



# 泸州银行股份有限公司

LUZHOU BANK CO., LTD.

泸州银行股份有限公司\*

Luzhou Bank Co., Ltd.\*

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號：1983 Stock Code: 1983



2025 中期報告  
INTERIM REPORT

- \* 泸州银行股份有限公司並非香港法例第155章《銀行業條例》所指認可機構，不受香港金融管理局的監督，亦不獲授權在香港經營銀行／接受存款業務。
- \* Luzhou Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking/deposit-taking business in Hong Kong.

# Contents

|  |     |
|--|-----|
| Corporate Overview                                       | 2   |
| Financial Summary  | 4   |
| Management Discussion and Analysis                       | 6   |
| Changes in Share Capital and Information on Shareholders | 45  |
| Directors, Supervisors, Senior Management and Employees  | 52  |
| Important Events   | 56  |
| Independent Auditor's Report                             | 58  |
| Financial Statements and Notes                           | 59  |
| Definitions  | 145 |



# Corporate Overview

## I. CORPORATE PROFILE

- (i) Legal Names
  - 1. Legal Chinese Name: 泸州银行股份有限公司  
(Abbreviation: “泸州银行”)
  - 2. Legal English Name: LUZHOU BANK CO., LTD.  
(Abbreviation: “LUZHOU BANK”)
- (ii) Registered Capital: RMB2,717,752,062
- (iii) Legal Representative: Mr. YOU Jiang
- (iv) Authorized Representatives: Mr. LIU Shirong and Ms. ZHANG Xiao
- (v) Joint Company Secretaries: Mr. MING Yang and Ms. ZHANG Xiao
- (vi) Listing Exchange of H Shares: The Stock Exchange of Hong Kong Limited
- (vii) Abbreviated Stock Name and Stock Code: LUZHOU BANK (1983.HK)
- (viii) Registered Address: Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC
- (ix) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong
- (x) Contact Address:  
Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC  
Post Code: 646000  
Website: www.lzccb.cn
- (xi) Auditor:  
International: Deloitte Touche Tohmatsu  
Address: 35/F One Pacific Place, 88 Queensway, Hong Kong  
Domestic: Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Address: 30/F, 222 Yan An Road East, Shanghai
- (xii) PRC Legal Advisor: JunHe LLP, Shanghai Office
- (xiii) Hong Kong Legal Advisor: Clifford Chance LLP
- (xiv) H Share Registrar and Transfer Office: Computershare Hong Kong Investor Services Limited
- (xv) Other Relevant Information of the Bank  
Registration Date: September 15, 1997  
Registration Authority: Luzhou City Administration for Market Regulation in Sichuan Province, the PRC  
Unified Social Credit Code: 91510500708926271U  
Financial License Institution Number: B0210H251050001  
Customer Service and Complaints Hotline: 0830-96830  
Tel: 0830-2362606  
Fax: 0830-3100625  
E-mail: ir@lzccb.cn



## II. CORPORATE INFORMATION

Headquartered in Luzhou, the PRC, Luzhou Bank Co., Ltd. was established on September 15, 1997 as approved by the PBOC. The Bank has Chengdu Branch, Meishan Branch and Suining Branch with a total of 41 operating outlets established. As of the end of the Reporting Period, our total assets amounted to RMB192,254 million, our total customer loans amounted to RMB117,594 million, and our total customer deposits amounted to RMB155,082 million.

Our H Shares have been listed on the Main Board of the Hong Kong Stock Exchange on December 17, 2018 (stock code: 1983).



# Financial Summary

Unit: RMB'000

| For the six months ended June 30,                                    |           |           |                     |
|--|-----------|-----------|---------------------|
| Item   | 2025      | 2024      | Year-on-year change |
| <b>Operating results</b>   |           |           | <b>change (%)</b>   |
| Net interest income  | 1,897,023 | 1,757,680 | 7.93                |
| Net fee and commission income  | 78,660    | 82,592    | (4.76)              |
| Operating income   | 2,422,775 | 2,835,908 | (14.57)             |
| Operating expense  | (968,254) | (898,069) | 7.82                |
| Expected credit losses/other assets impairment losses                | (215,577) | (903,809) | (76.15)             |
| Profit before income tax   | 1,239,926 | 1,035,133 | 19.78               |
| Net profit   | 902,489   | 808,336   | 11.65               |
| Net profit attributable to Shareholders of the Bank                  | 902,489   | 808,336   | 11.65               |
| <b>Per share (RMB)</b>   |           |           | <b>change</b>       |
| Net assets per share attributable to our Shareholders <sup>(1)</sup> | 3.90      | 3.55      | 0.35                |
| Basic earnings per share <sup>(2)</sup>                              | 0.30      | 0.26      | 0.04                |
| Diluted earnings per share   | 0.30      | 0.26      | 0.04                |

| Item  | June 30, 2025 | December 31, 2024 | Year-on-year change |
|---|---------------|-------------------|---------------------|
| <b>Scale indicators (RMB'000)</b>                   |               |                   | <b>change (%)</b>   |
| Total assets  | 192,253,762   | 170,999,572       | 12.43               |
| Of which: net customer loans <sup>(3)</sup>         | 111,900,229   | 98,585,035        | 13.51               |
| Total liabilities                                   | 179,260,751   | 158,559,168       | 13.06               |
| Of which: customer deposits                         | 155,081,860   | 135,314,340       | 14.61               |
| Share capital                                       | 2,717,752     | 2,717,752         | 0.00                |
| Equity attributable to our Shareholders             | 12,993,011    | 12,440,404        | 4.44                |
| Total equity  | 12,993,011    | 12,440,404        | 4.44                |
| <b>Asset quality indicators (%)</b>                 |               |                   | <b>change</b>       |
| Non-performing loan (NPL) ratio                     | 1.18          | 1.19              | (0.01)              |
| Allowance coverage ratio                            | 411.53        | 435.19            | (23.66)             |
| Allowance to gross loan ratio                       | 4.88          | 5.18              | (0.30)              |
| <b>Capital adequacy indicators (%)</b>              |               |                   | <b>change</b>       |
| Core tier-one capital adequacy ratio <sup>(4)</sup> | 8.01          | 8.27              | (0.26)              |
| Tier-one capital adequacy ratio <sup>(4)</sup>      | 9.82          | 10.15             | (0.33)              |
| Capital adequacy ratio <sup>(4)</sup>               | 12.66         | 13.12             | (0.46)              |
| <b>Other indicators (%)</b>                         |               |                   | <b>change</b>       |
| Liquidity ratio                                     | 76.30         | 84.10             | (7.80)              |



## Financial Summary

| Item  | For the six months ended June 30, |       |                     |
|---|-----------------------------------|-------|---------------------|
|   | 2025                              | 2024  | Year-on-year change |
| <b>Profitability indicators (%)</b>           |                                   |       | <b>change</b>       |
| Return on average total assets <sup>(5)</sup> | <b>0.99</b>                       | 1.00  | (0.01)              |
| Return on average equity <sup>(6)</sup>       | <b>14.62</b>                      | 14.07 | 0.55                |
| Net interest spread <sup>(7)</sup>            | <b>2.71</b>                       | 2.77  | (0.06)              |
| Net interest margin <sup>(8)</sup>            | <b>2.44</b>                       | 2.55  | (0.11)              |
| Cost-to-income ratio <sup>(9)</sup>           | <b>37.94</b>                      | 29.97 | 7.97                |

### Notes:

- (1) Net assets per share attributable to our Shareholders = (equity attributable to our Shareholders – other equity instruments)/the number of ordinary shares at the end of the period.
- (2) Basic earnings per share are calculated by dividing the net profit for the period attributable to our Shareholders by the weighted average number of ordinary shares during the period.
- (3) Net customer loans = total customer loans – impairment allowance on customer loans.
- (4) The capital adequacy ratio related indicators in the above table were calculated in accordance with the Administrative Measures for the Capital of Commercial Banks 《商業銀行資本管理辦法》 and other relevant regulatory requirements.
- (5) Return on average total assets = net profit/the average balance of total assets at the beginning and the end of the period.
- (6) Return on average equity = net profit attributable to our Shareholders of ordinary shares/the weighted average balance of equity attributable to our Shareholders of ordinary shares at the beginning and the end of the period.
- (7) Net interest spread = the average yield on interest-earning assets – the average cost rate of interest-bearing liabilities.
- (8) Net interest margin = net interest income/the average balance of interest-earning assets.
- (9) Cost-to-income ratio = (operating expense – taxes and surcharges)/operating income.

# Management Discussion and Analysis

*(The financial data of the Bank expressed in RMB unless otherwise stated)*

## 1. ENVIRONMENT AND PROSPECT

In the first half of 2025, amid the sluggish global economic recovery, the intensified geopolitical conflicts and rising trade protectionism, and in the face of the dual challenges of significantly increased external pressure and domestic structural contradictions, the Chinese government effectively implemented more proactive and effective macro policies. The overall economic operation was stable and improving steadily with GDP reaching RMB66.1 trillion, representing a year-on-year increase of 5.3%, laying a solid foundation for achieving the expected goals for the whole year. Sichuan Province, the Bank's main operating region, accelerated the promotion of "synchronous development of new industrialization, informatization, urbanization and agricultural modernization, integration of urban and rural, and co-prosperity of five districts" ("四化同步、城鄉融合、五區共興"), with its GDP reaching RMB3.2 trillion, maintaining the fifth place in the country, representing a year-on-year increase of 5.6%, which was 0.3 percentage point higher than the national level, demonstrating strong resilience.

Looking forward, the external environment remains uncertain, and domestic structural adjustments face significant pressure. However, China's economy boasts a solid foundation, numerous advantages, strong resilience and enormous potential, and its long-term positive fundamentals remain unchanged. As various policy measures continue to take effect, China's economy will maintain a steady and positive development momentum. By deepening mutual empowerment, Sichuan and Chongqing will jointly promote the integrated development of southern Sichuan and western Chongqing, and create an important growth pole driving high-quality development in the Chengdu-Chongqing region, which will further enhance the region's overall competitiveness. As a key node city in the Chengdu-Chongqing Double City Economic Circle, Luzhou is actively integrating into the regional development strategy and accelerating its development into an economic sub-center in southern Sichuan and a regional consumption center city. Its economic strength and vitality will continue to grow.

Under the complex and challenging domestic and international situation, the banking industry faces multiple challenges, including a continuous narrowing of net interest margins and intensified involutionary competition. In the first half of the year, the Bank strove to address these pressures and challenges, maintaining strategic focus, deepening business transformation and comprehensively strengthening risk management and internal construction. Overall operation demonstrated a positive momentum featuring steady scale growth, improved efficiency and controllable risks. The Bank will adhere to the overarching principle of pursuing progress while maintaining stability, strengthen asset-liability coordination, continuously reduce liability costs, and fully implement risk prevention and control while balancing scale, efficiency, and quality, and return the extensive concern and trust from investors with excellent results.

## 2. DEVELOPMENT STRATEGIES

In the second half of 2025, the Bank will focus on the goal of high-quality development, unwaveringly advance business transformation, and continuously optimize the asset structure. The Bank will continue to reduce liability costs through innovative measures and increase the proportion of high-quality customers. The Bank will further enhance the full-process control over credit risks and proactively prevent reputational risks, and will continue to increase investment in the field of financial technology to consolidate the foundation of financial technology. Closely centering on the Chengdu-Chongqing Double City Economic Circle and Luzhou "One Body with Two Wings" characteristic development strategy, the Bank will actively integrate into the overall regional economic development, and strive to build a distinctive city commercial bank while serving local economic development, achieving coordinated development and mutual benefit between the Bank and the regional economy.



# Management Discussion and Analysis

## 3. ANALYSIS OF STATEMENTS OF PROFITS

### 3.1 Financial Results Highlights

Unit: RMB'000

| Item   | For the six months ended June 30, |           |
|--|-----------------------------------|-----------|
|  | 2025                              | 2024      |
| Net interest income  | 1,897,023                         | 1,757,680 |
| Net fee and commission income  | 78,660                            | 82,592    |
| Net gains on trading activities, net gains on financial investments and other operating income | 447,092                           | 995,636   |
| Operating expenses   | (968,254)                         | (898,069) |
| Expected credit losses/other assets impairment losses  | (215,577)                         | (903,809) |
| Share of profits of an associate   | 982                               | 1,103     |
| Profit before income tax   | 1,239,926                         | 1,035,133 |
| Income tax expenses  | (337,437)                         | (226,797) |
| Net profit   | 902,489                           | 808,336   |
| Of which: net profit attributable to Shareholders of the Bank                                  | 902,489                           | 808,336   |

For the six months ended June 30, 2025, the Bank's profit before income tax amounted to RMB1,240 million, representing an increase of RMB205 million or 19.78% as compared to the same period of the previous year, and net profit amounted to RMB902 million, representing an increase of RMB94 million or 11.65% as compared to the same period of the previous year. The following table sets forth the impacts of changes in the Bank's major profit or loss items on profit before income tax.

Unit: RMB'000

| Item  | Amount    |
|---|-----------|
| Profit before income tax for the six months ended June 30, 2024   | 1,035,133 |
| Changes in 2025   |           |
| Changes in net interest income  | 139,343   |
| Changes in net fee and commission income  | (3,932)   |
| Changes in net gains on trading activities, net gains on financial investments and other operating income | (548,544) |
| Changes in operating expenses   | (70,185)  |
| Changes in expected credit losses/other assets impairment losses  | 688,232   |
| Changes in share of profits of an associate   | (121)     |
| Profit before income tax for the six months ended June 30, 2025   | 1,239,926 |

# Management Discussion and Analysis

## 3.2 Operating Income

In the first half of 2025, the Bank's operating income amounted to RMB2,423 million, representing a decrease of RMB413 million or 14.57% as compared to the same period of the previous year. Among which, net interest income accounted for 78.30%. Net non-interest income amounted to RMB526 million, accounting for 21.70%. The following table sets forth the components of the Bank's operating income and its comparison with the same period of the previous year.

Unit: %

| Item   | For the six months ended June 30, |        |
|--|-----------------------------------|--------|
|  | 2025                              | 2024   |
| Net interest income  | <b>78.30</b>                      | 61.98  |
| Net fee and commission income  | <b>3.25</b>                       | 2.91   |
| Net gains on trading activities, net gains on financial investments and other operating income | <b>18.45</b>                      | 35.11  |
| Total  | <b>100.00</b>                     | 100.00 |

## 3.3 Net Interest Income

For the six months ended June 30, 2025, the Bank's net interest income amounted to RMB1,897 million, representing an increase of RMB139 million or 7.93% as compared to the same period of the previous year, mainly due to the increase in the scale on interest-earning assets and the decrease in the cost rate of interest-bearing liabilities. The following table sets forth the average balance, interest income/expense and average yield/cost rate of the assets and liabilities of the Bank for the periods indicated. The average balances of interest-earning assets and interest-bearing liabilities are daily average balances.

Unit: RMB'000

| Item   | For the six months ended June 30, |                         |                             |                 |                         |                             |
|--|-----------------------------------|-------------------------|-----------------------------|-----------------|-------------------------|-----------------------------|
|  | 2025                              |                         |                             | 2024            |                         |                             |
|  | Average balance                   | Interest income/expense | Average yield/cost rate (%) | Average balance | Interest income/expense | Average yield/cost rate (%) |
| Interest-earning assets  |                                   |                         |                             |                 |                         |                             |
| Customer loans   | <b>115,027,805</b>                | <b>3,354,048</b>        | <b>5.83</b>                 | 100,567,702     | 3,130,275               | 6.23                        |
| Investment <sup>(1)</sup>  | <b>26,893,868</b>                 | <b>421,234</b>          | <b>3.13</b>                 | 24,457,460      | 522,984                 | 4.28                        |
| Due from and placements with banks and other financial institutions <sup>(2)</sup> | <b>3,572,678</b>                  | <b>30,326</b>           | <b>1.70</b>                 | 3,632,146       | 35,904                  | 1.98                        |
| Balances with the central bank   | <b>10,279,820</b>                 | <b>65,998</b>           | <b>1.28</b>                 | 9,163,631       | 55,853                  | 1.22                        |
| Total  | <b>155,774,171</b>                | <b>3,871,606</b>        | <b>4.97</b>                 | 137,820,939     | 3,745,016               | 5.43                        |



# Management Discussion and Analysis

Unit: RMB'000

| Item   | For the six months ended June 30, |                                     |                                   |                    |                                     |                                   |
|--|-----------------------------------|-------------------------------------|-----------------------------------|--------------------|-------------------------------------|-----------------------------------|
|  | Average balance                   | 2025<br>Interest income/<br>expense | Average<br>yield/cost<br>rate (%) | Average balance    | 2024<br>Interest income/<br>expense | Average<br>yield/cost<br>rate (%) |
| <b>Interest-bearing liabilities</b>  |                                   |                                     |                                   |                    |                                     |                                   |
| Customer deposits  | 152,171,098                       | 1,713,228                           | 2.25                              | 124,928,002        | 1,666,666                           | 2.67                              |
| Due to and placements from banks and other financial institutions <sup>(3)</sup> | 3,479,267                         | 38,477                              | 2.21                              | 6,377,540          | 71,050                              | 2.23                              |
| Debt securities issued   | 13,424,284                        | 171,920                             | 2.56                              | 12,013,363         | 188,596                             | 3.14                              |
| Others   | 6,048,009                         | 50,958                              | 1.69                              | 6,126,680          | 61,024                              | 1.99                              |
| <b>Total</b>   | <b>175,122,658</b>                | <b>1,974,583</b>                    | <b>2.26</b>                       | <b>149,445,585</b> | <b>1,987,336</b>                    | <b>2.66</b>                       |
| Net interest income  | -                                 | 1,897,023                           | -                                 | -                  | 1,757,680                           | -                                 |
| Net interest spread  | -                                 | -                                   | 2.71                              | -                  | -                                   | 2.77                              |
| Net interest margin  | -                                 | -                                   | 2.44                              | -                  | -                                   | 2.55                              |

**Notes:**

- (1) Investments indicated in section 3.3 include credit related financial assets, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.
- (2) Due from and placements with banks and other financial institutions indicated in section 3.3 include financial assets held under resale agreements.
- (3) Due to and placements from banks and other financial institutions indicated in section 3.3 include financial assets sold under repurchase agreements.

As of June 30, 2025, the average balance of interest-earning assets of the Bank was RMB155,774 million, representing an increase of RMB17,953 million or 13.03% as compared to the same period of the previous year, mainly due to an increase in the customer loan volume. Net interest margin was 2.44%, representing a decrease of 0.11 percentage point as compared to the same period of the previous year, mainly because the increase in the net interest income was lower than the increase in the volume of interest-earning assets; net interest spread was 2.71%, representing a decrease of 0.06 percentage point as compared to the same period of the previous year, mainly because the decrease in the average yield on interest-earning assets was higher than the decrease in the average cost of interest-bearing liabilities.

# Management Discussion and Analysis

The following table sets forth the distribution of changes in the Bank's interest income and interest expense due to volume and interest rate changes for the periods indicated: the volume changes were measured by changes in average balance; interest rate changes were measured by changes in average interest rate, and changes in interest income and expense due to volume and interest rate changes were included in the changes in interest income and expense due to volume changes.

Unit: RMB'000

| Item  | June 30, 2025 vs. June 30, 2024 |                      |                         |
|---|---------------------------------|----------------------|-------------------------|
|   | Due to volume                   | Due to interest rate | Net increase (decrease) |
| <b>Assets</b>   |                                 |                      |                         |
| Customer loans  | 421,637                         | (197,864)            | 223,773                 |
| Investment  | 38,161                          | (139,911)            | (101,750)               |
| Due from and placements with banks and other financial institutions | (505)                           | (5,073)              | (5,578)                 |
| Balances with the central bank                                      | 7,166                           | 2,979                | 10,145                  |
| <b>Changes in interest income</b>                                   | <b>466,459</b>                  | <b>(339,869)</b>     | <b>126,590</b>          |
| <b>Liabilities</b>  |                                 |                      |                         |
| Customer deposits   | 306,718                         | (260,156)            | 46,562                  |
| Due to and placements from banks and other financial institutions   | (32,052)                        | (521)                | (32,573)                |
| Debt securities issued  | 18,069                          | (34,745)             | (16,676)                |
| Others  | (663)                           | (9,403)              | (10,066)                |
| <b>Changes in interest expense</b>                                  | <b>292,072</b>                  | <b>(304,825)</b>     | <b>(12,753)</b>         |
| <b>Changes in net interest income</b>                               | <b>174,387</b>                  | <b>(35,044)</b>      | <b>139,343</b>          |

## 3.4 Interest Income

For the six months ended June 30, 2025, the Bank's interest income amounted to RMB3,872 million, representing an increase of RMB127 million or 3.38% as compared to the same period of the previous year, mainly due to an increase in the scale of interest-earning assets. The interest income from customer loans and investments constituted the major part of the interest income of the Bank.



# Management Discussion and Analysis

## 3.4.1 Interest income from customer loans

For the six months ended June 30, 2025, the Bank's interest income from customer loans amounted to RMB3,354 million, representing an increase of RMB224 million or 7.15% as compared to the same period of the previous year. The following table sets forth the average balance, interest income and average yield of each component of the customer loans of the Bank for the periods indicated.

Unit: RMB'000

| Item                 | Average balance | For the six months ended June 30, |                   |                 | 2024            |                   |
|----------------------|-----------------|-----------------------------------|-------------------|-----------------|-----------------|-------------------|
|                      |                 | 2025 Interest income              | Average yield (%) | Average balance | Interest income | Average yield (%) |
| Corporate loans      | 102,002,610     | 3,022,491                         | 5.93              | 87,083,654      | 2,747,095       | 6.31              |
| Personal loans       | 13,025,195      | 331,557                           | 5.09              | 13,484,048      | 383,180         | 5.68              |
| Total customer loans | 115,027,805     | 3,354,048                         | 5.83              | 100,567,702     | 3,130,275       | 6.23              |

## 3.4.2 Interest income from investments

For the six months ended June 30, 2025, the Bank's interest income from investments amounted to RMB421 million, representing a decrease of RMB102 million or 19.46% as compared to the same period of the previous year, mainly due to the decrease in the investment average yield.

## 3.4.3 Interest income due from and placements with banks and other financial institutions

For the six months ended June 30, 2025, the Bank's interest income due from and placements with banks and other financial institutions amounted to RMB30 million, representing a decrease of RMB6 million or 15.54% as compared to the same period of the previous year, mainly due to the decrease in the average yield due from and placements with banks and other financial institutions.

## 3.4.4 Interest income from balances with central bank

For the six months ended June 30, 2025, the Bank's interest income from balances with central bank amounted to RMB66 million, representing an increase of RMB10 million or 18.16% as compared to the same period of the previous year, mainly due to the increase in the scale from balances with central bank.



# Management Discussion and Analysis

## 3.5 Interest Expense

For the six months ended June 30, 2025, the Bank's interest expense amounted to RMB1,975 million, representing a decrease of RMB13 million or 0.64% as compared to the same period of the previous year, mainly due to the decrease in the average cost rate of interest-bearing liabilities. Interest expenses on customer deposits and debt securities issued constituted the major part of the interest expense of the Bank.

### 3.5.1 Interest expense on customer deposits

For the six months ended June 30, 2025, the Bank's interest expense on customer deposits amounted to RMB1,713 million, representing an increase of RMB47 million or 2.79% as compared to the same period of the previous year. The following table sets forth the average balance, interest expense and average cost rate of each component of the Bank's customer deposits for the periods indicated.

Unit: RMB'000

| Item                    | For the six months ended June 30, 2025 |                  |                       | 2024            |                  |                       |
|-------------------------|--|------------------|-----------------------|-----------------|------------------|-----------------------|
|                         | Average balance                        | Interest expense | Average cost rate (%) | Average balance | Interest expense | Average cost rate (%) |
| Corporate deposits      | 67,627,229                             | 567,967          | 1.68                  | 53,793,514      | 522,322          | 1.94                  |
| Personal deposits       | 84,543,869                             | 1,145,261        | 2.71                  | 71,134,488      | 1,144,344        | 3.22                  |
| Total customer deposits | 152,171,098                            | 1,713,228        | 2.25                  | 124,928,002     | 1,666,666        | 2.67                  |

### 3.5.2 Interest expense on amounts due to and placements with banks and other financial institutions

For the six months ended June 30, 2025, the interest expense on amounts due to and placements with banks and other financial institutions was RMB38 million, representing a decrease of RMB33 million or 45.85% as compared to the same period of the previous year, mainly due to the decrease in the volume of amounts due to and placements with banks and other financial institutions.

### 3.5.3 Interest expense on debt securities issued

For the six months ended June 30, 2025, the Bank's interest expense on debt securities issued amounted to RMB172 million, representing a decrease of RMB17 million or 8.84% as compared to the same period of the previous year, mainly due to the decrease in the average cost rate of debt securities issued.

# Management Discussion and Analysis

## 3.6 Net Non-interest Income

For the six months ended June 30, 2025, the Bank's net non-interest income amounted to RMB526 million, representing a decrease of RMB552 million or 51.24% as compared to the same period of the previous year. The following table sets forth the major components of the Bank's net non-interest income for the periods indicated and the same period of the previous year.

Unit: RMB'000

| Item   | For the six months ended June 30, |           |
|--|-----------------------------------|-----------|
|  | 2025                              | 2024      |
| Fee and commission income  | 102,556                           | 104,615   |
| Fee and commission expense   | (23,896)                          | (22,023)  |
| Net fee and commission income  | 78,660                            | 82,592    |
| Net gains on trading activities, net gains on financial investments and other operating income | 447,092                           | 995,636   |
| Total net non-interest income  | 525,752                           | 1,078,228 |

## 3.7 Net fee and commission income

For the six months ended June 30, 2025, the Bank's net fee and commission income amounted to RMB78.66 million, representing a decrease of RMB3.932 million as compared to the same period of the previous year.

Unit: RMB'000

| Item   | For the six months ended June 30, |                 |
|--|-----------------------------------|-----------------|
|  | 2025                              | 2024            |
| <b>Fee and commission income</b>                                 |                                   |                 |
| Commission income from settlement services                       | 2,020                             | 1,916           |
| Commission income from bank card services                        | 644                               | 676             |
| Commission income from agency services                           | 5,301                             | 1,254           |
| Commission income from guarantees and credit commitment services | 13,342                            | 3,991           |
| Commission income from wealth management agency services         | 78,907                            | 94,274          |
| Commission income from investment banking services               | 2,229                             | 2,402           |
| Other commission income  | 113                               | 102             |
| <b>Total</b>   | <b>102,556</b>                    | <b>104,615</b>  |
| <b>Fee and commission expense</b>                                | <b>(23,896)</b>                   | <b>(22,023)</b> |

# Management Discussion and Analysis

## 3.8 Net Gains on Trading Activities, Net Gains on Financial Investments and Other Operating Income

For the six months ended June 30, 2025, the Bank's net gains on trading activities, net gains on financial investments and other operating income amounted to a total gain of RMB447 million, representing a decrease of RMB549 million or 55.09% as compared to the same period of the previous year. Among them, net gains on trading activities decreased by RMB171 million as compared to the same period of the previous year, net gains on financial investments decreased by RMB109 million as compared to the same period of the previous year, and other operating income decreased by RMB269 million as compared to the same period of the previous year. The following table sets forth the major components of the Bank's net gains on trading activities, net gains on financial investments and other operating income for the periods indicated.

Unit: RMB'000

| Item                               | For the six months ended June 30, |         |
|------------------------------------|-----------------------------------|---------|
|                                    | 2025                              | 2024    |
| Net gains on trading activities    | 321,174                           | 492,091 |
| Net gains on financial investments | 88,745                            | 197,435 |
| Other operating income             | 37,173                            | 306,110 |
| Total                              | 447,092                           | 995,636 |

## 3.9 Operating Expenses

For the six months ended June 30, 2025, the Bank's operating expenses amounted to RMB968 million, representing an increase of RMB70 million or 7.82% as compared to the same period of the previous year. Among them, staff costs increased by RMB34 million or 7.76% as compared to the same period of the previous year, business and administrative expenses decreased by RMB16 million or 5.32% as compared to the same period of the previous year. The following table sets forth the major components of the Bank's operating expenses for the periods indicated.

Unit: RMB'000

| Item   | For the six months ended June 30, |         |
|--|-----------------------------------|---------|
|  | 2025                              | 2024    |
| Staff costs (including Directors' and Supervisors' Emoluments (allowance inclusive)) | 478,589                           | 444,107 |
| Business and administrative expenses   | 281,049                           | 296,844 |
| Depreciation and amortization  | 99,327                            | 84,888  |
| Taxes and surcharges   | 49,039                            | 48,277  |
| Professional service fees  | 15,717                            | 12,668  |
| Expenditures on public welfare donations   | 4,100                             | 5,140   |
| Others   | 40,433                            | 6,145   |
| Total  | 968,254                           | 898,069 |



# Management Discussion and Analysis

## 3.10 Expected credit losses/other assets impairment losses

For the six months ended June 30, 2025, the Bank's expected credit losses/other assets impairment losses amounted to RMB216 million, representing a decrease of RMB688 million or 76.15% as compared to the same period of the previous year. The following table sets forth the major components of the Bank's expected credit losses for the periods indicated.

Unit: RMB'000

| Item   | For the six months ended June 30, |          |
|--|-----------------------------------|----------|
|  | 2025                              | 2024     |
| ECL for customer loans at amortised cost   | 451,919                           | 630,126  |
| ECL for customer loans – FVTOCI  | (83)                              | 2,713    |
| ECL for financial investments – credit related financial assets                        | (231,868)                         | 22,072   |
| ECL for financial investments – amortised cost   | 4,446                             | 248,389  |
| ECL for financial investments – FVTOCI   | (15,171)                          | (17,445) |
| ECL for reverse repurchase agreements, due from other banks and financial institutions | 369                               | (4,473)  |
| ECL for credit commitments   | 4,854                             | 22,156   |
| ECL for other receivables  | 291                               | 237      |
| Other assets impairment losses   | 820                               | 34       |

Expected credit losses on loans constituted the largest part of expected credit losses/other assets impairment losses. For the six months ended June 30, 2025, the expected credit losses on loans (including discounted bills) amounted to RMB452 million, representing a decrease of RMB181 million or 28.60% as compared to the same period of the previous year.

# Management Discussion and Analysis

## 4. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION

### 4.1 Assets

As of the end of June 2025, the Bank's total assets amounted to RMB192,254 million, representing an increase of RMB21,254 million or 12.43% as compared to the end of the previous year, mainly due to the increase of the Bank's customer loans. The following table sets forth the components of the Bank's total assets as of the dates indicated.

Unit: RMB'000

| Item   | June 30, 2025 |            | December 31, 2024 |            |
|--|---------------|------------|-------------------|------------|
|  | Amount        | % of total | Amount            | % of total |
| Total customer loans (including accrued interests)   | 117,593,596   | 61.17      | 103,927,573       | 60.78      |
| ECL allowance on loans at amortized cost   | (5,693,367)   | (2.97)     | (5,342,538)       | (3.12)     |
| Net customer loans   | 111,900,229   | 58.20      | 98,585,035        | 57.66      |
| Cash and balances with the central bank  | 11,334,465    | 5.90       | 10,234,384        | 5.99       |
| Due from and placements with banks and other financial institutions                                | 1,572,590     | 0.82       | 729,137           | 0.43       |
| Financial investments – credit related financial assets  | 2,803,825     | 1.46       | 2,110,510         | 1.23       |
| Financial investments – financial assets measured at fair value through profit or loss             | 35,550,571    | 18.49      | 32,867,602        | 19.22      |
| Financial investments – financial assets measured at fair value through other comprehensive income | 4,617,080     | 2.40       | 3,349,139         | 1.96       |
| Financial investments – measured at amortised cost   | 20,638,532    | 10.74      | 19,564,015        | 11.44      |
| Investment in an associate   | 58,524        | 0.03       | 57,542            | 0.03       |
| Property and equipment   | 1,069,651     | 0.55       | 1,054,569         | 0.61       |
| Deferred income tax assets   | 1,628,913     | 0.85       | 1,708,908         | 1.00       |
| Other assets   | 1,079,382     | 0.56       | 738,731           | 0.43       |
| Total assets   | 192,253,762   | 100.00     | 170,999,572       | 100.00     |





# Management Discussion and Analysis

## Customer loans

As of the end of June 2025, the Bank's total customer loans amounted to RMB117,594 million, representing an increase of RMB13,666 million or 13.15% as compared to the end of the previous year; net customer loans amounted to RMB111,900 million, representing an increase of RMB13,315 million or 13.51% as compared to the end of the previous year. The following table sets forth the customer loans of the Bank by product type as of the dates indicated.

Unit: RMB'000

| Item   | June 30, 2025 |            | December 31, 2024 |            |
|--|---------------|------------|-------------------|------------|
|  | Amount        | % of total | Amount            | % of total |
| Corporate loans                                | 103,783,897   | 88.26      | 89,635,993        | 86.25      |
| Discounted bills                               | 200,262       | 0.17       | 202,219           | 0.19       |
| Personal loans                                 | 12,845,336    | 10.92      | 13,432,458        | 12.92      |
| Accrued interest                               | 764,101       | 0.65       | 656,903           | 0.64       |
| Total customer loans                           | 117,593,596   | 100.00     | 103,927,573       | 100.00     |
| Less: ECL allowance on loans at amortized cost | (5,693,367)   | /          | (5,342,538)       | /          |
| Net customer loans                             | 111,900,229   | /          | 98,585,035        | /          |

### Corporate loans

As of the end of June 2025, the Bank's total corporate loans amounted to RMB103,784 million, representing an increase of RMB14,148 million or 15.78% as compared to the end of the previous year, accounting for 88.26% of the total customer loans, representing an increase of 2.01 percentage points as compared to the end of the previous year.

### Discounted bills

As of the end of June 2025, the Bank's total discounted bills amounted to RMB200 million, representing a decrease of RMB2 million or 0.97% as compared to the end of the previous year, accounting for 0.17% of the total customer loans, representing a decrease of 0.02 percentage point as compared to the end of the previous year.

### Personal loans

As of the end of June 2025, the Bank's personal loans amounted to RMB12,845 million, representing a decrease of RMB587 million or 4.37% as compared to the end of the previous year, accounting for 10.92% of the total customer loans, representing a decrease of 2.00 percentage points as compared to the end of the previous year.

# Management Discussion and Analysis

## Investments

As of the end of June 2025, the carrying value of the Bank's investments amounted to RMB63,610 million, representing an increase of RMB5,719 million or 9.88% as compared to the end of the previous year. The following table sets forth the components of the Bank's investment portfolio as of the dates indicated.

Unit: RMB'000

| Item  | June 30, 2025 |            | December 31, 2024 |            |
|---|---------------|------------|-------------------|------------|
|   | Amount        | % of total | Amount            | % of total |
| Financial investments – credit related financial assets                                   | 2,803,825     | 4.40       | 2,110,510         | 3.65       |
| Financial investments – financial assets at fair value through profit or loss             | 35,550,571    | 55.89      | 32,867,602        | 56.77      |
| Financial investments – financial assets at fair value through other comprehensive income | 4,617,080     | 7.26       | 3,349,139         | 5.79       |
| Financial investments – amortized cost  | 20,638,532    | 32.45      | 19,564,015        | 33.79      |
| Total   | 63,610,008    | 100.00     | 57,891,266        | 100.00     |

### Financial investments – credit related financial assets

The Bank's credit related financial assets are corporate loans extended through consolidated structured entities (trust and asset management plans). The following table sets forth the components of the Bank's credit related financial assets as of the dates indicated.

Unit: RMB'000

| Item  | June 30, 2025 | December 31, 2024 |
|---|---------------|-------------------|
| Financial investments – credit related financial assets |               |                   |
| – Trust and asset management plans                      | 2,903,598     | 2,449,967         |
| Less: ECL allowance                                     | (257,272)     | (513,551)         |
| Accrued interest  | 157,499       | 174,094           |
| Total   | 2,803,825     | 2,110,510         |



# Management Discussion and Analysis

## *Financial investments – financial assets at fair value through profit or loss*

The following table sets forth the components of the Bank's financial assets at fair value through profit or loss as of the dates indicated.

Unit: RMB'000

| Item  | June 30,<br>2025  | December 31,<br>2024 |
|---|-------------------|----------------------|
| Financial investments – financial assets at fair value through profit or loss |                   |                      |
| – Listed in Hong Kong   | –                 | 128,184              |
| – Listed outside Hong Kong  | 5,343,561         | 6,048,815            |
| – Unlisted  | 30,207,010        | 26,690,603           |
| <b>Total</b>  | <b>35,550,571</b> | <b>32,867,602</b>    |

## *Financial investments – financial assets at fair value through other comprehensive income*

The following table sets forth the components of the Bank's financial assets at fair value through other comprehensive income as of the dates indicated.

Unit: RMB'000

| Item  | June 30,<br>2025 | December 31,<br>2024 |
|---|------------------|----------------------|
| Financial investments – financial assets at fair value through other comprehensive income |                  |                      |
| – Listed in Hong Kong   | 35,793           | 35,942               |
| – Listed outside Hong Kong  | 45,869           | 478,718              |
| – Unlisted  | 4,498,825        | 2,773,642            |
| <b>Subtotal</b>   | <b>4,580,487</b> | <b>3,288,302</b>     |
| Accrued interest  | 36,593           | 60,837               |
| <b>Total</b>  | <b>4,617,080</b> | <b>3,349,139</b>     |

# Management Discussion and Analysis

## Financial investments-amortized cost

The following table sets forth the components of the Bank's financial assets measured at amortized cost as of the dates indicated.

Unit: RMB'000

| Item                                 | June 30, 2025 | December 31, 2024 |
|--------------------------------------|---------------|-------------------|
| Financial investments-amortized cost |               |                   |
| — Listed outside Hong Kong           | 2,593,594     | 2,701,168         |
| — Unlisted                           | 18,213,075    | 17,009,362        |
| Subtotal                             | 20,806,669    | 19,710,530        |
| Accrued interest                     | 413,804       | 430,980           |
| Less: ECL allowance                  | (581,941)     | (577,495)         |
| Total                                | 20,638,532    | 19,564,015        |

## 4.2 Liabilities

As of the end of June 2025, the Bank's total liabilities amounted to RMB179,261 million, representing an increase of RMB20,702 million or 13.06% as compared to the end of the previous year, mainly due to the stable increase in customer deposits. The following table sets forth the components of the Bank's total liabilities as of the dates indicated.

Unit: RMB'000

| Item  | June 30, 2025 |            | December 31, 2024 |            |
|---|---------------|------------|-------------------|------------|
|   | Amount        | % of total | Amount            | % of total |
| Customer deposits   | 155,081,860   | 86.51      | 135,314,340       | 85.34      |
| Due to and placements from banks and other financial institutions | 2,524,869     | 1.41       | 2,591,181         | 1.63       |
| Borrowings from central bank                                      | 5,609,509     | 3.13       | 6,258,007         | 3.95       |
| Current tax liabilities   | 229,678       | 0.13       | 566,790           | 0.36       |
| Debt securities issued  | 14,366,963    | 8.01       | 12,746,164        | 8.04       |
| Other liabilities   | 1,447,872     | 0.81       | 1,082,686         | 0.68       |
| Total liabilities   | 179,260,751   | 100.00     | 158,559,168       | 100.00     |



# Management Discussion and Analysis

## Customer deposits

As of the end of June 2025, the Bank's total customer deposits amounted to RMB155,082 million, representing an increase of RMB19,768 million or 14.61% as compared to the end of the previous year, accounting for 86.51% of the Bank's total liabilities, being the Bank's primary source of funding. The following table sets forth the components of the Bank's customer deposits by product type and customer type as of the dates indicated.

Unit: RMB'000

| Item                    | June 30, 2025 |            | December 31, 2024 |            |
|-------------------------|---------------|------------|-------------------|------------|
|                         | Amount        | % of total | Amount            | % of total |
| Corporate deposits      | 65,983,376    | 42.54      | 52,552,528        | 38.84      |
| Demand deposits         | 50,297,583    | 32.43      | 40,296,213        | 29.78      |
| Time deposits           | 15,685,793    | 10.11      | 12,256,315        | 9.06       |
| Personal deposits       | 85,892,070    | 55.39      | 79,726,256        | 58.92      |
| Demand deposits         | 19,104,558    | 12.32      | 17,656,345        | 13.05      |
| Time deposits           | 66,787,512    | 43.07      | 62,069,911        | 45.87      |
| Accrued interest        | 3,206,414     | 2.07       | 3,035,556         | 2.24       |
| Total customer deposits | 155,081,860   | 100.00     | 135,314,340       | 100.00     |

As of the end of June 2025, the Bank's corporate demand deposits accounted for 32.43% of total customer deposits, representing an increase of 2.65 percentage points as compared to the end of the previous year. Corporate demand deposits accounted for 76.23% of corporate deposits, representing a decrease of 0.45 percentage point as compared to the end of the previous year; and personal demand deposits accounted for 22.24% of personal deposits, representing an increase of 0.09 percentage point as compared to the end of the previous year.

## Due to and placements from banks and other financial institutions

As of the end of June 2025, the Bank's due to and placements from banks and other financial institutions amounted to RMB2,525 million, representing a decrease of RMB66 million or 2.56% as compared to the end of the previous year.

## Debt securities issued

As of the end of June 2025, the Bank's debt securities issued amounted to RMB14,367 million, representing an increase of RMB1,621 million or 12.72% as compared to the end of the previous year.



# Management Discussion and Analysis

## 4.3 Equity Attributable to Shareholders

As of the end of June 2025, the Bank's equity attributable to Shareholders amounted to RMB12,993 million, representing an increase of RMB553 million or 4.44% as compared to the end of the previous year.

Unit: RMB'000

| Item                                      | June 30,<br>2025 | December 31,<br>2024 |
|---|------------------|----------------------|
| Share capital                             | 2,717,752        | 2,717,752            |
| Other equity instruments                  | 2,399,547        | 2,296,704            |
| Capital surplus                           | 1,783,179        | 1,786,355            |
| Other reserves                            | 3,131,987        | 3,012,101            |
| Retained earnings                         | 2,960,546        | 2,627,492            |
| Total equity attributable to Shareholders | 12,993,011       | 12,440,404           |

## 5. OTHER FINANCIAL INFORMATION

### 5.1 Analysis of Off-balance Sheet Items

The Bank's off-balance sheet items include credit commitments, operating lease commitments and capital commitments. Credit commitments are the most important parts and as of the end of the Reporting Period, the balance of credit commitments amounted to RMB4,042 million.

### 5.2 Overdue and Outstanding Debts

As of the end of the Reporting Period, the Bank had no overdue or outstanding debts.

### 5.3 Assets Pledged

As of the end of the Reporting Period, some of the Bank's assets were pledged as collaterals under agreements with the central bank. For details, please refer to Note 33 of the financial statements.

# Management Discussion and Analysis

## 6. ANALYSIS OF LOAN QUALITY

During the Reporting Period, the Bank continued to strengthen its dynamic monitoring on loan quality, thoroughly implemented various regulatory policies, continuously strengthened internal management, resolved loan risks through multiple ways and channels, and enhanced risk control ability, with the level of allowance coverage meeting regulatory requirements and the loan quality continuously maintaining stable. As of the end of the Reporting Period, the Bank's total loans amounted to RMB116,829 million, representing an increase of 13.13% as compared to the end of the previous year, total NPLs amounted to RMB1,384 million, representing an increase of RMB156 million as compared to the end of the previous year, and the NPL ratio was 1.18%, representing a decrease of 0.01 percentage point as compared to the end of the previous year.

### Distribution of Loans by Five-Category Classification

Unit: RMB'000

| Item                  | June 30, 2025 |            | December 31, 2024 |            |
|-----------------------|---------------|------------|-------------------|------------|
|                       | Amount        | % of total | Amount            | % of total |
| Normal loans          | 113,599,469   | 97.24      | 99,875,487        | 96.71      |
| Special mention loans | 1,845,647     | 1.58       | 2,166,644         | 2.10       |
| Substandard loans     | 419,716       | 0.36       | 408,984           | 0.39       |
| Doubtful loans        | 294,557       | 0.25       | 336,845           | 0.33       |
| Loss loans            | 670,106       | 0.57       | 482,710           | 0.47       |
| Total customer loans  | 116,829,495   | 100.00     | 103,270,670       | 100.00     |
| Total NPLs            | 1,384,379     | 1.18       | 1,228,539         | 1.19       |

Pursuant to the regulatory requirements on risk-based classification of loans, the Bank has adopted five-category classification to manage the quality of loans. NPLs include loans classified as substandard, doubtful and loss. As at the end of the Reporting Period, the percentage of substandard loans decreased by 0.03 percentage point to 0.36% as compared to the end of the previous year, the percentage of doubtful loans decreased by 0.08 percentage point to 0.25% as compared to the end of the previous year, and the percentage of loss loans increased by 0.10 percentage point to 0.57% as compared to the end of the previous year.

# Management Discussion and Analysis

## Distribution of Loans and NPLs by Industry

Unit: RMB'000

| Item   | June 30, 2025   |            |                |             | December 31, 2024 |            |                |             |
|--|-----------------|------------|----------------|-------------|-------------------|------------|----------------|-------------|
|  | Amount of loans | % of total | Amount of NPLs | NPL ratio % | Amount of loans   | % of total | Amount of NPLs | NPL ratio % |
| Corporate loans                                  | 103,783,897     | 88.83      | 847,851        | 0.82        | 89,635,993        | 86.80      | 736,347        | 0.82        |
| Leasing and commercial services                  | 35,613,768      | 30.48      | 200,000        | 0.56        | 30,329,828        | 29.37      | 200,000        | 0.66        |
| Construction                                     | 34,522,607      | 29.55      | 157,929        | 0.46        | 31,802,235        | 30.80      | 73,922         | 0.23        |
| Wholesale and retail                             | 14,264,920      | 12.21      | 69,389         | 0.49        | 9,723,067         | 9.42       | 36,095         | 0.37        |
| Manufacturing                                    | 2,380,356       | 2.04       | 14,765         | 0.62        | 1,910,400         | 1.85       | 13,465         | 0.70        |
| Real estate                                      | 7,867,678       | 6.73       | 389,022        | 4.94        | 8,056,124         | 7.80       | 399,400        | 4.96        |
| Accommodation and catering                       | 811,189         | 0.69       | 12,000         | 1.48        | 488,574           | 0.47       | –              | –           |
| Education  | 167,050         | 0.14       | –              | –           | 111,050           | 0.11       | –              | –           |
| Water, environment and public utility management | 1,469,938       | 1.26       | 594            | 0.04        | 1,373,235         | 1.33       | –              | –           |
| Transportation, warehousing and postage service  | 1,336,527       | 1.14       | –              | –           | 1,315,734         | 1.27       | –              | –           |
| Others   | 5,349,864       | 4.59       | 4,152          | 0.08        | 4,525,746         | 4.38       | 13,465         | 0.30        |
| Discounted bills                                 | 200,262         | 0.18       | –              | –           | 202,219           | 0.19       | –              | –           |
| Retail loans                                     | 12,845,336      | 10.99      | 536,528        | 4.18        | 13,432,458        | 13.01      | 492,192        | 3.66        |
| Total customer loans                             | 116,829,495     | 100.00     | 1,384,379      | 1.18        | 103,270,670       | 100.00     | 1,228,539      | 1.19        |

In 2025, the Bank actively optimized the allocation of risk-bearing assets and the service of the real economy. The Bank also actively adjusted its credit structure and increased credit support to small and micro enterprises, agriculture-related economy, livelihood projects and other fields. We strictly controlled credit granted to industries with overcapacity and uncertain prospects, to improve the risk resistance for new credit assets continually.

By industry, the Bank's corporate NPLs mainly involved real estate, leasing and commercial services and construction, which accounted for 88.10% of our total corporate NPLs.



# Management Discussion and Analysis

## Distribution of Loans and NPLs by Product Type

Unit: RMB'000

| Item                       | June 30, 2025   |            |                |             | December 31, 2024 |            |                |             |
|----------------------------|-----------------|------------|----------------|-------------|-------------------|------------|----------------|-------------|
|                            | Amount of loans | % of total | Amount of NPLs | NPL ratio % | Amount of loans   | % of total | Amount of NPLs | NPL ratio % |
| Corporate loans            | 103,783,897     | 88.83      | 847,851        | 0.82        | 89,635,993        | 86.80      | 736,347        | 0.82        |
| Working capital loans      | 87,608,837      | 74.98      | 458,829        | 0.52        | 73,570,916        | 71.24      | 336,947        | 0.46        |
| Fixed asset loans          | 16,175,060      | 13.85      | 389,022        | 2.41        | 16,065,077        | 15.56      | 399,400        | 2.49        |
| Discounted bills           | 200,262         | 0.18       | -              | -           | 202,219           | 0.19       | -              | -           |
| Retail loans               | 12,845,336      | 10.99      | 536,528        | 4.18        | 13,432,458        | 13.01      | 492,192        | 3.66        |
| Individual housing loans   | 2,092,615       | 1.79       | 45,378         | 2.17        | 2,247,679         | 2.18       | 39,348         | 1.75        |
| Personal business loans    | 9,193,731       | 7.87       | 447,417        | 4.87        | 9,304,998         | 9.01       | 428,942        | 4.61        |
| Personal consumption loans | 1,558,990       | 1.33       | 43,733         | 2.81        | 1,879,781         | 1.82       | 23,902         | 1.27        |
| Total customer loans       | 116,829,495     | 100.00     | 1,384,379      | 1.18        | 103,270,670       | 100.00     | 1,228,539      | 1.19        |

Under the background of the transformation of old and new driving forces and the continuous promotion of supply-side reform, the Bank actively addressed the changes of demand for effective credits, and maintained solid growth of corporate loan scale while adhering to the principle of prudent extension. At the end of the Reporting Period, the proportion of corporate loans of the Bank increased by 2.03 percentage points to 88.83% compared with the end of the previous year.

The NPL ratio of corporate loans remained stable as compared to the end of the previous year.

The balance of retail loans decreased by RMB587 million as compared to that at the beginning of the year, while the proportion of retail loans decreased by 2.02 percentage points to 10.99%.

The NPL ratio of retail loans increased by 0.52 percentage point to 4.18% as compared to the end of the previous year.

# Management Discussion and Analysis

## Distribution of Loans and NPLs by Geographical Region

Unit: RMB'000

| Geographical Region  | June 30, 2025   |            |                |             | December 31, 2024 |            |                |             |
|----------------------|-----------------|------------|----------------|-------------|-------------------|------------|----------------|-------------|
|                      | Amount of loans | % of total | Amount of NPLs | NPL ratio % | Amount of loans   | % of total | Amount of NPLs | NPL ratio % |
| Luzhou               | 77,938,573      | 66.71      | 976,317        | 1.25        | 69,272,718        | 67.08      | 811,791        | 1.17        |
| Outside Luzhou       | 38,890,922      | 33.29      | 408,062        | 1.05        | 33,997,952        | 32.92      | 416,748        | 1.23        |
| Total customer loans | 116,829,495     | 100.00     | 1,384,379      | 1.18        | 103,270,670       | 100.00     | 1,228,539      | 1.19        |

The Bank continuously optimized the regional allocation of credit resources and enhanced risk management and control in key industries by serving the economy of Luzhou and actively expanding its cross-regional business.

## Distribution of Loans and NPLs by Type of Collateral

Unit: RMB'000

| Item                 | June 30, 2025   |            |                |             | December 31, 2024 |            |                |             |
|----------------------|-----------------|------------|----------------|-------------|-------------------|------------|----------------|-------------|
|                      | Amount of loans | % of total | Amount of NPLs | NPL ratio % | Amount of loans   | % of total | Amount of NPLs | NPL ratio % |
| Unsecured loans      | 44,387,361      | 37.99      | 358,175        | 0.81        | 37,518,989        | 36.33      | 301,544        | 0.80        |
| Guaranteed loans     | 58,010,526      | 49.66      | 380,376        | 0.66        | 49,914,638        | 48.33      | 392,645        | 0.79        |
| Collateralized loans | 12,091,933      | 10.35      | 643,866        | 5.32        | 12,834,062        | 12.43      | 532,238        | 4.15        |
| Pledged loans        | 2,339,675       | 2.00       | 1,962          | 0.08        | 3,002,981         | 2.91       | 2,112          | 0.07        |
| Total customer loans | 116,829,495     | 100.00     | 1,384,379      | 1.18        | 103,270,670       | 100.00     | 1,228,539      | 1.19        |

The Bank enhanced risk prevention and control through risk mitigation measures such as adding in guarantors and collaterals, with guaranteed loans and collateralized loans accounting for 60.01%.



# Management Discussion and Analysis

## Concentration of Borrowers

In accordance with applicable PRC banking laws and regulations, the balance of loans to non-interbank single customers shall not exceed 10% of net capital, the total credit extension to single group customers shall not exceed 15% of net capital, the risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital, and the risk exposures to a group of non-interbank related customers shall not exceed 20% of net tier-one capital.

Unit: %

| Key regulatory indicators (%)   | Regulatory standards | June 30, 2025 |
|---|----------------------|---------------|
| Percentage of the balance of loans to the single largest customer in net capital        | ≤10                  | 8.0           |
| Percentage of total credit extension to single group customers in net capital           | ≤15                  | 11.50         |
| Percentage of the risk exposures to the single largest customer in net tier-one capital | ≤15                  | 9.98          |
| Percentage of the risk exposures to single group customers in net tier-one capital      | ≤20                  | 14.38         |

## Details of Our Ten Largest Single Borrowers

Unit: RMB'000

| Name of borrower | Industry                        | Amount of loans as of the end of the Reporting Period | % of total loans |
|------------------|---------------------------------|---|------------------|
| A                | Construction                    | 1,340,000   | 1.15             |
| B                | Leasing and commercial services | 1,300,000   | 1.11             |
| C                | Leasing and commercial services | 1,299,000   | 1.11             |
| D                | Leasing and commercial services | 998,001   | 0.85             |
| E                | Construction                    | 992,065   | 0.85             |
| F                | Leasing and commercial services | 900,000   | 0.77             |
| G                | Real estate                     | 897,500   | 0.77             |
| H                | Wholesale and retail            | 890,000   | 0.76             |
| I                | Leasing and commercial services | 884,000   | 0.76             |
| J                | Real estate                     | 862,980   | 0.74             |
| Total            |                                 | 10,363,546  | 8.87             |

As of the end of the Reporting Period, the total loans of our ten largest single borrowers amounted to RMB10,364 million, accounting for 8.87% of the Bank's total loans. The loan balance of the largest single borrower was RMB1,340 million, accounting for 1.15% of the Bank's total loans.

# Management Discussion and Analysis

## Distribution of Loans by Overdue Period (Excluding Interest Receivable)

Unit: RMB'000

| Overdue Period                                     | June 30, 2025 |                  | December 31, 2024 |                  |
|--|---------------|------------------|-------------------|------------------|
|  | Amount        | % of total loans | Amount            | % of total loans |
| Overdue for up to 3 months (inclusive)             | 609,152       | 0.52             | 504,104           | 0.49             |
| Overdue for over 3 months up to 1 year (inclusive) | 435,417       | 0.37             | 470,955           | 0.45             |
| Overdue for over 1 year up to 3 years (inclusive)  | 513,025       | 0.44             | 362,034           | 0.35             |
| Overdue for over 3 years                           | 230,434       | 0.20             | 213,188           | 0.21             |
| Total overdue loans                                | 1,788,028     | 1.53             | 1,550,281         | 1.50             |
| Total customer loans                               | 116,829,495   | 100.00           | 103,270,670       | 100.00           |

As of the end of the Reporting Period, the Bank's overdue loans amounted to RMB1,788 million, representing an increase of RMB238 million as compared to the end of the previous year. The percentage of overdue loans in the Bank's total loans was 1.53%, representing an increase of 0.03 percentage point as compared to the end of the previous year. Among them, loans overdue for up to 3 months (inclusive) amounted to RMB609 million, accounting for 34.07% of overdue loans. The Bank has adopted a stricter classification criterion, under which loans whose principal or interest has been overdue for over 1 day (inclusive) would be deemed as overdue loans.

## Foreclosed Assets

As of the end of the Reporting Period, the Bank's total foreclosed assets amounted to RMB31,808 thousand.

## Changes in Expected Credit Losses Allowance of Loans at Amortized Cost

The following table sets forth the changes in the Bank's allowance for expected credit losses of loans at amortized cost:

Unit: RMB'000

| Item                                 | June 30, 2025 | December 31, 2024 |
|--------------------------------------|---------------|-------------------|
| Balance at the beginning of the year | 5,342,538     | 4,572,916         |
| Charge/(reversal) for the year       | 451,919       | 1,210,928         |
| Write-offs for the year              | (142,101)     | (502,181)         |
| Recoveries of loans written-off      | 13,087        | 31,147            |
| Other changes                        | 27,924        | 29,728            |
| Balance at the end of the year       | 5,693,367     | 5,342,538         |

As of the end of the Reporting Period, the Bank's balance of allowance for expected credit losses of loans at amortized cost amounted to RMB5,693 million, representing an increase of RMB351 million or 6.57% as compared to the end of the previous year.



# Management Discussion and Analysis

## Corresponding Measures Taken against Non-performing Assets

During the Reporting Period, the Bank mainly adopted the following measures for management of non-performing assets to enhance management and control on the asset quality and ensure its stability:

Strengthening the monitoring of overdue loans and loans that were showing other early warning signs, and properly collecting and disposing of non-performing loans. Firstly, we have strengthened post-loan management and risk warnings, identified potential risks and signs of risks in a timely manner, and strictly prevented potential risks from turning into substantive risks by strengthening vigilance, fully researching and judging, and planning in advance; secondly, we have specified the main body responsible for risk elimination and disposal, formulated “one-customer, one-policy” disposal plan, seized the key points of time, improved the efficiency of collection, and quickly promoted the effective implementation of the plan; thirdly, we have facilitated the use of the existing judicial resources, maintained an open channel to collect through litigation, strengthened communication with the court and other relevant departments, strived to obtain maximum support, and ensured orderly and efficient collection work through litigation; fourthly, we have optimized asset quality and written off loans which could be written-off, if appropriate; fifthly, we have established good communication mechanisms with relevant government departments and peer institutions to maintain an open channel to exchange information, and jointly address potential problems arising from corporate operations by concerted efforts.

## Credit Extension to Group Customers and Risk Management

The Bank adhered to the principles of “implementing unified credit extension, providing an appropriate amount and conducting dynamic monitoring” (“統一授信、額度適度、動態監控”) in extending credit to group customers. Firstly, the Bank strengthened the identification of group customers by identifying group customers based on the principle of “substance is more important than form” (“實質重於形式”) and the invisible relationship among enterprises; secondly, to prevent large-sum credit risk, the Bank implemented unified credit management of credit extension to group customers and laid emphasis on prevention of customer risks associated with long position financing and excessive credit extension; thirdly, the Bank controlled the credit limit through establishing a credit account of group customers, combed and updated the list of group customers in a timely manner and prudently approved credit limit to prevent concentration risk and improve its group customer management level on an ongoing basis.

## Discount Loans Representing over 20% (Inclusive) of the Total Loans as of the end of the Reporting Period

As of the end of the Reporting Period, the Bank did not have discount loans representing over 20% (inclusive) of the total loans.

## 7. ANALYSIS OF CAPITAL ADEQUACY RATIOS

The capital management of the Bank is targeted to meet regulatory requirements, constantly enhance the ability to resist the risk of capital and boost return on capital, and reasonably set the capital adequacy ratio target and guide business development with a comprehensive application of means such as performance appraisal and capital allocation in a bid to achieve the coordinated development of its overall strategy, business development and capital management strategy.

We conduct regular internal capital evaluations and evaluate our capital adequacy and risk resistance ability by reference to stress testing. According to our internal capital evaluation and risk profile, we timely adjust our capital plans, optimize resource allocation and guide branches and management departments to transform into capital-light businesses to ensure the realization of the set capital adequacy ratio target.

# Management Discussion and Analysis

We calculate our capital adequacy ratio in accordance with the Administrative Measures for the Capital of Commercial Banks (NFRA Order No. 4) 《商業銀行資本管理辦法》(國家金融監督管理總局令第 4 號)) issued by the National Financial Regulatory Administration and other relevant regulatory provisions. The on-balance-sheet credit risk weighted assets are calculated with different risk weights determined in accordance with each asset, the credit of the counterparty, market and other relevant risks and by considering the effects of qualified pledge and guarantee; the same method is also applied to the calculation of off-balance-sheet credit risk exposure. Market risk-weighted assets are calculated with the simplified standard method, and the operational risk-weighted assets are calculated with the basic indicator method. During the Reporting Period, we complied with the capital requirements prescribed by regulatory authorities.

The following table sets forth the information of our capital adequacy ratio as of the dates indicated.

*Unit: RMB'000*

|   | June 30,<br>2025       | December 31,<br>2024 |
|---|------------------------|----------------------|
| <b>Total capital before deductions</b>          | <b>16,746,210</b>      | 16,046,230           |
| Of which: Core tier-one capital                 | <b>10,595,429</b>      | 10,126,598           |
| Additional tier-one capital                     | <b>2,399,547</b>       | 2,296,704            |
| Tier-two capital                                | <b>3,751,234</b>       | 3,622,928            |
| <br>Total net capital                           | <br><b>16,722,739</b>  | <br>16,025,971       |
| <br><b>Net core tier-one capital</b>            | <br><b>10,571,958</b>  | <br>10,106,339       |
| Net additional tier-one capital                 | <b>2,399,547</b>       | 2,296,704            |
| Net tier-one capital                            | <b>12,971,505</b>      | 12,403,043           |
| <br>Total risk-weighted assets                  | <br><b>132,046,705</b> | <br>122,189,986      |
| <br><b>Core tier-one capital adequacy ratio</b> | <br><b>8.01%</b>       | <br>8.27%            |
| <b>Tier-one capital adequacy ratio</b>          | <b>9.82%</b>           | 10.15%               |
| <b>Capital adequacy ratio<sup>(1)</sup></b>     | <b>12.66%</b>          | 13.12%               |

As of the end of the Reporting Period, the Bank had a capital adequacy ratio of 12.66%, representing a decrease of 0.46 percentage point as compared to the end of the previous year, which was 2.16 percentage points higher than the regulatory requirement; a tier-one capital adequacy ratio of 9.82%, representing a decrease of 0.33 percentage point as compared to the end of the previous year, which was 1.32 percentage points higher than the regulatory requirement; and a core tier-one capital adequacy ratio of 8.01%, representing a decrease of 0.26 percentage point as compared to the end of the previous year, which was 0.51 percentage point higher than the regulatory requirement. During the Reporting Period, the growth rate of net capital of the Bank was slightly lower than the growth rate of risk-weighted assets, which resulted in a decrease in capital adequacy ratio compared with the end of the previous year. However, our capital adequacy ratio at each tier was still higher than regulatory standards.

*Note:*

(1) Capital adequacy ratio = total net capital/total risk-weighted assets.

# Management Discussion and Analysis

## Liquidity Ratios

|   | As of<br>June 30,<br>2025 | As of<br>December 31,<br>2024 |
|---|---------------------------|-------------------------------|
| Liquidity Ratios (RMB and foreign currency) | 76.30%                    | 84.10%                        |

## 8. RISK MANAGEMENT

### Credit Risk

We adhered to the risk control principle of “active compliance, strict risk control and internal control strengthening” and kept intensifying efforts for credit risk management through credit extension structure optimization, credit system improvement, credit staff cultivation and internal examination enhancement, non-performing loan reduction, etc. During the Reporting Period, we intensified credit risk management mainly in the following aspects:

1. Optimizing credit structure adjustment by adhering to the guidance of government policies. To actively respond to the national economic development strategy, focusing on the national direction of industrial structure adjustment, keeping up with the regional economic development strategy, further scientifically digging of and reasonably allocating our credit resources and promoting sustainable and healthy development of our credit business.
2. Strengthening credit extension review and approval, and strictly implementing hierarchical authorization management for credit business. We strengthened the unified credit extension and unified management, and implemented hierarchical authorization for credit extension business according to our business development needs; enhanced credit extension risk review and strictly implemented the independent review and approval mechanism based on the principle of “objectivity and fairness, legal review, independent credit granting/approval, and responsibility for risks” and “substance is more important than form”, with a focus on the review of industrial policies, credit policies, use of loan, repayment ability and guarantee ability. We reinforced the credit extension management of the Group and laid emphasis on prevention of customer risks associated with long position financing and excessive credit extension. We also effectively identified high-risk customers, focused on substantial risks and proposed risk prevention measures to strictly control risks.
3. Strengthening risk screening and risk control in key areas. In accordance with the requirements of the regulatory authorities and our risk management and control, the Bank actively carried out various types of risk screening.



# Management Discussion and Analysis

4. Strengthening post-loan management and strictly controlling risks in the post-loan stage. In light of the industries to which borrowers belong and their business characteristics, we analyzed the changes in borrowers' business operations, financial conditions, credit status, payment behaviors, guarantees, and quantity and channels of financing through regular and irregular on-site inspections as well as off-site monitoring, timely identified unfavorable changes and closely monitored substantial risks to take promptly control measures in response to risk signals; enhanced role-based checks and balances, implemented supervision and inspections, and consolidated a risk defense line in the post-loan management process.
5. Strengthening the monitoring of overdue loans and loans that were showing other early warning signs, and properly collecting and disposing of non-performing loans. We have strengthened asset quality screening and management of loans associated with risk warnings, formulated risk prevention and control measures in a timely manner, and firmly prevented loans from turning into non-performing loans; we have worked out "one-customer, one-policy" risk mitigation plans in light of the specific situations of non-performing loans, and enhanced collection efforts and efficiency through non-litigation collection, litigation or arbitration collection, enforcement of notarization and credit assignment; we have established good communication mechanisms with peer institutions and government departments to maintain an open channel to convey information, and jointly address potential problems arising from corporate operations by concerted efforts.
6. Strengthening the construction of credit team and promoting high-quality and effective development of the credit business. With the purpose of "reality in touch, demand satisfaction, rapid improvement and effectiveness", we conducted themed training through external experts and internal business backbone personnel. Supplemented with tests or exams, we kept enhancing the training and guidance for credit line staff, improved the business ability and risk compliance awareness of our credit line staff across the Bank and established an enterprise risk control culture that was able to prevent and control substantial risks and cases.

## Operational Risk

Operational risk refers to the risk of loss arising from problematic internal procedures, employees, information technology systems, and external events, including legal risk, but excluding strategic risk and reputational risk.

We continuously strengthened the prevention and control measures of operational risk and prevented systematic operational risk and major operational risk losses. As of the end of the Reporting Period, there was no material operational risk event or case risk event.





## Management Discussion and Analysis

Our Board regards operational risk as one of the major risks faced by the Bank and bears the ultimate responsibility of operational risk management, and is responsible for deliberating on Administrative Measures for Operational Risk, operational risk preferences and their transmission mechanisms, comprehensive risk management reports covering operational risk submitted by senior management, matters related to operational risk information disclosure, etc.; our Board of Supervisors bears the responsibilities for supervising the operational risk management and is responsible for supervising and inspecting the performance of duties by our Board and senior management; the senior management bears the implementation of operational risk management, and is responsible for formulating Administrative Measures for Operational Risk, setting and regularly reviewing operational risk preferences and their transmission mechanisms, fully grasping the overall status of operational risk management, and submitting a comprehensive risk management report covering operational risk to the Board. The Operational Risk Management Committee under the senior management is responsible for operational risk prevention and control across the Bank. The Bank has established the three lines of defense for operational risk management, covering business and management departments at all levels, and each department carries out operational risk management according to its responsibilities. During the Reporting Period, the Bank constantly improved the prevention and control system of operational risk, gradually accomplished the operational risk prevention and control work structure of the case prevention prospect, the stage-gate ante-displacement and methods of case prevention, and improved the long-term mechanism of prevention and control of case and operational risk. We intensified operational risk management mainly in the following aspects:

1. Reinforce internal control level. We optimized the system, process and standards, strengthened special inspections and risk assessment of key businesses, established inspection and rectification implementation mechanism, and guarded against the potential dangers of operational risk based on the analysis of key indicators of risk control and early warnings.
2. Promote the publicity of compliance culture. We carried out publicity and training, adhered to the guidance of culture, strengthened business training, rooted in the concept of “internal control first, compliance-oriented”, made compliance awareness deeply rooted among the people, made compliance behavior a habit, integrated compliance requirements into the whole business process, and built a strong line of defense against business development risks.
3. Strengthen the management and control of case risks. We implemented inspections, work shift and compulsory vacation, observed the abnormal behavior of employees on a regular basis, and carried out special work such as risk investigations of third-party wealth management companies and investigation of clues related to illegal and criminal clues in “Black-Gray Industries” to prevent and resolve case risks.
4. Raise the level of risk control in science and technology. We paid close attention to development, operation and maintenance, and outsourcing business, improved the quality and efficiency of project construction, and carried out inspections of application system and basic software and hardware, checking information security and security assessment to ensure the safe operation of the system; and conducted inspections on information technology outsourcing to ensure the completeness, compliance and effectiveness of information technology outsourcing management.

# Management Discussion and Analysis

## Market Risk

Market risk refers to the risk of any loss in our on-balance-sheet and off-balance-sheet activities caused by any adverse change in market prices (interest rates, exchange rates, stock prices and commodity prices). The market risks we face mainly include interest rate risk and exchange rate risk. Our market risk management aims at controlling market risks at an acceptable and reasonable range and achieving continuous and healthy development of various businesses.

Our organizational system for market risk management is jointly constituted by the Board and its committees, the Board of Supervisors, senior management and its Centralized Risk Management Committee and Market Risk Management Committee, Risk Management Department, Internal Audit Department, Assets and Liabilities Management Department, International Business Department, Financial Markets Department, each business department and branches of head office. The Board assumes ultimate responsibility for market risk management. The senior management assumes implementation responsibility of market risk management and is responsible for organizing bank-wide market risk management. The Market Risk Management Committee under the senior management is the Bank's deliberation and decision-making body for market risk management and is responsible for deliberating on major market risk management issues. Each department carries out its work in accordance with the division of responsibilities.

We formulated the operation-suiting basic system of market risk and bank book interest rate risk appetite and the basic system for market risk and bank book interest rate risk management, set up market risk and bank book interest rate risk limit indicators, and conducted classification management on trading books and banking books. We optimized market risk management system and continued to improve risk management efficiency through such measures as authorization, credit extension, limit, inspection and report.

### 1. Interest rate risk analysis

Our interest rate risks arise primarily from the mismatch in the repricing periods of interest rates on assets and liabilities and the impact of changes in market interest rates on asset trading positions. We adopted corresponding measures respectively, such as identification, measure, inspection and control according to different nature and feature of banking books and trading books.

With respect to the repricing risk in assets and liabilities businesses, we mainly measured the interest rate sensitivity gap periodically, analyzed the interest rate risk we could bear through the gap and further evaluated the impacts of changes in interest rates on net profit and net values. We took measures in a timely manner to adjust the asset-liability product portfolio and ceiling and the pricing method of deposit and loan interest rate to ensure the risk level control is within the acceptable range, in line with internal and external management needs.

With respect to the interest rate risk of asset trading positions, we paid close attention to the domestic and overseas macroeconomic conditions and market liquidity changes and conducted market risk control through such measures as position setting and limit control. We used system to conduct measurement, inspection and daily management on market risk, implemented valuation to positions of trading books every day, continuously inspected transaction limits, stop-loss limits and other indicators, and regularly and effectively monitored, managed and reported the implementation of risk limits.



# Management Discussion and Analysis

## 2. Exchange rate risk analysis

Exchange rate risk is the risk of adverse movements of exchange rate resulting in losses on the foreign currency exposure, which is due to the currency structure's imbalance between foreign currency assets and liabilities. Currently, our exchange rate risk arises primarily from the temporary risk of conversion of proceeds of the Bank from intermarket and foreign exchange settlement and sale business on behalf of customers due to exchange rate fluctuations, and the percentage of such capital is low. Therefore, the adverse effect of exchange rate risk has been kept under our control.

## Liquidity Risk

Liquidity risk refers to the risk that the commercial banks cannot timely obtain sufficient funds at reasonable costs for repaying mature debts, performing other payment obligations and satisfying other capital needs for normal business operation.

Our liquidity risk management aims at fully identifying, measuring and monitoring the liquidity risk in our business lines and links by establishing and continuously improving the strategies, policies, procedures and management systems; ensuring sufficient funds to meet the needs for paying debts due and funding business operation in normal operation and stressful situations; and achieving the coordination and unity between safety, liquidity and profitability in business development to promote our sustainable and healthy operation.

To improve the effectiveness of liquidity risk management, we have established a governance structure for liquidity risk management according to the principle of separating the functions of formulating, implementing and supervising liquidity risk management policies, which provides the duties and reporting lines of the Board and its committees, the Board of Supervisors, senior management and its Centralized Risk Management Committee, Liquidity Risk Management Committee and our related departments, branches and sub-branches in respect of liquidity risk management. We have implemented a stable liquidity risk appetite better suiting our current development. Currently, our liquidity risk management policies and systems are in line with regulatory requirements and our management needs.

We carry out centralized management of liquidity risk. Through the perfect system for liquidity risk management, we fully identify, accurately measure, continuously monitor, effectively control and timely report liquidity risk from two aspects: short-term provision and mid-and-long term structure with the information system for liquidity risk management, continuously monitor and analyze the future cash flow and various limits and indicators, and periodically conduct stress testing to judge whether we have the ability to meet the liquidity needs in extreme cases. In addition, we have formulated a liquidity risk contingency plan which we regularly test and evaluate.

We hold sufficient high-quality liquid assets to ensure our liquidity needs, and have adequate intraday liquidity positions and relevant financing arrangements to meet intraday payment needs under both normal and stress scenarios. Most of our funds are from customer deposits. Customer deposits constituted a stable fund resource due to their stable growth, wide varieties and diversified terms during the Reporting Period.

With a sound and compliant internal control system for liquidity risk management, we carry out special internal audit on liquidity risk in due course and form an audit report which will be submitted to the Board.

# Management Discussion and Analysis

While paying close attention to changes in macro finance and economy, we continuously enhanced fine management of liquidity risk. During the Reporting Period, we intensified liquidity risk management mainly in the following aspects:

1. We continuously optimized liquidity risk management and improved the system for liquidity risk management.
2. We intensified our efforts in marketing of deposits, particularly the marketing of personal savings and stable deposits from quality small and medium-sized customers, to promote the growth of various deposits and continuously improve the overall stability of our liabilities.
3. We paid close attention to financial and economic situations at home and abroad and changes in market liquidity, and made a prudent and reasonable judgement to timely adjust our assets and liabilities management strategies; continuously and dynamically monitored various indicators and limits management of liquidity risk through the information system for liquidity risk management and made fund arrangements in advance to ensure sufficient provisions and safe and controllable liquidity risks.
4. We continuously optimized asset-liability structure by constantly intensifying the bidirectional management of assets and liabilities, improving the stability of liabilities through multiple channels, rationally arranging for asset issuance and avoiding centralized maturity of liabilities.
5. We designed several stress scenarios and conducted periodic liquidity risk-related stress testing in strict accordance with relevant provisions under the Administrative Measures on Liquidity Risk of Commercial Banks and based on various macro and micro factors which could affect our liquidity as well as the features, scale, nature, complexity and risk profile of our business.

As of June 30, 2025, the liquidity ratio of the Bank was 76.30%, which was 51.30 percentage points higher than relevant regulatory requirements; the high-quality liquidity asset adequacy ratio was 143.16%, which was 43.16 percentage points higher than relevant regulatory requirements; and the liquidity matching ratio was 154.76%, which was 54.76 percentage points higher than relevant regulatory requirements, reflecting that our major liquidity indexes met and were much higher than regulatory requirements.

## Information Technology Risk Management

Information technology risks represent operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human factors, technical loopholes and management failure arising from the process of using information technology in commercial banks.

The Bank has established a comprehensive information technology risk management system in accordance with Guidelines on the Information Technology Risk Management of Commercial Banks (《商業銀行信息科技風險管理指引》), Regulatory Guidelines on the Business Continuity of Commercial Banks (《商業銀行業務連續性監管指引》), Measures for the Regulation of Risks in the Information Technology Outsourcing by Banking and Insurance Institutions (《銀行保險機構信息科技外包風險監管辦法》) and the Measures for the Commissioning and Change of Important Information Systems of Banking Institutions (《銀行業金融機構重要信息系統投產及變更管理辦法》) and prevented major information technology risk events through technical and management measures, so as to ensure the smooth operation of the information system, and support rapid development of business. As of the end of the Reporting Period, there were no major information technology risk events.





# Management Discussion and Analysis

The information technology risk management organization system of the Bank consists of the Board of Directors, senior management, the Information Technology Management Committee, the Information Technology Risk Management Committee, the System Development Department, the IT Department, the IT Innovation Center, the Operation Management Department, the Statistics Department, the Risk Management Department, the Internal Audit Department and the information technology personnel at the level of branch and sub-branch. The Board of Directors assumes the ultimate responsibility for information technology risk management and reviews information technology risk management preferences, limits, overall risk profile, etc. The senior management is responsible for organizing the Bank's information technology risk management, and the Risk Management Department is responsible for taking the lead in conducting specific work. The Information Technology Management Committee is responsible for reviewing major issues, such as the construction of information technology projects and the annual information technology work plan. The Information Technology Risk Management Committee is responsible for reviewing major issues concerning information technology risks, such as risk assessment reports and risk profile reports.

The information technology risks of the Bank mainly include network security risk, business continuity risk and outsourcing risk. The network security risk is mainly reflected in the threat of hackers and viruses on the security of the internet information system and client applications. The business continuity risk is mainly reflected in the high reliance of business on information systems, and the information system becomes increasingly complex while customers' requirements for service levels are constantly rising. The outsourcing risk is mainly reflected in the high reliance on the construction and continuous upgrading of information systems by outsourcing companies and, therefore, there may be sensitive information leakage, unstable quality of development and testing, and abnormal service termination of outsourcers. The Bank mainly adopted the following measures to cope with the aforementioned risks:

1. We strictly divided the network area with logical separation between the internet information system and the internal system, and established an information security in-depth defense system through various technical measures; we regularly carried out system penetration testing and vulnerability scanning to guard against potential threats in time; we organized attack and defense drills to improve the practical security protection experience and skills of staff, and introduced third-party security services to assist in improving safety protection capability.
2. We established the business continuity management system to identify important business and important information system, and clarify business and system operation interruption recovery targets, and made business continuity plan and contingency plans; we continuously promoted the construction of business continuity resources, and were equipped with capabilities for dealing with site-level and city-level disasters through high availability technology and the construction of disaster preparedness center.
3. We strengthened the outsourcing management, ensured data security through desensitization and other technical measures, formulated an outsourcing contingency plans, and carried out outsourcing invalid drills and risk assessment of important outsourcers to improve outsourcing emergency response capabilities; we improved the percentage of labor outsourcing mode to reduce direct reliance on outsourcers; we signed outsourcing service level agreement, introduced third-party testing institutions to help to conduct project testing, and specified requirements for project deliverables to control project quality.

# Management Discussion and Analysis

## 9. SEGMENT REPORTING

The following segment operating results are presented by business segment. The Bank's main businesses include corporate banking business, retail banking business, financial market business, unallocated items and others. The following table sets forth a summary of the operating results of each business segment of the Bank for the periods indicated.

Unit: RMB'000

| Item                       | For the six months ended June 30, 2025 |         | 2024                             |         |
|----------------------------|--|---------|----------------------------------|---------|
|                            | Segment profit before income tax       | Ratio % | Segment profit before income tax | Ratio % |
| Corporate banking business | 621,731                                | 50.14   | 601,212                          | 58.08   |
| Retail banking business    | 108,804                                | 8.78    | 117,248                          | 11.33   |
| Financial market business  | 479,902                                | 38.70   | 307,217                          | 29.68   |
| Others                     | 29,489                                 | 2.38    | 9,456                            | 0.91    |
| Total                      | 1,239,926                              | 100.00  | 1,035,133                        | 100.00  |

Unit: RMB'000

| Item                       | For the six months ended June 30, 2025 |         | 2024                     |         |
|----------------------------|--|---------|--------------------------|---------|
|                            | Segment operating income               | Ratio % | Segment operating income | Ratio % |
| Corporate banking business | 1,596,677                              | 65.90   | 1,732,096                | 61.07   |
| Retail banking business    | 344,775                                | 14.23   | 323,213                  | 11.40   |
| Financial market business  | 444,148                                | 18.33   | 769,010                  | 27.12   |
| Others                     | 37,175                                 | 1.54    | 11,589                   | 0.41    |
| Total                      | 2,422,775                              | 100.00  | 2,835,908                | 100.00  |





# Management Discussion and Analysis

## 10. BUSINESS REVIEW

### Corporate Banking Business

Adhering to the management tenet of “basing on local conditions, serving small and medium-sized enterprises, paying attention to the people’s livelihood and caring for the citizens”, we actively participate in economic construction and social development, and provide our corporate customers with diversified financial products and services to support their business needs.

#### Corporate loans

As of the end of the Reporting Period, the balance of corporate loans amounted to RMB103,784 million, representing an increase of 15.78% as compared to the beginning of the year. In particular, our loans to medium to large enterprises amounted to RMB42,060 million, accounting for 40.53% of our total corporate loans as of the same date; our loans to micro and small enterprises amounted to RMB61,714 million, accounting for 59.46% of our total corporate loans as of the same date. Our other corporate loans amounted to RMB10 million, accounting for 0.01% of our total corporate loans as of the same date. The majority of our corporate loan customers are enterprises incorporated or otherwise having their primary operations in Sichuan Province, in particular Chengdu and Luzhou. Corporate loans have been the largest component of our loan portfolio.

#### Bill discounting

Bill discounting refers to the bank acceptance bills and commercial acceptance bills purchased by the Bank from our corporate customers at prices lower than the par value. We only buy bank acceptance bills and commercial acceptance bills from corporate customers which meet our credit requirements, which is a form of providing short-term financing for such customers.

We also operate interbank bill discounting and rediscounting businesses in our financial markets business segment. Based on the said businesses, we can resell discounted bills to the PBOC or other commercial banks at a lower price, which will bring us extra current assets and additional revenue in interest spread.

As of June 30, 2025, our discounted bills amounted to RMB200 million, accounting for 0.18% of our total customer loans as of the same date.

#### Corporate deposits

As at the end of the Reporting Period, the balance of our corporate customer deposits amounted to RMB65,983 million, accounting for 43.49% of the total deposit balance. We offer our corporate customers RMB time and demand deposits. The RMB time deposits we offered to corporate customers have maturities ranging from three months to five years. We also offer negotiated deposit products that have customized interest rates and maturities and other terms. Besides, we provide call deposit products, which have higher interest rates than demand deposits and reserve certain flexibility of demand deposits (customers may send a notice in advance to withdraw the deposits). Our corporate deposit customers primarily include government agencies such as financial, transportation and social security institutions, public institutions, state-owned enterprises and large private corporations.

# Management Discussion and Analysis

## Corporate products

For financing needs of corporate customers, the Bank has developed a variety of targeted products to meet the diverse financing needs of corporate customers.

We have rolled out “Tian Tian Loan C” featuring one-time credit approval, revolving usage, and interest-free repayment within 7 days; “Shui Jin Loan” and “Shui e Loan”, which are credit products with tax payment amount as the main basis for credit granting; “Piao e Loan”, with the value-added tax invoicing amount as the main basis of credit extension; “Le Ye Dai”, “Piao Bao Tong” and “E Lu Dai”, which provide supply chain financial services around the upstream and downstream enterprises of core enterprises; we provide micro and small enterprises with “CBD Loan” without collateral and that can be borrowed and repaid at any time; “Fang Hao Loan”, which is housing secured loan product providing the one-stop online mortgage registration rolled out based on the mode of “Internet + Real Estate Registration”; “Zheng Cai Loan”, with the government purchase orders as the basis of credit extension; “Ying Shang Loan”, which is a credit product that takes the transaction breakdown of acquiring business as the main basis of credit extension and other products, fully leveraging the advantage of short decision-making chains as a local legal-person institution to provide customers with efficient and convenient financing services.

## Corporate banking customer base

As of the end of the Reporting Period, we had a total of 57,671 corporate banking customers, representing an increase of 4,038 or 7.53% as compared to the beginning of the year. By studying the specific financial needs of corporate banking customers, we have launched a broad range of products and services with specific features targeting selected groups of customers. At the same time, we have also established a special customer relationship management system, which allows us to closely track our customers’ and their partners’ business transactions with our Bank, enabling us to offer customized financial services to them.

## Financial services for micro and small enterprises

We have earnestly implemented the spirit of the Central Financial Work Conference and the Central Economic Work Conference, have put in more efforts to improve the quality and efficiency of financial services for micro and small enterprises by increasing efforts on the use of policies and instruments and strengthening the multiple cooperation among the banks, government, guarantors and enterprises from abroad and by strengthening the deployment of technology, building teams, innovating products, streamlining procedures, reducing fees and profits, optimizing services and deepening the assessment at home. Meanwhile, we have constructed the Huirongtong Small Micro Loan Center, an institution specialized in serving small and micro enterprises, to better meet the financing requirements of micro and small enterprises.

As of the end of the Reporting Period, our loan balance to micro and small enterprises amounted to RMB69,155 million. The number of micro and small customers was 8,824. The balance of our inclusive finance loans to micro and small enterprises amounted to RMB14,411 million. The number of micro and small customers was 8,492, with a weighted average loan interest rate of 5.09%.



# Management Discussion and Analysis

## Retail Banking Business

We provide our retail customers with a wide range of financial products and services, including deposits, loans, card services as well as wealth management and other intermediary businesses. We have a broad retail customer base.

As of June 30, 2025, we had 1,528.3 thousand retail banking customers with total deposits of RMB85,892 million and total loans of RMB12,845 million.

We classify our retail customers into basic customers (with financial assets of less than RMB500,000), value customers (with financial assets of RMB500,000 (inclusive) to RMB1,000,000), high-end customers (with financial assets of RMB1,000,000 (inclusive) to RMB3,000,000), and high-net-worth customers (with financial assets of RMB3,000,000 (inclusive and above)). As of June 30, 2025, we had 9,366 high-end customers and 1,809 high-net-worth customers.

### Retail deposits

The balance of retail deposits was RMB85,892 million, representing an increase of RMB6,166 million or 7.73% as compared to the end of the previous year. In particular, the balance of demand deposits amounted to RMB19,105 million, accounting for 22.24% of the retail deposits.

### Retail loans

We provide our retail customers with personal business loans, personal consumption loans as well as personal residential and commercial mortgage loans. As of June 30, 2025, the total retail loans were RMB12,845 million.

### Bank cards

As of June 30, 2025, the number of historical accumulated cards issued to retail banking customers by the Bank was 1,722.5 thousand and the stock of cards was 1,401.5 thousand, representing an increase of 45.8 thousand or 3.38% as compared to the end of the previous year.

### Wealth management

We provide our customers with Jin Gui Hua series wealth management products based on their risks and return appetites. Our wealth management funds are mainly invested in assets such as debt securities and money market instruments.

In the first half of 2025, the total amount of the wealth management products sold by us was RMB8,617 million. As of June 30, 2025, we had 34,863 customers for our wealth management products, of which 34,846 were retail customers and 17 were institution customers, with a balance on current products of RMB9,216 million and the performance comparison benchmark of existing wealth management products ranging from 2.45% to 5.10%.

### Trust

We provide customers with the service of acting as an agent for selling trust plans. In the first half of 2025, the total amount of trust plans sold by us on an agency basis was RMB989 million, and we served 903 customers.

# Management Discussion and Analysis

## Precious metal services

We provide our retail customers with precious metal products and services. We commenced sales agency service for precious metal from 2018. As of June 30, 2025, our agency sales of precious metal amounted to RMB6.0496 million.

## Financial Market Business

In 2025, in the face of complex changes in the macro environment, market environment and regulatory environment, our financial market business thoroughly assessed the macroeconomic and financial regulatory landscape. We implemented a series of regulatory requirements, managed financial risks, and various financial market activities maintained steady development.

Our financial market business mainly consists of money market transactions business and investment business.

### Money market transactions business

Our money market transactions include: interbank deposits, interbank lending, bond repurchase, bill rediscount, and issuance of interbank certificates of deposit. During the Reporting Period, we actively engaged in money market transactions. We focused on the management and maintenance of interbank clients, maintained credit sustainability with them, and strived to increase loyalty of interbank clients while maintaining the diversification and dispersion of our counterparties.

#### 1. *Interbank deposits*

As at the end of the Reporting Period, the balance of deposits from banks and other financial institutions was RMB588 million, representing an increase of RMB153 million or 35.18% as compared to the beginning of the year. The balance of deposits with other banks was RMB1,571 million, representing an increase of RMB1,341 million or 584.45% as compared to the beginning of the year. The large change in interbank deposits was mainly because the base of the Bank is small at the beginning of the year, while the scope of change is larger in respect of adjustment according to the business needs.

#### 2. *Interbank lending*

As at the end of the Reporting Period, the balance of our interbank placement was RMB1,272 million, representing a decrease of RMB288 million or 18.48% as compared to the beginning of the year; the balance of interbank lending was nil, representing a decrease of RMB300 million or 100.00% as compared to the beginning of the year. The large change in interbank lending was primarily because the interbank lending base was small at the beginning of the year, resulting in a significant scope of change.

#### 3. *Bond repurchase*

As at the end of the Reporting Period, the balance of positive repurchase was RMB652 million, representing an increase of RMB63 million or 10.73% as compared to the beginning of the year. The balance of counter repurchase was nil, representing a decrease of RMB200 million or 100% as compared to the beginning of the year. The substantial change in counter repurchase was primarily because the bond repurchase business base was small at the beginning of the year, resulting in a significant scope of change.



# Management Discussion and Analysis

## 4. *Bill rediscount*

As at the end of the Reporting Period, we held rediscounted bills amounting to RMB199 million, representing a decrease of RMB3 million or 1.36% as compared to the beginning of the year, mainly due to adjustments made based on the bill market conditions and our own asset allocation needs.

## 5. *Issuance of interbank certificates of deposit*

As at the end of the Reporting Period, the balance of our interbank certificates of deposit was RMB10,165 million, representing an increase of RMB1,546 million or 17.93% as compared to the beginning of the year.

## Investment business

### 1. *Bond investment*

In early 2025, China's economy showed signs of stabilization. Against this backdrop, the central bank's monetary policy focus was shifted to "stabilizing the exchange rate and preventing fund idling". To prevent risks and cool the overheated bond market, the central bank suspended the treasury bond trading operations. At the same time, while the operation rate in the open market remained unchanged, the interbank market fund interest rate surged sharply and remained high for a while, forming an inversion with most short- and medium-term bond yields, resulting in a plunge in the bond market. As the trade tension between China and the United States intensified, Trump's "reciprocal tariff" policy triggered a huge shock in global market, and the interbank interest rates continued to decline, leading to a rebound in the bond market. After the central bank cut the reserve requirement ratio and interest rate in May, bond yields rose for a period when the trade tension between China and the United States eased. In June, the central bank eased the inter-quarter liquidity pressure by making an announcement in advance and carrying out buyout reverse repos twice in the middle of the month, demonstrating its commitment to stabilizing market interest rates. The fund interest rate center declined, and bond yields also fell to near the year's low and continued to fluctuate within a narrow range.

As at the end of the Reporting Period, we adjusted the total amount and structure of bond investment according to the bond market conditions and our needs of asset allocation. As at the end of the Reporting Period, our bond investment amounted to RMB49,380 million, representing an increase of RMB9,585 million or 24.09% as compared to the beginning of the year, among which, the balance of treasury bonds was RMB5,910 million, representing an increase of RMB2,350 million or 66.01% as compared to the beginning of the year; the balance of policy financial bonds was RMB11,400 million, representing a decrease of RMB1,210 million or 9.60% as compared to the beginning of the year; and the balance of debt securities issued by local governments was RMB2,571 million, representing an increase of RMB1,962 million or 322.17% as compared to the beginning of the year; the balance of credit bonds was RMB20,159 million, representing an increase of RMB4,663 million or 30.09% as compared to the beginning of the year; the balance of debt securities issued by commercial banks was RMB9,340 million, representing an increase of RMB1,820 million or 24.20% as compared to the beginning of the year.



# Management Discussion and Analysis

## 2. *SPV investment*

As at the end of the Reporting Period, SPV investment was RMB11,664 million, including RMB4,750 million for public offering funds, RMB4,680 million for trust plans, and RMB2,234 million for asset management plans. SPV investment decreased by RMB4,244 million or 26.68% as compared to the beginning of the year, mainly due to the decrease in investments in public offering funds.

## Financial Consumer Rights Protection

During the Reporting Period, we closely followed the new developments in regulation in our work on consumer rights protection. Starting with the basic work, we optimized organizational structure, reinforced our awareness of responsibility, gave full play to the legal entity's institutional advantages, improved the financial service capability by focusing on product and service design, supplemented by educational campaigns for the public and internal inspection, and comprehensively improved the overall level of our work on consumer rights protection.

### 1. **Strengthening strategic planning and enhancing organizational leadership**

The Bank's 14th Five-Year Plan sets out the general planning for consumer rights protection, incorporating consumer rights protection into our corporate governance, the construction of our corporate culture and business development strategies. Our Board of Directors bears the ultimate responsibility for consumer protection, provides general planning and guidance for consumer protection, and supervises the strategic goals, policies and measures related to consumer protection, effectively promoting the advancement of financial consumer rights protection.

### 2. **Improving institutional system and consolidating management foundation**

We rationalized the consumer rights protection system, established and improved a consumer rights protection system matching our organizational structure and business development, in order to provide a system guarantee for the effective development of our work on consumer rights protection.

### 3. **Highlighting brand reputation and popularizing public education**

Adhering to the concept of "customer-orientated" and "service-creating value", we provide "standardized, rigorous, honest and reliable" financial services to consumers to protect their legitimate rights. During the Reporting Period, we organized and carried out various centralized financial education activities, such as "3.15 Financial Consumer Rights Day", "Long Journey to Popularize Financial Knowledge", "Publicity on Telecom Fraud Prevention", and "Publicity Month for Preventing Illegal Financial Activities", to enhance consumers' risk awareness.

### 4. **Enhancing the sense of responsibility and improving the level of consumer protection**

We strictly abide by national laws and regulations, actively adapt to adjustments in regulatory policies, and implement relevant industry standards and operating guidelines. During the Reporting Period, we deeply rooted the concept of consumer protection in product design, services, pricing management, agreement formulation, examination and approval, marketing and publicity, etc., to achieve whole-process, full-coverage and all-round management of consumer rights protection.





# Changes in Share Capital and Information on Shareholders

## I. CHANGES IN SHARE CAPITAL

During the Reporting Period, the Bank's share capital remained unchanged.

## II. STATEMENT OF SHAREHOLDING STRUCTURE

Unit: Share, %

|   | December 31, 2024 |            | Increase<br>(decrease)<br>during the<br>Reporting<br>Period | June 30, 2025        |               |
|---|-------------------|------------|---|----------------------|---------------|
|   | Quantity          | Percentage |   | Quantity             | Percentage    |
| Total share capital                       | 2,717,752,062     | 100.00     | 0   | <b>2,717,752,062</b> | <b>100.00</b> |
| Domestic Shares held by<br>legal person   | 1,914,695,969     | 70.45      | 0   | <b>1,914,695,969</b> | <b>70.45</b>  |
| Domestic Shares held by<br>natural person | 49,936,093        | 1.84       | 0   | <b>49,936,093</b>    | <b>1.84</b>   |
| H Shares                                  | 753,120,000       | 27.71      | 0   | <b>753,120,000</b>   | <b>27.71</b>  |

## III. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

The Bank did not purchase, sell or redeem any listed securities of the Bank (including sales of treasury shares) during the Reporting Period. As of the end of the Reporting Period, no treasury shares were held by the Bank.

## IV. DETAILS OF SHAREHOLDERS

As of the end of the Reporting Period, the total number of shares of the Bank was 2,717,752,062 Shares, consisting of 1,964,632,062 Domestic Shares and 753,120,000 H Shares.

### (I) Shareholding of Top 10 Holders of Domestic Shares of the Bank

Shareholding of top ten holders of Domestic Shares of the Bank is as follows:

Unit: Share

| No. | Name of Shareholder   | Number of<br>Shares held | Shareholding<br>percentage |
|-----|---|--------------------------|----------------------------|
| 1   | Luzhou Laojiao Group Co., Ltd.                                  | 390,528,000              | 14.37%                     |
| 2   | Sichuan Jiale Enterprise Group Co., Ltd.                        | 325,440,000              | 11.97%                     |
| 3   | Luzhou Xinfu Mining Industry Group Co., Ltd.                    | 325,440,000              | 11.97%                     |
| 4   | Luzhou Municipal Finance Bureau                                 | 193,853,760              | 7.13%                      |
| 5   | Luzhou State-owned Assets Operation Co., Ltd.                   | 173,568,000              | 6.39%                      |
| 6   | Luzhou Xinglu Jutai Construction Engineering Group<br>Co., Ltd. | 110,059,035              | 4.05%                      |
| 7   | Chengdu Modern Agricultural Development Investment<br>Co., Ltd. | 97,252,320               | 3.58%                      |
| 8   | Luzhou Industrial Development Investment Group Co.,<br>Ltd.     | 88,232,393               | 3.25%                      |
| 9   | Luzhou Xinglu Asset Management Co., Ltd.                        | 62,154,702               | 2.29%                      |
| 10  | Luzhou Laojiao Co., Ltd.  | 43,392,000               | 1.60%                      |

# Changes in Share Capital and Information on Shareholders

## (II) Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares under the Regulations of Hong Kong

To the knowledge of the Directors or chief executives of the Bank, as of June 30, 2025, interests and short positions of the following persons (other than the Directors, Supervisors and chief executives of the Bank) had or were deemed to have in the Shares and underlying Shares of the Bank which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept pursuant to Section 336 of the SFO, were as follows:

| Name of Shareholder   | Nature of interest                 | Class of Shares | Long position/ short position | Number of Shares directly or indirectly held (share) | Number of Shares owned with derivative interest (share) | Approximate % of issued Shares in the Bank | Approximate % of the relevant class of Shares in the Bank |
|---|------------------------------------|-----------------|-------------------------------|--|---|--|---|
| Luzhou Laojiao Group Co., Ltd.<br>(瀘州老窖集團有限責任公司) <sup>(1)</sup>                             | Beneficial owner                   | Domestic Shares | Long Position                 | 390,528,000  | –   |  |   |
|   | Interest in controlled corporation | Domestic Shares | Long Position                 | 43,392,000   | –   |  |   |
|   |                                    |                 |                               | 433,920,000  |   | 15.97%                                     | 22.09%  |
| Sichuan Jiale Enterprise Group Co., Ltd.<br>(四川省佳樂企業集團有限公司) <sup>(2)</sup>                  | Beneficial owner                   | Domestic Shares | Long Position                 | 325,440,000  | –   | 11.97%                                     | 16.56%  |
| JIANG Xiaoying<br>(姜曉英) <sup>(2)</sup>  | Interest in spouse                 | Domestic Shares | Long Position                 | 334,118,400  | –   | 12.29%                                     | 17.01%  |
| Luzhou Xinfu Mining Industry Group Co., Ltd.<br>(瀘州鑫福礦業集團有限公司)                              | Beneficial owner                   | Domestic Shares | Long Position                 | 325,440,000  | –   | 11.97%                                     | 16.56%  |
| Sichuan Xinfu Industrial Group Co., Ltd.<br>(四川鑫福產業集團有限公司) <sup>(3)</sup>                   | Interest in controlled corporation | Domestic Shares | Long Position                 | 325,440,000  | –   | 11.97%                                     | 16.56%  |
| LAI Dafu (賴大福) <sup>(3)</sup>   | Interest in controlled corporation | Domestic Shares | Long Position                 | 325,440,000  | –   | 11.97%                                     | 16.56%  |
| GE Xiuqiong (葛修瓊) <sup>(3)</sup>  | Interest in controlled corporation | Domestic Shares | Long Position                 | 325,440,000  | –   | 11.97%                                     | 16.56%  |
| Luzhou Industrial Development Investment Group Co., Ltd.<br>(瀘州產業發展投資集團有限公司) <sup>(4)</sup> | Beneficial owner                   | Domestic Shares | Long Position                 | 88,232,393   | –   |  |   |
|   | Interest in controlled corporation | Domestic Shares | Long Position                 | 173,809,911  | –   |  |   |
|   |                                    |                 |                               | 262,042,304  |   | 9.64%                                      | 13.34%  |



## Changes in Share Capital and Information on Shareholders

| Name of Shareholder   | Nature of interest                 | Class of Shares | Long position/ short position | Number of Shares directly or indirectly held (share) | Number of Shares owned with derivative interest (share) | Approximate % of issued Shares in the Bank | Approximate % of the relevant class of Shares in the Bank |
|---|------------------------------------|-----------------|-------------------------------|--|---|--|---|
| Luzhou Xinglu Investment Group Co., Ltd.<br>(瀘州市興瀘投資集團有限公司) <sup>(6)</sup>                            | Interest in controlled corporation | Domestic Shares | Long Position                 | 233,613,417  | –   | 8.60%                                      | 11.89%  |
| Luzhou Municipal Finance Bureau (瀘州市財政局)  | Beneficial owner                   | Domestic Shares | Long Position                 | 193,853,760  | –   | 7.13%                                      | 9.87%   |
| Luzhou State-owned Assets Operation Co., Ltd.<br>(瀘州國有資產經營有限公司)                                       | Beneficial owner                   | Domestic Shares | Long Position                 | 173,568,000  | –   | 6.39%                                      | 8.83%   |
| OTX ADVISORY HOLDINGS, INC. <sup>(6)</sup>  | Beneficial owner                   | H Shares        | Long Position                 | 135,672,000  | –   | 4.99%                                      | 18.01%  |
| CHEN Xia (陳霞) <sup>(6)</sup>  | Interest in controlled corporation | H Shares        | Long Position                 | 135,672,000  | –   | 4.99%                                      | 18.01%  |
| JNR Asia Corporation Limited <sup>(7)</sup>   | Beneficial owner                   | H Shares        | Long Position                 | 130,920,000  | –   | 4.82%                                      | 17.38%  |
| HUANG Chengping (黃成萍) <sup>(7)</sup>  | Interest in controlled corporation | H Shares        | Long Position                 | 130,920,000  | –   | 4.82%                                      | 17.38%  |
| Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.<br>(瀘州市基礎建設投資有限公司) <sup>(6)</sup> | Beneficial owner                   | Domestic Shares | Long Position                 | 18,007,680   | –   |  |   |
|   | Interest in controlled corporation | Domestic Shares | Long Position                 | 110,059,035  | –   |  |   |
|   |                                    |                 |                               | 128,066,715  |   | 4.71%                                      | 6.52%   |

# Changes in Share Capital and Information on Shareholders

| Name of Shareholder   | Nature of interest                 | Class of Shares | Long position/ short position | Number of Shares directly or indirectly held (share) | Number of Shares owned with derivative interest (share) | Approximate % of issued Shares in the Bank | Approximate % of the relevant class of Shares in the Bank |
|---|------------------------------------|-----------------|-------------------------------|--|---|--|---|
| Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.<br>(瀘州興瀘居泰建設工程集團有限公司) <sup>(8)</sup> | Beneficial owner                   | Domestic Shares | Long Position                 | 110,059,035  | –   | 4.05%                                      | 5.60%   |
| Luzhou Chengnan Construction Investment Co., Ltd.<br>(瀘州市城南建設投資有限公司) <sup>(8)</sup>               | Interest in controlled corporation | Domestic Shares | Long Position                 | 110,059,035  | –   | 4.05%                                      | 5.60%   |
| China Development Fund Co., Ltd.<br>(國開發基金有限公司) <sup>(8)</sup>                                    | Interest in controlled corporation | Domestic Shares | Long Position                 | 110,059,035  | –   | 4.05%                                      | 5.60%   |
| Guotai Junan Securities Co., Ltd. <sup>(9)</sup>  | Interest in controlled corporation | H Shares        | Long Position                 | 120,000,000  | –   | 4.42%                                      | 15.93%  |
|   | Interest in controlled corporation | H Shares        | Short Position                | 120,000,000  | –   | 4.42%                                      | 15.93%  |
| Guotai Junan International Holdings Limited <sup>(9)</sup>  | Interest in controlled corporation | H Shares        | Long Position                 | 120,000,000  | –   | 4.42%                                      | 15.93%  |
|   | Interest in controlled corporation | H Shares        | Short Position                | 120,000,000  | –   | 4.42%                                      | 15.93%  |
| Luzhou High-tech Investment Group Co., Ltd.<br>(瀘州市高新投資集團有限公司)                                    | Beneficial owner                   | H Shares        | Long Position                 | 120,000,000  | –   | 4.42%                                      | 15.93%  |
| Luzhou Liquor Investment Co., Ltd. (瀘州酒業投資有限公司)   | Beneficial owner                   | H Shares        | Long Position                 | 72,000,000   | –   | 2.65%                                      | 9.56%   |
| KAM CHING <sup>(10)</sup>   | Beneficial owner                   | H Shares        | Long Position                 | 134,384,800  | –   | 4.94%                                      | 17.84%  |
| Mill Creek Asia Limited <sup>(10)</sup>   | Beneficial owner                   | H Shares        | Long Position                 | 134,384,800  | –   | 4.94%                                      | 17.84%  |
| FAN YUE <sup>(11)</sup>   | Interest in controlled corporation | H Shares        | Long Position                 | 112,560,800  | –   | 4.14%                                      | 14.95%  |
| MX Corporation Limited <sup>(11)</sup>  | Beneficial owner                   | H Shares        | Long Position                 | 37,656,400   | –   | 1.39%                                      | 5.00%   |



# Changes in Share Capital and Information on Shareholders

## Notes:

- (1) Luzhou State-owned Assets Supervision and Administration Commission (瀘州市國有資產監督管理委員會) had 90% equity interest in Luzhou Laojiao Group Co., Ltd. Luzhou Laojiao Group Co., Ltd. directly held 390,528,000 Domestic Shares and indirectly held 43,392,000 Domestic Shares through its controlled company Luzhou Laojiao Co., Ltd. (瀘州老窖股份有限公司). By virtue of the SFO, Luzhou Laojiao Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Laojiao Co., Ltd.
- (2) Mr. XIONG Guoming (熊國銘) (i) indirectly held 8,678,400 Domestic Shares through Sichuan Luzhou Jiale Real Estate Co., Ltd. (四川省瀘州市佳樂房地產有限責任公司). Luzhou Yijia Real Estate Development Co., Ltd. (瀘州益佳房地產開發有限公司) had approximately 92.68% equity interest in Sichuan Luzhou Jiale Real Estate Co., Ltd., Sichuan Jiale Yijia Industrial Co., Ltd. (四川佳樂益佳實業有限公司) had approximately 70.44% equity interest in Luzhou Yijia Real Estate Development Co., Ltd., and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Yijia Industrial Co., Ltd.; and (ii) held 325,440,000 Domestic Shares through Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Enterprise Group Co., Ltd. By virtue of the SFO, Mr. XIONG Guoming is deemed to be interested in the Domestic Shares held by Sichuan Luzhou Jiale Real Estate Co., Ltd. and Sichuan Jiale Yijia Industrial Co., Ltd. Ms. JIANG Xiaoying (姜曉英) is the spouse of Mr. XIONG Guoming and is deemed to be interested in the Domestic Shares held by Mr. XIONG Guoming under the SFO.
- (3) Mr. LAI Dafu and Ms. GE Xiuqiong held 60% and 40% equity interest in Sichuan Xinfu Industrial Group Co., Ltd., respectively. Sichuan Xinfu Industrial Group Co., Ltd. held 92% equity interest in Luzhou Xinfu Mining Industry Group Co., Ltd. By virtue of the SFO, each of Mr. LAI Dafu, Ms. GE Xiuqiong and Sichuan Xinfu Industrial Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinfu Mining Industry Group Co., Ltd.
- (4) Luzhou Industrial Development Investment Group Co., Ltd. directly held 88,232,393 Domestic Shares and indirectly held 173,568,000 Domestic Shares through its wholly-owned subsidiary, Luzhou State-owned Assets Operation Co., Ltd. and indirectly held 241,911 Domestic Shares through its wholly-owned subsidiary, Lutianhua (Group) Co., Ltd. (瀘天化(集團)有限責任公司). By virtue of the SFO, Luzhou Industrial Development Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou State-owned Assets Operation Co., Ltd. and Lutianhua (Group) Co., Ltd.
- (5) Luzhou Xinglu Investment Group Co., Ltd. (i) indirectly held 110,059,035 Domestic Shares, through its controlled corporation Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. (瀘州興瀘居泰建設工程集團有限公司), in which Luzhou Chengnan Construction Investment Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. had 45.99% and 51.86% equity interest, respectively. Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. had approximately 50.82% equity interest in Luzhou Chengnan Construction Investment Co., Ltd., and Luzhou Xinglu Investment Group Co., Ltd. had approximately 55.11% equity interest in Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.; (ii) indirectly held 43,392,000 Domestic Shares through its controlled corporation Luzhou Laojiao Co., Ltd., in which Luzhou Xinglu Investment Group Co., Ltd. had approximately 24.86% equity interest. Luzhou Laojiao Group Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. entered into an agreement on action in concert valid from June 1, 2024 to May 31, 2027 in respect of their respective equity in Luzhou Laojiao Co., Ltd.; (iii) indirectly held 62,154,702 Domestic Shares through its controlled corporation Luzhou Xinglu Asset Management Co., Ltd., in which Luzhou Xinglu Asset Management Co., Ltd. is wholly owned by Luzhou Xinglu Investment Group Co., Ltd.; and (iv) indirectly held 18,007,680 Domestic Shares through its controlled corporation Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. By virtue of the SFO, Luzhou Xinglu Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., Luzhou Laojiao Co., Ltd., Luzhou Xinglu Asset Management Co., Ltd. and Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.
- (6) OTX ADVISORY HOLDINGS, INC. is wholly owned by CHEN Xia. By virtue of the SFO, CHEN Xia is deemed to be interested in the H Shares held by OTX ADVISORY HOLDINGS, INC.
- (7) JNR Asia Corporation Limited is wholly owned by HUANG Chengping. By virtue of the SFO, HUANG Chengping is deemed to be interested in the H Shares held by JNR Asia Corporation Limited.



# Changes in Share Capital and Information on Shareholders

- (8) Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. is held as to 51.86% equity interest by Luzhou Xinglu Investment Group Co., Ltd. and as to 45.99% equity interest by Luzhou Chengnan Construction Investment Co., Ltd., in which Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. and China Development Fund Co., Ltd. held approximately 50.82% and 41.18% equity interest, respectively. By virtue of the SFO, each of Luzhou Xinglu Investment Group Co., Ltd., Luzhou Fundamental Infrastructure Construction Investment Co., Ltd., China Development Fund Co., Ltd. and Luzhou Chengnan Construction Investment Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.
- (9) Guotai Junan Financial Products Limited is wholly owned by Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited had 73.74% equity interest in Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd. By virtue of the SFO, each of Guotai Junan International Holdings Limited, Guotai Junan Financial Holdings Limited and Guotai Junan Securities Co., Ltd. is deemed to be interested in the interests in H Shares of Guotai Junan Financial Products Limited.
- (10) Mill Creek Asia Limited is wholly owned by KAM CHING. By virtue of the SFO, KAM CHING is deemed to be interested in the H Shares held by Mill Creek Asia Limited.
- (11) FAN YUE directly held (i) 37,410,200 H Shares through the wholly owned GSX Corporation; (ii) 37,656,400 H Shares through the wholly owned MX Corporation Limited; and (iii) 37,494,200 H Shares through the wholly owned YO HO CO., LTD. By virtue of the SFO, FAN YUE is deemed to be interested in the H Shares held by GSX Corporation, MX Corporation Limited and YO HO CO., LTD.

Save as disclosed above, to the knowledge of the Directors, the Bank is not aware of any other person (other than a Director, Supervisor and chief executive of the Bank) having any interests or short positions in the Shares or underlying Shares of the Bank as of June 30, 2025 which are required to be recorded in the register pursuant to section 336 of the SFO.

## (III) Substantial Shareholders of the Bank

For information about the substantial Shareholders<sup>(1)</sup> of the Bank, please refer to the related party relationships and related party transactions under Note 37 to the Financial Statements of this interim report.

*Note:*

- (1) According to the Interim Measures for the Equity Management of Commercial Banks of Former CBIRC (CBRC Order 2018 No. 1), the substantial shareholders of a commercial bank refer to shareholders who hold or control 5% or above shares or voting rights of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors, supervisors or senior executives to a commercial bank.



# Changes in Share Capital and Information on Shareholders

## V. DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE BANK

As of June 30, 2025, based on the information available to the Bank and as far as our Directors are aware, the interests and short positions of our Directors, Supervisors and chief executives in the Shares, underlying Shares and debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register of interests kept pursuant to section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were set out as follows:

| Interests in the Bank held by our Directors, Supervisors and chief executives |                        |                                    |                 |                                  |  |                                       |   |
|---|------------------------|------------------------------------|-----------------|----------------------------------|--|---------------------------------------|---|
| Name  | Position               | Nature of interest                 | Class of Shares | Long position/<br>short position | Number of Shares directly or indirectly held (share) | Approximate % of interest in our Bank | Approximate % of the relevant class of Shares in the Bank |
| XIONG Guoming<br>(熊國銘)  | Non-executive Director | Interest in controlled corporation | Domestic Shares | Long position                    | 334,118,400  | 12.29%                                | 17.01%  |
| LIU Shirong<br>(劉仕榮)  | Executive Director     | Beneficial owner                   | Domestic Shares | Long position                    | 13,018   | 0.0005%                               | 0.0007%   |
| CHEN Yong<br>(陳勇) <sup>(1)</sup>  | Supervisor             | Interest of spouse                 | Domestic Shares | Long position                    | 19,527   | 0.0007%                               | 0.001%  |

**Note:**

- (1) The Domestic Shares were held by Ms. LAN Ying (蘭英), the spouse of Mr. CHEN Yong. Mr. CHEN Yong is deemed to be interested in the Domestic Shares held by Ms. LAN Ying under the SFO.

Save as disclosed above, as of June 30, 2025, none of our Directors, Supervisors and chief executives had any interests or short positions in the Shares, underlying Shares or debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register kept pursuant to section 352 of the SFO or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

# Directors, Supervisors, Senior Management and Employees

## I. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (I) Directors

As of the Latest Practicable Date, the Board of the Bank consisted of eleven Directors, including two executive Directors, namely, Mr. YOU Jiang and Mr. LIU Shirong; four non-executive Directors, namely, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping; and five independent non-executive Directors, namely, Mr. ZHONG Jin, Mr. GAO Jinkang, Mr. CHING Yu Lung, Mr. HAN Zirong and Mr. FAN Jingdong respectively.

The specific names and members of the six special committees under the Board are as follows:

Development and strategy committee: Ms. PAN Lina (chairperson), Mr. YOU Jiang, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping

Risk management committee: Mr. XIONG Guoming (chairperson), Mr. YOU Jiang, Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung

Audit committee: Mr. CHING Yu Lung (chairperson), Ms. PAN Lina and Mr. GAO Jinkang

Nomination and remuneration committee: Mr. ZHONG Jin (chairperson), Mr. YOU Jiang, Mr. XIONG Guoming, Mr. GAO Jinkang and Mr. HAN Zirong

Related party (connected) transactions control committee: Mr. GAO Jinkang (chairperson), Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung

Consumer rights protection committee: Mr. HAN Zirong (chairperson), Mr. LUO Huoming and Mr. FAN Jingdong

### (II) Supervisors

As of the Latest Practicable Date, the Board of Supervisors of the Bank consisted of five Supervisors, including a Shareholder representative Supervisor, namely Mr. WU Wei, two employee representative Supervisors, namely Ms. LIU Yongli and Mr. CHEN Yong; and two external Supervisors, namely Mr. LYU Hong and Mr. GUO Bing.

### (III) Senior Management

There are 11 senior management members in the Bank, including president Mr. LIU Shirong, vice president Ms. YUAN Shihong, vice president Ms. XUE Xiaoqin, vice president Mr. WU Ji, vice president and chief information officer Mr. HAN Gang, vice president and secretary to the Board, joint company secretary Mr. MING Yang, vice president Mr. HU Jia, vice president Mr. YANG Bing, assistant to president Mr. AI Yong, general manager of the internal audit department Ms. LI Yan, and general manager of accounting and finance department Ms. WANG Lan.



# Directors, Supervisors, Senior Management and Employees

## II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### (I) Changes in Directors

Mr. FAN Jingdong was elected as the independent non-executive Director of the Bank at the general meeting on October 24, 2024. The appointment of Mr. FAN Jingdong is subject to the approval of the qualification of independent non-executive directorship from the Sichuan Bureau of the National Financial Regulatory Administration on April 27, 2025.

Mr. FAN Jingdong obtained legal advice in accordance with Rule 3.09D of the Listing Rules on April 23, 2025, and confirmed he understood his obligations as a Director.

For details of the above change, please refer to the relevant announcements published by the Bank.

### (II) Changes in Supervisors

During the Reporting Period and up to the Latest Practicable Date, there were no changes in members of Supervisors.

### (III) Changes in Senior Management

On January 23, 2025, Mr. WANG Chong was appointed by the Bank as a vice president and would formally perform his duties upon the approval of his qualification for the appointment of senior management by the Sichuan Bureau of the National Financial Regulatory Administration.

### (IV) Changes in Information of Directors, Supervisors and President

Mr. LUO Huoming, a non-executive Director of the Bank, has been the chairman of Luzhou Development Holdings Group Co., Ltd, the chairman of Luzhou Industrial Development Investment Group Co., Ltd. and the chairman of Lutianhua (Group) Co., Ltd. since April 2025.

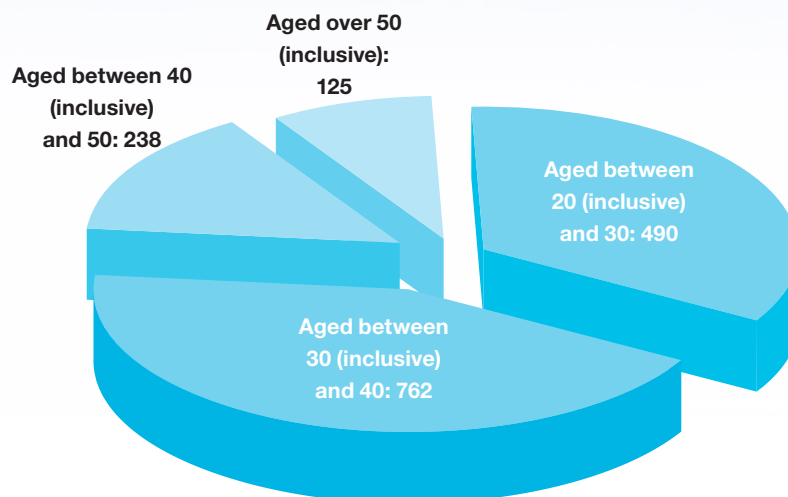
## III. SECURITIES TRANSACTION BY DIRECTORS AND SUPERVISORS

The Bank has adopted the Model Code as its code for regulating securities transactions by Directors and Supervisors of the Bank. Having made specific enquiry with all Directors and Supervisors by the Bank, our Directors and Supervisors confirmed that they had been in compliance with the Model Code throughout the Reporting Period.

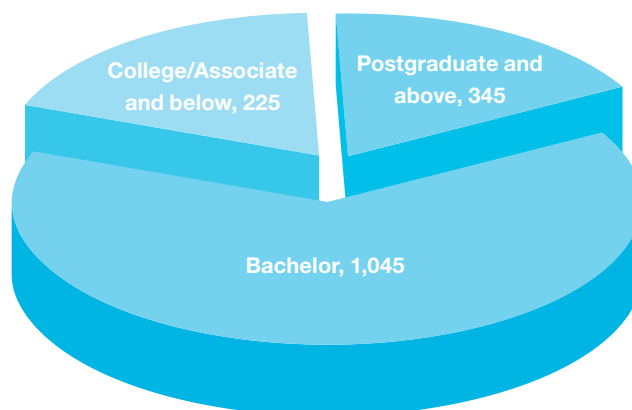
# Directors, Supervisors, Senior Management and Employees

## IV. DETAILS OF EMPLOYEES

As of June 30, 2025, the Bank had 1,615 employees (including dispatched workers) in total, with an average age of 34.80. Of them, 490 employees aged between 20 (inclusive) and 30, accounting for 30.34%; 762 employees aged between 30 (inclusive) and 40, accounting for 47.18%; 238 employees aged between 40 (inclusive) and 50, accounting for 14.74%; and 125 employees aged over 50 (inclusive), accounting for 7.74%.



By education background, the Bank had 345 employees with postgraduate degrees and above (including 3 doctoral candidates), accounting for 21.36%; 1,045 employees with bachelor degrees, accounting for 64.71%; 225 employees with college/associate degrees and below, accounting for 13.93%.



The Bank had a total of 158 technology talents, accounting for 9.78% of the employees of the Bank.



# Directors, Supervisors, Senior Management and Employees

## V. TRAINING FOR EMPLOYEES

The training for our employees is carried out in accordance with the actual situations of our development strategic objectives and employees' ability and quality. The Bank continuously expands the training platforms, enriches training resources, optimizes training programs, and improves the talent development mechanism. We adopt the organization form of "online and offline, internal and external training, business and management, daily and special, the complementarity between the head office and branches", and continue to promote training programs such as induction training for new employees, leadership development for mid-level managers, international and domestic high-end financial qualified certification training, degree enhancement, and cultivation of young reserve cadres, laying a solid foundation for the continuous development of high-quality financial talents in our Bank. During the Reporting Period, the total number of various internal and external training activities of the Bank reached approximately 120 and the number of participants reached over 6,000.

## VI. REMUNERATION POLICIES FOR EMPLOYEES

In 2025, the Bank constantly aimed to refine and improve the incentive and restraint mechanism, help employees grow and make progress, increase corporate efficiency and promote its high-quality development, and implemented the market-oriented performance appraisal mechanism based on post salaries and performance-based remuneration. Based on the dual-channel career development system for its employees, the Bank had established dual channels for remuneration promotion of employees, expanded the space for remuneration promotion of professional sequence employees, and built a remuneration exchange link between management sequence and professional sequence. Following the principle of "paying for post, ability and performance", the Bank's post salary was tightly coupled with post value and personal ability, and performance-related pay was closely linked to value creation, contribution and performance, which not only inspired employees to take initiatives to grow and actively improved their ability, but also mobilized employees' working enthusiasm and creativity and enhanced the overall efficiency of the enterprise. The Bank paid "Five Social Insurances and One Housing Fund (五险一金)" for employees in accordance with the relevant laws. In addition, the Bank purchased supplementary medical insurance for its employees, and established an enterprise annuity plan to provide employees with a relatively complete security system which had effectively improved employees' sense of belonging and strengthened corporate cohesion. At the same time, the Bank had established a mechanism for deferral payment and clawback of performance-related remuneration in accordance with regulatory requirements and business and management needs to promote sound operation and sustainable development of the Bank.



# Important Events

## CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to refine its corporate governance structure and improved its corporate governance in strict compliance with laws and regulations such as the Company Law of the PRC, the Commercial Banking Law of the PRC as well as the Listing Rules and in line with the actual conditions of the Bank. We had also adopted Part 2 of the Corporate Governance Code (the “Code”) set out in Appendix C1 to the Listing Rules, reached the requirements of the administrative measures and corporate governance for domestic commercial banks, and established a good corporate governance system.

The Bank has strictly complied with the principles and Code provisions as well as some of the recommended best practices set out in the Code during the Reporting Period. The Bank is committed to maintaining a high standard of corporate governance.

We will continue to enhance our corporate governance to ensure compliance with the Code and meet the expectations of the Shareholders and potential investors.

## DIVIDENDS DISTRIBUTION

Upon consideration and approval of the 2024 Profit Distribution Plan by the 2024 annual general meeting of the Bank held on June 30, 2025, the Bank distributed final dividends in cash for 2024 of RMB1.2 (tax inclusive) for every 10 shares on July 29, 2025 and RMB326.13 million (tax inclusive) in aggregate to the Shareholders whose names appeared on the register of members of the Bank as of July 11, 2025.

The Bank did not distribute and did not propose to distribute any interim dividend for the six months ended June 30, 2025.

## MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, there were no litigations or arbitrations which had a material impact on the operation activities of the Bank.

## PENALTIES IMPOSED ON THE BANK AND DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK

During the Reporting Period, the Bank and all the Directors, Supervisors and senior management had no record of being subject to inspections, administrative penalties and circulating criticisms by the CSRC or public censures by the Hong Kong Stock Exchange, or penalties by other regulatory bodies that posed significant impact on the Bank’s operation.

## MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Bank had no material contracts or their performance.



## Important Events

### REVIEW OF INTERIM RESULTS

The Bank's interim financial information for 2025 (unaudited) prepared in accordance with IFRS has been reviewed by Deloitte Touche Tohmatsu, who has been providing audit service for the Bank since 2025, and an unqualified review report is issued thereon.

The Bank's 2025 interim report and 2025 interim financial information (unaudited) have been reviewed by the Audit Committee of the Board and the Board of Directors of the Bank.

### MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

During the Reporting Period, the Bank had no material acquisition and disposal of assets and merger of enterprises.

### SUBSEQUENT MATERIAL EVENTS

The Bank has no subsequent material events from the end of the Reporting Period to the Latest Practicable Date.

# Independent Auditor's Report

## REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF LUZHOU BANK CO., LTD.

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

### INTRODUCTION

We have reviewed the condensed financial statements of LUZHOU BANK CO., LTD. (the "Bank") set out on pages 59 to 144, which comprise the interim condensed statement of financial position as of 30 June 2025 and the interim condensed statement of profit or loss and other comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period then ended, and notes to the interim condensed financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the interim condensed financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), issued by International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review, and to report our conclusion 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*, issued by International Auditing and Assurance Standards Board. A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

28 August 2025



# Interim Condensed Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

|   | Notes | For the six months ended 30 June |                     |
|---|-------|----------------------------------|---------------------|
|   |       | 2025<br>(Unaudited)              | 2024<br>(Unaudited) |
| Interest income   |       | 3,871,606                        | 3,745,016           |
| Interest expense  |       | (1,974,583)                      | (1,987,336)         |
| <b>Net interest income</b>  | 3     | <b>1,897,023</b>                 | 1,757,680           |
| Fee and commission income   |       | 102,556                          | 104,615             |
| Fee and commission expense  |       | (23,896)                         | (22,023)            |
| <b>Net fee and commission income</b>  | 4     | <b>78,660</b>                    | 82,592              |
| Net gains on trading activities   | 5     | 321,174                          | 492,091             |
| Net gains on financial investments  | 6     | 88,745                           | 197,435             |
| Other operating income  | 7     | 37,173                           | 306,110             |
| <b>Operating income</b>   |       | <b>2,422,775</b>                 | 2,835,908           |
| Operating expense   | 8     | (968,254)                        | (898,069)           |
| Expected credit losses  | 9     | (214,757)                        | (903,775)           |
| Other assets impairment losses  | 9     | (820)                            | (34)                |
| <b>Operating profit</b>   |       | <b>1,238,944</b>                 | 1,034,030           |
| Share of profit of an associate   | 19    | 982                              | 1,103               |
| <b>Profit before income tax</b>   |       | <b>1,239,926</b>                 | 1,035,133           |
| Income tax expense  | 10    | (337,437)                        | (226,797)           |
| <b>Net profit attributable to shareholders of the Bank</b>  |       | <b>902,489</b>                   | 808,336             |
| <b>Other comprehensive income</b>   |       |                                  |                     |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                                     |       |                                  |                     |
| Changes in fair value of financial investments measured at fair value through other comprehensive income  |       | (9,252)                          | 16,687              |
| Expected credit losses of financial investments measured at fair value through other comprehensive income |       | (19,067)                         | (58,674)            |
| <b>Other comprehensive income for the period, net of income tax</b>                                       | 30    | <b>(28,319)</b>                  | (41,987)            |
| <b>Total comprehensive income attributable to the shareholders of the Bank</b>                            |       | <b>874,170</b>                   | 766,349             |
| <b>Earnings per share for profit attributable to the shareholders of the Bank (RMB Yuan per share)</b>    |       |                                  |                     |
| – Basic and diluted   | 11    | 0.30                             | 0.26                |

The accompanying notes form a part of this interim condensed financial statements.

# Interim Condensed Statement of Financial Position

As at 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

|   | Notes | 30 June<br>2025<br>(Unaudited) | 31 December<br>2024<br>(Audited) |
|---|-------|--------------------------------|----------------------------------|
| <b>ASSETS</b>   |       |                                |                                  |
| Cash and balances with the central bank   | 12    | 11,334,465                     | 10,234,384                       |
| Due from and placements with banks and other financial institutions               | 13    | 1,572,590                      | 729,137                          |
| Customer loans  | 14    | 111,900,229                    | 98,585,035                       |
| Financial investments – credit related financial assets                           | 15    | 2,803,825                      | 2,110,510                        |
| Financial investments – measured at fair value through profit or loss             | 16    | 35,550,571                     | 32,867,602                       |
| Financial investments – measured at fair value through other comprehensive income | 17    | 4,617,080                      | 3,349,139                        |
| Financial investments – measured at amortised cost                                | 18    | 20,638,532                     | 19,564,015                       |
| Investment in an associate  | 19    | 58,524                         | 57,542                           |
| Property and equipment  | 20    | 1,069,651                      | 1,054,569                        |
| Deferred income tax assets  | 21    | 1,628,913                      | 1,708,908                        |
| Other assets  | 22    | 1,079,382                      | 738,731                          |
| <b>Total assets</b>   |       | <b>192,253,762</b>             | <b>170,999,572</b>               |
| <b>LIABILITIES</b>  |       |                                |                                  |
| Borrowings from the central bank  |       | 5,609,509                      | 6,258,007                        |
| Due to and placements from banks and other financial institutions                 | 23    | 2,524,869                      | 2,591,181                        |
| Customer deposits   | 24    | 155,081,860                    | 135,314,340                      |
| Debt securities issued  | 25    | 14,366,963                     | 12,746,164                       |
| Current tax liabilities   |       | 229,678                        | 566,790                          |
| Other liabilities   | 26    | 1,447,872                      | 1,082,686                        |
| <b>Total liabilities</b>  |       | <b>179,260,751</b>             | <b>158,559,168</b>               |
| <b>EQUITY</b>   |       |                                |                                  |
| Equity attributable to shareholders of the Bank                                   |       |                                |                                  |
| Share capital   | 27    | 2,717,752                      | 2,717,752                        |
| Other equity instruments  | 28    | 2,399,547                      | 2,296,704                        |
| Capital surplus   | 27    | 1,783,179                      | 1,786,355                        |
| Other reserves  | 29    | 3,131,987                      | 3,012,101                        |
| Retained earnings   |       | 2,960,546                      | 2,627,492                        |
| <b>Total equity</b>   |       | <b>12,993,011</b>              | <b>12,440,404</b>                |
| <b>Total liabilities and equity</b>   |       | <b>192,253,762</b>             | <b>170,999,572</b>               |

The accompanying notes form a part of this interim condensed financial statements.

Chairman and Executive Director:  
**You Jiang**

Executive Director and President:  
**Liu Shirong**





# Interim Condensed Statement of Changes in Equity

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

|   | Equity attributable to shareholders of the Bank |                          |                 |                 |                 |                     |           |                   | Total       |
|---|---|--------------------------|-----------------|-----------------|-----------------|---------------------|-----------|-------------------|-------------|
|   | Share capital                                   | Other equity instruments | Capital surplus | Surplus reserve | General reserve | Revaluation reserve | Subtotal  | Retained earnings |             |
| <b>Balance at 1 January 2025 (Audited)</b>            | 2,717,752                                       | 2,296,704                | 1,786,355       | 838,507         | 2,105,856       | 67,738              | 3,012,101 | 2,627,492         | 12,440,404  |
| Net profit for the period                             | -   | -                        | -               | -               | -               | -                   | -         | 902,489           | 902,489     |
| Changes recognised in other comprehensive income      | -   | -                        | -               | -               | -               | (28,319)            | (28,319)  | -                 | (28,319)    |
| <b>Total comprehensive income</b>                     | -   | -                        | -               | -               | -               | (28,319)            | (28,319)  | 902,489           | 874,170     |
| Contribution from other equity instrument holders     | -   | 1,799,667                | -               | -               | -               | -                   | -         | -                 | 1,799,667   |
| Other equity instrument settlements (Note 27)         | -   | (1,696,824)              | (3,176)         | -               | -               | -                   | -         | -                 | (1,700,000) |
| Transfer to general reserve                           | -   | -                        | -               | -               | 148,205         | -                   | 148,205   | (148,205)         | -           |
| Dividends declared to ordinary shareholders (Note 31) | -   | -                        | -               | -               | -               | -                   | -         | (326,130)         | (326,130)   |
| Interest paid to perpetual bond holders (Note 11)     | -   | -                        | -               | -               | -               | -                   | -         | (95,100)          | (95,100)    |
| <b>Balance at 30 June 2025 (Unaudited)</b>            | 2,717,752                                       | 2,399,547                | 1,783,179       | 838,507         | 2,254,061       | 39,419              | 3,131,987 | 2,960,546         | 12,993,011  |
| <b>Balance at 1 January 2024 (Audited)</b>            | 2,717,752                                       | 1,696,824                | 1,786,355       | 710,941         | 1,926,188       | 90,180              | 2,727,309 | 1,998,759         | 10,926,999  |
| Net profit for the period                             | -   | -                        | -               | -               | -               | -                   | -         | 808,336           | 808,336     |
| Changes recognised in other comprehensive income      | -   | -                        | -               | -               | -               | (41,987)            | (41,987)  | -                 | (41,987)    |
| <b>Total comprehensive income</b>                     | -   | -                        | -               | -               | -               | (41,987)            | (41,987)  | 808,336           | 766,349     |
| Transfer to general reserve                           | -   | -                        | -               | -               | 195,845         | -                   | 195,845   | (195,845)         | -           |
| Dividends declared to ordinary shareholders (Note 31) | -   | -                        | -               | -               | -               | -                   | -         | (244,599)         | (244,599)   |
| Interest paid to perpetual bond holders (Note 11)     | -   | -                        | -               | -               | -               | -                   | -         | (95,100)          | (95,100)    |
| <b>Balance at 30 June 2024 (Unaudited)</b>            | 2,717,752                                       | 1,696,824                | 1,786,355       | 710,941         | 2,122,033       | 48,193              | 2,881,167 | 2,271,551         | 11,353,649  |

The accompanying notes form a part of this interim condensed financial statements.

# Interim Condensed Statement of Changes in Equity

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

|   | Equity attributable to shareholders of the Bank |                          |                 |                 |                 |                     |           |                   |            |
|---|---|--------------------------|-----------------|-----------------|-----------------|---------------------|-----------|-------------------|------------|
|   | Share capital                                   | Other equity instruments | Capital surplus | Other reserves  |                 |                     |           | Retained earnings | Total      |
|   |   |                          |                 | Surplus reserve | General reserve | Revaluation reserve | Subtotal  |                   |            |
| <b>Balance at 1 January 2024 (Audited)</b>        | 2,717,752                                       | 1,696,824                | 1,786,355       | 710,941         | 1,926,188       | 90,180              | 2,727,309 | 1,998,759         | 10,926,999 |
| Net profit for the year                           | -   | -                        | -               | -               | -               | -                   | -         | 1,275,665         | 1,275,665  |
| Changes recognised in other comprehensive income  | -   | -                        | -               | -               | -               | (22,442)            | (22,442)  | -                 | (22,442)   |
| <b>Total comprehensive income</b>                 | -   | -                        | -               | -               | -               | (22,442)            | (22,442)  | 1,275,665         | 1,253,223  |
| Contribution from other equity instrument holders | -   | 599,880                  | -               | -               | -               | -                   | -         | -                 | 599,880    |
| Transfer to surplus reserve                       | -   | -                        | -               | 127,566         | -               | -                   | 127,566   | (127,566)         | -          |
| Transfer to general reserve                       | -   | -                        | -               | -               | 179,668         | -                   | 179,668   | (179,668)         | -          |
| Dividends declared to ordinary shareholders       | -   | -                        | -               | -               | -               | -                   | -         | (244,598)         | (244,598)  |
| Interest paid to perpetual bond holders           | -   | -                        | -               | -               | -               | -                   | -         | (95,100)          | (95,100)   |
| <b>Balance at 31 December 2024 (Audited)</b>      | 2,717,752                                       | 2,296,704                | 1,786,355       | 838,507         | 2,105,856       | 67,738              | 3,012,101 | 2,627,492         | 12,440,404 |



# Interim Condensed Statement of Cash Flows

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

|  | For the six months ended 30 June |                     |
|--|----------------------------------|---------------------|
|  | 2025<br>(Unaudited)              | 2024<br>(Unaudited) |
| <b>Cash flows from operating activities:</b>   |                                  |                     |
| Profit before income tax   | 1,239,926                        | 1,035,133           |
| Adjustments:   |                                  |                     |
| Depreciation and amortisation  | 99,327                           | 84,888              |
| Expected credit losses on customer loans   | 451,919                          | 630,126             |
| Expected credit losses on other financial assets   | (237,162)                        | 273,649             |
| Impairment losses on other assets  | 820                              | 34                  |
| Net losses/(gains) on disposal of long-term assets   | 6,012                            | (294,603)           |
| Net gains arising from trading activities  | (432,284)                        | (405,997)           |
| Net gains arising from financial investments   | (119,013)                        | (137,490)           |
| Changes in fair value of financial assets at fair value through profit or loss                 | 140,396                          | (146,039)           |
| Interest income from financial investments   | (421,234)                        | (522,984)           |
| Interest expenses on debt securities   | 171,920                          | 188,596             |
| <b>Subtotal</b>  | <b>900,627</b>                   | <b>705,313</b>      |
| Net changes in operating assets:   |                                  |                     |
| Net increase in balances with the central bank   | (827,510)                        | (196,126)           |
| Net (increase)/decrease in due from and placements with banks and other financial institutions | (85,534)                         | 4,763,883           |
| Net increase in customer loans   | (13,697,884)                     | (7,788,372)         |
| Net increase in other operating assets   | (3,573,642)                      | (866,553)           |
| Net changes in operating liabilities:  |                                  |                     |
| Net decrease in balances borrowings from the central bank                                      | (648,498)                        | (4,769)             |
| Net decrease in due to and placements from banks and other financial institutions              | (66,312)                         | (3,298,531)         |
| Net increase in customer deposits  | 19,767,520                       | 12,632,494          |
| Net decrease in other operating liabilities  | (148,408)                        | (77,355)            |
| Net cash flows from operating activities before income tax                                     | 1,620,359                        | 5,869,984           |
| Income tax paid  | (590,111)                        | (374,706)           |
| <b>Net cash flows generated from operating activities</b>                                      | <b>1,030,248</b>                 | <b>5,495,278</b>    |

# Interim Condensed Statement of Cash Flows

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

|   | For the six months ended 30 June |                     |
|---|----------------------------------|---------------------|
|   | 2025<br>(Unaudited)              | 2024<br>(Unaudited) |
| <b>Cash flows from investing activities:</b>                                    |                                  |                     |
| Proceeds from disposal of property and equipment,<br>and other long-term assets | 52,677                           | 549,416             |
| Purchase of property and equipment, and other long-term assets                  | (109,203)                        | (99,672)            |
| Interest income arising from financial investment securities                    | 406,559                          | 579,808             |
| Purchase of investment securities   | (10,727,429)                     | (5,238,720)         |
| Proceeds from sale and redemption of financial investments                      | 8,937,500                        | 4,665,046           |
| <b>Net cash flows (used in)/generated from investing activities</b>             | <b>(1,439,896)</b>               | <b>455,878</b>      |
| <b>Cash flows from financing activities:</b>                                    |                                  |                     |
| Proceeds from issuance of other equity instruments                              | 1,799,667                        | –                   |
| Proceeds from issuance of debt securities                                       | 6,400,000                        | 5,440,000           |
| Redemption of other equity instruments  | (1,700,000)                      | –                   |
| Repayment of debt securities upon maturity                                      | (4,840,000)                      | (7,651,403)         |
| Interest paid on debt securities  | (96,400)                         | (134,401)           |
| Dividends paid to shareholders  | (72)                             | (215,143)           |
| Dividends paid to perpetual bond holders  | (95,100)                         | (95,100)            |
| Cash payment for other financing activities                                     | (29,969)                         | (54,195)            |
| <b>Net cash flow generated from/(used in) financing activities</b>              | <b>1,438,126</b>                 | <b>(2,710,242)</b>  |
| <b>Impact of exchange rate fluctuation on cash and cash equivalents</b>         | <b>(233)</b>                     | <b>20</b>           |
| <b>Net increase in cash and cash equivalents</b>                                | <b>1,028,245</b>                 | <b>3,240,934</b>    |
| <b>Cash and cash equivalents at the beginning of the period</b>                 | <b>3,522,163</b>                 | <b>3,080,738</b>    |
| <b>Cash and cash equivalents at the end of the period (Note 32)</b>             | <b>4,550,408</b>                 | <b>6,321,672</b>    |

The accompanying notes form a part of this interim condensed financial statements.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 1. GENERAL INFORMATION

Luzhou Bank Co., Ltd. (the “Bank”), with the approval of the People’s Bank of China, was established on 15 September 1997 as a joint-stock commercial bank under the name of “Luzhou City United Bank” in accordance with the *Company Law of China*. The Bank was jointly sponsored by Luzhou Finance Bureau, the shareholders of eight urban credit cooperatives, two rural credit cooperatives and other new corporate shareholders.

On 8 May 1998, the Sichuan Branch of the People’s Bank of China approved the renaming of the Bank from “Luzhou City United Bank” to “Luzhou City Commercial Bank Co., Ltd.”. On 4 June 2019, in accordance with the approval of the former Sichuan Supervisory Bureau of China Banking and Insurance Regulatory Commission (“former CBIRC”, later formed National Financial Regulatory Administration) and the approval of Luzhou City Market Supervision and Administration Bureau, the Bank was formally renamed to “Luzhou Bank Co., Ltd.”. The Bank was listed on the main board of Stock Exchange of Hong Kong on 17 December 2018. As at 30 June 2025, the total issued share capital of the Bank is RMB2,717,752,062 with a par value of RMB1 per share.

The main lines of business of the Bank include corporate banking, retail banking and financial markets operations.

This interim condensed financial statements was authorised for issue by the Board of Directors of the Bank on 28 August 2025.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2024.

The interim condensed financial statements are unaudited, but have been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the International Auditing and Assurance Standards Board.

The Bank’s subsidiaries consist of the Bank’s consolidated structured entities that are measured and presented according to the accounting policies applicable to financial instruments to reflect the substance. Therefore, there is no difference between the Bank’s consolidated financial statements and its separate financial statements.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.2 Accounting judgements and estimates

The preparation of the interim condensed financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the financial statements for the year ended 31 December 2024. Actual results may differ from these estimates.

### 2.3 Significant accounting policies

In the current period, the Bank has applied, for the first time, the follow amendments to IFRSs (including IASs and its amendments) issued by the IASB.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the amendments has no material impact on the financial position and the financial performance of the Bank.

The Bank has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

Other than the application of the amendments to IFRSs (including IASs and its amendments) mentioned above, the accounting policies and methods of computation used in the interim condensed financial statements for the six months ended 30 June 2025 are the same as those presented in the Bank's annual financial statements for the year ended 31 December 2024.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 3. NET INTEREST INCOME

|   | For the six months ended 30 June |                  |
|---|----------------------------------|------------------|
|   | 2025                             | 2024             |
| <b>Interest income</b>  |                                  |                  |
| Balances with the central bank                                      | 65,998                           | 55,853           |
| Due from and placements with banks and other financial institutions | 30,326                           | 35,904           |
| Customer loans  | 3,354,048                        | 3,130,275        |
| Financial investments – credit related financial assets             | 54,129                           | 74,313           |
| Financial investments   | 367,105                          | 448,671          |
| Subtotal  | 3,871,606                        | 3,745,016        |
| <b>Interest expense</b>   |                                  |                  |
| Due to the central bank   | (48,752)                         | (58,260)         |
| Due to and placements from banks and other financial institutions   | (38,477)                         | (71,050)         |
| Customer deposits   | (1,713,228)                      | (1,666,666)      |
| Debt securities issued  | (171,920)                        | (188,596)        |
| Others  | (2,206)                          | (2,764)          |
| Subtotal  | (1,974,583)                      | (1,987,336)      |
| <b>Net interest income</b>  | <b>1,897,023</b>                 | <b>1,757,680</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 4. NET FEE AND COMMISSION INCOME

|  | For the six months ended 30 June |                 |
|--|----------------------------------|-----------------|
|  | 2025                             | 2024            |
| <b>Fee and commission income</b>                                 |                                  |                 |
| Commission income from wealth management agency services         | 78,907                           | 94,274          |
| Commission income from agency services                           | 5,301                            | 1,254           |
| Commission income from settlement services                       | 2,020                            | 1,916           |
| Commission income from guarantees and credit commitment services | 13,342                           | 3,991           |
| Commission income from bank card services                        | 644                              | 676             |
| Other commission income  | 113                              | 102             |
| Commission income from investment banking services               | 2,229                            | 2,402           |
| <b>Total</b>   | <b>102,556</b>                   | <b>104,615</b>  |
| <b>Fee and commission expense</b>                                | <b>(23,896)</b>                  | <b>(22,023)</b> |
| <b>Net fee and commission income</b>                             | <b>78,660</b>                    | <b>82,592</b>   |

## 5. NET GAINS ON TRADING ACTIVITIES

|  | For the six months ended 30 June |                |
|--|----------------------------------|----------------|
|  | 2025                             | 2024           |
| Debt securities-realised gains               | 436,561                          | 403,354        |
| Debt securities-unrealised fair value change | (111,110)                        | 86,094         |
| Foreign exchange (losses)/gains              | (4,277)                          | 2,643          |
| <b>Total</b>                                 | <b>321,174</b>                   | <b>492,091</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 6. NET GAINS ON FINANCIAL INVESTMENTS

|   | For the six months ended 30 June |                |
|---|----------------------------------|----------------|
|   | 2025                             | 2024           |
| Financial investments at FVTPL-realised gains               | 114,766                          | 137,272        |
| Financial investments at FVTPL-unrealised fair value change | (29,286)                         | 59,945         |
| Net gains arising from de-recognition of FVTOCI             | 3,265                            | 218            |
| <b>Total</b>  | <b>88,745</b>                    | <b>197,435</b> |

## 7. OTHER OPERATING INCOME

|  | For the six months ended 30 June |                |
|--|----------------------------------|----------------|
|  | 2025                             | 2024           |
| Incentives and government subsidies                        | 34,649                           | 6,248          |
| Rental income from investment properties                   | 1,396                            | 4,582          |
| Penalty on early termination of contracts                  | 227                              | 181            |
| Net gains on disposal of non-current assets <sup>(1)</sup> | 95                               | 294,603        |
| Other miscellaneous income                                 | 806                              | 496            |
| <b>Total</b>   | <b>37,173</b>                    | <b>306,110</b> |

(1) The net gains on disposal of non-current assets mainly comprises of net gains on disposal of foreclosed assets.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 8. OPERATING EXPENSE

|  | For the six months ended 30 June |                |
|--|----------------------------------|----------------|
|  | 2025                             | 2024           |
| Staff costs (including directors and supervisors' emoluments (allowance inclusive)) <sup>(1)</sup> | 478,589                          | 444,107        |
| Business and administrative expenses   | 281,049                          | 296,844        |
| Depreciation and amortisation  | 99,327                           | 84,888         |
| Taxes and surcharges   | 49,039                           | 48,277         |
| Professional service fee   | 15,717                           | 12,668         |
| Expenditures on public welfare donations   | 4,100                            | 5,140          |
| Others   | 40,433                           | 6,145          |
| <b>Total</b>   | <b>968,254</b>                   | <b>898,069</b> |

### (1) Staff costs

|   | For the six months ended 30 June |                |
|---|----------------------------------|----------------|
|   | 2025                             | 2024           |
| Salaries and bonuses                      | 332,072                          | 327,282        |
| Defined contribution plans <sup>(a)</sup> | 53,038                           | 45,676         |
| Staff benefits                            | 32,183                           | 35,126         |
| Housing benefits and subsidies            | 20,404                           | 16,803         |
| Other social security and benefit costs   | 30,521                           | 10,322         |
| Staff education and labour union expenses | 10,371                           | 8,898          |
| <b>Total</b>                              | <b>478,589</b>                   | <b>444,107</b> |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 8. OPERATING EXPENSE (continued)

### (1) Staff costs (continued)

#### (a) Defined contribution plans

The Bank's defined contribution plans are mainly basic pension insurance, enterprise annuity and unemployment insurance paid for employees.

Employees who retire after 8 November 2016 can voluntarily participate in an annuity plan set up by the Bank pursuant to related state corporate annuity regulations. The Bank contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in profit or loss as incurred.

The amount recognised in profit or loss is as follows:

|   | For the six months ended 30 June |               |
|---|----------------------------------|---------------|
|   | 2025                             | 2024          |
| Expenses incurred for retirement benefit plans and unemployment insurance | 25,837                           | 21,012        |
| Expenses incurred for corporate annuity plan                              | 27,201                           | 24,664        |
| <b>Total</b>  | <b>53,038</b>                    | <b>45,676</b> |

The amount payable at the end of the period/year is as follows:

|   | 30 June<br>2025 | 31 December<br>2024 |
|---|-----------------|---------------------|
| <b>Statement of financial position obligations for:</b>                   |                 |                     |
| Expenses incurred for retirement benefit plans and unemployment insurance | 1,021           | 2,264               |
| Expenses incurred for corporate annuity plan                              | (107)           | (182)               |
| <b>Total</b>  | <b>914</b>      | <b>2,082</b>        |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 9. EXPECTED CREDIT LOSSES/OTHER ASSETS IMPAIRMENT LOSSES

|  | For the six months ended 30 June |                |
|--|----------------------------------|----------------|
|  | 2025                             | 2024           |
| ECL for customer loans at amortised cost (Note 14(b))  | 451,919                          | 630,126        |
| ECL for customer loans – FVTOCI (Note 14(b))   | (83)                             | 2,713          |
| ECL for financial investments – credit related financial assets (Note 15)                        | (231,868)                        | 22,072         |
| ECL for financial investments – amortised cost (Note 18)   | 4,446                            | 248,389        |
| ECL for financial investments – FVTOCI (Note 17)   | (15,171)                         | (17,445)       |
| ECL for reverse repurchase agreements, due from other banks and financial institutions (Note 13) | 369                              | (4,473)        |
| ECL for credit commitments   | 4,854                            | 22,156         |
| ECL for other receivables  | 291                              | 237            |
| <b>Total</b>   | <b>214,757</b>                   | <b>903,775</b> |

|   | For the six months ended 30 June |      |
|---|----------------------------------|------|
|   | 2025                             | 2024 |
| Other assets impairment losses <sup>(1)</sup> | 820                              | 34   |

(1) Other assets impairment losses are the impairment losses for foreclosed assets.

## 10. INCOME TAX EXPENSE

|                               | For the six months ended 30 June |                |
|-------------------------------|----------------------------------|----------------|
|                               | 2025                             | 2024           |
| Current income tax            | 258,171                          | 374,706        |
| Deferred income tax (Note 21) | 79,266                           | (147,909)      |
| <b>Total</b>                  | <b>337,437</b>                   | <b>226,797</b> |

Current income tax is calculated at the statutory tax rate of 25% based on the taxable income of estimated assessable profit of the Bank for the respective period as stipulated in PRC tax laws.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 10. INCOME TAX EXPENSE (continued)

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the enacted tax rate 25% (for the six months ended 30 June 2024: 25%) to profit before income tax can be reconciled as follows:

|  | For the six months ended 30 June |                  |
|--|----------------------------------|------------------|
|  | 2025                             | 2024             |
| <b>Profit before income tax</b>  | <b>1,239,926</b>                 | <b>1,035,133</b> |
| Tax calculated at a tax rate of 25%  | <b>309,982</b>                   | 258,783          |
| Tax effect arising from non-taxable income <sup>(a)</sup>                      | <b>(35,943)</b>                  | (36,924)         |
| Tax effect of expenses that are not deductible for tax purposes <sup>(b)</sup> | <b>52,481</b>                    | 4,938            |
| Income tax adjustment for prior years  | <b>10,917</b>                    | –                |
| <b>Income tax expense</b>  | <b>337,437</b>                   | <b>226,797</b>   |

(a) The Bank's non-taxable income mainly represents the interest income arising from the PRC government bonds, municipal debts and dividend income from funds in China mainland.

(b) The Bank's expenses that are not tax deductible for tax purposes mainly represent non-deductible losses resulting from write-offs of certain non-performing loans, fines and late payment penalty in excess of the relevant deductible threshold under the relevant PRC tax regulations.

## 11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Bank by the weighted average number of ordinary shares in issue during the period.

|   | For the six months ended 30 June |           |
|---|----------------------------------|-----------|
|   | 2025                             | 2024      |
| Net profit attributable to equity shareholders of the Bank        | <b>902,489</b>                   | 808,336   |
| Less: Net profit attributable to other equity holders of the Bank | <b>(95,100)</b>                  | (95,100)  |
| Net profit attributable to ordinary shareholders of the Bank      | <b>807,389</b>                   | 713,236   |
| Weighted average number of ordinary shares issued ('000)          | <b>2,717,752</b>                 | 2,717,752 |
| Basic and diluted earnings per share (RMB) <sup>(i)</sup>         | <b>0.30</b>                      | 0.26      |

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

(i) The Bank issued non-cumulative perpetual bonds on 31 December 2024 and 13 June 2025 under the terms and conditions as detailed in Note 28.1 Perpetual Bonds. For the purpose of calculating basic earnings per share, distributions on non-cumulative perpetual bonds declared in respect of the period should be deducted from the amounts attributable to shareholders of the Bank. The Bank has declared distributions on perpetual bonds of RMB95,100 thousand for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB95,100 thousand).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 12. CASH AND BALANCES WITH THE CENTRAL BANK

|   | 30 June<br>2025   | 31 December<br>2024 |
|---|-------------------|---------------------|
| Cash  | 132,694           | 104,095             |
| Mandatory reserve deposits with the central bank <sup>(a)</sup> | 7,991,905         | 7,028,146           |
| Surplus reserve deposits with the central bank                  | 3,168,501         | 2,924,529           |
| Fiscal deposits with the central bank                           | 37,459            | 173,580             |
| Accrued interest  | 3,906             | 4,034               |
| <b>Total</b>  | <b>11,334,465</b> | <b>10,234,384</b>   |

- (a) The Bank is required to place mandatory reserve deposits and mandatory reserve for foreign exchange with the People's Bank of China ("the central bank"). These mandatory reserves are not available for use in the daily business of the Bank.

As at 30 June 2025 and 31 December 2024, the mandatory reserve deposits rates of the Bank are as follows:

|  | 30 June<br>2025 | 31 December<br>2024 |
|--|-----------------|---------------------|
| Mandatory reserve rate for deposits denominated in RMB | 5.00%           | 5.00%               |

Surplus reserve deposits are maintained with the central bank mainly for the purpose of settlement and clearing.

## 13. DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

|  | 30 June<br>2025  | 31 December<br>2024 |
|--|------------------|---------------------|
| Due from banks and other financial institutions        | 1,570,689        | 229,482             |
| Placements with banks and other financial institutions | –                | 300,000             |
| Reverse repurchase agreements – debt securities        | –                | 200,000             |
| Accrued interest                                       | 2,760            | 145                 |
| Less: ECL allowance                                    | (859)            | (490)               |
| <b>Total</b>   | <b>1,572,590</b> | <b>729,137</b>      |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS

### (a) Customer loans

|   | 30 June<br>2025 | 31 December<br>2024 |
|---|-----------------|---------------------|
| <b>Customer loans at amortised cost</b> |                 |                     |
| Corporate loans                         | 103,783,897     | 89,635,993          |
| Personal loans                          | 12,845,336      | 13,432,458          |
| Accrued interest                        | 764,101         | 656,903             |
| Gross amount of loans at amortised cost | 117,393,334     | 103,725,354         |
| Less: ECL allowance                     | (5,693,367)     | (5,342,538)         |
| Net customer loans at amortised cost    | 111,699,967     | 98,382,816          |
| <b>Customer loans – FVTOCI</b>          |                 |                     |
| Discounted bills                        | 200,262         | 202,219             |
| Net customer loans                      | 111,900,229     | 98,585,035          |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (b) Movements on ECL allowance

| Corporate loans                            | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total            |
|--|----------------------------|----------------------------|----------------------------|------------------|
| <b>As at 1 January 2025</b>                | <b>2,422,098</b>           | <b>1,432,083</b>           | <b>789,038</b>             | <b>4,643,219</b> |
| Transfer:                                  |                            |                            |                            |                  |
| – to stage 1                               | 33,775                     | (33,775)                   | –                          | –                |
| – to stage 2                               | (3,861)                    | 21,546                     | (17,685)                   | –                |
| – to stage 3                               | –                          | (870)                      | 870                        | –                |
| Charge/(Reverse) for the period            | 356,980                    | (113,376)                  | 59,009                     | 302,613          |
| Write-offs                                 | –                          | –                          | (13,189)                   | (13,189)         |
| Recoveries of loans previously written off | –                          | –                          | 3,548                      | 3,548            |
| Other movements                            | –                          | –                          | 23,628                     | 23,628           |
| <b>As at 30 June 2025</b>                  | <b>2,808,992</b>           | <b>1,305,608</b>           | <b>845,219</b>             | <b>4,959,819</b> |

| Personal loans                             | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total          |
|--|----------------------------|----------------------------|----------------------------|----------------|
| <b>As at 1 January 2025</b>                | <b>343,146</b>             | <b>54,486</b>              | <b>301,687</b>             | <b>699,319</b> |
| Transfer:                                  |                            |                            |                            |                |
| – to stage 1                               | 17,240                     | (9,552)                    | (7,688)                    | –              |
| – to stage 2                               | (3,145)                    | 4,574                      | (1,429)                    | –              |
| – to stage 3                               | (5,424)                    | (26,479)                   | 31,903                     | –              |
| Charge/(Reverse) for the period            | (7,909)                    | 29,675                     | 127,540                    | 149,306        |
| Write-offs                                 | –                          | –                          | (128,912)                  | (128,912)      |
| Recoveries of loans previously written off | –                          | –                          | 9,539                      | 9,539          |
| Other movements                            | –                          | –                          | 4,296                      | 4,296          |
| <b>As at 30 June 2025</b>                  | <b>343,908</b>             | <b>52,704</b>              | <b>336,936</b>             | <b>733,548</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (b) Movements on ECL allowance (continued)

| Discounted bills                | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total        |
|---------------------------------|----------------------------|----------------------------|----------------------------|--------------|
| <b>As at 1 January 2025</b>     | <b>3,905</b>               | –                          | –                          | <b>3,905</b> |
| Charge/(Reverse) for the period | (83)                       | –                          | –                          | (83)         |
| <b>As at 30 June 2025</b>       | <b>3,822</b>               | –                          | –                          | <b>3,822</b> |

| Corporate loans                            | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total            |
|--|----------------------------|----------------------------|----------------------------|------------------|
| <b>As at 1 January 2024</b>                | 1,667,225                  | 1,617,212                  | 711,464                    | 3,995,901        |
| Transfer:                                  |                            |                            |                            |                  |
| – to stage 1                               | 36,626                     | (36,626)                   | –                          | –                |
| – to stage 2                               | (3,337)                    | 3,337                      | –                          | –                |
| – to stage 3                               | (3,185)                    | (134,838)                  | 138,023                    | –                |
| Charge/(Reverse) for the year              | 724,769                    | (17,002)                   | 230,353                    | 938,120          |
| Write-offs                                 | –                          | –                          | (318,336)                  | (318,336)        |
| Recoveries of loans previously written off | –                          | –                          | 1,107                      | 1,107            |
| Other movements                            | –                          | –                          | 26,427                     | 26,427           |
| <b>As at 31 December 2024</b>              | <b>2,422,098</b>           | <b>1,432,083</b>           | <b>789,038</b>             | <b>4,643,219</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (b) Movements on ECL allowance (continued)

| Personal loans                             | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total     |
|--|----------------------------|----------------------------|----------------------------|-----------|
| <b>As at 1 January 2024</b>                | 296,950                    | 30,063                     | 250,002                    | 577,015   |
| Transfer:                                  |                            |                            |                            |           |
| – to stage 1                               | 5,961                      | (2,848)                    | (3,113)                    | –         |
| – to stage 2                               | (3,052)                    | 3,613                      | (561)                      | –         |
| – to stage 3                               | (9,242)                    | (16,619)                   | 25,861                     | –         |
| Charge/(Reverse) for the year              | 52,529                     | 40,277                     | 180,002                    | 272,808   |
| Write-offs                                 | –                          | –                          | (183,845)                  | (183,845) |
| Recoveries of loans previously written off | –                          | –                          | 30,040                     | 30,040    |
| Other movements                            | –                          | –                          | 3,301                      | 3,301     |
| <b>As at 31 December 2024</b>              | 343,146                    | 54,486                     | 301,687                    | 699,319   |

| Discounted bills                           | Stage 1<br>12-month<br>ECL | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total    |
|--|----------------------------|----------------------------|----------------------------|----------|
| <b>As at 1 January 2024</b>                | 4,158                      | –                          | 57,823                     | 61,981   |
| Charge/(Reverse) for the year              | (253)                      | –                          | (2,149)                    | (2,402)  |
| Write-offs                                 | –                          | –                          | (63,500)                   | (63,500) |
| Recoveries of loans previously written off | –                          | –                          | 7,826                      | 7,826    |
| <b>As at 31 December 2024</b>              | 3,905                      | –                          | –                          | 3,905    |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (c) Movements on gross amount (excluding accrued interest) of customer loans

The following table further illustrates the changes in the gross amounts of the corporate and personal loans portfolios (excluding interest receivable) to explain the impact of these changes on the portfolio's ECL.

| Corporate loans gross amount           | Stage 1    | Stage 2   | Stage 3  | Total       |
|--|------------|-----------|----------|-------------|
| As at 1 January 2025                   | 84,971,473 | 3,748,323 | 916,197  | 89,635,993  |
| Transfer:                              |            |           |          |             |
| – to stage 1                           | 108,000    | (108,000) | –        | –           |
| – to stage 2                           | (162,335)  | 199,285   | (36,950) | –           |
| – to stage 3                           | –          | (31,736)  | 31,736   | –           |
| Net increase/(decrease) for the period | 14,679,204 | (468,168) | (49,943) | 14,161,093  |
| Write-offs                             | –          | –         | (13,189) | (13,189)    |
| As at 30 June 2025                     | 99,596,342 | 3,339,704 | 847,851  | 103,783,897 |

| Personal loans gross amount | Stage 1    | Stage 2  | Stage 3   | Total      |
|-----------------------------|------------|----------|-----------|------------|
| As at 1 January 2025        | 12,810,795 | 129,471  | 492,192   | 13,432,458 |
| Transfer:                   |            |          |           |            |
| – to stage 1                | 39,181     | (24,517) | (14,664)  | –          |
| – to stage 2                | (106,337)  | 109,062  | (2,725)   | –          |
| – to stage 3                | (172,233)  | (62,793) | 235,026   | –          |
| Net decrease for the period | (385,941)  | (27,880) | (44,389)  | (458,210)  |
| Write-offs                  | –          | –        | (128,912) | (128,912)  |
| As at 30 June 2025          | 12,185,465 | 123,343  | 536,528   | 12,845,336 |

| Discounted bills gross amount          | Stage 1 | Stage 2 | Stage 3 | Total   |
|--|---------|---------|---------|---------|
| As at 1 January 2025                   | 202,219 | –       | –       | 202,219 |
| Net increase/(decrease) for the period | (1,957) | –       | –       | (1,957) |
| As at 30 June 2025                     | 200,262 | –       | –       | 200,262 |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (c) Movements on gross amount (excluding accrued interest) of customer loans (continued)

| Corporate loans gross amount         | Stage 1    | Stage 2   | Stage 3   | Total      |
|--------------------------------------|------------|-----------|-----------|------------|
| <b>As at 1 January 2024</b>          | 72,718,853 | 4,762,907 | 827,210   | 78,308,970 |
| Transfer:                            |            |           |           |            |
| – to stage 1                         | 93,650     | (93,650)  | –         | –          |
| – to stage 2                         | (131,383)  | 131,383   | –         | –          |
| – to stage 3                         | (103,813)  | (387,835) | 491,648   | –          |
| Net increase/(decrease) for the year | 12,394,166 | (664,482) | (84,325)  | 11,645,359 |
| Write-offs                           | –          | –         | (318,336) | (318,336)  |
| <b>As at 31 December 2024</b>        | 84,971,473 | 3,748,323 | 916,197   | 89,635,993 |
| Personal loans gross amount          | Stage 1    | Stage 2   | Stage 3   | Total      |
| <b>As at 1 January 2024</b>          | 13,443,143 | 72,964    | 353,830   | 13,869,937 |
| Transfer:                            |            |           |           |            |
| – to stage 1                         | 14,507     | (8,684)   | (5,823)   | –          |
| – to stage 2                         | (124,262)  | 125,311   | (1,049)   | –          |
| – to stage 3                         | (343,233)  | (38,530)  | 381,763   | –          |
| Net increase/(decrease) for the year | (179,360)  | (21,590)  | (52,684)  | (253,634)  |
| Write-offs                           | –          | –         | (183,845) | (183,845)  |
| <b>As at 31 December 2024</b>        | 12,810,795 | 129,471   | 492,192   | 13,432,458 |
| Discounted bills gross amount        | Stage 1    | Stage 2   | Stage 3   | Total      |
| <b>As at 1 January 2024</b>          | 214,186    | –         | 63,500    | 277,686    |
| Net decrease for the year            | (11,967)   | –         | –         | (11,967)   |
| Write-offs                           | –          | –         | (63,500)  | (63,500)   |
| <b>As at 31 December 2024</b>        | 202,219    | –         | –         | 202,219    |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 14. CUSTOMER LOANS (continued)

### (d) Customer loans listed by stages

| As at 30 June 2025   | Stage 1     | Stage 2     | Stage 3     | Total       |
|----------------------|-------------|-------------|-------------|-------------|
| Total customer loans | 111,982,069 | 3,463,047   | 1,384,379   | 116,829,495 |
| – Corporate loans    | 99,596,342  | 3,339,704   | 847,851     | 103,783,897 |
| – Personal loans     | 12,185,465  | 123,343     | 536,528     | 12,845,336  |
| – Discounted bills   | 200,262     | –           | –           | 200,262     |
| Accrued interest     | 222,426     | 317,799     | 223,876     | 764,101     |
| Less: ECL allowance  | (3,152,902) | (1,358,310) | (1,182,155) | (5,693,367) |
| Net customer loans   | 109,051,593 | 2,422,536   | 426,100     | 111,900,229 |

| As at 31 December 2024 | Stage 1     | Stage 2     | Stage 3     | Total       |
|------------------------|-------------|-------------|-------------|-------------|
| Total customer loans   | 97,984,487  | 3,877,794   | 1,408,389   | 103,270,670 |
| – Corporate loans      | 84,971,473  | 3,748,323   | 916,197     | 89,635,993  |
| – Personal loans       | 12,810,795  | 129,471     | 492,192     | 13,432,458  |
| – Discounted bills     | 202,219     | –           | –           | 202,219     |
| Accrued interest       | 193,521     | 274,624     | 188,758     | 656,903     |
| Less: ECL allowance    | (2,765,244) | (1,486,569) | (1,090,725) | (5,342,538) |
| Net customer loans     | 95,412,764  | 2,665,849   | 506,422     | 98,585,035  |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 15. FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS

The Bank's financial investments – credit related financial assets are corporate loans issued through consolidated structured entities (trust plans).

|   | 30 June<br>2025  | 31 December<br>2024 |
|---|------------------|---------------------|
| Financial investments – credit related financial assets |                  |                     |
| – Trust and asset management plans <sup>(1)</sup>       | <b>2,903,598</b> | 2,449,967           |
| Accrued interest  | <b>157,499</b>   | 174,094             |
| Gross amount  | <b>3,061,097</b> | 2,624,061           |
| Less: ECL allowance                                     | <b>(257,272)</b> | (513,551)           |
| <b>Total</b>  | <b>2,803,825</b> | 2,110,510           |

### (1) Analysis by type of collaterals:

|              | 30 June<br>2025  | 31 December<br>2024 |
|--------------|------------------|---------------------|
| Unsecured    | <b>655,748</b>   | 182,000             |
| Guaranteed   | <b>2,085,350</b> | 2,051,717           |
| Pledged      | <b>162,500</b>   | 216,250             |
| <b>Total</b> | <b>2,903,598</b> | 2,449,967           |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 15. FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (continued)

(2) The movement of ECL of financial investments – credit related financial assets is as follows:

|                                 | Financial investments – credit related financial assets |                            |                            |                  |
|---------------------------------|---|----------------------------|----------------------------|------------------|
|                                 | Stage 1<br>12-month<br>ECL                              | Stage 2<br>Lifetime<br>ECL | Stage 3<br>Lifetime<br>ECL | Total            |
| <b>As at 1 January 2025</b>     | <b>48,106</b>   | <b>–</b>                   | <b>465,445</b>             | <b>513,551</b>   |
| Charge/(reverse) for the period | <b>20,816</b>   | <b>–</b>                   | <b>(252,684)</b>           | <b>(231,868)</b> |
| Other movements                 | <b>–</b>  | <b>–</b>                   | <b>(24,411)</b>            | <b>(24,411)</b>  |
| <b>As at 30 June 2025</b>       | <b>68,922</b>   | <b>–</b>                   | <b>188,350</b>             | <b>257,272</b>   |

|                               | Financial investments – credit related financial assets |                                |                                |                  |
|-------------------------------|---|--------------------------------|--------------------------------|------------------|
|                               | 12-month<br>ECL<br>for Stage 1                          | Lifetime<br>ECL<br>for Stage 2 | Lifetime<br>ECL<br>for Stage 3 | Total            |
| <b>As at 1 January 2024</b>   | <b>36,180</b>   | <b>–</b>                       | <b>622,973</b>                 | <b>659,153</b>   |
| Charge/(reverse) for the year | <b>11,926</b>   | <b>–</b>                       | <b>(157,528)</b>               | <b>(145,602)</b> |
| <b>As at 31 December 2024</b> | <b>48,106</b>   | <b>–</b>                       | <b>465,445</b>                 | <b>513,551</b>   |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 15. FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (continued)

- (3) The movement on gross amount (excluding accrued interest) of financial investments – credit related financial assets is as follows:

| Gross amount                           | Financial investments – credit related financial assets |          |                |                  |
|--|---|----------|----------------|------------------|
|  | Stage 1   | Stage 2  | Stage 3        | Total            |
| <b>As at 1 January 2025</b>            | <b>1,821,617</b>  | <b>–</b> | <b>628,350</b> | <b>2,449,967</b> |
| Net increase/(decrease) for the period | 893,631   | –        | (440,000)      | 453,631          |
| <b>As at 30 June 2025</b>              | <b>2,715,248</b>  | <b>–</b> | <b>188,350</b> | <b>2,903,598</b> |

| Gross amount                         | Financial investments – credit related financial assets |          |                |                  |
|--------------------------------------|---|----------|----------------|------------------|
|                                      | Stage 1   | Stage 2  | Stage 3        | Total            |
| <b>As at 1 January 2024</b>          | <b>1,579,650</b>  | <b>–</b> | <b>638,350</b> | <b>2,218,000</b> |
| Net increase/(decrease) for the year | 241,967   | –        | (10,000)       | 231,967          |
| <b>As at 31 December 2024</b>        | <b>1,821,617</b>  | <b>–</b> | <b>628,350</b> | <b>2,449,967</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 16. FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 30 June<br>2025   | 31 December<br>2024 |
|---|-------------------|---------------------|
| Financial investments – measured at fair value through profit or loss |                   |                     |
| – Listed in Hong Kong   | –                 | 128,184             |
| – Listed outside Hong Kong  | 5,343,561         | 6,048,815           |
| – Unlisted <sup>(1)</sup>   | 30,207,010        | 26,690,603          |
| <b>Total</b>  | <b>35,550,571</b> | <b>32,867,602</b>   |

(1) Unlisted financial investments measured at fair value through profit or loss are set out below:

|   | 30 June<br>2025   | 31 December<br>2024 |
|---|-------------------|---------------------|
| Financial assets measured at fair value through profit or loss (unlisted) |                   |                     |
| – Treasury bonds  | 668,937           | 226,162             |
| – Policy bank bonds   | 445,537           | 534,646             |
| – Commercial bank bonds   | 9,240,839         | 7,495,494           |
| – Short-term financing instruments  | 10,033,870        | 4,069,953           |
| – Corporate bonds   | 3,720,192         | 3,506,989           |
| – Mutual funds  | 5,125,284         | 9,725,797           |
| – Trust plans   | 957,389           | 1,097,196           |
| – Equity investments at fair value  | 14,962            | 34,366              |
| <b>Total</b>  | <b>30,207,010</b> | <b>26,690,603</b>   |

The Bank's unlisted bonds are traded in the inter-bank bond market in Mainland China.

As at 30 June 2025, no financial investments measured at fair value through profit or loss of the Bank was pledged to third parties under repurchase agreements (as at 31 December 2024: Nil).

(2) Financial investments measured at fair value through profit or loss by the issuer are set out below:

|   | 30 June<br>2025   | 31 December<br>2024 |
|---|-------------------|---------------------|
| Financial investments – measured at fair value through profit or loss |                   |                     |
| – Governments   | 668,937           | 226,162             |
| – Policy banks  | 445,537           | 534,646             |
| – Commercial banks  | 9,240,839         | 7,495,494           |
| – Other financial institutions  | 6,007,939         | 10,748,259          |
| – Corporates  | 19,187,319        | 13,863,041          |
| <b>Total</b>  | <b>35,550,571</b> | <b>32,867,602</b>   |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 17. FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | 30 June<br>2025  | 31 December<br>2024 |
|--|------------------|---------------------|
| Financial investments – measured at FVTOCI |                  |                     |
| – Listed in Hong Kong                      | 35,793           | 35,942              |
| – Listed outside Hong Kong                 | 45,869           | 478,718             |
| – Unlisted <sup>(1)</sup>                  | 4,498,825        | 2,773,642           |
| Subtotal                                   | 4,580,487        | 3,288,302           |
| Accrued interest                           | 36,593           | 60,837              |
| <b>Total</b>                               | <b>4,617,080</b> | <b>3,349,139</b>    |

(1) Unlisted financial investments measured at fair value through other comprehensive income are set out below:

|   | 30 June<br>2025  | 31 December<br>2024 |
|---|------------------|---------------------|
| Financial investments – measured at FVTOCI (unlisted) |                  |                     |
| – Treasury bonds                                      | 2,007,882        | 1,246,036           |
| – Local government bonds                              | 1,826,881        | 213,945             |
| – Policy bank bonds                                   | 437,084          | 1,043,228           |
| – Commercial bank bonds                               | 59,879           | –                   |
| – Corporate bonds                                     | 167,099          | 270,433             |
| <b>Total</b>  | <b>4,498,825</b> | <b>2,773,642</b>    |

The Bank's unlisted bonds are traded in the inter-bank bond market in Mainland China.

(2) Financial investments measured at fair value through other comprehensive income by the issuer are set out below:

|  | 30 June<br>2025  | 31 December<br>2024 |
|--|------------------|---------------------|
| Financial investments – measured at FVTOCI |                  |                     |
| – Government                               | 3,834,763        | 1,459,981           |
| – Policy bank                              | 437,084          | 1,043,228           |
| – Commercial bank                          | 59,879           | –                   |
| – Corporate                                | 248,761          | 785,093             |
| <b>Total</b>                               | <b>4,580,487</b> | <b>3,288,302</b>    |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 17. FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(3) The movement of ECL allowance of financial investments – measured at FVTOCI is as follows:

|                                 | Financial investments – measured at FVTOCI |                                |                                |               |
|---------------------------------|--|--------------------------------|--------------------------------|---------------|
|                                 | 12-month<br>ECL for<br>Stage 1             | Lifetime<br>ECL for<br>Stage 2 | Lifetime<br>ECL for<br>Stage 3 | Total         |
| <b>As at 1 January 2025</b>     | <b>18,896</b>                              | –                              | –                              | <b>18,896</b> |
| Charge/(reverse) for the period | (15,171)                                   | –                              | –                              | (15,171)      |
| <b>As at 30 June 2025</b>       | <b>3,725</b>                               | –                              | –                              | <b>3,725</b>  |

|                               | Financial investments – measured at FVTOCI |                                |                                |               |
|-------------------------------|--|--------------------------------|--------------------------------|---------------|
|                               | 12-month<br>ECL for<br>Stage 1             | Lifetime<br>ECL for<br>Stage 2 | Lifetime<br>ECL for<br>Stage 3 | Total         |
| <b>As at 1 January 2024</b>   | 62,763                                     | –                              | 10,704                         | 73,467        |
| Charge/(reverse) for the year | (43,869)                                   | –                              | 109,965                        | 66,096        |
| Write-offs                    | –  | –                              | (120,669)                      | (120,669)     |
| Other movements               | 2  | –                              | –                              | 2             |
| <b>As at 31 December 2024</b> | <b>18,896</b>                              | –                              | –                              | <b>18,896</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 18. FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST

|  | 30 June<br>2025   | 31 December<br>2024 |
|--|-------------------|---------------------|
| Financial investments – measured at amortised cost |                   |                     |
| – Listed outside Hong Kong                         | 2,593,594         | 2,701,168           |
| – Unlisted <sup>(1)</sup>                          | 18,213,075        | 17,009,362          |
| Subtotal   | 20,806,669        | 19,710,530          |
| Accrued interest                                   | 413,804           | 430,980             |
| Subtotal   | 21,220,473        | 20,141,510          |
| Less: ECL allowance                                | (581,941)         | (577,495)           |
| <b>Net</b>   | <b>20,638,532</b> | <b>19,564,015</b>   |

### (1) Unlisted financial investments measured at amortised cost are set out below:

|   | 30 June<br>2025   | 31 December<br>2024 |
|---|-------------------|---------------------|
| Financial investments – measured at amortised cost (unlisted) |                   |                     |
| – Treasury bonds  | 3,437,623         | 2,133,428           |
| – Local government bonds                                      | 803,743           | 399,180             |
| – Policy bank bonds   | 10,783,165        | 11,341,242          |
| – Corporate bonds   | 1,263,716         | 1,361,216           |
| – NFRA regulated ABS  | –                 | 16,100              |
| – Collective trust plans                                      | 1,924,828         | 1,758,196           |
| <b>Total</b>  | <b>18,213,075</b> | <b>17,009,362</b>   |

### (2) Financial investments – measured at amortised cost are analysed by issuer as follows:

|  | 30 June<br>2025   | 31 December<br>2024 |
|--|-------------------|---------------------|
| Financial investments – measured at amortised cost |                   |                     |
| – Government                                       | 4,241,366         | 2,532,608           |
| – Policy bank                                      | 10,783,165        | 11,341,242          |
| – Commercial banks                                 | –                 | 16,100              |
| – Trust  | 1,924,828         | 1,758,196           |
| – Corporate  | 3,857,310         | 4,062,384           |
| <b>Total</b>                                       | <b>20,806,669</b> | <b>19,710,530</b>   |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 18. FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST (continued)

- (3) The movement of ECL allowance of financial investments – measured at amortised cost is as follows:

|                             | Financial investments measured at amortised cost |                                |                                |                |
|-----------------------------|--|--------------------------------|--------------------------------|----------------|
|                             | 12-month<br>ECL for<br>Stage 1                   | Lifetime<br>ECL for<br>Stage 2 | Lifetime<br>ECL for<br>Stage 3 | Total          |
| <b>As at 1 January 2025</b> | <b>157,508</b>                                   | <b>64,645</b>                  | <b>355,342</b>                 | <b>577,495</b> |
| Charge for the period       | 930  | 2,125                          | 1,391                          | 4,446          |
| <b>As at 30 June 2025</b>   | <b>158,438</b>                                   | <b>66,770</b>                  | <b>356,733</b>                 | <b>581,941</b> |

|                               | Financial investments measured at amortised cost |                                |                                |                |
|-------------------------------|--|--------------------------------|--------------------------------|----------------|
|                               | 12-month<br>ECL for<br>Stage 1                   | Lifetime<br>ECL for<br>Stage 2 | Lifetime<br>ECL for<br>Stage 3 | Total          |
| <b>As at 1 January 2024</b>   | <b>134,694</b>                                   | <b>345,132</b>                 | <b>299,013</b>                 | <b>778,839</b> |
| Transfer:                     |  |                                |                                |                |
| – to stage 1                  | 73,005   | (73,005)                       | –                              | –              |
| – to stage 2                  | (4,599)  | 4,599                          | –                              | –              |
| – to stage 3                  | –  | (272,060)                      | 272,060                        | –              |
| Charge/(reverse) for the year | (45,592)   | 59,979                         | 463,781                        | 478,168        |
| Write-offs                    | –  | –                              | (679,512)                      | (679,512)      |
| <b>As at 31 December 2024</b> | <b>157,508</b>                                   | <b>64,645</b>                  | <b>355,342</b>                 | <b>577,495</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 18. FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST (continued)

- (4) The movement on gross amount (excluding accrued interest) of financial investments – measured at amortised cost is as follows

| Gross amount                           | Financial investments measured at amortised cost |                |                |                   |
|--|--|----------------|----------------|-------------------|
|  | Stage 1  | Stage 2        | Stage 3        | Total             |
| <b>As at 1 January 2025</b>            | <b>18,841,648</b>                                | <b>149,082</b> | <b>719,800</b> | <b>19,710,530</b> |
| Net increase/(decrease) for the period | 1,098,797  | (2,658)        | –              | 1,096,139         |
| <b>As at 30 June 2025</b>              | <b>19,940,445</b>                                | <b>146,424</b> | <b>719,800</b> | <b>20,806,669</b> |

| Gross amount                         | Financial investments measured at amortised cost |                |                |                   |
|--------------------------------------|--|----------------|----------------|-------------------|
|                                      | Stage 1  | Stage 2        | Stage 3        | Total             |
| <b>As at 1 January 2024</b>          | <b>13,651,593</b>                                | <b>928,586</b> | <b>600,000</b> | <b>15,180,179</b> |
| Transfer:                            |  |                |                |                   |
| – to stage 1                         | 208,586  | (208,586)      | –              | –                 |
| – to stage 2                         | (149,082)  | 149,082        | –              | –                 |
| – to stage 3                         | –  | (719,800)      | 719,800        | –                 |
| Net increase/(decrease) for the year | 5,130,551  | (200)          | –              | 5,130,351         |
| Write-offs                           | –  | –              | (600,000)      | (600,000)         |
| <b>As at 31 December 2024</b>        | <b>18,841,648</b>                                | <b>149,082</b> | <b>719,800</b> | <b>19,710,530</b> |

## 19. INVESTMENT IN AN ASSOCIATE

|                               | Total         |
|-------------------------------|---------------|
| <b>As at 1 January 2025</b>   | <b>57,542</b> |
| Share of profit after tax     | 982           |
| <b>As at 30 June 2025</b>     | <b>58,524</b> |
|                               | Total         |
| <b>As at 1 January 2024</b>   | <b>54,943</b> |
| Share of profit after tax     | 2,599         |
| <b>As at 31 December 2024</b> | <b>57,542</b> |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 19. INVESTMENT IN AN ASSOCIATE (continued)

The Bank invested in Luxian Yuantong Rural Bank Co., Ltd. on 8 April 2009. The registered capital of the invested enterprise was RMB30 million, and the Bank invested RMB9 million, accounting for 30%.

Investment in the associate of the Bank is in unlisted company equity interest. Assets, liabilities, revenue and profit of the associate are as follows:

|  | Place of<br>incorporation | Assets    | Liabilities | Revenue | Net profit | Interest<br>held |
|--|---------------------------|-----------|-------------|---------|------------|------------------|
| 30 June 2025                                       |                           |           |             |         |            |                  |
| Luxian Yuantong Rural Bank<br>Co., Ltd. (瀘縣元通村鎮銀行) | PRC                       | 1,335,477 | 1,140,907   | 15,490  | 3,272      | 30%              |
| 31 December 2024                                   |                           |           |             |         |            |                  |
| Luxian Yuantong Rural Bank<br>Co., Ltd. (瀘縣元通村鎮銀行) | PRC                       | 1,342,829 | 1,151,444   | 32,704  | 8,664      | 30%              |

## 20. PROPERTY AND EQUIPMENT

|  | Buildings | Motor<br>vehicles | Electronic<br>equipment | Office<br>equipment | Construction<br>in progress <sup>(a)</sup> | Total     |
|--|-----------|-------------------|-------------------------|---------------------|--|-----------|
| <b>Cost</b>                                |           |                   |                         |                     |  |           |
| As at 1 January 2025                       | 925,919   | 10,332            | 268,415                 | 72,584              | 298,682                                    | 1,575,932 |
| Additions                                  | -         | 1,582             | 3,335                   | 1,245               | 91,679                                     | 97,841    |
| Transfer to Construction in progress       | -         | -                 | -                       | -                   | -  | -         |
| Disposals                                  | -         | (896)             | (5,638)                 | (2,523)             | -  | (9,057)   |
| Transfer to long-term deferred<br>expenses | -         | -                 | -                       | -                   | (40,499)                                   | (40,499)  |
| As at 30 June 2025                         | 925,919   | 11,018            | 266,112                 | 71,306              | 349,862                                    | 1,624,217 |
| <b>Accumulated depreciation</b>            |           |                   |                         |                     |  |           |
| As at 1 January 2025                       | (263,739) | (8,127)           | (202,045)               | (47,452)            | -  | (521,363) |
| Depreciation charge                        | (21,065)  | (514)             | (15,599)                | (4,366)             | -  | (41,544)  |
| Disposals                                  | -         | 791               | 5,058                   | 2,492               | -  | 8,341     |
| As at 30 June 2025                         | (284,804) | (7,850)           | (212,586)               | (49,326)            | -  | (554,566) |
| <b>Net book value</b>                      |           |                   |                         |                     |  |           |
| As at 30 June 2025                         | 641,115   | 3,168             | 53,526                  | 21,980              | 349,862                                    | 1,069,651 |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 20. PROPERTY AND EQUIPMENT (continued)

|   | Buildings | Motor vehicles | Electronic equipment | Office equipment | Construction in progress <sup>(a)</sup> | Total     |
|---|-----------|----------------|----------------------|------------------|---|-----------|
| <b>Cost</b>                                 |           |                |                      |                  |   |           |
| As at 1 January 2024                        | 908,355   | 11,253         | 238,980              | 71,106           | 216,926                                 | 1,446,620 |
| Additions                                   | 12,452    | –              | 36,315               | 6,474            | 117,517                                 | 172,758   |
| Transfer from/(to) Construction in progress | 5,112     | –              | –                    | –                | (5,112)                                 | –         |
| Disposals                                   | –         | (921)          | (6,880)              | (4,996)          | –                                       | (12,797)  |
| Transfer to long-term deferred expenses     | –         | –              | –                    | –                | (21,750)                                | (21,750)  |
| Transfer to intangible assets (Note 22)     | –         | –              | –                    | –                | (8,899)                                 | (8,899)   |
| As at 31 December 2024                      | 925,919   | 10,332         | 268,415              | 72,584           | 298,682                                 | 1,575,932 |
| <b>Accumulated depreciation</b>             |           |                |                      |                  |   |           |
| As at 1 January 2024                        | (222,254) | (7,650)        | (175,938)            | (43,748)         | –                                       | (449,590) |
| Depreciation charge                         | (41,485)  | (1,353)        | (32,428)             | (8,448)          | –                                       | (83,714)  |
| Disposals                                   | –         | 876            | 6,321                | 4,744            | –                                       | 11,941    |
| As at 31 December 2024                      | (263,739) | (8,127)        | (202,045)            | (47,452)         | –                                       | (521,363) |
| <b>Net book value</b>                       |           |                |                      |                  |   |           |
| As at 31 December 2024                      | 662,180   | 2,205          | 66,370               | 25,132           | 298,682                                 | 1,054,569 |

As at 30 June 2025, the balance of buildings, for which registrations for the property ownership certificates had not been completed, was RMB1,233 thousand (31 December 2024: RMB1,272 thousand). However, the directors are of the view that this does not have significant impact on the rights of the Bank to use these assets.

None of the land or property the Bank owned is located in Hong Kong.

### (a) Construction in progress

|   | 30 June 2025   | 31 December 2024 |
|---|----------------|------------------|
| Software engineering                      | 229,826        | 228,169          |
| Business building and renovation projects | 66,055         | 28,361           |
| Others                                    | 53,981         | 42,152           |
| <b>Total</b>                              | <b>349,862</b> | <b>298,682</b>   |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 21. DEFERRED INCOME TAX

Deferred income taxes were calculated on all temporary differences using an effective tax rate of 25% as at 30 June 2025 and 31 December 2024 for transactions in the People's Republic of China (the "PRC").

Movements in the deferred income tax account are as follows:

|   | For the<br>six months ended<br>30 June 2025 | For the<br>year ended<br>31 December 2024 |
|---|---|---|
| <b>Balance at the beginning of the period/year</b>          | <b>1,708,908</b>                            | 1,451,661                                 |
| Income tax expense (Note 10)                                | <b>(79,266)</b>                             | 249,766                                   |
| Changes in fair value of financial investments at FVTOCI    | <b>3,084</b>                                | (20,681)                                  |
| Changes in ECL allowance of financial investments at FVTOCI | <b>(3,813)</b>                              | 28,162                                    |
| <b>Balance at the end of the period/year</b>                | <b>1,628,913</b>                            | 1,708,908                                 |

Deferred income tax assets and liabilities are attributable to the following items:

|   | 30 June 2025   |  | 31 December 2024                                     |  |
|---|--|--|--|--|
|   | Deductible/<br>(taxable)<br>Temporary<br>differences | Deferred<br>income<br>tax assets/<br>(liabilities) | Deductible/<br>(taxable)<br>Temporary<br>differences | Deferred<br>income tax<br>assets/<br>(liabilities) |
| <b>Deferred income tax assets</b>   |  |  |  |  |
| Asset impairment allowances   | <b>6,176,354</b>                                     | <b>1,544,088</b>                                   | 6,615,272  | 1,653,818  |
| Payroll payable   | <b>588,091</b>                                       | <b>147,023</b>                                     | 614,346  | 153,586  |
| Others  | <b>95,310</b>  | <b>23,828</b>                                      | 107,939  | 26,985   |
| <b>Subtotal</b>   | <b>6,859,755</b>                                     | <b>1,714,939</b>                                   | 7,337,557  | 1,834,389  |
| <b>Deferred tax liabilities</b>   |  |  |  |  |
| Unrealised gains on fair value measurement of financial investments at FVTPL  | <b>(186,411)</b>                                     | <b>(46,603)</b>                                    | (326,807)  | (81,702)   |
| Unrealised gains on fair value measurement of financial investments at FVTOCI | <b>(55,180)</b>                                      | <b>(13,795)</b>                                    | (67,517)   | (16,879)   |
| Others  | <b>(102,510)</b>                                     | <b>(25,628)</b>                                    | (107,599)  | (26,900)   |
| <b>Subtotal</b>   | <b>(344,101)</b>                                     | <b>(86,026)</b>                                    | (501,923)  | (125,481)  |
| <b>Net deferred income tax assets</b>   | <b>6,515,654</b>                                     | <b>1,628,913</b>                                   | 6,835,634  | 1,708,908  |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 22. OTHER ASSETS

|   | 30 June<br>2025  | 31 December<br>2024 |
|---|------------------|---------------------|
| Office building prepayment              | 432,603          | 440,646             |
| Clearing and settlement <sup>(5)</sup>  | 322,238          | –                   |
| Right-of-use assets <sup>(1)</sup>      | 102,510          | 107,599             |
| Long-term prepaid expenses              | 79,713           | 51,488              |
| Other receivables                       | 54,497           | 35,260              |
| Foreclosed assets <sup>(2)</sup>        | 31,808           | 54,415              |
| Interest receivable from customer loans | 23,723           | 19,297              |
| Intangible assets <sup>(3)</sup>        | 23,471           | 20,259              |
| Prepaid expenses                        | 15,222           | 18,347              |
| Investment properties <sup>(4)</sup>    | 573              | 573                 |
| Less: Impairment allowance              | (6,976)          | (9,153)             |
| <b>Total</b>                            | <b>1,079,382</b> | <b>738,731</b>      |

### (1) Right-of-use assets

|                                    | Properties |
|------------------------------------|------------|
| <b>Cost</b>                        |            |
| As at 1 January 2025               | 203,217    |
| Additions for the period           | 12,595     |
| Decreases for the period           | (14,130)   |
| As at 30 June 2025                 | 201,682    |
| <b>Accumulated depreciation</b>    |            |
| As at 1 January 2025               | (95,618)   |
| Depreciation charge for the period | (17,684)   |
| Decreases for the period           | 14,130     |
| As at 30 June 2025                 | (99,172)   |
| <b>Net book value</b>              |            |
| As at 30 June 2025                 | 102,510    |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 22. OTHER ASSETS (continued)

### (1) Right-of-use assets (continued)

|                                  | Properties | Office equipments | Total    |
|----------------------------------|------------|-------------------|----------|
| <b>Cost</b>                      |            |                   |          |
| As at 1 January 2024             | 200,865    | 110               | 200,975  |
| Additions for the year           | 13,991     | –                 | 13,991   |
| Decreases for the year           | (11,639)   | (110)             | (11,749) |
| As at 31 December 2024           | 203,217    | –                 | 203,217  |
| <b>Accumulated depreciation</b>  |            |                   |          |
| As at 1 January 2024             | (71,653)   | (99)              | (71,752) |
| Depreciation charge for the year | (35,604)   | (11)              | (35,615) |
| Decreases for the year           | 11,639     | 110               | 11,749   |
| As at 31 December 2024           | (95,618)   | –                 | (95,618) |
| <b>Net book value</b>            |            |                   |          |
| As at 31 December 2024           | 107,599    | –                 | 107,599  |

### (2) Foreclosed assets

|                          | Buildings |
|--------------------------|-----------|
| As at 1 January 2025     | 54,415    |
| Additions for the period | 7,343     |
| Disposals for the period | (29,950)  |
| As at 30 June 2025       | 31,808    |
| As at 1 January 2024     | 324,877   |
| Additions for the year   | 31,347    |
| Disposals for the year   | (301,809) |
| As at 31 December 2024   | 54,415    |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 22. OTHER ASSETS (continued)

### (3) Intangible assets

|                                    | Software |
|------------------------------------|----------|
| <b>Cost</b>                        |          |
| As at 1 January 2025               | 82,886   |
| Additions for the period           | 5,673    |
| As at 30 June 2025                 | 88,559   |
| <b>Accumulated amortisation</b>    |          |
| As at 1 January 2025               | (62,627) |
| Amortisation charge for the period | (2,461)  |
| As at 30 June 2025                 | (65,088) |
| <b>Net book value</b>              | 23,471   |

|   | Software |
|---|----------|
| <b>Cost</b>                             |          |
| As at 1 January 2024                    | 70,941   |
| Additions for the year                  | 3,046    |
| Transfers from Construction in progress | 8,899    |
| As at 31 December 2024                  | 82,886   |
| <b>Accumulated amortisation</b>         |          |
| As at 1 January 2024                    | (51,896) |
| Amortisation charge for the year        | (10,731) |
| As at 31 December 2024                  | (62,627) |
| <b>Net book value</b>                   | 20,259   |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 22. OTHER ASSETS (continued)

### (4) Investment properties

|   | For the<br>period ended<br>30 June<br>2025 | For the<br>year ended<br>31 December<br>2024 |
|---|--|--|
| <b>Cost</b>                                 |  |  |
| Balance at the beginning of the period/year | 11,453                                     | 11,453                                       |
| Addition                                    | –  | –  |
| Balance at the end of the period/year       | 11,453                                     | 11,453                                       |
| <b>Accumulated depreciation</b>             |  |  |
| Balance at the beginning of the period/year | (10,880)                                   | (10,798)                                     |
| Depreciation charge                         | –  | (82)   |
| Balance at the end of the period/year       | (10,880)                                   | (10,880)                                     |
| <b>Net book value</b>                       |  |  |
| Balance at the end of the period/year       | 573  | 573  |

The analysis of the value of investment properties by remaining leasehold period are as follows:

|                              | 30 June<br>2025 | 31 December<br>2024 |
|------------------------------|-----------------|---------------------|
| Located in PRC               |                 |                     |
| Leased out (within 10 years) | 330             | 330                 |
| Held for lease               | 243             | 243                 |
| <b>Total</b>                 | <b>573</b>      | <b>573</b>          |

### (5) The clearing and settlement are balances in the large payment system and UnionPay settlement funds.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 23. DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

|  | 30 June<br>2025  | 31 December<br>2024 |
|--|------------------|---------------------|
| Due to banks and other financial institutions          | 587,928          | 434,910             |
| Repurchase agreements – securities                     | 652,200          | 589,000             |
| Placements from banks and other financial institutions | 1,271,984        | 1,560,397           |
| Accrued interest                                       | 12,757           | 6,874               |
| <b>Total</b>   | <b>2,524,869</b> | <b>2,591,181</b>    |

## 24. CUSTOMER DEPOSITS

|                           | 30 June<br>2025    | 31 December<br>2024 |
|---------------------------|--------------------|---------------------|
| Corporate demand deposits | 50,297,583         | 40,296,213          |
| <i>Including:</i>         |                    |                     |
| <i>Guarantee deposits</i> | 2,470,994          | 1,545,209           |
| Corporate time deposits   | 15,685,793         | 12,256,315          |
| Personal demand deposits  | 19,104,558         | 17,656,345          |
| Personal time deposits    | 66,787,512         | 62,069,911          |
| Accrued interest          | 3,206,414          | 3,035,556           |
| <b>Total</b>              | <b>155,081,860</b> | <b>135,314,340</b>  |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 25. DEBT SECURITIES ISSUED

|  | 30 June<br>2025   | 31 December<br>2024 |
|--|-------------------|---------------------|
| Inter-bank certificates of deposit                   | 10,164,603        | 8,618,991           |
| Fixed rate tier-2 capital debt – 2030 <sup>(a)</sup> | 1,500,000         | 1,500,000           |
| Fixed rate tier-2 capital debt – 2032 <sup>(b)</sup> | 800,000           | 800,000             |
| Fixed rate SME debt – 2027 <sup>(c)</sup>            | 1,800,000         | 1,800,000           |
| Accrued interest                                     | 102,360           | 27,173              |
| <b>Total</b>   | <b>14,366,963</b> | <b>12,746,164</b>   |

- (a) The Bank issued RMB0.8 billion tier-2 capital debt in September 2020. The tenor of this capital debt lasts for 10 years, and the fixed interest rate is 5.00%. The Bank, as an issuer, can choose to redeem the debt in part or for all at the face value on 29 September 2025, the last day of the interest rate year that is set to redeem in advance in this year, if the capital level of the Bank still meets the requirement of former CBIRC requirement after exercising the right of redemption and subject to pre-approval from the National Financial Regulatory Administration Sichuan division (the “NFRA”).

The Bank issued RMB0.7 billion tier-2 capital debt in November 2020. The tenor of this capital debt lasts for 10 years, and the fixed interest rate is 4.80%. The Bank, as an issuer, can choose to redeem the debt in part or for all on at the face value 13 November 2025, the last day of the interest rate year that is set to redeem in advance in this year, if the capital level of the Bank still meets the requirement of former CBIRC requirements after exercising the right of redemption and subject to pre-approval from the NFRA.

- (b) The Bank issued RMB0.8 billion tier-2 capital debt in November 2022. The tenor of this capital debt lasts for 10 years, and the fixed interest rate is 4.60%. The Bank has an option to redeem the debt at the par value partially or as a whole on 1 November 2027, the last day of the interest-bearing year with early redemption option embedded, pre-approval from the NFRA is acquired and the Bank’s capital structure fulfils the former CBIRC requirements on capital if the redemption is exercised.

- (c) The Bank issued RMB1.8 billion special financial debt for loans to small and micro enterprises (the “SME debt”) in November 2024. The term of this SME debt lasts for 3 years, and the fixed interest rate is 2.29%. The Bank has no option to redeem the bond before maturity.

As at 30 June 2025, the Bank did not have overdue principal or interests on debt issued or certificates of deposit, or any other default (as at 31 December 2024: Nil).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 26. OTHER LIABILITIES

|                            | 30 June<br>2025  | 31 December<br>2024 |
|----------------------------|------------------|---------------------|
| Payroll payable            | 588,091          | 614,346             |
| Lease liabilities          | 95,310           | 107,939             |
| Dividends payable          | 342,895          | 16,837              |
| Other payables             | 199,566          | 189,091             |
| Clearing and settlement    | 137,150          | 13,119              |
| Contract liabilities       | 30,657           | 30,657              |
| Provisions                 | 34,985           | 30,131              |
| Security deposits          | 9,965            | 8,457               |
| Custodial ABS fund payable | 7,534            | 64,522              |
| Others                     | 1,719            | 7,587               |
| <b>Total</b>               | <b>1,447,872</b> | <b>1,082,686</b>    |

## 27. SHARE CAPITAL AND CAPITAL SURPLUS

All shares of the Bank issued are fully paid ordinary shares. The par value per share is RMB1.00. The Bank's number of shares is as follows:

|                         | 30 June 2025 and<br>31 December 2024 |
|-------------------------|--------------------------------------|
| Number of shares ('000) | 2,717,752                            |

Generally, transactions of the following nature are recorded in the capital surplus:

- (a) Share premium arising from the issue of shares at prices in excess of their par value;
- (b) Donations received from shareholders; and
- (c) Any other items required by the PRC regulations to be so treated.

Capital surplus can be utilised for increasing capital as approved by the shareholders.

As at 31 December 2024 and 30 June 2025, the Bank's capital surplus was shown as follow:

|               | 31 December<br>2024 | Deduction | 30 June<br>2025  |
|---------------|---------------------|-----------|------------------|
| Share premium | 1,786,355           | (3,176)   | <b>1,783,179</b> |

|               | 31 December<br>2023 | Addition/<br>Deduction | 31 December<br>2024 |
|---------------|---------------------|------------------------|---------------------|
| Share premium | 1,786,355           | –                      | 1,786,355           |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 28. OTHER EQUITY INSTRUMENTS

### 28.1 Perpetual bonds outstanding as at 30 June 2025

|                                 | Issue date  | Accounting classification | Original interest rate | Issue price | Amount in shares | In RMB (in thousands) | Maturity               |
|---------------------------------|-------------|---------------------------|------------------------|-------------|------------------|-----------------------|------------------------|
| 24 Luzhou Bank Perpetual bonds  | 31 Dec 2024 | Equity                    | 2.80%                  | RMB100/bond | 6,000,000        | 600,000               | No fixed maturity date |
| 25 Luzhou Bank Perpetual bonds  | 13 Jun 2025 | Equity                    | 2.75%                  | RMB100/bond | 18,000,000       | 1,800,000             | No fixed maturity date |
| <b>Total</b>                    |             |                           |                        |             |                  | <u>2,400,000</u>      |                        |
| Less: Offering related expenses |             |                           |                        |             |                  | <u>(453)</u>          |                        |
| <b>Carrying amount</b>          |             |                           |                        |             |                  | <u>2,399,547</u>      |                        |

With the approval of relevant Chinese regulatory authorities, the Bank issued perpetual bonds in the inter-bank bond market on 31 December 2024, with a total face value of RMB0.6 billion and a par value of RMB100. The interest rate of the perpetual bonds does not contain any interest rate step-up mechanism or any other redemption incentives. The coupon rate is determined by a benchmark rate plus a fixed spread, and it will be adjusted every 5 years, the coupon rate for the first 5 years is 2.80%.

With the approval of relevant Chinese regulatory authorities, the Bank issued perpetual bonds in the inter-bank bond market on 13 June 2025, with a face value of RMB1.8 billion and a par value of RMB100. The interest rate of the perpetual bonds does not contain any interest rate step-up mechanism or any other redemption incentives. The coupon rate is determined by a benchmark rate plus a fixed spread, and it will be adjusted every 5 years, the coupon rate for the first 5 years is 2.75%.

With the approval of relevant Chinese regulatory authorities, the Bank redeemed perpetual bonds in the inter-bank bond market on 18 March 2025 and 11 June 2025, with a total face value of RMB1.7 billion.

### 28.2 Main clauses

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. After five years from the issuance of the perpetual bonds, the Bank may redeem the perpetual bonds in whole or in part on each distribution payment date. Upon the occurrence of Write-down Event, the Bank has the right, subject to the approval of the National Financial Regulatory Administration Sichuan Bureau but without the need for the consent of the bondholders, to write down whole or part of the aggregate amount of the perpetual bonds. The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

The distributions on the perpetual bonds are non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank will not distribute income to ordinary shareholders until it decides to start paying full distributions to the bondholders.

The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the Additional Tier 1 Capital of the Bank.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 29. OTHER RESERVES

|                               | Surplus<br>reserve <sup>(a)</sup> | General<br>reserve <sup>(b)</sup> | Revaluation<br>reserve of<br>financial<br>assets<br>at FVTOCI | Impairment<br>allowances<br>for financial<br>assets<br>at FVTOCI | Total            |
|-------------------------------|-----------------------------------|-----------------------------------|---|--|------------------|
| <b>As at 1 January 2025</b>   | <b>838,507</b>                    | <b>2,105,856</b>                  | <b>50,636</b>   | <b>17,102</b>  | <b>3,012,101</b> |
| Other comprehensive income    | -                                 | -                                 | (9,252)   | (19,067)   | (28,319)         |
| Addition                      | -                                 | 148,205                           | -   | -  | 148,205          |
| <b>As at 30 June 2025</b>     | <b>838,507</b>                    | <b>2,254,061</b>                  | <b>41,384</b>   | <b>(1,965)</b>   | <b>3,131,987</b> |
| <b>As at 1 January 2024</b>   | <b>710,941</b>                    | <b>1,926,188</b>                  | <b>(11,407)</b>   | <b>101,587</b>   | <b>2,727,309</b> |
| Other comprehensive income    | -                                 | -                                 | 62,043  | (84,485)   | (22,442)         |
| Addition                      | 127,566                           | 179,668                           | -   | -  | 307,234          |
| <b>As at 31 December 2024</b> | <b>838,507</b>                    | <b>2,105,856</b>                  | <b>50,636</b>   | <b>17,102</b>  | <b>3,012,101</b> |

### (a) Surplus reserve

In accordance with “the Company Law of the People’s Republic of China” and the Bank’s Articles of Association, 10% of the net distributable profit of the Bank, is required to be transferred to a non-distributable statutory reserve until such time when this reserve represents 50% of the share capital of the Bank. With approval, statutory surplus reserve can be used for making up losses or increasing the share capital.

### (b) General reserve

The Bank follows “The Administrative Measures for the Provision of Reserves of Financial “(CAIJIN [2012] No. 20) issued by the Ministry of Finance. According to these requirements, the general reserve should not be lower than the 1.5% of the year end risk weighted assets.

On 20 March 2025, the Board of Directors of the Bank proposed that 1.5% of the risk-weighted assets at the end of 2024 should be appropriated to general risk reserve amounting to RMB148.21 million. The proposed resolution has been approved by the Annual General Meeting held on 30 June 2025. As at 30 June 2025, the ending balance of general reserve was RMB2,254,061 thousand (as at 31 December 2024: RMB2,105,856 thousand).



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 30. OTHER COMPREHENSIVE INCOME

|  | Before tax<br>amount | Tax<br>benefit | Net of tax<br>amount |
|--|----------------------|----------------|----------------------|
| For the six months ended 30 June 2025<br>Items that may be reclassified subsequently to<br>profit or loss: |                      |                |                      |
| <i>Changes in fair value of financial investments<br/>measured at FVTOCI</i>                               | (12,336)             | 3,084          | (9,252)              |
| <i>Expected credit losses of financial investments<br/>measured at FVTOCI</i>                              | (25,422)             | 6,355          | (19,067)             |
| <b>Other comprehensive income for the period</b>   | <b>(37,758)</b>      | <b>9,439</b>   | <b>(28,319)</b>      |

|  | Before tax<br>amount | Tax<br>benefit | Net of tax<br>amount |
|--|----------------------|----------------|----------------------|
| For the six months ended 30 June 2024<br>Items that may be reclassified subsequently to<br>profit or loss: |                      |                |                      |
| <i>Changes in fair value of financial investments<br/>measured at FVTOCI</i>                               | 22,249               | (5,562)        | 16,687               |
| <i>Expected credit losses of financial investments<br/>measured at FVTOCI</i>                              | (78,232)             | 19,558         | (58,674)             |
| <b>Other comprehensive income for the period</b>   | <b>(55,983)</b>      | <b>13,996</b>  | <b>(41,987)</b>      |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 31. DIVIDENDS

On 26 March 2025, the Board of Directors of the Bank has proposed a resolution to distribute cash dividend for the year ended 31 December 2024 to shareholders on the basis of RMB1.2 (tax inclusive) for every 10 shares held, totalling RMB326,130 thousand (tax inclusive). The proposed resolution has been approved by the Annual General Meeting held on 30 June 2025 and such dividends payable are reflected in the liabilities of the financial statements.

On 22 March 2024, the Board of Directors of the Bank has proposed a resolution to distribute cash dividends for the year ended 31 December 2023 to shareholders on the basis of RMB0.9 (tax inclusive) for every 10 shares held, totalling RMB244,599 thousand (tax inclusive). The proposed resolution has been approved by the Annual General Meeting held on 22 May 2024 and such distribution was completed during the period ended 31 December 2024.

## 32. NOTES TO STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flow, cash and cash equivalents comprise the following balances with original maturities of less than three months used for the purpose of meeting short-term cash commitments:

|  | 30 June<br>2025  | 31 December<br>2024 |
|--|------------------|---------------------|
| Cash and balances with the central bank                          | 3,301,195        | 3,028,624           |
| Financial assets due from other banks and financial institutions | 1,249,213        | 493,539             |
| <b>Total</b>   | <b>4,550,408</b> | <b>3,522,163</b>    |

## 33. COLLATERALS

### (a) Assets pledged:

Assets pledged by the Bank as collateral are mainly for repurchase agreements and PBOC re-lending. All of these arrangements will be mature within 24 months from the date they took effect (as at 31 December 2024: within 12 months). The carrying amount of these collaterals are listed below:

|                 | 30 June<br>2025  | 31 December<br>2024 |
|-----------------|------------------|---------------------|
| Debt securities | 6,987,753        | 6,359,000           |
| Loans           | 625,500          | 2,264,480           |
| <b>Total</b>    | <b>7,613,253</b> | <b>8,623,480</b>    |

### (b) Collateral accepted:

The Bank received debt securities and inter-bank certificates of deposits as collateral in connection with the reverse repurchase agreements, the Bank has not accepted collateral that can be resold or repledged. The Bank did not hold any collateral as at 30 June 2025 (as at 31 December 2024: RMB210,600 thousand). The Bank did not resell or repledge such collateral.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 34. STRUCTURED ENTITIES

### (a) Consolidated structured entities

| As at 30 June 2025                                      | Book value       | Maximum exposure to loss |
|---|------------------|--------------------------|
| Financial investments – credit related financial assets | 2,803,825        | 2,803,825                |
| Financial investments – amortised cost                  | 628,435          | 628,435                  |
| <b>Total</b>  | <b>3,432,260</b> | <b>3,432,260</b>         |

| As at 31 December 2024                                  | Book value       | Maximum exposure to loss |
|---|------------------|--------------------------|
| Financial investments – credit related financial assets | 2,110,510        | 2,137,127                |
| Financial investments – amortised cost                  | 698,518          | 698,518                  |
| <b>Total</b>  | <b>2,809,028</b> | <b>2,835,645</b>         |

The Bank's interest income obtained from the above-mentioned structured entities are as follows:

|                 | For the six months ended 30 June |         |
|-----------------|----------------------------------|---------|
|                 | 2025                             | 2024    |
| Interest income | 70,803                           | 108,809 |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 34. STRUCTURED ENTITIES (continued)

### (b) Unconsolidated structured entities

#### (i) Unconsolidated structured entities managed by the Bank

The unconsolidated structure entities managed by the Bank are mainly wealth management products issued and managed by the Bank acting as asset manager. Based on the analysis and research on the potential targeted clients, the Bank designs and sells wealth management products to targeted clients, and the raised funds are then put into related financial market or invested in related financial products according to the product contracts. Investment returns would be allocated to investors according to the contract. The Bank receives corresponding wealth management commission fee income as the asset manager. The Bank did not provide any liquidity support to the wealth management products.

The Bank assesses its control on the non-principal-guaranteed wealth management products. The Bank takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interests. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market, the performance of public funds. The risk of loss is borne by the investors. The Bank earns the net fee and commission income from the products, refer to Note 4.

As at 30 June 2025, the balance of unconsolidated wealth management products issued and managed by the Bank was RMB9,216,040 thousand (as at 31 December 2024: RMB9,882,354 thousand).

#### (ii) Unconsolidated structured entities invested by the Bank

In order to increase the return of extra funds, the Bank invests in the unconsolidated structured entities which mainly included the funds and trust plans issued and managed by third parties. The Bank classified the investments in the unconsolidated structured entities as financial assets at FVTPL or amortised cost (for the six months ended 30 June 2024: the unconsolidated structured entities which mainly included the funds and trust plans issued and managed by third parties).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 34. STRUCTURED ENTITIES (continued)

### (b) Unconsolidated structured entities (continued)

#### (ii) Unconsolidated structured entities invested by the Bank (continued)

The table below lists the book value (including accrued interest) and maximum credit risk exposure of the assets as a result of the holdings of benefits from unconsolidated structured entities.

| As at 30 June 2025  | Book value       | Maximum exposure to loss |
|---|------------------|--------------------------|
| Financial investments – fair value through profit or loss | 6,082,673        | 6,082,673                |
| Financial investments – amortised cost                    | 1,882,842        | 1,882,842                |
| <b>Total</b>  | <b>7,965,515</b> | <b>7,965,515</b>         |

| As at 31 December 2024                                    | Book value        | Maximum risk exposure |
|---|-------------------|-----------------------|
| Financial investments – fair value through profit or loss | 10,822,911        | 10,822,911            |
| Financial investments – measured at amortised cost        | 1,737,309         | 1,737,309             |
| <b>Total</b>  | <b>12,560,220</b> | <b>12,560,220</b>     |

For the six months ended 30 June 2025 and 2024, the interest income and net gains on financial investments from the above unconsolidated structured entities were:

|                                    | For the six months ended 30 June |                |
|------------------------------------|----------------------------------|----------------|
|                                    | 2025                             | 2024           |
| Interest income                    | 50,251                           | 25,837         |
| Net gains on financial investments | 93,085                           | 83,138         |
| <b>Total</b>                       | <b>143,336</b>                   | <b>108,975</b> |

For the six months ended 30 June 2025, the Bank has not provided any financial or other support to unconsolidated structured entities managed or invested by the Bank (For the six months ended 30 June 2024: Nil).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 35. COMMITMENTS AND CONTINGENT LIABILITIES

### 35.1 Capital expenditure commitments

|   | 30 June<br>2025 | 31 December<br>2024 |
|---|-----------------|---------------------|
| Contracted but not provided for                 |                 |                     |
| – Acquisition of IT system                      | 195,582         | 168,471             |
| – Capital expenditure commitments for buildings | 121,814         | 129,684             |
|   | 317,396         | 298,155             |
| Authorised but not contracted for               |                 |                     |
| – Acquisition of IT system                      | 2,490           | 37,850              |
| <b>Total</b>                                    | <b>319,886</b>  | <b>336,005</b>      |

### 35.2 Financial guarantees and credit related commitments

The following tables indicate the contractual amounts of the Bank's financial guarantees and credit related commitments which the Bank commits to extend to customers:

|                           | 30 June<br>2025  | 31 December<br>2024 |
|---------------------------|------------------|---------------------|
| Bank acceptance notes     | 1,777,765        | 1,710,036           |
| Guarantees                | 426,350          | 143,447             |
| Letter of credits         | 1,816,596        | 38,425              |
| Business card commitments | 21,469           | 19,582              |
| <b>Total</b>              | <b>4,042,180</b> | <b>1,911,490</b>    |

### 35.3 Legal proceedings

The Bank has involved as defendants in certain lawsuits arising from its normal business operations. The Bank had no outstanding legal claims as at 30 June 2025 (as at 31 December 2024: Nil).



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 36. FIDUCIARY ACTIVITIES

The Bank provides custody and trustee services to third parties. Those assets that are held in a fiduciary capacity are not included in the interim condensed statement of financial position.

|                 | 30 June<br>2025 | 31 December<br>2024 |
|-----------------|-----------------|---------------------|
| Entrusted loans | 1,595,952       | 1,817,482           |

## 37. RELATED PARTY TRANSACTIONS

### 37.1 Related party relationships

The related parties of the Bank mainly include: the major shareholders as well as the entities controlled by them, the key management personnel (including the Bank's directors and senior management) and their family members who have close relationships with them as well as the entities which are controlled, joint controlled or can be significantly influenced by the Bank's key management personnel or their family members.

As at 30 June 2025 and 31 December 2024, the major shareholders of the Bank, holding 5% or more of the equity interest in the Bank, or holding less than 5% of the equity interest of the Bank but able to exercise significant influence over the operation and management of the Bank, were as follows:

| Name of shareholders  | 30 June 2025                             |                   | 31 December 2024                         |                   |
|---|--|-------------------|--|-------------------|
|   | Number of<br>shares held<br>(share '000) | Percentage<br>(%) | Number of<br>shares held<br>(share '000) | Percentage<br>(%) |
| Luzhou Laojiao Group Co., Ltd.                                      | 390,528                                  | 14.37             | 390,528                                  | 14.37             |
| Sichuan Jiale Enterprise Group Co., Ltd.                            | 325,440                                  | 11.97             | 325,440                                  | 11.97             |
| Luzhou Xinfu Mining Group Co., Ltd.                                 | 325,440                                  | 11.97             | 325,440                                  | 11.97             |
| Luzhou Finance Bureau   | 193,854                                  | 7.13              | 193,854                                  | 7.13              |
| Luzhou State Owned Assets Management Co., Ltd.                      | 173,568                                  | 6.39              | 173,568                                  | 6.39              |
| Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.        | 110,059                                  | 4.05              | 110,059                                  | 4.05              |
| Luzhou Industrial Development Investment Group Co., Ltd.            | 88,232                                   | 3.25              | 88,155                                   | 3.24              |
| Luzhou Xinglu Asset Management Co., Ltd.                            | 62,154                                   | 2.29              | 62,154                                   | 2.29              |
| Luzhou Laojiao Co., Ltd.  | 43,392                                   | 1.60              | 43,392                                   | 1.60              |
| Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. | 18,007                                   | 0.66              | 18,007                                   | 0.66              |
| Sichuan Lutianhua Co., Ltd.   | 13,017                                   | 0.48              | 13,017                                   | 0.48              |
| Sichuan Luzhou Jiale Real Estate Co., Ltd.                          | 8,678                                    | 0.32              | 8,678                                    | 0.32              |
| Lutianhua Group Co., Ltd.   | 241                                      | 0.01              | 241                                      | 0.01              |
| <b>Total</b>  | <b>1,752,610</b>                         | <b>64.49</b>      | <b>1,752,533</b>                         | <b>64.48</b>      |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions

Transactions between the Bank and related parties are conducted in accordance with general commercial terms and normal business procedures. The pricing principle is consistent with that of an independent third-party transaction. The related party transactions of the Bank are as follows:

#### (1) Customer loans to related party (including discounted bills)

|                         | 30 June<br>2025  | 31 December<br>2024 |
|-------------------------|------------------|---------------------|
| Major shareholders      | 68,000           | 69,000              |
| Other related companies | 3,479,186        | 3,083,616           |
| Related person          | 18,576           | 19,688              |
| <b>Total</b>            | <b>3,565,762</b> | <b>3,172,304</b>    |

#### (2) Related party loan interest income (including discounted bills)

|                         | For the six months ended 30 June |                |
|-------------------------|----------------------------------|----------------|
|                         | 2025                             | 2024           |
| Major shareholders      | 2,080                            | 11,884         |
| Other related companies | 97,403                           | 97,156         |
| Related person          | 361                              | 429            |
| <b>Total</b>            | <b>99,844</b>                    | <b>109,469</b> |

#### (3) Deposits from related party

|                         | 30 June<br>2025   | 31 December<br>2024 |
|-------------------------|-------------------|---------------------|
| Major shareholders      | 6,382,760         | 8,896,284           |
| Other related companies | 3,661,923         | 3,282,086           |
| Related person          | 270,973           | 272,950             |
| <b>Total</b>            | <b>10,315,656</b> | <b>12,451,320</b>   |

#### (4) Related party deposit interest expense

|                         | For the six months ended 30 June |                |
|-------------------------|----------------------------------|----------------|
|                         | 2025                             | 2024           |
| Major shareholders      | 15,460                           | 92,150         |
| Other related companies | 26,130                           | 14,961         |
| Related person          | 2,049                            | 4,087          |
| <b>Total</b>            | <b>43,639</b>                    | <b>111,198</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions (continued)

#### (5) Other receivables and pre-payments from related party

|                         | 30 June<br>2025 | 31 December<br>2024 |
|-------------------------|-----------------|---------------------|
| Major shareholders      | 70              | 70                  |
| Other related companies | 236             | 40                  |
| <b>Total</b>            | <b>306</b>      | <b>110</b>          |

#### (6) Related party financial investments – fair value through profit or loss

|                         | 30 June<br>2025 | 31 December<br>2024 |
|-------------------------|-----------------|---------------------|
| Major shareholders      | 4,726           | 4,616               |
| Other related companies | 48,968          | 67,079              |
| <b>Total</b>            | <b>53,694</b>   | <b>71,695</b>       |

#### (7) Related party net gains on financial investments – fair value through profit or loss

|                         | For the six months ended 30 June |              |
|-------------------------|----------------------------------|--------------|
|                         | 2025                             | 2024         |
| Major shareholders      | 64                               | 482          |
| Other related companies | 905                              | 4,064        |
| <b>Total</b>            | <b>969</b>                       | <b>4,546</b> |

#### (8) Related party interest income from financial investments – fair value through other comprehensive income

|                         | For the six months ended 30 June |            |
|-------------------------|----------------------------------|------------|
|                         | 2025                             | 2024       |
| Major shareholders      | –                                | 274        |
| Other related companies | –                                | –          |
| <b>Total</b>            | <b>–</b>                         | <b>274</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions (continued)

#### (9) Related party fees commission and income

|                         | For the six months ended 30 June |              |
|-------------------------|----------------------------------|--------------|
|                         | 2025                             | 2024         |
| Other related companies | 319                              | 1,697        |
| Related person          | –                                | 1            |
| <b>Total</b>            | <b>319</b>                       | <b>1,698</b> |

#### (10) Transactions with key management personnel

Key management personnel refer to those who have authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including Directors, Supervisors and Executive Officers.

The Bank enters into banking transactions with key management personnel in the normal course of business. For the six months ended 30 June 2025, there were no material transactions and balances with key management personnel on an individual basis (For the six months ended 30 June 2024: no material).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions (continued)

#### (11) Balance of loan guarantee provided by related parties to the Bank

|   | As at 30 June 2025 |                |                  |
|---|--------------------|----------------|------------------|
|   | Corporate loans    | Personal loans | Total            |
| Luzhou Xinglu Financing Guarantee Group Co., Ltd.         | 1,238,775          | –              | 1,238,775        |
| Luzhou Development Financing Guarantee Co., Ltd.          | 438,407            | –              | 438,407          |
| Luxian Agriculture and SMEs Financing Guarantee Co., Ltd. | 178,200            | 1,800          | 180,000          |
| Luzhou Jintong Financing Guarantee Co., Ltd.              | 142,450            | 9,640          | 152,090          |
| Sichuan Hongxin Financing Guarantee Co., Ltd.             | 39,300             | 9,900          | 49,200           |
| Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.  | 15,500             | –              | 15,500           |
| <b>Total</b>  | <b>2,052,632</b>   | <b>21,340</b>  | <b>2,073,972</b> |

|   | As at 31 December 2024 |                |                  |
|---|------------------------|----------------|------------------|
|   | Corporate loans        | Personal loans | Total            |
| Luzhou Xinglu Financing Guarantee Group Co., Ltd.         | 1,377,180              | –              | 1,377,180        |
| Luzhou Development Financing Guarantee Co., Ltd.          | 422,400                | –              | 422,400          |
| Luzhou Jintong Financing Guarantee Co., Ltd.              | 143,476                | 9,640          | 153,116          |
| Luxian Agriculture and SMEs Financing Guarantee Co., Ltd. | 93,150                 | –              | 93,150           |
| Sichuan Hongxin Financing Guarantee Co., Ltd.             | 56,200                 | 9,900          | 66,100           |
| Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.  | 16,500                 | –              | 16,500           |
| <b>Total</b>  | <b>2,108,906</b>       | <b>19,540</b>  | <b>2,128,446</b> |

For the six months ended 30 June 2025, the fees for the guarantee services provided by the related parties to the borrowers of the Bank shall be paid by the borrowers, and the Bank does not pay any fees to the related parties (for the six months ended 30 June 2024: same).

#### (12) Commitments provided by the Bank to related parties

|                         | 30 June 2025  | 31 December 2024 |
|-------------------------|---------------|------------------|
| Other related companies | 31,485        | 113,374          |
| <b>Total</b>            | <b>31,485</b> | <b>113,374</b>   |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions (continued)

#### (13) Property leasing

Yijia Real Estate Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of ten years from 1 August 2016 to 31 July 2026. The rent of the first half of 2025 is RMB49,248 (The rent of the first half of 2024 is RMB46,888).

Luzhou Xinglu Asset Management Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of five years from 2 May 2021 to 1 May 2026. The rent of the first half of 2025 is RMB118,632 (The rent of the first half of 2024 is RMB112,984).

Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of three years from 1 September 2022 to 31 August 2025. The rent of the first half of 2025 is RMB190,386 (The rent of the first half of 2024 is RMB190,386).

Luzhou Development Asset Management Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of three years from 1 May 2023 to 30 April 2026. The rent of the first half of 2025 is RMB412,080 (The rent of the first half of 2024 is RMB408,000).

On August 29 2024, the Bank entered into a Property Services Agreement (“the Agreement”) with Luzhou LaoJiao Property Services Co., Ltd., (LLPS). Bidders were selected through an open tender process. Under the Agreement, LLPS will provide integrated property services for the Bank’s headquarters office building. The term of the Agreement is three years, and the contract will be signed annually with first year effective from July 24 2024, to July 23 2025. The maximum annual service fee under the Agreement is RMB8,980,000 (tax-inclusive), equivalent to a monthly service fee of RMB748,333.34 (tax-inclusive). Monthly payments will be settled based on the actual number of customer served, not exceeding the monthly service fee cap. The service fee of the first half of 2025 is RMB4,417,455.96 (The service fee of the first half of 2024 is Nil).

#### (14) Government related entities

The transactions between the Bank and government related entities proceed under normal commercial terms and conditions. These transactions mainly include provision of deposits and agency service. The Bank considers that transactions with these entities are activities conducted in the ordinary course of business. The Bank has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government related entities.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 37. RELATED PARTY TRANSACTIONS (continued)

### 37.2 Related party transactions (continued)

#### (15) Others

The above range of transaction interest rates with related parties is listed as follows:

|   | For the six months ended 30 June |             |
|---|----------------------------------|-------------|
|   | 2025                             | 2024        |
| Customer loans  | 2.48%-7.55%                      | 2.83%-7.50% |
| Customer deposits   | 0.20%-4.80%                      | 0.35%-5.23% |
| Financial investments – fair value through other comprehensive income | N/A                              | 5.50%       |
| Financial investments – fair value through profit or loss             | 1.72%-7.00%                      | 5.85%-6.68% |

## 38. SEGMENT ANALYSIS

The Bank's operating segments are business units which provide different financial products and service and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

The Bank has 4 operating segments: corporate banking, retail banking, financial markets, and other categories.

Corporate banking mainly provides corporate customers with financial products and services including deposits and loans.

Retail banking mainly provides individual customers with financial products and services including deposits and loans.

Financial markets mainly perform inter-bank lending and borrowing, bonds investment and re-purchasing activities, etc.

Others are those businesses not included in the above three segments or cannot be allocated with appropriate basis.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 38. SEGMENT ANALYSIS (continued)

|  | For the six months ended 30 June 2025 |                     |                     |                  |                      |
|--|---------------------------------------|---------------------|---------------------|------------------|----------------------|
|  | Corporate banking                     | Retail banking      | Financial market    | Others           | Total                |
| Net interest income/(expenses) from external customers | 2,506,447                             | (813,704)           | 204,280             | –                | 1,897,023            |
| Inter-segment net interest income/(expenses)           | (927,173)                             | 1,101,050           | (173,877)           | –                | –                    |
| <b>Net interest income</b>                             | <b>1,579,274</b>                      | <b>287,346</b>      | <b>30,403</b>       | <b>–</b>         | <b>1,897,023</b>     |
| <b>Net fee and commission income</b>                   | <b>17,308</b>                         | <b>57,429</b>       | <b>3,826</b>        | <b>97</b>        | <b>78,660</b>        |
| Net gains on trading activities                        | –                                     | –                   | 321,174             | –                | 321,174              |
| Net gains on financial investments                     | –                                     | –                   | 88,745              | –                | 88,745               |
| Other operating income                                 | 95                                    | –                   | –                   | 37,078           | 37,173               |
| <b>Operating income</b>                                | <b>1,596,677</b>                      | <b>344,775</b>      | <b>444,148</b>      | <b>37,175</b>    | <b>2,422,775</b>     |
| Operating expense                                      | (666,985)                             | (86,592)            | (206,307)           | (8,370)          | (968,254)            |
| – Depreciation and amortisation                        | (54,789)                              | (9,760)             | (33,927)            | (851)            | (99,327)             |
| – Others   | (612,196)                             | (76,832)            | (172,380)           | (7,519)          | (868,927)            |
| Expected credit losses                                 | (307,384)                             | (149,306)           | 242,224             | (291)            | (214,757)            |
| Other assets impairment losses                         | (577)                                 | (73)                | (163)               | (7)              | (820)                |
| Share of profit of an associate                        | –                                     | –                   | –                   | 982              | 982                  |
| <b>Profit before income tax</b>                        | <b>621,731</b>                        | <b>108,804</b>      | <b>479,902</b>      | <b>29,489</b>    | <b>1,239,926</b>     |
| <b>Capital expenditure</b>                             | <b>162,180</b>                        | <b>38,508</b>       | <b>116,220</b>      | <b>2,978</b>     | <b>319,886</b>       |
| <b>As at 30 June 2025</b>                              |                                       |                     |                     |                  |                      |
| <b>Segment assets</b>                                  | <b>106,046,906</b>                    | <b>18,891,894</b>   | <b>65,667,452</b>   | <b>1,647,510</b> | <b>192,253,762</b>   |
| <b>Segment liabilities</b>                             | <b>(67,556,352)</b>                   | <b>(88,808,953)</b> | <b>(22,877,439)</b> | <b>(18,007)</b>  | <b>(179,260,751)</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 38. SEGMENT ANALYSIS (continued)

|  | For the six months ended 30 June 2024 |                     |                     |                  |                      |
|--|---------------------------------------|---------------------|---------------------|------------------|----------------------|
|  | Corporate banking                     | Retail banking      | Financial market    | Others           | Total                |
| Net interest income/(expenses) from external customers | 2,296,322                             | (761,164)           | 222,522             | –                | 1,757,680            |
| Inter-segment net interest (expenses)/income           | (868,148)                             | 1,015,592           | (147,444)           | –                | –                    |
| <b>Net interest income</b>                             | <b>1,428,174</b>                      | <b>254,428</b>      | <b>75,078</b>       | <b>–</b>         | <b>1,757,680</b>     |
| <b>Net fee and commission income</b>                   | <b>9,319</b>                          | <b>68,785</b>       | <b>4,406</b>        | <b>82</b>        | <b>82,592</b>        |
| Net gains on trading activities                        | –                                     | –                   | 492,091             | –                | 492,091              |
| Net gains on financial investments                     | –                                     | –                   | 197,435             | –                | 197,435              |
| Other operating income                                 | 294,603                               | –                   | –                   | 11,507           | 306,110              |
| <b>Operating income</b>                                | <b>1,732,096</b>                      | <b>323,213</b>      | <b>769,010</b>      | <b>11,589</b>    | <b>2,835,908</b>     |
| Operating expense                                      | (573,153)                             | (86,629)            | (235,322)           | (2,965)          | (898,069)            |
| – Depreciation and amortisation                        | (45,483)                              | (10,418)            | (28,155)            | (832)            | (84,888)             |
| – Others   | (527,670)                             | (76,211)            | (207,167)           | (2,133)          | (813,181)            |
| Expected credit losses                                 | (557,731)                             | (119,336)           | (226,471)           | (237)            | (903,775)            |
| Other assets impairment losses                         | –                                     | –                   | –                   | (34)             | (34)                 |
| Share of profit of an associate                        | –                                     | –                   | –                   | 1,103            | 1,103                |
| <b>Profit before income tax</b>                        | <b>601,212</b>                        | <b>117,248</b>      | <b>307,217</b>      | <b>9,456</b>     | <b>1,035,133</b>     |
| <b>Capital expenditure</b>                             | <b>112,638</b>                        | <b>25,801</b>       | <b>69,722</b>       | <b>2,060</b>     | <b>210,221</b>       |
| As at 31 December 2024                                 |                                       |                     |                     |                  |                      |
| <b>Segment assets</b>                                  | <b>90,871,348</b>                     | <b>19,235,619</b>   | <b>59,121,654</b>   | <b>1,770,951</b> | <b>170,999,572</b>   |
| <b>Segment liabilities</b>                             | <b>(53,755,170)</b>                   | <b>(82,621,803)</b> | <b>(22,061,785)</b> | <b>(120,410)</b> | <b>(158,559,168)</b> |

There is no high reliance of the Bank to any of the major external customers.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT

### Overview

The Bank's activities are exposed to a variety of financial risks, primarily including credit risk, market risk (including foreign exchange risk, interest risk and other price risk), and liquidity risk. The financial risk management involves analysis, evaluation, acceptance and management of different degrees of risks and combination of them. Taking risks is the core characteristic of the financial business, and facing risks will be inevitable when doing such business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, to monitor the risks and to control the limits with reliable and constantly updated systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is the ultimate authority for the Bank's overall risk management, responsible for final risk management, reviewing and approving risk management strategies and measures, supervising risk management and internal control systems, and evaluating overall risks based on monitoring information and risk reports from senior management. Senior management is responsible for the Bank's overall risk management, including the formulation and implementation of risk management policies and procedures, covering credit risk, interest risk, liquidity risk and foreign exchange risk. The risk management committee is in charge of the Bank's overall risk management structure, policies and tools, and monitors the risk management.

### 39.1 Credit risk

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Bank's portfolio could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar industry or geographical segments. Credit exposures arise principally from customer loans, debt securities and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as bank acceptances notes, letters of credit, guarantees and business card commitments.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.1 Credit risk measurement

##### (a) Credit business

The Bank measures and manages the quality of its credit assets in accordance with *Measures for the Risk Classification of Financial Assets of Commercial Bank* and *Guidelines of Risk Classification of Micro Enterprises loans (Trial Implementation)* issued by the former CBIRC and People's Bank of China (PBOC). The classification of loans is based on the borrowers' repayment ability, repayment history, willingness of repayment, guarantee of loans, legal responsibility, and loan administration. *Measures for the Risk Classification of Financial Assets of Commercial Bank* requires financial institutions to classify their credit assets into five categories, namely pass, special mention, substandard, doubtful and loss, of which the last three categories are non-performing loans. For personal loans and small and micro enterprise with remaining balance of less than RMB10 million, the number of overdue days is also an important indicator for classification.

The core definitions of credit asset classifications in *Measures for the Risk Classification of Financial Assets of Commercial Bank* are as follows:

**Pass:** The borrower can fulfil the contracts, and there is no objective evidence to suspect that the principal, interest and earnings cannot be repaid in full and on time.

**Special mention:** The borrower has the ability to make payments for the principal, interest and earnings, although there are factors that could have adverse impact on their ability to fulfill the contracts.

**Substandard:** The borrower is unable to repay the principal, interest, or earnings in full, or the financial asset is subjected to credit impairment.

**Doubtful:** The borrower is unable to repay the principal, interest, or earnings in full, and the financial asset has experienced significant credit impairment.

**Loss:** After taking all possible measures, the recovery of financial asset is likely to be little or nil.

Risk Management Department coordinates the classification of loans. The classification of loans is performed by the principle of regular comprehensive classification and timely adjustment. The responsible departments perform initial classification, after which Credit Management Department, Key Customers Business Department, Risk Compliance Department of Chengdu Branch, Huirongtong Small Micro Loan Center and Risk Compliance Office of IT Innovation Center perform initial review on the classifications proposed by respective departments. Risk Management Department summarises the classification information reviewed by the related departments, conducts secondary review and reports the classification results and all relevant information to Risk Management Committee for final approval. The classification of loans is monitored and adjusted through related credit management system.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.1 Credit risk measurement (continued)

##### (b) *Financial market business*

For treasury business (including debt investments), the Bank chooses banks and other financial institutions prudently, balances the credit risk and return rate of investments, makes reference to internal and external credit rating information, and adheres to the principles of “implementing unified credit granting, reasonably verifying, managing in category and conducting real-time monitoring”, aiming to manage the credit risk exposed to the treasury business.

For debt securities investments, unified credit granting management is responsible for managing the credit risk exposed to debt securities investments. The external credit rating result of debt securities investments is a key component of debt securities investments credit risk management to enhance credit risk control. The Bank performs unified credit granting review and approval and exposure management to the bond issuers invested. Debt investments other than debt securities include investments in trust and asset management plans and securities investment funds. The Bank implements a rating system for accepting trust companies, securities companies and fund companies, sets credit limits for ultimate borrowers of trust plans and ultimate borrowers of targeted asset management plans, and carries out follow-up risk management on a regular basis.

The Bank manages the credit quality of due from, placements with banks and other financial institutions with considering the size, financial position and the external credit rating of the banks and financial institutions. The head office monitors and reviews the credit risk of counterparty banks and other financial institutions periodically and manages them with limit exposures.





# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.2 Risk limit control and mitigation policies

##### (a) Credit business

The Bank takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Bank's credit risk includes the following: credit policy stipulating, pre-credit investigation, risk assessment, collateral assessment, examination and approval of credit, draw-down, post-loan management, management on non-performing loans, due-diligence on non-performing loans.

The Bank has established a unified credit granting management for key customers. Once the maximum exposure of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Bank at any time before it obtains new credit limit.

The Bank takes action to strengthen controls over credit risk in relation to group customer and related party customer. The Bank places limits in relation to key group customers to control credit risk. The committee of related party transactions is set up under the Board to manage controls on related party transaction.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is also a common practice.

Except for few customers with excellent quality, the Bank requires the borrowers to provide credit enhancements for loans. The types of credit enhancements mainly include collateral, pledge and guarantee. The detailed collateral type and amount is determined by credit risk of counterparty or customers.

The Bank employs a range of asset valuation companies to value the collaterals. The Bank generally accepts assets whose value are clear as collaterals, such as deposit receipt and real estate.

##### (b) Treasury business

The Bank manages treasury business with hierarchical authorisation for different business types such as purchase, distribution, trade and repurchase of debt securities.

The Bank conducts necessary assessments on the risk status and loss of trading investment bonds. The Bank sets stop-loss point based on analysis of trend of macroeconomic situation and monetary policy. The Bank manages the credit risk exposures of inter-bank borrowing and lending strictly within the limit of regulation and credit authorisation. The Bank conducts approvals strictly on a case-by-case basis within the authorised limit.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.2 Risk limit control and mitigation policies (continued)

##### (b) Treasury business (continued)

The debt securities traders, as timely monitors of changes in market interest rates, regularly review and monitor the changes of market interest and report the situation of debt securities to head office relevant department. If there is any volatility of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for security investment will arrange head office relevant department to conclude an emergency plan. The debt trader will react according to the plan.

#### 39.1.3 Collateral and guarantee

The Bank has a range of policies and practices intended to mitigate credit risk. The most useful and common practice is to accept collaterals. The Bank implements guidelines on the acceptability of specific type of collateral. The bank differentiates maximum loan-to-value ratio taking into account type and liquidity of collaterals. The follow-up management of the collateral is carried out by the related business management department. The principal types of collateral and maximum loan-to-value ratio are as follows:

| Type of Collateral  | Maximum loan-to-value ratio |
|---|-----------------------------|
| <b>Collaterals</b>  |                             |
| Residential and commercial properties   | 60%                         |
| Land use rights for commercial, residential and comprehensive use   | 50%                         |
| Land use rights for industrial use  | 40%                         |
| Warehouses, industrial, educational and medical facilities and office in non-urban area                   | 40%                         |
| Forestry, trees and woodland usage rights   | 40%                         |
| Construction in progress  | 50%                         |
| <b>Pledges</b>  |                             |
| Security deposits   | 100%                        |
| Certificates of deposit issued by the Bank or other banks (including electronic certificates of deposits) | 90%                         |
| Treasury bonds, bank cheques and bank acceptance notes  | 90%                         |
| Commercial acceptance notes   | 80%                         |
| Debt securities issued by corporations with rating of AA or above   | 50%                         |
| Stocks and equities   | 50%                         |
| Warehouse receipts and bills of lading  | 50%                         |
| Receivables   | 50%                         |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.3 Collateral and guarantee (continued)

Residential mortgages are generally collateralised by residential properties. Other loans are collateralised according to the nature of the loan.

For loans guaranteed by a third-party guarantor, the Bank will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collateral held as security for financial assets other than customer loans is determined by the nature of the instrument. Debt securities, treasury bonds and other eligible notes are generally unsecured, with the exception of certain asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Bank is obligated to return are disclosed in Note 33.

#### 39.1.4 Policies of expected credit losses

Expected credit losses is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit losses are the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all cash flows expected to be received by the Bank discounted at the original effective interest rate, i.e. the present value of all cash shortfalls. In accordance with IFRS 9, the Bank classified the financial instruments into three stages. Stage 1 defines as *the credit risk has not significantly increased since initial recognition*, which needs to measure ECLs over the next 12 months. If the remaining maturity is less than 12 months, the Bank only needs to measure ECLs for the remaining maturity. Stage 2 includes *financial instruments that have had significant increase in credit risk since initial recognition*. Stage 3 includes *credit-impaired* financial assets. Lifetime ECLs are recognised for those financial instruments in stage 2 and stage 3.

The Bank accounts for and recognises ECL allowance on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments, and financial guarantee contracts not measured at fair value through profit or loss.

#### *Risk grouping*

The Bank classifies risk grouping by considering different business natures and customer types, industry distributions of the Bank's assets, changes in the industry non-performing ratios and types of retail business products through available historical, current and forward-looking information.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.4 Policies of expected credit losses (continued)

##### *Classification of stages*

According to IFRS 9, 3-stage classification criteria need to be clearly specified. Financial instruments whose *credit risk has not significantly increased since initial recognition* are classified in stage 1 and the 12-month ECL is calculated. If *significant increase in credit risk since initial recognition* is identified, the financial instrument will be moved to stage 2 and the lifetime ECL is calculated. If the financial instrument is *credit-impaired*, the financial instrument will be moved to stage 3. The detailed classification criteria have been set up, taking into consideration the overdue days, etc.

The stages are transferable. For example, when the credit risk of financial instruments classified in stage 1 significantly increases, they will be transferred to stage 2.

##### (1) *Financial assets with significant increase in credit risk*

When triggering one or more of the following quantitative or qualitative criteria, the Bank determines that the credit risk of financial instruments has increased significantly.

##### Quantitative criteria

- The principal or interest of the contract is overdue for more than 30 days, but less than 90 days.
- The five-category classification is “special mention”.
- The debtor’s external credit rating (bond rating or bond issuer rating) has been downgraded to BBB or below.
- The debt has been extended, exclude credit risk exposure that credit risk has not significantly increased with the Bank approval.

##### Qualitative criteria

- Changes in the economic, technological or legal environment in which the debtor is operating at the present time or in the near future, thereby having negative impacts on the debtor’s repayment ability.
- Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which reflect growing potential risk and financial assets which could cause losses to the Bank.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.4 Policies of expected credit losses (continued)

##### *Classification of stages (continued)*

##### *(2) Definition of default and credit-impaired*

When a financial instrument meets one or more of the following conditions, the Bank considers the financial asset as being defaulted. The same set of criteria is also applicable to the definition of credit-impaired.

##### Quantitative criteria

- The principal or interest of the contract is overdue for more than 90 days.
- The five-category classifications are “substandard”, “doubtful” or “loss”.
- The debtor’s external credit rating (bond rating or bond issuer rating) has been downgraded to C or below.

##### Qualitative criteria

- The debtor is likely to go bankrupt or carry out other financial restructuring.
- The Bank has made concessions to the debtor in financial difficulty for economic or legal reasons.
- The issuer of financial instruments held by the Bank has serious financial difficulties.
- The market of related financial instruments is deserted due to the debtor’s financial difficulty.
- It is becoming probable that the debtor will go bankrupt.

The above criteria apply to all financial instruments of the Bank. The definition of default is consistently applied to the calculation of the Bank’s ECL, including model construction of the probability of default (PD), exposure at default (EAD), and loss given default (LGD).

Financial assets can be transferred between stages. However, restrictions are set for up-stage transfer of corporate business. Credit exposures in stage 3 should only be transferred to stage 2 if the debtor has met the repayment schedule for at least six months and is expected to demonstrate such payment behaviour in the future. Stage 3 credit exposures should not be transferred directly to stage 1.



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.4 Policies of expected credit losses (continued)

##### *Classification of stages (continued)*

(3) *Measurement of expected credit losses and explanation of parameters, assumptions and estimation techniques*

Depending on whether there is a significant increase in credit risk and whether the assets have been credit-impaired, the Bank will measure the ECL for different assets for 12 months or the entire life of the asset. ECL is the product of PD, EAD and LGD after term adjustment and discount. Related definitions are as follows.

Probability of default (PD) refers to the probability that the debtor will not be able to fulfil his obligations in the next 12 months or throughout the remaining maturity. The Bank builds the migration matrix based on historical data to calculate the 12-month probability of default and derives the lifetime default probability from the 12-month probability of default through the Markov chain model.

Loss given default (LGD) is the percentage of risk exposure losses at the time of default. The LGD varies depending on the type of counterparty and the availability of collateral or other credit support.

Exposure at default (EAD) refers to the amount that the Bank should be reimbursed when the default occurs in the next 12 months or throughout the remaining maturity. The Bank's EAD is determined by the expected repayment arrangements, and varies for different types of products. For repayments by instalments and one-time repayments, the Bank determines the EAD according to the repayment plan stipulated in the contract.

The Bank determines the ECL by forecasting the PD, LGD and EAD of every single debt. The Bank multiplies the three items. This approach can effectively calculate the ECLs for future periods, then discount the results of each period to the report date and add up. The discount rate used in the ECL calculation is the effective interest rate or its approximate rate.

(4) *Establishment of impairment model*

The Bank has established macro-economic forecast model, with reference to external economic forecasts. The Bank conducts forecasts regularly and establishes three possible economic scenarios: optimistic, basic and pessimistic. Basic scenario is defined as the most probable situation, which sets the benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than basic scenario respectively.

The impairment model is established using a top-down approach. The Bank has developed several corporate, retail, and inter-bank impairment models, including regression models for different macro-economic indicators such as gross domestic product (GDP), consumer price index (CPI), cumulative fixed asset investment completion amount year-on-year, and uses MERTON formula and historical default information to make adjustments to PD which ensures the provision calculation is "forward-looking".

For asset portfolios that impairment model cannot be established, for example, when customers' default rate is extremely low or assets without an appropriate internal data method, the Bank mainly uses estimates derived from external rating or expected losses rate of similar portfolios.





# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.4 Policies of expected credit losses (continued)

##### *Classification of stages (continued)*

##### *(4) Establishment of impairment model (continued)*

ECL calculation involves forward-looking information. The Bank identifies the key economic indicators affecting the credit risk and ECL of each asset portfolio, through historical data analysis.

These economic indicators and their impact on PD differ for different financial instruments, which involve professional judgments. The Bank annually makes forecasts on these economic indicators (“basic economic scenarios”) and provides the best economic forecasts for the next two years. The Bank believes that the economic indicators from two years later to the end of the maturity of financial instruments tend to maintain average or average growth, and thus uses the mean regression method. The impact of these economic variables on the PD has been determined by performing MERTON model analysis to understand the impact of historical changes on PD, EAD and LGD.

The Bank reviews the key parameters and assumptions used in the ECL calculation annually, taking into account external economic developments, industry changes and regional risks, and makes necessary updates and adjustments.

The Bank sets other possible scenarios and scenario weightings according to external data. Based on the analysis for each major portfolio and the number of scenarios, the Bank keeps their non-linear characteristics. The Bank reassesses the number and characteristics of scenarios annually. On 30 June 2025, the Bank’s three scenarios (basic, optimistic and pessimistic) can properly reflect the non-linear characteristics of each portfolio. The Bank determines scenario weightings through statistical analysis and professional credit judgment, and also considers the possible range of outcomes represented by scenarios. The Bank recognises the 12-month or lifetime ECL for financial instruments in stage 1, 2, and 3. The Bank measures the weighted-average ECL allowance for 12-month (stage 1) and weighted-average ECL for lifetime (stage 2 and stage 3), which is calculated by multiplying the ECL under each scenario by their weightings respectively, rather than by weighting the parameters. On 30 June 2025, the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism (31 December 2024: the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.5 Maximum exposure to credit risk

##### (a) *Maximum exposure to credit risk – Financial instruments subject to impairment*

The credit risk exposure of financial instruments included in the scope of expected credit loss assessment is as follow. The book value of the following financial assets represents the maximum credit risk exposure of this Bank for these assets.

|   | As at 30 June 2025 |                  |                  |                    |
|---|--------------------|------------------|------------------|--------------------|
|   | Stage 1            | Stage 2          | Stage 3          | Total              |
| <b>Assets</b>   |                    |                  |                  |                    |
| Balances with the central bank  | 11,201,771         | –                | –                | 11,201,771         |
| Due from and placements with banks and other financial institutions               | 1,572,590          | –                | –                | 1,572,590          |
| Customer loans  | 109,051,593        | 2,422,536        | 426,100          | 111,900,229        |
| Financial investments – credit related financial assets                           | 2,657,845          | –                | 145,980          | 2,803,825          |
| Financial investments – measured at fair value through other comprehensive income | 4,617,080          | –                | –                | 4,617,080          |
| Financial investments – measured at amortised cost                                | 20,062,205         | 82,935           | 493,392          | 20,638,532         |
| Other financial assets  | 54,428             | 7,204            | 15,849           | 77,481             |
| <b>Total</b>  | <b>149,217,512</b> | <b>2,512,675</b> | <b>1,081,321</b> | <b>152,811,508</b> |
| <b>Off balance sheet guarantees and commitments</b>                               | <b>4,042,180</b>   | <b>–</b>         | <b>–</b>         | <b>4,042,180</b>   |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.5 Maximum exposure to credit risk (continued)

##### (a) Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

|   | As at 31 December 2024 |                  |                  |                    |
|---|------------------------|------------------|------------------|--------------------|
|   | Stage 1                | Stage 2          | Stage 3          | Total              |
| <b>Assets</b>   |                        |                  |                  |                    |
| Balances with the central bank  | 10,130,289             | –                | –                | 10,130,289         |
| Due from and placements with banks and other financial institutions               | 729,137                | –                | –                | 729,137            |
| Customer loans  | 95,412,764             | 2,665,849        | 506,422          | 98,585,035         |
| Financial investments – credit related financial assets                           | 1,777,214              | –                | 333,296          | 2,110,510          |
| Financial investments – measured at fair value through other comprehensive income | 3,349,139              | –                | –                | 3,349,139          |
| Financial investments – measured at amortised cost                                | 18,992,944             | 87,718           | 483,353          | 19,564,015         |
| Other financial assets  | 39,938                 | 5,263            | 8,827            | 54,028             |
| <b>Total</b>  | <b>130,431,425</b>     | <b>2,758,830</b> | <b>1,331,898</b> | <b>134,522,153</b> |
| <b>Off balance sheet guarantees and commitments</b>                               | <b>1,911,490</b>       | <b>–</b>         | <b>–</b>         | <b>1,911,490</b>   |

##### (b) Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

|   | 30 June 2025      | 31 December 2024  |
|---|-------------------|-------------------|
| <b>Asset</b>  |                   |                   |
| Financial investments – measured at fair value through profit or loss |                   |                   |
| – Bond investments  | 29,452,936        | 22,010,243        |
| – Mutual fund investments   | 5,125,284         | 9,725,797         |
| – Trust plans   | 957,389           | 1,097,196         |
| <b>Total</b>  | <b>35,535,609</b> | <b>32,833,236</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.6 Customer loans

|                                    | As at 30 June 2025 |                   |                  | Total              |
|------------------------------------|--------------------|-------------------|------------------|--------------------|
|                                    | Corporate loans    | Personal loans    | Discounted bills |                    |
| Stage 1                            | 99,596,342         | 12,185,465        | 200,262          | 111,982,069        |
| Stage 2                            | 3,339,704          | 123,343           | –                | 3,463,047          |
| Stage 3                            | 847,851            | 536,528           | –                | 1,384,379          |
| <b>Total</b>                       | <b>103,783,897</b> | <b>12,845,336</b> | <b>200,262</b>   | <b>116,829,495</b> |
| Accrued interest                   | 653,964            | 110,137           | –                | 764,101            |
| Less: ECL allowance <sup>(i)</sup> | (4,959,819)        | (733,548)         | –                | (5,693,367)        |
| <b>Net amount</b>                  | <b>99,478,042</b>  | <b>12,221,925</b> | <b>200,262</b>   | <b>111,900,229</b> |

|                                    | As at 31 December 2024 |                   |                  | Total              |
|------------------------------------|------------------------|-------------------|------------------|--------------------|
|                                    | Corporate loans        | Personal loans    | Discounted bills |                    |
| Stage 1                            | 84,971,473             | 12,810,795        | 202,219          | 97,984,487         |
| Stage 2                            | 3,748,323              | 129,471           | –                | 3,877,794          |
| Stage 3                            | 916,197                | 492,192           | –                | 1,408,389          |
| <b>Total</b>                       | <b>89,635,993</b>      | <b>13,432,458</b> | <b>202,219</b>   | <b>103,270,670</b> |
| Accrued Interest                   | 557,815                | 99,088            | –                | 656,903            |
| Less: ECL allowance <sup>(i)</sup> | (4,643,219)            | (699,319)         | –                | (5,342,538)        |
| <b>Net amount</b>                  | <b>85,550,589</b>      | <b>12,832,227</b> | <b>202,219</b>   | <b>98,585,035</b>  |

(i) As at 30 June 2025, ECL allowance recognised by the Bank for Discounted bills – FVTOCI was RMB3,822 thousand (as at 31 December 2024: RMB3,905 thousand).

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.6 Customer loans (continued)

##### (a) Stage-3 collateralised and pledged loans

|                                  | 30 June 2025    |                               | 31 December 2024 |                               |
|----------------------------------|-----------------|-------------------------------|------------------|-------------------------------|
|                                  | Carrying amount | Fair value of collateral held | Carrying amount  | Fair value of collateral held |
| Credit-impaired assets (Stage 3) |                 |                               |                  |                               |
| Customer loans                   |                 |                               |                  |                               |
| – Corporate loans                | 91,817          | 228,054                       | 154,827          | 243,224                       |
| – Personal loans                 | 74,987          | 117,425                       | 76,396           | 101,777                       |
| <b>Total</b>                     | <b>166,804</b>  | <b>345,479</b>                | <b>231,223</b>   | <b>345,001</b>                |

The fair value of collaterals is estimated based on the latest available external valuations, the realisation experience of the current collaterals and the market conditions.

##### (b) Restructured customer loans

Restructuring activities include rescheduled restructuring plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue to be made. These policies are under regular review. Restructuring is most commonly applied to term loans, in particular mid-term and long-term loans.

|                             | 30 June 2025 | 31 December 2024 |
|-----------------------------|--------------|------------------|
| Restructured customer loans | 341,036      | 405,869          |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.6 Customer loans (continued)

##### (c) Overdue customer loans by security and overdue date

| As at 30 June 2025   | Overdue for<br>1 to 90 days | Overdue for<br>90 days<br>to 1 year | Overdue for<br>1 to 3 years | Overdue for<br>over 3 years | Total            |
|----------------------|-----------------------------|-------------------------------------|-----------------------------|-----------------------------|------------------|
| Unsecured loans      | 109,193                     | 189,066                             | 95,627                      | 4,813                       | 398,699          |
| Guaranteed loans     | 378,881                     | 40,474                              | 14,025                      | 200,000                     | 633,380          |
| Collateralised loans | 119,686                     | 203,933                             | 403,363                     | 25,613                      | 752,595          |
| Pledged loans        | 1,392                       | 1,944                               | 10                          | 8                           | 3,354            |
| <b>Total</b>         | <b>609,152</b>              | <b>435,417</b>                      | <b>513,025</b>              | <b>230,434</b>              | <b>1,788,028</b> |

| As at 31 December 2024 | Overdue for<br>1 to 90 days | Overdue for<br>90 days<br>to 1 year | Overdue for<br>1 to 3 years | Overdue for<br>over 3 years | Total            |
|------------------------|-----------------------------|-------------------------------------|-----------------------------|-----------------------------|------------------|
| Unsecured loans        | 83,436                      | 204,757                             | 52,852                      | 1,986                       | 343,031          |
| Guaranteed loans       | 197,317                     | 17,575                              | 44,032                      | 200,000                     | 458,924          |
| Collateralised loans   | 221,869                     | 246,632                             | 265,037                     | 11,194                      | 744,732          |
| Pledged loans          | 1,482                       | 1,991                               | 113                         | 8                           | 3,594            |
| <b>Total</b>           | <b>504,104</b>              | <b>470,955</b>                      | <b>362,034</b>              | <b>213,188</b>              | <b>1,550,281</b> |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.6 Customer loans (continued)

(d) *Concentration risks analysis for customer loans (gross) by industry sectors:*

|   | 30 June 2025       |               | 31 December 2024   |               |
|---|--------------------|---------------|--------------------|---------------|
|   | Amount             | %             | Amount             | %             |
| <b>Corporate loans</b>                                    |                    |               |                    |               |
| Leasing and commercial services                           | 35,613,768         | 30.29         | 30,329,828         | 29.18         |
| Construction  | 34,522,607         | 29.36         | 31,802,235         | 30.60         |
| Wholesale and retail trade                                | 14,264,920         | 12.14         | 9,723,067          | 9.37          |
| Real estate   | 7,867,678          | 6.69          | 8,056,124          | 7.75          |
| Manufacturing   | 2,380,356          | 2.02          | 1,910,400          | 1.85          |
| Scientific research and technology services               | 1,812,747          | 1.54          | 1,399,889          | 1.35          |
| Water, environment and public utility management          | 1,469,938          | 1.25          | 1,373,235          | 1.32          |
| Financial services  | 1,386,253          | 1.18          | 1,424,460          | 1.37          |
| Transportation, warehousing and postage service           | 1,336,527          | 1.14          | 1,315,734          | 1.27          |
| Information transmission, software and IT services        | 815,162            | 0.69          | 707,574            | 0.68          |
| Accommodation and catering                                | 811,189            | 0.69          | 488,574            | 0.47          |
| Production and supply of electricity, heat, gas and water | 582,160            | 0.50          | 470,600            | 0.45          |
| Agriculture, forestry, animal husbandry and fishery       | 398,878            | 0.34          | 293,653            | 0.28          |
| Education   | 167,050            | 0.14          | 111,050            | 0.11          |
| Household, maintenance and other services                 | 142,694            | 0.12          | 51,417             | 0.05          |
| Culture, sports and entertainment                         | 110,917            | 0.09          | 97,900             | 0.09          |
| Sanitation and social work                                | 72,794             | 0.06          | 36,205             | 0.03          |
| Mining  | 28,259             | 0.02          | 44,048             | 0.04          |
| Discounted bills  | 200,262            | 0.17          | 202,219            | 0.19          |
| <b>Total corporate loans</b>                              | <b>103,984,159</b> | <b>88.43</b>  | <b>89,838,212</b>  | <b>86.45</b>  |
| Personal business loans                                   | 9,193,731          | 7.81          | 9,304,998          | 8.95          |
| Residential mortgage loans                                | 2,092,615          | 1.78          | 2,247,679          | 2.16          |
| Personal consumption loans                                | 1,558,990          | 1.33          | 1,879,781          | 1.81          |
| <b>Total personal loans</b>                               | <b>12,845,336</b>  | <b>10.92</b>  | <b>13,432,458</b>  | <b>12.92</b>  |
| Accrued interest  | 764,101            | 0.65          | 656,903            | 0.63          |
| <b>Total customer loans excluding ECL allowance</b>       | <b>117,593,596</b> | <b>100.00</b> | <b>103,927,573</b> | <b>100.00</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.6 Customer loans (continued)

##### (e) Types of collateral analysis

Analysis for customer loans (gross) by types of collateral:

|                      | 30 June<br>2025    | 31 December<br>2024 |
|----------------------|--------------------|---------------------|
| Unsecured loans      | 44,387,361         | 37,518,989          |
| Guaranteed loans     | 58,010,526         | 49,914,638          |
| Collateralised loans | 12,091,933         | 12,834,062          |
| Pledged loans        | 2,339,675          | 3,002,981           |
| Accrued interest     | 764,101            | 656,903             |
| <b>Total</b>         | <b>117,593,596</b> | <b>103,927,573</b>  |

#### 39.1.7 Investment securities

As at 30 June 2025 and 31 December 2024, RMB securities are rated by domestic rating agencies.

The rating results of investment securities as following:

|                                    | As at 30 June 2025   |   |  |                   |
|------------------------------------|--|---|--|-------------------|
|                                    | Financial<br>investments –<br>measured at<br>fair value<br>through<br>profit or loss | Financial<br>investments –<br>measured at<br>FVTOCI | Financial<br>investments –<br>measured at<br>amortised<br>cost | Total             |
| <b>RMB securities</b>              |  |   |  |                   |
| AAA                                | 1,349,414  | 1,892,683   | 1,703,195  | 4,945,292         |
| AA- to AA+                         | 2,725,874  | –   | 185,000  | 2,910,874         |
| Unrated <sup>(a)</sup>             | 30,345,251   | 2,652,011   | 18,918,474   | 51,915,736        |
| Accrued interest                   | –  | 36,433  | 413,804  | 450,237           |
| Less: ECL allowance                | N/A  | N/A   | (581,941)  | (581,941)         |
| <b>Subtotal</b>                    | <b>34,420,539</b>  | <b>4,581,127</b>                                    | <b>20,638,532</b>  | <b>59,640,198</b> |
| <b>Foreign currency securities</b> |  |   |  |                   |
| Unrated                            | 1,115,070  | 35,793  | –  | 1,150,863         |
| Accrued interest                   | –  | 160   | –  | 160               |
| Less: ECL allowance                | N/A  | N/A   | –  | –                 |
| <b>Subtotal</b>                    | <b>1,115,070</b>   | <b>35,953</b>                                       | <b>–</b>   | <b>1,151,023</b>  |
| <b>Total</b>                       | <b>35,535,609</b>  | <b>4,617,080</b>                                    | <b>20,638,532</b>  | <b>60,791,221</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.7 Investment securities (continued)

The rating results of investment securities as following: (continued)

|                                    | As at 31 December 2024  |  |  |                   |
|------------------------------------|---|--|--|-------------------|
|                                    | Financial investments – measured at fair value through profit or loss | Financial investments – measured at FVTOCI | Financial investments – measured at amortised cost | Total             |
| <b>RMB securities</b>              |   |  |  |                   |
| AAA                                | 1,781,558   | 247,073                                    | 1,315,826  | 3,344,457         |
| AA- to AA+                         | 2,705,997   | –  | 196,900  | 2,902,897         |
| A                                  | –   | –  | 4,600  | 4,600             |
| Unrated <sup>(a)</sup>             | 27,615,792  | 3,005,287                                  | 18,193,204   | 48,814,283        |
| Accrued Interest                   | –   | 60,676                                     | 430,980  | 491,656           |
| Less: ECL allowance                | N/A   | N/A  | (577,495)  | (577,495)         |
| <b>Subtotal</b>                    | <b>32,103,347</b>   | <b>3,313,036</b>                           | <b>19,564,015</b>                                  | <b>54,980,398</b> |
| <b>Foreign currency securities</b> |   |  |  |                   |
| Unrated                            | 729,889   | 35,942                                     | –  | 765,831           |
| Accrued Interest                   | –   | 161  | –  | 161               |
| Less: ECL allowance                | N/A   | N/A  | –  | –                 |
| <b>Subtotal</b>                    | <b>729,889</b>  | <b>36,103</b>                              | <b>–</b>   | <b>765,992</b>    |
| <b>Total</b>                       | <b>32,833,236</b>   | <b>3,349,139</b>                           | <b>19,564,015</b>                                  | <b>55,746,390</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.7 Investment securities (continued)

##### (a) Unrated securities

|                                  | Financial<br>investments –<br>fair value<br>through<br>profit or loss | Financial<br>investments –<br>FVTOCI | Financial<br>investments –<br>amortised<br>cost | Total             |
|----------------------------------|---|--------------------------------------|---|-------------------|
| <b>As at 30 June 2025</b>        |   |                                      |   |                   |
| Treasury bonds                   | 668,937   | 2,007,882                            | 3,437,623                                       | 6,114,442         |
| Local government bonds           | –   | –                                    | 119,180   | 119,180           |
| Policy bank bonds                | 445,537   | 437,084                              | 10,783,165                                      | 11,665,786        |
| Short-term financing instruments | 10,033,870  | –                                    | –   | 10,033,870        |
| Medium-term Notes                | 760,779   | 165,064                              | –   | 925,843           |
| Certificates of deposit          | 8,448,330   | –                                    | –   | 8,448,330         |
| Privately raised corporate bond  | 2,652,859   | 41,981                               | 2,653,678                                       | 5,348,518         |
| NFRA regulated ABS               | 976   | –                                    | –   | 976               |
| Mutual funds                     | 5,125,284   | –                                    | –   | 5,125,284         |
| Trust and asset management plans | 957,389   | –                                    | 1,924,828                                       | 2,882,217         |
| Private placement notes          | 1,251,290   | –                                    | –   | 1,251,290         |
| <b>Total</b>                     | <b>30,345,251</b>   | <b>2,652,011</b>                     | <b>18,918,474</b>                               | <b>51,915,736</b> |

|                                  | Financial<br>investments –<br>fair value<br>through<br>profit or loss | Financial<br>investments –<br>FVTOCI | Financial<br>investments –<br>amortised<br>cost | Total             |
|----------------------------------|---|--------------------------------------|---|-------------------|
| <b>As at 31 December 2024</b>    |   |                                      |   |                   |
| Treasury bonds                   | 226,162   | 1,246,037                            | 2,133,428                                       | 3,605,627         |
| Local government bonds           | –   | –                                    | 119,180   | 119,180           |
| Policy bank bonds                | 534,646   | 1,043,228                            | 11,341,242                                      | 12,919,116        |
| Short-term financing instruments | 4,069,953   | –                                    | –   | 4,069,953         |
| Medium-term Notes                | 683,434   | 241,244                              | –   | 924,678           |
| Certificates of deposit          | 6,707,141   | –                                    | –   | 6,707,141         |
| Privately raised corporate bond  | 3,432,122   | 474,778                              | 2,841,158                                       | 6,748,058         |
| NFRA regulated ABS               | 2,784   | –                                    | –   | 2,784             |
| Mutual funds                     | 9,725,797   | –                                    | –   | 9,725,797         |
| Trust and asset management plans | 1,097,196   | –                                    | 1,758,196                                       | 2,855,392         |
| Private placement notes          | 1,136,557   | –                                    | –   | 1,136,557         |
| <b>Total</b>                     | <b>27,615,792</b>   | <b>3,005,287</b>                     | <b>18,193,204</b>                               | <b>48,814,283</b> |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.7 Investment securities (continued)

##### (a) *Unrated securities* (continued)

Financial investments – amortised cost are summarised as follows:

|                       | 30 June<br>2025   | 31 December<br>2024 |
|-----------------------|-------------------|---------------------|
| Stage 1               | 19,940,445        | 18,841,648          |
| Stage 2               | 146,424           | 149,082             |
| Stage 3               | 719,800           | 719,800             |
| Add: Accrued interest | 413,804           | 430,980             |
| Gross amount          | 21,220,473        | 20,141,510          |
| Less: ECL allowance   | (581,941)         | (577,495)           |
| <b>Net amount</b>     | <b>20,638,532</b> | <b>19,564,015</b>   |

Financial investments – credit related financial assets are summarised as follows:

|                       | 30 June<br>2025  | 31 December<br>2024 |
|-----------------------|------------------|---------------------|
| Stage 1               | 2,715,248        | 1,821,617           |
| Stage 2               | –                | –                   |
| Stage 3               | 188,350          | 628,350             |
| Add: Accrued interest | 157,499          | 174,094             |
| Gross amount          | 3,061,097        | 2,624,061           |
| Less: ECL allowance   | (257,272)        | (513,551)           |
| <b>Net amount</b>     | <b>2,803,825</b> | <b>2,110,510</b>    |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 39. FINANCIAL RISK MANAGEMENT (continued)

### 39.1 Credit risk (continued)

#### 39.1.7 Investment securities (continued)

##### (a) Unrated securities (continued)

Concentration risks analysis for financial investments – credit related financial assets by industry sectors:

|  | 30 June 2025     |               | 31 December 2024 |               |
|--|------------------|---------------|------------------|---------------|
|  | Amount           | %             | Amount           | %             |
| Leasing and commercial services                  | 2,366,098        | 77.29         | 2,189,117        | 83.42         |
| Construction                                     | 500,000          | 16.33         | 204,600          | 7.80          |
| Water, environment and public utility management | 37,500           | 1.23          | 56,250           | 2.14          |
| Add: Accrued interest                            | 157,499          | 5.15          | 174,094          | 6.64          |
| <b>Total</b>                                     | <b>3,061,097</b> | <b>100.00</b> | <b>2,624,061</b> | <b>100.00</b> |

#### 39.1.8 Foreclosed assets

|                                       | 30 June 2025  | 31 December 2024 |
|---------------------------------------|---------------|------------------|
| Business properties                   | 30,904        | 53,152           |
| Properties and plants                 | 904           | 1,263            |
| Less: Provision for foreclosed assets | (6,237)       | (8,624)          |
| <b>Net amount</b>                     | <b>25,571</b> | <b>45,791</b>    |

The Bank does not generally occupy foreclosed properties for its business use. Foreclosed assets are classified in the interim condensed statement of financial position as other assets.

#### 39.1.9 Concentration risk analysis for financial assets with credit risk exposure

The Bank's geographical risk is primarily concentrated in Mainland China, therefore, the credit risk of the Bank's financial assets is mainly concentrated in Mainland China.





# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### (a) Fair value hierarchy

IFRS 13 specifies the levels of valuation techniques that based on the inputs of valuation techniques that are observable or not. The observable inputs reflect the market data obtained from independent sources. These two inputs lead to the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities, debt instruments in house (e.g. Hong Kong Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly. This level includes the debt instruments dealing in the inter-bank market. For example, the input parameters of bond yield curves and counterparty credit risk stem from China bond information website and Bloomberg.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs). This level includes equity instruments and structural financial instruments.

The Bank determines the fair value of the financial instrument by valuation techniques when it is difficult to obtain quotations from the open market.

The main parameters of valuation techniques used in financial instruments include the price of the bond, interest rate, exchange rate, stock and equity price. All of these parameters can be observed and obtained from the open market.

The measurement of the fair value of those asset-backed securities and unlisted equity (private equity) held by the Bank adopts unobservable parameters that may have significant impact on the valuations. Thus, the Bank classifies these financial instruments to the third level. Management has assessed the influence of macroeconomic factors, the valuation by external appraiser, loss coverage, and many other parameters, so as to examine the correlation between the fair value of third level financial instruments and the above parameters. The Bank has established an internal control system to supervise the exposure of the financial instrument above.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(continued)

### (b) Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value in the interim condensed statement of financial position mainly include: balances with the central bank, due from other banks and financial institutions, financial assets held under reverse repurchase agreements, customer loans, credit related financial assets, financial investments – amortised cost, due to other banks and financial institutions, financial assets sold under repurchase agreements, customer deposits, debt securities issued. Except for the following financial assets and financial liabilities, the carrying amounts of financial assets and liabilities that are not measured at fair value approximate to the fair value.

The table below summarises the financial assets and liabilities that have difference between book value (including accrued interest) and fair value as at 30 June 2025 and 31 December 2024.

| As at 30 June 2025                                      |            |         |            |           |            |
|---|------------|---------|------------|-----------|------------|
|   | Book value | Level 1 | Fair value |           | Total      |
|   |            |         | Level 2    | Level 3   |            |
| <b>Financial assets</b>                                 |            |         |            |           |            |
| Financial investments – measured at amortised cost      | 20,638,532 | –       | 18,597,083 | 3,221,765 | 21,818,848 |
| Financial investments – credit related financial assets | 2,803,825  | –       | –          | 2,940,246 | 2,940,246  |
| <b>Financial liabilities</b>                            |            |         |            |           |            |
| Debt securities issued                                  | 14,366,963 | –       | 14,445,998 | –         | 14,445,998 |

| As at 31 December 2024                                  |            |         |            |           |            |
|---|------------|---------|------------|-----------|------------|
|   | Book value | Level 1 | Fair value |           | Total      |
|   |            |         | Level 2    | Level 3   |            |
| <b>Financial assets</b>                                 |            |         |            |           |            |
| Financial investments – measured at amortised cost      | 19,564,015 | –       | 17,622,512 | 2,919,308 | 20,541,820 |
| Financial investments – credit related financial assets | 2,110,510  | –       | –          | 2,186,544 | 2,186,544  |
| <b>Financial liabilities</b>                            |            |         |            |           |            |
| Debt securities issued                                  | 12,746,164 | –       | 12,848,776 | –         | 12,848,776 |



# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(continued)

### (b) Financial instruments not measured at fair value (continued)

#### **Financial investments – credit related financial assets**

The fair value for financial investments – credit related financial assets is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

#### **Financial investments – amortised cost**

The fair value for trust and asset management plans measured at amortised cost is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

The fair value for bonds measured at amortised cost is based on market prices or broker/dealer price quotations. Where the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

#### **Debt securities issued**

The fair value of fixed interest-bearing debt securities issued is calculated using a discounted cash flow model which is based on a current yield curve for the bonds with similar remaining term to maturity.

Other than above, the carrying values of those financial assets and liabilities not presented at their fair value in the interim condensed statement of financial position are a reasonable approximation of their fair values. Those financial assets and liabilities include balances with the central bank, due from other banks and financial institutions, customer loans, due to other banks and financial institutions, customer deposits, etc. and their fair value is measured using a discounted future cash flow model.

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(continued)

### (c) Financial assets measured at fair value on a recurring basis

The financial assets measured at fair value on a recurring basis by the three levels are analysed below:

| As at 30 June 2025                | Level 1 | Level 2    | Level 3 | Total      |
|-----------------------------------|---------|------------|---------|------------|
| <b>Financial assets</b>           |         |            |         |            |
| Customer loans – discounted bills | –       | 200,262    | –       | 200,262    |
| Financial investments – FVTPL     | –       | 35,398,023 | 152,548 | 35,550,571 |
| Financial investments – FVTOCI    | –       | 4,617,080  | –       | 4,617,080  |
| <b>Total</b>                      | –       | 40,215,365 | 152,548 | 40,367,913 |
| As at 31 December 2024            | Level 1 | Level 2    | Level 3 | Total      |
| <b>Financial assets</b>           |         |            |         |            |
| Customer loans – discounted bills | –       | 202,219    | –       | 202,219    |
| Financial investments – FVTPL     | –       | 32,690,403 | 177,199 | 32,867,602 |
| Financial investments – FVTOCI    | –       | 3,349,139  | –       | 3,349,139  |
| <b>Total</b>                      | –       | 36,241,761 | 177,199 | 36,418,960 |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025  
(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(continued)

### (c) Financial assets measured at fair value on a recurring basis (continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### Movement of Level – 3 valuation methodology

|  | Financial investments – fair value through profit or loss |
|--|---|
| <b>As at 1 January 2025</b>  | <b>177,199</b>  |
| Total gains or losses  |   |
| – Current profit and loss  | (24,651)  |
| <b>As at 30 June 2025</b>  | <b>152,548</b>  |
| Total gains for the period included in profit and loss for financial assets held at the period end | (24,651)  |
|  |   |
|  | Financial investments – fair value through profit or loss |
| <b>As at 1 January 2024</b>  | <b>243,616</b>  |
| Total gains or losses  |   |
| – Current profit and loss  | (66,417)  |
| <b>As at 31 December 2024</b>  | <b>177,199</b>  |
| Total gains for the year included in profit and loss for financial assets held at the year end     | (66,417)  |

# Notes to the Interim Condensed Financial Statements

For the six months ended 30 June 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

## 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(continued)

### (c) Financial assets measured at fair value on a recurring basis (continued)

Quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 for the period ended 30 June 2025 and the year ended 31 December 2024 presented as follows:

| As at 30 June 2025  | Fair Value | Valuation Technique   | Unobservable Inputs   | Range of Expected cash inflows/ Net assets value |
|---|------------|-----------------------|-----------------------|--|
| Financial investments – fair value through profit or loss |            |                       |                       |  |
| – ABS   | 137,586    | Discounted cash flows | Expected cash inflows | 135,823 – 169,762                                |
| – Equity investment                                       | 14,962     | Net assets analysis   | Net assets            | 0.2303 – 0.9700                                  |

| As at 31 December 2024                                    | Fair Value | Valuation Technique   | Unobservable Inputs   | Range of Expected cash inflows/ Net assets value |
|---|------------|-----------------------|-----------------------|--|
| Financial investments – fair value through profit or loss |            |                       |                       |  |
| – ABS   | 142,833    | Discounted cash flows | Expected cash inflows | 150,090 – 170,352                                |
| – Equity investment                                       | 34,366     | Net assets analysis   | Net assets            | 0.9910 – 0.9047                                  |

## 41. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.





# Definitions

|   |   |
|---|---|
| <b>“Bank”, “our Bank”,<br/>“we” or “us”</b>               | Luzhou Bank Co., Ltd. (瀘州銀行股份有限公司)  |
| <b>“Board of Supervisors”</b>                             | the board of Supervisors of the Bank  |
| <b>“Board” or<br/>“Board of Directors”</b>                | the board of Directors of the Bank  |
| <b>“China” or “PRC”</b>                                   | the People’s Republic of China, but for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan  |
| <b>“CSRC”</b>   | China Securities Regulatory Commission (中國證券監督管理委員會)  |
| <b>“Director(s)”</b>                                      | the director(s) of the Bank   |
| <b>“Domestic Shares”</b>                                  | ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi   |
| <b>“Former CBIRC”</b>                                     | Former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)  |
| <b>“Hong Kong Dollars”</b>                                | Hong Kong Dollars, the lawful currency of Hong Kong   |
| <b>“Hong Kong” or “HK”</b>                                | the Hong Kong Special Administrative Region of the PRC  |
| <b>“Hong Kong Stock Exchange”<br/>or “Stock Exchange”</b> | The Stock Exchange of Hong Kong Limited   |
| <b>“H Shares”</b>   | the overseas listed foreign shares in the ordinary share capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed and traded on the Hong Kong Stock Exchange |
| <b>“IAS”</b>  | International Accounting Standards and its interpretations  |
| <b>“IFRS”</b>   | International Financial Reporting Standards issued by the IAS Board   |
| <b>“Latest Practicable Date”</b>                          | August 28, 2025, being the latest practicable date for the purpose of containing certain information in this report before this report is printed   |
| <b>“Listing Rules”</b>                                    | the Rules Governing the Listing of Securities on the Stock Exchange   |
| <b>“Main Board”</b>                                       | the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange   |
| <b>“Reporting Period”</b>                                 | six months ended June 30, 2025  |
| <b>“RMB” or “Renminbi”</b>                                | the lawful currency of the PRC  |

## Definitions

|                         |  |
|-------------------------|--|
| <b>“SFO”</b>            | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| <b>“Shareholder(s)”</b> | the holder(s) of the Shares  |
| <b>“Shares”</b>         | the Domestic Shares and H Shares of the Bank   |
| <b>“Supervisor(s)”</b>  | the supervisor(s) of the Bank  |

