its risk limits and minimises the possibility of mismatch through more reasonable allocation of foreign currency sources and deployment.

		Effect on profit before tax	
		30 June	31 December
Currency	Change in rate%	2025	2024
USD	-1%	(22,180)	(21,138)
HKD	-1%	237	239
RUB	-1%	(136)	(216)

While the table above indicates the effect on profit before tax of 1% depreciation of USD, HKD and RUB, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows:

30 June 2025

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the central bank	78,130,549	18,210	928	6,812	2,638	78,159,137
Due from banks and other financial institutions and reverse repurchase agreements	34,373,429	1,036,853	15,353	15,148	257,826	35,698,609
Loans and advances to customers	379,675,032	428	-	-	26	379,675,486
Derivative financial assets	-	243,500	-	-	-	243,500
Financial investments	386,109,645	1,219,362	-	-	-	387,329,007
Finance lease receivables	24,833,114	-	-	-	-	24,833,114
Other financial assets	1,687,284	-	-	-	-	1,687,284
Total financial assets	904,809,053	2,518,353	16,281	21,960	260,490	907,626,137
Financial liabilities:						
Due to the central bank	7,068,980	-	-	-	-	7,068,980
Borrowings from banks and other financial institutions	30,882,710	-	-	-	-	30,882,710
Due to banks and other financial institutions and repurchase agreements	49,665,030	1,308	-	4,179	-	49,670,517
Derivative financial liabilities	-	243,500	-	-	-	243,500
Due to customers	715,840,639	55,492	2,794	4,214	230,956	716,134,095
Debt securities issued	49,631,204	-	-	-	-	49,631,204
Other financial liabilities	6,916,625	14	37,180	-	-	6,953,819
Total financial liabilities	860,005,188	300,314	39,974	8,393	230,956	860,584,825
Net position	44,803,865	2,218,039	(23,693)	13,567	29,534	47,041,312
Credit commitments	24,278,317	-	-	-	-	24,278,317

Notes to the Condensed Consolidated Interim Financial Information

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(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

A breakdown of the financial assets and financial liabilities analysed by currency is as follows: (Continued)

31 December 2024

	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	RUB (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Financial assets:						
Cash and balances with the central bank	99,844,671	20,407	1,042	6,306	1,462	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	31,238,749	493,950	15,593	39,190	306,711	32,094,193
Loans and advances to customers	362,405,222	430	–	–	2,478	362,408,130
Derivative financial assets	–	375,304	–	–	–	375,304
Financial investments	376,035,270	1,765,708	–	–	–	377,800,978
Finance lease receivables	22,755,963	–	–	–	–	22,755,963
Other financial assets	1,660,253	–	–	74	–	1,660,327
Total financial assets	893,940,128	2,655,799	16,635	45,570	310,651	896,968,783
Financial liabilities:						
Due to the central bank	5,548,237	–	–	–	–	5,548,237
Borrowings from banks and other financial institutions	26,342,546	–	–	–	–	26,342,546
Due to banks and other financial institutions and repurchase agreements	58,133,772	1,314	–	3,024	–	58,138,110
Derivative financial liabilities	–	375,304	–	–	–	375,304
Due to customers	712,715,538	107,780	2,839	20,493	266,778	713,113,428
Debt securities issued	39,942,009	–	–	–	–	39,942,009
Other financial liabilities	5,320,097	228	37,732	–	–	5,358,057
Total financial liabilities	848,002,199	484,626	40,571	23,517	266,778	848,817,691
Net position	45,937,929	2,171,173	(23,936)	22,053	43,873	48,151,092
Credit commitments	24,275,150	–	–	–	–	24,275,150

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities:

30 June 2025

	Less than three months	Three months to one year	One to five years	More than five years	Overdue/ non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	77,290,465	-	-	-	868,672	78,159,137
Due from banks and other financial institutions and reverse repurchase agreements	15,707,291	19,743,571	-	-	247,747	35,698,609
Loans and advances to customers	33,430,147	144,991,448	98,441,011	60,208,708	42,604,172	379,675,486
Derivative financial assets	-	-	-	-	243,500	243,500
Financial investments	11,673,222	65,608,954	113,673,505	144,140,720	52,232,606	387,329,007
Finance lease receivables	487,833	2,109,330	21,562,653	25,499	647,799	24,833,114
Other financial assets	-	-	-	-	1,687,284	1,687,284
Total financial assets	138,588,958	232,453,303	233,677,169	204,374,927	98,531,780	907,626,137
Financial liabilities:						
Due to the central bank	1,286,400	5,777,720	-	-	4,860	7,068,980
Borrowings from banks and other financial institutions	10,767,250	18,072,465	1,844,306	-	198,689	30,882,710
Due to banks and other financial institutions and repurchase agreements	32,561,976	16,884,000	-	-	224,541	49,670,517
Derivative financial liabilities	-	-	-	-	243,500	243,500
Due to customers	201,057,798	246,061,417	238,531,172	9,405,513	21,078,195	716,134,095
Debt securities issued	38,539,611	11,091,593	-	-	-	49,631,204
Other financial liabilities	105,631	338,379	1,961,736	45,970	4,502,103	6,953,819
Total financial liabilities	284,318,666	298,225,574	242,337,214	9,451,483	26,251,888	860,584,825
Total interest sensitivity gap	(145,729,708)	(65,772,271)	(8,660,045)	194,923,444	N/A	N/A

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

The tables below summarise the contractual repricing or maturity dates, whichever are earlier, of the Group's financial assets and financial liabilities: (Continued)

31 December 2024

	Less than three months	Three months to one year	One to five years	More than five years	Non-interest- bearing	Total
Financial assets:						
Cash and balances with the central bank	99,041,121	–	–	–	832,767	99,873,888
Due from banks and other financial institutions and reverse repurchase agreements	12,873,704	19,182,704	–	–	37,785	32,094,193
Loans and advances to customers	25,172,853	125,960,828	111,751,801	57,400,073	42,122,575	362,408,130
Derivative financial assets	–	–	–	–	375,304	375,304
Financial investments	4,591,711	44,024,537	143,834,771	118,368,794	66,981,165	377,800,978
Finance lease receivables	621,600	1,608,648	19,749,563	571,703	204,449	22,755,963
Other financial assets	–	–	–	–	1,660,327	1,660,327
Total financial assets	142,300,989	190,776,717	275,336,135	176,340,570	112,214,372	896,968,783
Financial liabilities:						
Due to the central bank	1,438,100	4,107,170	–	–	2,967	5,548,237
Borrowings from banks and other financial institutions	10,256,270	14,948,344	919,006	–	218,926	26,342,546
Due to banks and other financial institutions and repurchase agreements	42,359,523	10,194,240	–	5,339,855	244,492	58,138,110
Derivative financial liabilities	–	–	–	–	375,304	375,304
Due to customers	216,352,732	210,875,015	264,629,756	1,821,831	19,434,094	713,113,428
Debt securities issued	25,414,731	14,527,278	–	–	–	39,942,009
Other financial liabilities	252,281	252,944	1,858,766	83,680	2,910,386	5,358,057
Total financial liabilities	296,073,637	254,904,991	267,407,528	7,245,366	23,186,169	848,817,691
Total interest sensitivity gap	(153,772,648)	(64,128,274)	7,928,607	169,095,204	N/A	N/A

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT *(Continued)*

(d) Capital management

The Group's objectives on capital management are:

- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to support the Group's stability and growth;
- to allocate capital using an efficient and risk-based approach to optimise the risk adjusted return to the shareholders; and
- to maintain an adequate capital base to support the development of its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its profit distribution policy, issue or redeem own shares, issue long-term subordinated bonds, etc.

Capital adequacy and the use of regulatory capital are monitored regularly by the Group's management based on regulations issued by the NFRA. The required information is filed with the NFRA by the Group and the Bank semi-annually and quarterly.

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under PRC GAAP. During the period, the Group has fully complied with all the externally imposed capital requirements. The requirements pursuant to these regulations may have significant differences comparing to those applicable in Hong Kong and other countries.

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46. FINANCIAL INSTRUMENT RISK MANAGEMENT (Continued)

(d) Capital management (Continued)

Since 1 January 2024, the Group has begun to calculate the capital adequacy ratio based on the “Capital Rules for Commercial Banks” issued by the NFRA in 2023 and will continue to promote the content of this disclosure. According to the requirements of the NFRA, commercial banks should meet the regulatory requirements of the capital adequacy ratio. The regulatory requirements request a commercial bank to maintain its core tier 1 capital adequacy ratio above 7.5%, the tier 1 capital adequacy ratio above 8.5% and the capital adequacy ratio above 10.5%.

	30 June 2025	31 December 2024
Core capital		
Qualified part of share capital	10,995,600	10,995,600
Qualified part of capital reserves	7,657,284	7,657,284
Surplus reserves and general reserves	14,269,005	13,215,189
Undistributed profits	17,594,212	18,116,609
Qualified part of non-controlling interests	1,230,092	1,158,841
Other comprehensive income	879,455	1,478,246
Core tier 1 capital deductible items:		
Fully deductible items	(2,278,134)	(1,324,387)
Net core tier 1 capital	50,347,514	51,297,382
Net other tier 1 capital	21,862,296	21,853,344
Net tier 1 capital	72,209,810	73,150,726
Net tier 2 capital	7,334,452	7,324,059
Net capital	79,544,262	80,474,785
Total risk-weighted assets	590,620,724	591,204,889
Core tier 1 capital adequacy ratio	8.52%	8.68%
Tier 1 capital adequacy ratio	12.23%	12.37%
Capital adequacy ratio	13.47%	13.61%

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

The Group uses the following hierarchy for the determination and disclosure of the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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47. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

The following tables show the fair value hierarchy of financial instruments measured or disclosed at fair value:

30 June 2025	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial assets	–	243,500	–	243,500
Financial assets at fair value through profit or loss				
– Debt securities	–	407,019	98,671	505,690
– Funds	–	29,079,125	–	29,079,125
– Trust investments and asset management plans	–	34,788,370	7,025,785	41,814,155
– Equity instruments	11,642	–	230,451	242,093
Subtotal	11,642	64,274,514	7,354,907	71,641,063
Financial assets at fair value through other comprehensive income				
– Debt securities	–	92,191,944	–	92,191,944
– Equity instruments	876	50,769	4,527,376	4,579,021
Subtotal	876	92,242,713	4,527,376	96,770,965
Loan and advance measured at fair value through other comprehensive income				
– Discounted bills and forfaiting	–	63,561,115	–	63,561,115
Total	12,518	220,321,842	11,882,283	232,216,643
Financial liabilities measured at fair value:				
Derivative financial liabilities	–	243,500	–	243,500

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(Amount in thousands of RMB, unless otherwise stated)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Derivative financial assets	–	375,304	–	375,304
Financial assets at fair value through profit or loss				
– Debt securities	–	413,789	90,327	504,116
– Funds	–	41,360,944	–	41,360,944
– Trust investments and asset management plans	–	32,121,195	7,416,370	39,537,565
– Equity instruments	9,525	–	232,510	242,035
Subtotal	9,525	73,895,928	7,739,207	81,644,660
Financial assets at fair value through other comprehensive income				
– Debt securities	–	66,033,545	–	66,033,545
– Equity instruments	721	51,564	4,588,067	4,640,352
Subtotal	721	66,085,109	4,588,067	70,673,897
Loan and advance measured at fair value through other comprehensive income				
– Discounted bills and forfaiting	–	65,099,731	–	65,099,731
Total	10,246	205,456,072	12,327,274	217,793,592
Financial liabilities measured at fair value:				
Derivative financial liabilities	–	375,304	–	375,304

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47. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

During the six-month period ended 30 June 2025, there is no significant transfer among each level (During the year ended 31 December 2024: Nil).

Subject to the existence of an active market, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instruments. As there is no available market value for certain of the financial assets and liabilities held and issued by the Group, the discounted cash flow method or other valuation methods are adopted to determine the fair values of these assets and liabilities.

The financial instruments classified as Level 2 by the Group are mainly debt investment, derivative financial instruments and discounted bills measured at fair value through other comprehensive income. For debt securities, the fair values of these bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd; For derivative financial instruments, the fair values are determined based on discounted cash flow and other valuation methods; For discounted bills, the fair values are determined based on discounted cash flow. The determinations are based on a valuation technique for which all significant inputs are observable market data.

The financial instruments classified as Level 3 by the Group are mainly unlisted equity instruments and trust fund plans and asset management. The valuation methods used are mainly market method and discounted cash flow method, and the unobservable parameters involved are mainly net assets, discount rate, liquidity discount, etc.

All of the above-mentioned assumptions and methods provide a consistent basis for the calculation of the fair values of the Group's assets and liabilities. However, other financial institutions may use different assumptions and methods. Therefore, the fair values disclosed by different financial institutions may not be entirely comparable.

As at 30 June 2025 and 31 December 2024, the Group and the Bank had no assets or liabilities measured at fair value that were discontinued.

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For the six-month period ended 30 June 2025

(Amount in thousands of RMB, unless otherwise stated)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value is as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
As at 1 January 2024	11,345,647	5,115,785
Additions	–	360,560
Disposals/transfers	(4,715,794)	(1,053,266)
Profit through profit or loss	1,109,354	–
Profit through other comprehensive income	–	164,988
As at 31 December 2024 and 1 January 2025	7,739,207	4,588,067
Additions	–	–
Disposals/transfers	–	(52,318)
Losses through profit or loss	(384,300)	–
Losses through other comprehensive income	–	(8,373)
As at 30 June 2025	7,354,907	4,527,376

Notes to the Condensed Consolidated Interim Financial Information

For the six-month period ended 30 June 2025
(Amount in thousands of RMB, unless otherwise stated)

47. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Financial assets and liabilities not measured at fair value

Financial assets and financial liabilities not measured at fair value in the balance sheet mainly include: Balances with the central bank, Due from banks and other financial institutions, Reverse repurchase agreements, Loans and advances to customers measured at amortised cost, Investment in debt securities measured at amortised cost, Due to the central bank, Borrowings from banks and other financial institutions, Repurchase agreements, Due to customers, Debt securities issued, etc.

For debt securities measured at amortised cost and debt securities issued not reflected or disclosed at fair value, the following table sets forth their book value and fair value:

	As at 30 June 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at amortised cost	211,467,149	222,072,709	218,936,262	229,883,075
Financial liabilities				
Debt securities issued	49,631,204	49,022,154	39,942,009	39,974,803

Other than the financial assets and financial liabilities disclosed in above table, other financial assets and financial liabilities that are not measured at fair value in the balance sheet, the valuation methods used is discounted cash flow method, the carrying amounts approximate the fair values.

48. SUBSEQUENT EVENTS

On 15 August 2025, Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd., a subsidiary of the Bank, received the “Approval of the Jiangsu Office of the NFRA on the Change in Equity Interest and Qualifications of Relevant Shareholder of Rudong Rongxing Village and Township Bank” (Su Jin Fu [2025] No. 277) 《江蘇金融監管局關於如東融興村鎮銀行變更股權及有關股東資格的批覆》(蘇金復[2025]277號) issued by the Jiangsu Office of the NFRA, which approves the shareholder qualification of Jiangsu Changshu Rural Commercial Bank Co., Ltd. in Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd., and consents to the transfer of 80% equity interest in Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd. by the Bank to Jiangsu Changshu Rural Commercial Bank Co., Ltd. Upon completion of the equity transfer, Jiangsu Rudong Rongxing Village and Township Bank Co., Ltd. will cease to be consolidated within the Group.

Except for the above, the Group has no significant events after the reporting period.

49. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 August 2025.

Unaudited Supplementary Financial Information

For the period ended 30 June 2025

(In RMB thousands, unless otherwise stated)

In accordance with the Hong Kong Listing Rules and the Banking (Disclosure) Rules, the Group discloses the unaudited supplementary financial information as follows:

(a) LIQUIDITY RATIO

	30 June 2025	31 December 2024
RMB current assets to RMB current liabilities	152.71%	120.69%
Foreign currency current assets to foreign currency current liabilities	201.89%	175.82%

These liquidity ratios are calculated based on relevant regulations provided by the NFRA and Chinese accounting policies.

(b) CURRENCY CONCENTRATIONS

	USD	HKD	RUB	Others	Total
30 June 2025					
Spot assets	2,288,538	39,935	–	286,487	2,614,960
Spot liabilities	(1,520,649)	(39,952)	–	(286,448)	(1,847,049)
Forward purchases	72	–	–	2,082	2,154
Forward sales	(3,880)	–	–	–	(3,880)
Net long/(short) position	764,081	(17)	–	2,121	766,185
31 December 2024					
Spot assets	2,283,363	40,538	–	343,705	2,667,606
Spot liabilities	(1,567,058)	(40,571)	–	(343,672)	(1,951,301)
Forward purchases	–	–	–	–	–
Forward sales	–	–	–	–	–
Net long/(short) position	716,305	(33)	–	33	716,305

Unaudited Supplementary Financial Information

For the period ended 30 June 2025
(In RMB thousands, unless otherwise stated)

(c) INTERNATIONAL CLAIMS

The Group discloses international claims according to Banking (Disclosure) Rules (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, excluding local claims on local residents in local currency. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a counterparty whose head office is located in another country.

International claims are included in Due from banks and other financial institutions.

International claims have been disclosed by major country or geographical area. A country or geographical area is reported when the claims from the country or area constitute 10% or more of the aggregate amount of international claims, after taking into account risk transfers.

	Banks	Others	Total
30 June 2025			
Asia Pacific excluding Mainland China	23,380	–	23,380
– of which attributed to Hong Kong	14,503	–	14,503
Europe	5,328	–	5,328
North America	95,911	–	95,911
Total	124,619	–	124,619
31 December 2024			
Asia Pacific excluding Mainland China	50,959	–	50,959
– of which attributed to Hong Kong	44,899	–	44,899
Europe	12,699	–	12,699
North America	87,365	–	87,365
Total	151,023	–	151,023

Unaudited Supplementary Financial Information

For the period ended 30 June 2025

(In RMB thousands, unless otherwise stated)

(d) LOANS AND ADVANCES TO CUSTOMERS

(i) Overdue loans and advances to customers:

	30 June 2025				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Overdue days					
Unsecured loans	3,091,496	2,037,714	8,460,473	324,902	13,914,585
Guaranteed loans	7,272,361	1,119,994	6,587,276	2,039,782	17,019,413
Loans secured by mortgages	4,745,895	1,934,254	9,300,358	2,583,501	18,564,008
Pledged loans	826,114	52,405	1,109,271	155,997	2,143,787
Total	15,935,866	5,144,367	25,457,378	5,104,182	51,641,793

	31 December 2024				
	Within 90 days	91 days to 1 year	1 to 5 years	Over 5 years	Total
Overdue days					
Unsecured loans	1,199,678	1,363,820	6,169,298	2,062,825	10,795,621
Guaranteed loans	5,488,305	1,340,142	4,618,229	1,636,092	13,082,768
Loans secured by mortgages	10,769,930	1,772,765	11,192,449	2,069,306	25,804,450
Pledged loans	–	298,300	1,596,163	29,267	1,923,730
Total	17,457,913	4,775,027	23,576,139	5,797,490	51,606,569

(ii) Overdue loans and advances to customers by geographical location:

	30 June 2025	31 December 2024
Heilongjiang region	20,493,314	19,935,456
Other regions in Northeastern China	9,594,355	10,260,717
Southwestern China	10,426,537	10,644,938
Other regions	11,127,587	10,765,458
Total	51,641,793	51,606,569

Unaudited Supplementary Financial Information

For the period ended 30 June 2025
(In RMB thousands, unless otherwise stated)

(e) OVERDUE AMOUNTS DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2025, there were no overdue amounts due from banks and other financial institutions in respect of principal or interest (As at 31 December 2024: Nil).

(f) OVERDUE PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

As at 30 June 2025, there were no overdue placements with banks and other financial institutions in respect of principal or interest (As at 31 December 2024: Nil).

(g) EXPOSURES TO MAINLAND CHINA NON-BANK ENTITIES

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. At 30 June 2025, substantial amounts of the Bank's exposures arose from businesses with mainland China entities or individuals.

Documents for Inspection

- I. Financial Statements with Signature and Seal of Legal Representative, Person in Charge of Accounting Work and Person in Charge of Accounting Firms
- II. Original Audit Report with Accounting Firms' Seals and Certified Public Accountants' Signatures and Seals
- III. Text of Interim Report Autographed by Directors of the Company
- IV. Articles of Association of the Company