



甘肅銀行股份有限公司*

BANK OF GANSU CO., LTD.*

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

Stock code: 2139

2025

INTERIM REPORT



* Bank of Gansu 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.

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Chapter 1 Definitions

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

“Articles of Association” or “Articles”	the articles of association of the Bank
“Baiyin City Commercial Bank”	the former Baiyin City Commercial Bank Co., Ltd. (白銀市商業銀行股份有限公司). In May 2011, 25 legal entities, all shareholders of Baiyin City Commercial Bank and all shareholders of Pingliang City Commercial Bank jointly promoted and incorporated the Bank
“Bank” or “our Bank”	Bank of Gansu Co., Ltd. (甘肅銀行股份有限公司), a joint stock company incorporated in Gansu Province, the PRC on November 18, 2011 with limited liability in accordance with PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Banking Ordinance”	Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Board of Directors” or “Board”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank, which has been abolished by the Bank since June 27, 2025 according to relevant laws and regulations
“CBIRC”	China Banking and Insurance Regulatory Commission, replaced by the NAFR in March 2023
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Bank
“Domestic Shares”	ordinary shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi or credited as paid up
“Gansu Electric Power Investment”	Gansu Province Electric Power Investment Group Co., Ltd. (甘肅省電力投資集團有限公司), a company incorporated in the PRC on July 16, 1990, and a wholly-owned subsidiary of Gansu State-owned Assets Investment. As of the Latest Practicable Date, Gansu Electric Power Investment held approximately 4.21% of the Shares of the Bank

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“Gansu Highway Aviation Tourism”	Gansu Province Highway Aviation Tourism Investment Group Co., Ltd. (甘肅省公路航空旅遊投資集團有限公司), a company incorporated in the PRC on December 24, 1999, which is wholly-owned by Gansu SASAC. As of the Latest Practicable Date, Gansu Highway Aviation Tourism held approximately 18.30% of the Shares of the Bank. It is a substantial Shareholder and connected person of the Bank
“Gansu SASAC”	the State-owned Assets Supervision and Administration Commission of the Gansu Provincial Government (甘肅省人民政府國有資產監督管理委員會)
“Gansu State-owned Assets Investment”	Gansu Province State-owned Assets Investment Group Co., Ltd. (甘肅省國有資產投資集團有限公司), a company incorporated in the PRC on November 23, 2007, and 84% of its equity interest owned by Gansu SASAC and 16% of its equity interest owned by Jiuquan Iron & Steel. As of the Latest Practicable Date, it directly held approximately 12.67% of the Shares of the Bank, and indirectly held approximately 10.74% of the Shares of the Bank through its subsidiaries, including Gansu Electric Power Investment and Jinchuan Group. It is a substantial Shareholder and connected person of the Bank
“GDP”	gross domestic product
“H Share(s)”	ordinary shares issued by the Bank in Hong Kong pursuant to the global offering, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed and traded on the Hong Kong Stock Exchange
“HK\$”, “HKD” or “HK dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKMA”	the Hong Kong Monetary Authority
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 《香港聯合交易所有限公司證券上市規則》, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards, International Accounting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
“independent third party”	a person or entity not considered a connected person or associate of a connected person of the Bank under the Hong Kong Listing Rules

Chapter 1 Definitions

“Jinchuan Group”	Jinchuan Group Co., Ltd. (金川集團股份有限公司), a company incorporated in the PRC on September 28, 2001, of which Gansu State-owned Assets Investment is the largest shareholder, holding 54.24% of its equity interests. As of the Latest Practicable Date, Jinchuan Group held approximately 6.53% of the Shares of the Bank
“Jingning Chengji Rural Bank”	Pingliang Jingning Chengji Rural Bank Co., Ltd., a joint stock company with limited liability incorporated in the PRC on September 18, 2008 and a subsidiary of the Bank
“Jiuquan Iron & Steel”	Jiuquan Iron & Steel (Group) Co., Ltd. (酒泉鋼鐵(集團)有限責任公司), a company incorporated in the PRC on May 26, 1998, and 68.42% of its equity interest owned by Gansu SASAC and 31.58% of its equity interest owned by Gansu State-owned Assets Investment. As of the Latest Practicable Date, Jiuquan Iron & Steel held approximately 6.53% of the Shares of the Bank
“Latest Practicable Date”	August 25, 2025, the latest practicable date for ascertaining certain information in this interim report before its publication
“Listing”	the listing of our H Shares on the Hong Kong Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“NAFR”	the National Administration of Financial Regulation
“NAFR Gansu Office”	Gansu Office of the National Administration of Financial Regulation
“NPL ratio” or “non-performing loan ratio”	the percentage ratio calculated by dividing non-performing loans by total loans
“NPLs” or “non-performing loans”	loans classified as substandard, doubtful and loss according to the five-category loan classification system of the Bank
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Pingliang City Commercial Bank”	the former Pingliang City Commercial Bank Co., Ltd. (平涼市商業銀行股份有限公司). In May 2011, 25 legal entities, all shareholders of Baiyin City Commercial Bank and all shareholders of Pingliang City Commercial Bank jointly promoted and incorporated the Bank
“PRC” or “China”	the People’s Republic of China, but for the purpose of this interim report only, excluding Hong Kong, Macau and Taiwan Region of PRC, unless otherwise specified in the context

Chapter 1 Definitions

“PRC GAAP”	the PRC Accounting Standards for Business Enterprises (中國企業會計準則) promulgated by Ministry of Finance on February 15, 2006 and its supplementary regulations, as amended, supplemented or otherwise modified from time to time
“provincial city commercial bank(s)”	local city commercial bank(s), whose establishment was promoted by the provincial government
“Reporting Period”	the six months ended June 30, 2025 (namely from January 1, 2025 to June 30, 2025)
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the then supervisors of the Bank prior to the abolition of the Board of Supervisors by the Bank on June 27, 2025
“treasury shares”	has the meaning ascribed to it under the Hong Kong Listing Rules
“United States” or “U.S.”	the United States of America
“US\$”, “USD” or “U.S. dollar(s)”	U.S. dollars, the lawful currency of the United States of America
“we”, “us”, “our”, “Group” or “our Group”	the Bank and its subsidiary on a consolidated basis

In this interim report:

- *The financial data for the six-month periods ended June 30, 2024 and 2025 has not been audited, while the financial data for the year ended December 31, 2024 has been audited.*
- *Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*
- *Unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “core connected person(s)” and “substantial shareholder(s)” have the meanings given to such terms in the Hong Kong Listing Rules.*
- *For the ease of reference, in this interim report, unless otherwise indicated, the terms “gross loans and advances to customers”, “loans” and “grant of loans” are used synonymously.*
- *If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.*

Chapter 2 Bank Profile

I. BASIC INFORMATION OF THE BANK

Legal Name of the Company in Chinese	:	甘肅銀行股份有限公司
Legal Name of the Company in English	:	Bank of Gansu Co., Ltd.
Legal Representative	:	Liu Qing
Authorized Representatives	:	Liu Qing, Wong Wai Chiu
Secretary to the Board of Directors	:	Hao Jumei
Company Secretary	:	Wong Wai Chiu
Registered Address	:	525-1 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province, the PRC
Principal Office Address	:	Bank of Gansu Tower, No. 525-1 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province, the PRC
Customer Service Hotline	:	+86 400 86 96666
Telephone	:	+86 931 877 0491
Facsimile	:	+86 931 877 1877
Website of the Bank	:	www.gsbankchina.com
Principal Place of Business in Hong Kong	:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
H Share Information Disclosure Website	:	www.hkexnews.hk
Stock Listing Place, Stock Short Name and Stock Code	:	The Stock Exchange of Hong Kong Limited, BANK OF GANSU, 2139
Domestic Shares Trustee Agency	:	China Securities Depository and Clearing Corporation Limited
H Share Registrar	:	Computershare Hong Kong Investor Services Limited
PRC Legal Adviser	:	Grandall Law Firm (Shanghai)
Hong Kong Legal Adviser	:	Latham & Watkins LLP
Domestic Auditor	:	Shinewing Certified Public Accountants LLP
International Auditor	:	SHINEWING (HK) CPA Limited
Place of Inspection of the Interim Report	:	Office of the Board of the Bank

Chapter 2 Bank Profile

II. HISTORY OF THE BANK

In light of the lack of provincial city commercial banks in Gansu province and in order to promote the economic development of Gansu province, the People’s Government of Gansu Province decided to establish a provincial city commercial bank by building on the foundations of Baiyin City Commercial Bank and Pingliang City Commercial Bank. Therefore, on May 30, 2011, 25 legal entities (including large and medium-sized state-owned enterprises in Gansu province and private enterprises in and outside Gansu province) and representatives of all shareholders of both Baiyin City Commercial Bank and Pingliang City Commercial Bank jointly entered into a promoters agreement in respect of Dunhuang Bank Co., Ltd. (敦煌銀行股份有限公司). Pursuant to the agreement, the 25 legal entities contributed cash and all shareholders of both Baiyin City Commercial Bank and Pingliang City Commercial Bank contributed the appraised net assets of Baiyin City Commercial Bank and Pingliang City Commercial Bank, respectively, to jointly incorporate Dunhuang Bank Co., Ltd.. On August 24, 2011, the General Office of the People’s Government of Gansu Province approved the change to the name of the Bank to be incorporated from the former “Dunhuang Bank Co., Ltd.” to “Bank of Gansu Co., Ltd.”. On September 27, 2011, the former CBIRC approved the establishment of the Bank. On November 18, 2011, the former CBIRC Gansu Office approved the commencement of business of the Bank and the conversion of Baiyin City Commercial Bank, Pingliang City Commercial Bank and their branches and sub-branches into our Baiyin Branch, Pingliang Branch and its sub-branches. On the same day, the Bank was granted the enterprise business license by the Administration for Industry and Commerce of Gansu Province and was formally incorporated under the Company Law of the People’s Republic of China. The Bank is a provincial city commercial bank in Gansu province.

The registered address of the Bank is 525-1 Donggang West Road, Chengguan District, Lanzhou City, Gansu Province, the PRC. The Bank has established a principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong and was registered as a non-Hong Kong company on June 28, 2017 under Part 16 of the Companies Ordinance. The Bank appointed Mr. Wong Wai Chiu as the Bank’s authorized representative for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Bank in Hong Kong is the same as the Bank’s principal place of business in Hong Kong.

As the Bank was established in the PRC, the Bank’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The Bank carries on banking business in the PRC under the supervision and regulation of the NAFR and the PBOC. The Bank is not an authorized institution within the meaning of the Banking Ordinance, and is not subject to the supervision of the HKMA, nor authorized to carry on banking and/or deposit-taking business in Hong Kong.

The Bank’s H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 18, 2018.

III AWARDS OF THE BANK IN THE FIRST HALF YEAR OF 2025

Awards and Honors	Awarding Parties/Media
We were ranked the 356th among the Top 1000 World Banks 2025 and 73rd among Chinese banks.	The Banker
We won the Most Innovative Brand Award in Digital Marketing in 2025 Golden Mouse International Digital Marketing Festival.	17emarketing.com

Chapter 3 Financial Highlights

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Percentage change (%)	Year ended December 31, 2024
	2025 (unaudited)	2024 (unaudited)		
Results of operations				
Interest income	5,992.3	6,736.0	(11.0)	12,978.1
Interest expenses	(3,745.2)	(4,198.9)	(10.8)	(8,341.8)
Net interest income	2,247.1	2,537.1	(11.4)	4,636.3
Fee and commission income	245.4	235.1	4.4	434.4
Fee and commission expenses	(17.1)	(16.2)	5.6	(34.3)
Net fee and commission income	228.3	218.9	4.3	400.1
Net trading gains	107.4	344.0	(68.8)	828.9
Net gains arising from investment securities	130.1	35.1	270.7	41.2
Net exchange (losses)/gains	(15.9)	15.9	(200.0)	38.4
Other operating income, net	20.4	5.8	251.7	9.0
Operating income	2,717.4	3,156.8	(13.9)	5,953.9
Operating expenses	(1,060.1)	(1,075.7)	(1.5)	(2,376.6)
Impairment losses on assets, net of reversals	(1,317.9)	(1,742.5)	(24.4)	(3,101.6)
Operating profit	339.4	338.6	0.2	475.7
Share of results of an associate	(0.2)	0.1	(300.0)	0.0
Profit before tax	339.2	338.7	0.1	475.7
Income tax credit	59.8	55.8	7.2	109.0
Profit for the period	399.0	394.5	1.1	584.7
Profit for the period attributable to:				
— Owners of the Bank	397.9	393.7	1.1	582.3
— Non-controlling interests	1.1	0.8	37.5	2.4
Profit for the period	399.0	394.5	1.1	584.7
Basic earnings per share (RMB)	0.03	0.03	0.0	0.04
Diluted earnings per share (RMB)	0.03	0.03	0.0	0.04

Chapter 3 Financial Highlights

(Expressed in millions of RMB, unless otherwise stated)	As at June 30, 2025 (unaudited)	As at December 31, 2024	Percentage change (%)	
Major indicators of assets/liabilities				
Total assets	427,481.6	414,707.6	3.1	
Of which: total loans and advances to customers (including interest accrued)	241,906.0	231,414.3	4.5	
Total liabilities	393,360.1	380,869.7	3.3	
Of which: total deposits from customers (including interest accrued)	334,421.3	321,379.3	4.1	
Total equity	34,121.5	33,837.9	0.8	
	Six months ended June 30, 2025 (%) (unaudited)	2024 (%) (unaudited)	Percentage change (%)	
Profitability indicators (%)				
Return on assets ⁽¹⁾⁽¹⁴⁾	0.19	0.19	0.0	
Return on equity ⁽²⁾⁽¹⁴⁾	2.35	2.36	(0.4)	
Net interest spread ⁽³⁾⁽¹⁴⁾	0.97	1.12	(13.4)	
Net interest margin ⁽⁴⁾⁽¹⁴⁾	1.12	1.32	(15.2)	
Net fee and commission income to operating income ratio ⁽⁵⁾	8.40	6.93	21.2	
Cost-to-income ratio ⁽⁶⁾	37.28	32.45	14.9	
	As at June 30, 2025 (%) (unaudited)	As at December 31, 2024 (%) (unaudited)	Percentage change (%)	As at June 30, 2024 (%) (unaudited)
Capital adequacy indicators (%)				
Core tier-one capital adequacy ratio ⁽⁷⁾	10.65	11.16	(4.6)	10.88
Tier-one capital adequacy ratio ⁽⁸⁾	10.65	11.16	(4.6)	10.88
Capital adequacy ratio ⁽⁹⁾	10.65	11.16	(4.6)	10.88
Shareholders' equity to total assets ratio	7.98	8.16	(2.2)	7.96
Assets quality indicators (%)				
Non-performing loan ratio	1.85	1.93	(4.1)	1.94
Provision coverage ratio ⁽¹⁰⁾	136.79	134.05	2.0	134.71
Provision to total loan ratio ⁽¹¹⁾⁽¹²⁾	2.53	2.59	(2.3)	2.61
Other indicators (%)				
Loan to deposit ratio ⁽¹³⁾	70.44	70.13	0.4	73.17

Chapter 3 Financial Highlights

Notes:

- (1) Calculated by dividing the net profit for a period by the average balance of total assets at the beginning and the end of that period.
- (2) Calculated by dividing the net profit for a period by the average balance of total equity at the beginning and the end of that period.
- (3) Represents the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by average interest-earning assets.
- (5) Calculated by dividing net fee and commission income by operating income.
- (6) Calculated by dividing total operating expenses (net of business tax and surcharges) by operating income.
- (7) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets.
- (8) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets.
- (9) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets.
- (10) Provision coverage ratio = provision for impairment losses on loans/total non-performing loans and advances.
- (11) Provision to total loan ratio = provision for impairment losses on loans/total loans and advances to customers.
- (12) In accordance with the relevant regulatory requirements, as a non-systematically important bank in China, the Bank made a provision to total loans at the minimum standard ratio of 2.5%.
- (13) Calculated by dividing total loans and advances to customers by total customer deposits, whereas total loans and advances to customers and total customer deposits had been adjusted. The loan to deposit ratio is no longer a regulatory ratio for PRC commercial banks under the amended Commercial Banking Law of the People's Republic of China, which became effective on October 1, 2015.
- (14) The ratio for the six months ended June 30, 2024 and 2025, respectively, is calculated on an annual basis.

Chapter 4 Management Discussion and Analysis

1. ENVIRONMENT AND PROSPECT

In the first half of the year, under the strong leadership of the Central Committee of the CPC with Comrade Xi Jinping at its core, the nation as a whole earnestly implemented the decisions and deployment of the Party Central Committee and the State Council, adhered to the general principle of pursuing progress while ensuring stability, fully, faithfully and comprehensively applied the new development philosophy, accelerated the establishment of a new development pattern, and effectively implemented more proactive and effective macro policies. The national economy withstood pressure and forged ahead, with overall stable and improving economic performance, steady growth in production and demand, a generally stable employment situation, continued increase in household income, growth and expansion of new drivers of development, and new progress in high-quality development.

According to the National Bureau of Statistics, the gross domestic product for the first half of the year was RMB66,053.6 billion, representing a year-on-year increase of 5.3%. By industry, the value added of the primary industry increased by 3.7% year-on-year, the value added of the secondary industry increased by 5.3% year-on-year, and the value added of the tertiary industry increased by 5.5% year-on-year. By quarter, the first quarter recorded a year-on-year increase of 5.4% and the second quarter recorded a year-on-year increase of 5.2%. Specifically, industrial production grew rapidly, with the equipment manufacturing industry and the high-tech manufacturing industry maintaining good growth momentum. In the first half of the year, the value added of large-scale industrial enterprises nationwide grew by 6.4% year-on-year, among which the value added of the equipment manufacturing industry increased by 10.2% year-on-year, and the value added of the high-tech manufacturing industry increased by 9.5% year-on-year, with growth rates 3.8 percentage points and 3.1 percentage points faster than that of all large-scale industrial enterprises, respectively. The service sector accelerated its growth, with modern services progressing positively. In the first half of the year, the value added of the service industry increased by 5.5% year-on-year. Among these, the value added of information transmission, software and information technology services, and leasing and business services increased by 11.1% and 9.6%, respectively. Market sales growth rebounded, with sales of consumption upgrade commodities performing well. In the first half of the year, the total retail sales of consumer goods increased by 5.0% year-on-year. By type of consumption, retail sales of goods grew by 5.1% and catering revenue increased by 4.3%. Fixed asset investment continued to expand, with manufacturing investment growing rapidly. In the first half of the year, national fixed asset investment (excluding rural households) increased by 2.8% year-on-year. Within high-tech industries, investment in information services and in the manufacture of aviation, spacecraft and equipment increased by 37.4% and 26.3% year-on-year, respectively. Merchandise imports and exports continued to grow, with further optimization of trade structure. In the first half of the year, total merchandise trade grew by 2.9% year-on-year, with exports increasing by 7.2% and imports decreasing by 2.7%. The trade surplus amounted to RMB4.2125 trillion. Resident incomes grew steadily, with rural income growth outpacing that of urban residents. In the first half of the year, the nominal per capita disposable income of urban residents grew by 5.3% year-on-year, with a real growth of 5.4%. Meanwhile, the nominal per capita disposable income of rural residents increased by 5.9% year-on-year, with a real growth of 6.2%.

Chapter 4 Management Discussion and Analysis

In the first half of the year, the prudent monetary policy shifted to a moderately accommodative stance, continuing the tone of counter-cyclical adjustment. By coordinating aggregate and structural tools, the quality and efficiency of financial support to the real economy were enhanced. In May 2025, a package of 10 policy measures was introduced, including a 0.5 percentage point cut in the reserve requirement ratio, reductions in policy rates and structural tool rates, and the establishment of re-loans for service consumption and elderly care, all of which were implemented within one month. Through the comprehensive use of tools such as reserve requirement ratio cuts, MLF, and reverse repurchase operations, reasonable and ample liquidity was maintained, with the increase in aggregate social financing reaching RMB22.83 trillion in the first half of the year. The quota for re-loans for technological innovation and technical transformation was increased by RMB300 billion, the re-loan interest rate for agricultural financing and small enterprises was lowered by 0.25 percentage point, and new re-loans for service consumption and elderly care were introduced, while further relaxing the recognition criteria for inclusive small and micro loans. The one-year loan prime rate (LPR) was maintained at 3.0%, and the LPR for periods of over five years was maintained at 3.5%. By guiding LPR through reducing policy rate, the weighted average interest rate of newly issued corporate loans was reduced to 3.3% and the interest rate of personal housing loans was reduced to 3.1%, both reaching historical lows.

As of the end of June 2025, the scale of social financing stock increased by 8.9% year-on-year, and broad money (M2) increased by 8.3%. RMB loans increased by RMB12.92 trillion, of which loans to enterprises and public institutions increased by RMB11.57 trillion, accounting for 89.5%. Among these, medium to long-term loans increased by RMB7.17 trillion, becoming the main driver of credit growth, with new loans mainly directed to key sectors such as manufacturing and infrastructure.

In the first half of the year, all levels in Gansu Province, where the Bank is located, thoroughly studied and carried out the spirits of the important speeches and instructions of General Secretary Xi Jinping during his inspection of Gansu, conscientiously implemented decisions and deployments of the Party Central Committee and State Council, and thoroughly implemented the “Four Strengthening” actions, with the aim of endeavoring to build “Seven fields, One barrier and One channel” (七地一屏一通道) and unswervingly promoting high-quality development. In the first half of the year, the economic operation in Gansu Province continued to maintain a stable and upward trend, with strong support from production and supply, stable growth in effective demand, overall stability in employment and prices, and sustained increases in resident income. As of the end of June 2025, the regional gross value of production in Gansu Province was RMB646.88 billion, representing a year-on-year increase of 6.3%. By industry, the value added of the primary industry was RMB41.05 billion, representing a year-on-year increase of 6.1%; the value added of the secondary industry was RMB228.67 billion, representing an increase of 7.8%, and the value added of the tertiary industry was RMB377.16 billion, representing an increase of 5.5%.

Chapter 4 Management Discussion and Analysis

Looking forward to the second half of the year, although the current external environment has become more complex and severe with increasingly more trade barriers, China's economic development has maintained stability while pursuing progress. As macroeconomic policies are implemented effectively and deliver notable results, all sectors are taking proactive actions, market demand is expanding, new quality productive forces are developing, and market vitality is enhancing, which will strongly support the stable operation of the economy, drive steady improvement in the quality of development, and enable the achievement of the established economic growth targets with high quality. The banking sector will closely focus on fully implementing the spirit of the 20th National Congress of the Communist Party of China, the Second and Third Plenary Sessions of the 20th Central Committee, the Central Economic Work Conference, and the Central Financial Work Conference. The Bank will thoroughly understand the important speech made by General Secretary Xi Jinping at the meeting of the Political Bureau of the Central Committee on current economic situation and economic work in the second half of the year. The Bank will also accelerate the construction of a strong financial nation and promote high-quality development in the financial sector.

2. DEVELOPMENT STRATEGY

The Bank is committed to building itself into a “listed city commercial bank with high-quality development and a comprehensive financial service provider of the first choice in the region”, with value creation as its core mission and high quality development as its core objective, to achieve balanced development in terms of scale, profitability, risk and capital.

To achieve the aforesaid goals, the Bank plans to: (i) build government financial business into a cornerstone business for high-quality development, realize transformation and development of traditional businesses such as retail and corporate, and turn emerging businesses such as special asset operation into profit growth points; (ii) continuously improve its risk and internal control and compliance capabilities, assets and liabilities management capabilities, omni-channel management capability, digitalization and other core capabilities; (iii) strengthen risk management and control and improve asset quality; (iv) promote the transformation of light capital and optimize the revenue structure; (v) give play to the advantages of provincial city commercial banks and take the path of characteristics; (vi) strengthen customer management and enhance profit contribution; (vii) enrich the product system effectively and enhance market competitiveness; and (viii) optimize the structure of the talent team to empower high-quality development.

Chapter 4 Management Discussion and Analysis

3. OVERALL BUSINESS REVIEW

The Bank's total operating income was RMB2,717.4 million for the six months ended June 30, 2025, representing a decrease of 13.9% as compared with RMB3,156.8 million for the six months ended June 30, 2024. The Bank's net profit increased by 1.1% from RMB394.5 million for the six months ended June 30, 2024 to RMB399.0 million for the six months ended June 30, 2025. The Bank's operating income recorded a decrease year-on-year, mainly due to the impact of declining market interest rates. As a provincial-level financial institution, the Bank is committed to strengthening support for the real economy by actively reducing its interest rates. This proactive approach resulted in a year-on-year decline in net interest income.

As at June 30, 2025, the Bank's total assets amounted to RMB427,481.6 million, representing an increase of 3.1% as compared with the end of 2024; total loans and advances to customers (including interest accrued) amounted to RMB241,906.0 million, representing an increase of 4.5% as compared with the end of 2024; the non-performing loan ratio was 1.85%, representing a decrease of 0.08 percentage point as compared with the beginning of 2025; total deposits from customers (including interest accrued) amounted to RMB334,421.3 million, representing an increase of 4.1% as compared with the end of 2024.

(a) Analysis of the Consolidated Statements of Profit or Loss

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Increase or decrease	Percentage change (%)
	2025 (Unaudited)	2024 (Unaudited)		
Interest income	5,992.3	6,736.0	(743.7)	(11.0)
Interest expenses	(3,745.2)	(4,198.9)	453.7	(10.8)
Net interest income	2,247.1	2,537.1	(290.0)	(11.4)
Fee and commission income	245.4	235.1	10.3	4.4
Fee and commission expenses	(17.1)	(16.2)	(0.9)	5.6
Net fee and commission income	228.3	218.9	9.4	4.3
Net trading gains	107.4	344.0	(236.6)	(68.8)
Net gains arising from investment securities	130.1	35.1	95.0	270.7
Net exchange (losses)/gains	(15.9)	15.9	(31.8)	(200.0)
Other operating income, net	20.4	5.8	14.6	251.7
Operating income	2,717.4	3,156.8	(439.4)	(13.9)
Operating expenses	(1,060.1)	(1,075.7)	15.6	(1.5)
Impairment losses on assets, net of reversals	(1,317.9)	(1,742.5)	424.6	(24.4)
Operating profit	339.4	338.6	0.8	0.2
Share of results of an associate	(0.2)	0.1	(0.3)	(300.0)
Profit before tax	339.2	338.7	0.5	0.1
Income tax credit	59.8	55.8	4.0	7.2
Profit for the period	399.0	394.5	4.5	1.1
Profit for the period attributable to:				
— Owners of the Bank	397.9	393.7	4.2	1.1
— Non-controlling interests	1.1	0.8	0.3	37.5
Profit for the period	399.0	394.5	4.5	1.1

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(i) Net interest income

The net interest income was the largest component of the Bank's operating revenue, accounting for 80.4% and 82.7% of the operating income for the six months ended June 30, 2024 and 2025, respectively. The table below sets forth the Bank's interest income, interest expenses and net interest income for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Increase or decrease	Percentage change (%)
	2025 (Unaudited)	2024 (Unaudited)		
Interest income	5,992.3	6,736.0	(743.7)	(11.0)
Interest expenses	(3,745.2)	(4,198.9)	453.7	(10.8)
Net interest income	2,247.1	2,537.1	(290.0)	(11.4)

The table below sets forth the average balances of interest-earning assets and interest-bearing liabilities, the related interest income or expenses and the average yield of related assets or average cost of related liabilities of the Bank for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Average balance ⁽¹⁾	Interest income	Average yield ⁽²⁾ (%)	Average balance ⁽¹⁾	Interest income	Average yield ⁽²⁾ (%)
Interest-earning assets						
Loans and advances to customers	229,559.7	4,329.4	3.77	223,595.2	5,065.1	4.53
Investment securities and other financial assets ⁽³⁾	136,283.6	1,372.3	2.01	130,328.4	1,401.3	2.15
Deposits with banks	2,182.4	10.5	0.96	1,883.4	12.5	1.33
Financial assets held under resale agreements and placements with banks and other financial institutions	20,113.4	186.2	1.85	17,528.3	171.3	1.95
Deposits with the central bank ⁽⁴⁾	19,192.4	135.7	1.41	17,768.7	126.8	1.43
Total interest-earning assets	407,331.5	6,034.1	2.96	391,104.0	6,777.0	3.47

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(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Average balance ⁽¹⁾	Interest expense	Average cost rate ⁽²⁾ (%)	Average balance ⁽¹⁾	Interest expense	Average cost rate ⁽²⁾ (%)
Interest-bearing liabilities						
Deposits from customers	317,819.9	3,163.0	1.99	296,976.3	3,437.0	2.31
Financial assets sold under repurchase agreements and placements from banks and other financial institutions	8,520.3	73.5	1.73	6,198.0	77.0	2.48
Debt securities issued ⁽⁵⁾	29,140.1	296.8	2.04	26,499.4	327.3	2.47
Deposits from banks and other financial institutions	13,138.8	134.2	2.04	20,860.4	293.8	2.82
Borrowings from the central bank	8,192.4	72.1	1.76	6,717.5	61.7	1.84
Lease liabilities	279.8	5.6	4.00	202.2	2.1	2.08
Total interest-bearing liabilities	377,091.3	3,745.2	1.99	357,453.8	4,198.9	2.35
Net interest income		2,288.9			2,578.1	
Net interest spread⁽⁶⁾			0.97			1.12
Net interest margin⁽⁷⁾			1.12			1.32

Notes:

- (1) The average balances of interest-earning assets and interest-bearing liabilities are derived from the unaudited management accounts of the Bank.
- (2) Calculated by dividing interest income/expense by average balance.
- (3) Primarily includes financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. Interest income includes the interest income calculated in net trading gains of financial assets at fair value through profit or loss.
- (4) Primarily includes statutory deposit reserves, surplus deposit reserves and fiscal deposits reserves.
- (5) Primarily includes interbank certificates.
- (6) Represents the difference between the average yield of total interest-earning assets and the average cost of total interest-bearing liabilities.
- (7) Calculated by dividing net interest income by the average balance of interest-earning assets.

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The table below sets forth the changes in interest income and interest expense attributable to changes in amount and interest rate of the Bank for the periods indicated. Changes in amount are measured by changes in average balances, and changes in interest rate are measured by changes in average interest rates. Changes caused by both amount and interest rate have been allocated to changes in amount.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025 compared with 2024 Increase/(decrease)		
	Amount ⁽¹⁾	Interest rate ⁽²⁾	Increase/ (decrease) ⁽³⁾
Interest-earning assets			
Loans and advances to customers	224.9	(1,699.3)	(735.7)
Investment securities and other financial assets	119.7	(182.5)	(29.0)
Deposits with banks	2.9	(7.0)	(2.0)
Financial assets held under resale agreements and placements with banks and other financial institutions	47.8	(17.5)	14.9
Deposits with the central bank	20.1	(3.6)	8.9
Change in interest income	480.3	(1,994.6)	(742.9)
Interest-bearing liabilities			
Deposits from customers	414.8	(950.3)	(274.0)
Financial assets sold under repurchase agreements and placements from banks and other financial institutions	40.2	(46.5)	(3.5)
Debt securities issued	53.9	(113.9)	(30.5)
Deposits from banks and other financial institutions	(157.5)	(162.7)	(159.6)
Borrowings from the central bank	26.0	(5.4)	10.4
Lease liabilities	3.1	3.9	3.5
Change in interest expense	390.8	(1,286.8)	(453.7)
Change in net interest income	89.5	(707.8)	(289.2)

Notes:

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

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(ii) Interest income

The table below sets forth the principal components of interest income of the Bank for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2025		2024	
	Amount	% of total (%)	Amount	% of total (%)
Loans and advances to customers	4,329.4	71.8	5,065.1	74.7
Investment securities and other financial assets ⁽¹⁾	1,372.3	22.7	1,401.3	20.7
Deposits with banks	10.5	0.2	12.5	0.2
Financial assets held under resale agreements and placements with other financial institutions	186.2	3.1	171.3	2.5
Deposits with the central bank	135.7	2.2	126.8	1.9
Total	6,034.1	100.0	6,777.0	100.0

Note:

- (1) Interest income included the interest income calculated in net trading gains of financial assets at fair value through profit or loss.

Interest income decreased by 11.0% from RMB6,777.0 million for the six months ended June 30, 2024 to RMB6,034.1 million for the six months ended June 30, 2025, primarily due to the decline in the average yield on interest-earning assets from 3.47% in the same period last year to 2.96%. The decrease in average yield was primarily attributable to the downward trend in market interest rates. The average balance of interest-earning assets increased by 4.1% from RMB391,104.0 million for the six months ended June 30, 2024 to RMB407,331.5 million for the six months ended June 30, 2025, which was primarily due to the Bank's support for the real economy and the enhanced loan disbursement.

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(A) *Interest income from loans and advances to customers*

Interest income from loans and advances to customers represented 74.7% and 71.8% of total interest income for the six months ended June 30, 2024 and 2025, respectively. The table below sets forth the average balance, interest income and average yield of loans and advances to customers of the Bank by product for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Average balance ⁽¹⁾	Interest income	Average yield (%)	Average balance ⁽¹⁾	Interest income	Average yield (%)
Corporate loans	156,115.0	3,231.3	4.14	146,607.0	3,664.3	5.00
Retail loans	54,825.9	997.6	3.64	51,083.9	1,207.1	4.73
Discounted bills	18,618.8	100.5	1.08	25,904.3	193.7	1.50
Total loans and advances to customers	229,559.7	4,329.4	3.77	223,595.2	5,065.1	4.53

Note:

(1) Represents the average of daily balance based on the unaudited management accounts of the Bank.

(B) *Interest income from investment securities and other financial assets*

Interest income from investment securities and other financial assets decreased by 2.1% from RMB1,401.3 million for the six months ended June 30, 2024 to RMB1,372.3 million for the six months ended June 30, 2025, primarily due to the fact that the average yield decreased from 2.15% for the six months ended June 30, 2024 to 2.01% for the six months ended June 30, 2025, which was mainly due to the decline in market interest rates. The average balance of investment securities and other financial assets increased by 4.6% from RMB130,328.4 million for the six months ended June 30, 2024 to RMB136,283.6 million for the six months ended June 30, 2025, which was primarily due to the Bank's intensified investment in standardized assets.

(C) *Interest income from deposits with banks*

Interest income from deposits with banks decreased by 16.0% from RMB12.5 million for the six months ended June 30, 2024 to RMB10.5 million for the six months ended June 30, 2025, mainly due to the fact that the average yield decreased from 1.33% for the six months ended June 30, 2024 to 0.96% for the six months ended June 30, 2025, which was mainly due to the decrease in market interest rates. The average balance of deposits with banks increased by 15.9% from RMB1,883.4 million for the six months ended June 30, 2024 to RMB2,182.4 million for the six months ended June 30, 2025, and such increase in the average balance was mainly due to the Bank's increased allocation of interbank assets.

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(D) Interest income from financial assets held under resale agreements and placements with banks and other financial institutions

Interest income from financial assets held under resale agreements and placements with banks and other financial institutions increased by 8.7% from RMB171.3 million for the six months ended June 30, 2024 to RMB186.2 million for the six months ended June 30, 2025, primarily due to the increase in the average balance by 14.7% from RMB17,528.3 million for the six months ended June 30, 2024 to RMB20,113.4 million for the six months ended June 30, 2025, and such increase in the average balance was due to the Bank's proactive adjustment of its asset-liability structure, specifically by increasing the scale of placements with other financial institutions; the average yield decreased from 1.95% for the six months ended June 30, 2024 to 1.85% for the six months ended June 30, 2025, which was mainly due to the decline in market interest rates.

(E) Interest income from deposits with the central bank

Interest income from deposits with the central bank increased by 7.0% from RMB126.8 million for the six months ended June 30, 2024 to RMB135.7 million for the six months ended June 30, 2025, primarily due to the fact that the average balance increased by 8.0% from RMB17,768.7 million for the six months ended June 30, 2024 to RMB19,192.4 million for the six months ended June 30, 2025, and such increase in the average balance was primarily due to the steady growth in customer deposit volume and the increase in statutory deposit reserve ratio; and the average yield in deposits with the central bank decreased from 1.43% for the six months ended June 30, 2024 to 1.41% for the six months ended June 30, 2025.

(iii) Interest expense

The table below sets forth the principal components of interest expense of the Bank for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025		2024	
	Amount	% of total (%)	Amount	% of total (%)
Deposits from customers	3,163.0	84.5	3,437.0	81.8
Financial assets sold under repurchase agreements and placements from banks and other financial institutions	73.5	2.0	77.0	1.8
Debt securities issued	296.8	7.9	327.3	7.8
Deposits from banks and other financial institutions	134.2	3.6	293.8	7.0
Borrowings from the central bank	72.1	1.9	61.7	1.5
Lease liabilities	5.6	0.1	2.1	0.1
Total	3,745.2	100.0	4,198.9	100.0

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Interest expense decreased by 10.8% from RMB4,198.9 million for the six months ended June 30, 2024 to RMB3,745.2 million for the six months ended June 30, 2025, primarily due to a decrease in the average cost rate of interest-bearing liabilities from 2.35% for the six months ended June 30, 2024 to 1.99% for the six months ended June 30, 2025, which was mainly attributable to the Bank's proactive adjustment of its liability structure, which orderly reduced the costs of debts; and the average balance of interest-bearing liabilities increased by 5.5% from RMB357,453.8 million for the six months ended June 30, 2024 to RMB377,091.3 million for the six months ended June 30, 2025, which was mainly due to the Bank's increased marketing efforts, which have effectively boosted the scale of customer deposits.

(A) *Interest expense on deposits from customers*

Interest expense on deposits from customers decreased by 8.0% from RMB3,437.0 million for the six months ended June 30, 2024 to RMB3,163.0 million for the six months ended June 30, 2025, primarily due to the decrease in the average cost rate from 2.31% for the six months ended June 30, 2024 to 1.99% for the six months ended June 30, 2025, and such decrease in the average cost rate was primarily attributable to the Bank's proactive adjustment of the customer deposit structure and the orderly reduction of customer deposit costs; the average balance increased by 7.0% from RMB296,976.3 million for the six months ended June 30, 2024 to RMB317,819.9 million for the six months ended June 30, 2025, which was mainly due to the fact that the Bank strengthened its marketing efforts to effectively increase the customer deposit size.

(B) *Interest expense on financial assets sold under repurchase agreements and placements from banks and other financial institutions*

Interest expense on financial assets sold under repurchase agreements and placements from banks and other financial institutions decreased by 4.5% from RMB77.0 million for the six months ended June 30, 2024 to RMB73.5 million for the six months ended June 30, 2025, primarily due to the fact that the average cost rate decreased from 2.48% for the six months ended June 30, 2024 to 1.73% for the six months ended June 30, 2025, which was mainly attributable to the decline of market interest rates; the average balance increased by 37.5% from RMB6,198.0 million for the six months ended June 30, 2024 to RMB8,520.3 million for the six months ended June 30, 2025, which was mainly due to the increase in repurchase transactions.

(C) *Interest expense on debt securities issued*

Interest expense on debt securities issued decreased by 9.3% from RMB327.3 million for the six months ended June 30, 2024 to RMB296.8 million for the six months ended June 30, 2025, primarily due to the decrease in the average cost rate from 2.47% for the six months ended June 30, 2024 to 2.04% for the six months ended June 30, 2025, which was primarily due to the decline of market interest rates; the average balance increased by 10.0% from RMB26,499.4 million for the six months ended June 30, 2024 to RMB29,140.1 million for the six months ended June 30, 2025, which was primarily due to the optimization of debt structures by the Bank, resulting in an increase of allocation of business scale of debt securities in issue.

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(D) Interest expense on deposits from banks and other financial institutions

Interest expense on deposits from banks and other financial institutions decreased by 54.3% from RMB293.8 million for the six months ended June 30, 2024 to RMB134.2 million for the six months ended June 30, 2025, primarily due to the fact that the average cost rate decreased from 2.82% for the six months ended June 30, 2024 to 2.04% for the six months ended June 30, 2025, which was mainly attributed to the decline of market interest rates. The average balance decreased by 37.0% from RMB20,860.4 million for the six months ended June 30, 2024 to RMB13,138.8 million for the six months ended June 30, 2025, primarily due to the Bank's proactive optimization of its liability structure, resulting in a reduction in placements with interbank and other financial institutions.

(E) Interest expense on borrowings from the central bank

Interest expense on borrowings from the central bank increased by 16.9% from RMB61.7 million for the six months ended June 30, 2024 to RMB72.1 million for the six months ended June 30, 2025, primarily due to an increase of 22.0% in the average balance from RMB6,717.5 million for the six months ended June 30, 2024 to RMB8,192.4 million for the six months ended June 30, 2025, and the increase in the average balance was mainly due to the increased volume of borrowings from the central bank this year; the average cost rate decreased from 1.84% for the six months ended June 30, 2024 to 1.76% for the six months ended June 30, 2025, which was primarily due to the decrease in the interest rates for new borrowings from the central bank.

(iv) Net interest spread and net interest margin

Net interest spread decreased from 1.12% for the six months ended June 30, 2024 to 0.97% for the six months ended June 30, 2025, primarily due to a decrease in the average yield of interest earning assets from 3.47% to 2.96%, which was primarily due to (i) the decline in Loan Prime Rate (LPR); (ii) the Bank's efforts to support the development of the real economy through lower loan interest rates and fee reductions; and (iii) the decline in the average yield of standardized securities business as a result of the impact of market interest rates. The average cost rate of interest-bearing liabilities decreased from 2.35% for the six months ended June 30, 2024 to 1.99% for the six months ended June 30, 2025. This reduction was mainly due to the Bank's proactive adjustment of its liability structure and the systematic reduction of liability costs. Based on that, the greater decline in the average yield of interest-earning assets than the decline in the average cost of interest-bearing liabilities, resulting in a narrowing of the level of the net interest spread.

The net interest margin decreased from 1.32% for the six months ended June 30, 2024 to 1.12% for the six months ended June 30, 2025, which was primarily due to (i) the Bank's proactive adjustments to its asset structure, increased support for the real economy, and a steady growth in the average daily scale of interest-earning assets; and (ii) year-on-year decrease in the net interest income due to the impact of declining market interest rates.

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(v) Non-interest income

(A) Net fee and commission income

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025	Six months ended June 30, 2024	Increase or decrease	Percentage change (%)
Fee and commission income				
Wealth management service fees	66.9	59.6	7.3	12.2
Agency service fees	33.5	29.3	4.2	14.3
Settlement and clearing fees	31.1	57.8	(26.7)	(46.2)
Bank acceptance bill service fees	9.1	6.6	2.5	37.9
Letters of guarantee fees	63.2	41.2	22.0	53.4
Others ⁽¹⁾	41.6	40.6	1.0	2.5
Subtotal	245.4	235.1	10.3	4.4
Fee and commission expenses	(17.1)	(16.2)	(0.9)	5.6
Net fee and commission income	228.3	218.9	9.4	4.3

Note:

1. Primarily include guarantee fees and advisory service income.

Net fee and commission income increased by 4.3% from RMB218.9 million for the six months ended June 30, 2024 to RMB228.3 million for the six months ended June 30, 2025, primarily due to an increase in fee and commission income of wealth management service and letters of guarantee business this year.

(B) Net trading gains

Net trading gains primarily included gains from selling financial assets held for trading, gains from fair value changes of the financial assets held for trading and the gains from interest income earned during the holding period of the financial assets held for trading. Net trading gains decreased by 68.8% from RMB344.0 million for the six months ended June 30, 2024 to RMB107.4 million for the six months ended June 30, 2025, primarily due to the decline in trading spread gains and fair value of financial assets as a result of market conditions.

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(C) *Net gains arising from investment securities*

The net gains arising from investment securities and other financial assets included net gains arising from selling investment securities and other financial assets and revaluation gains arising from the reclassification of other comprehensive income to profit or loss upon the disposal of assets. The Bank had net gains arising from investment securities and other financial assets of RMB35.1 million for the six months ended June 30, 2024, and RMB130.1 million for the six months ended June 30, 2025. The increase in net gains was primarily due to the Bank's disposal of maturing debt investments, which resulted in net gains from the investments.

(D) *Net exchange (losses)/gains*

Net exchange gains mainly included net amounts arising out of foreign exchange settlement and foreign exchange transactions. The Bank had net exchange gains of RMB15.9 million for the six months ended June 30, 2024 and net exchange losses of RMB15.9 million for the six months ended June 30, 2025. The decrease in net exchange gains was primarily due to the fluctuation of foreign exchange rate.

(E) *Other operating income, net*

Other operating income, net, mainly included net amount of government subsidies and disposal income from fixed assets after deducting non-operating expenses. For the six months ended June 30, 2024, other net operating income of the Bank amounted to RMB5.8 million. For the six months ended June 30, 2025, the Bank recorded other net operating income of RMB20.4 million.

(vi) **Operating expenses**

Operating expenses decreased by 1.5% from RMB1,075.7 million for the six months ended June 30, 2024 to RMB1,060.1 million for the six months ended June 30, 2025. The decrease was mainly due to the decrease in staff costs. The table below sets forth the principal components of operating expense of the Bank for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025	Six months ended June 30, 2024	Increase or decrease	Percentage change (%)
Staff costs	569.6	588.2	(18.6)	(3.2)
Premises and equipment expenses	200.8	190.4	10.4	5.5
General management and administrative expenses	242.7	245.8	(3.1)	(1.3)
Business tax and surcharges	47.0	51.3	(4.3)	(8.4)
Total	1,060.1	1,075.7	(15.6)	(1.5)
Cost-to-income ratio ⁽¹⁾ (%)	37.28	32.45	4.8	14.9

Note:

(1) Calculated by dividing total operating expenses (net of business tax and surcharge) by total operating income.

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(A) Staff costs

The table below sets forth the components of staff cost for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025	Six months ended June 30, 2024	Increase or decrease	Percentage change (%)
Salaries and bonuses	382.6	405.1	(22.5)	(5.6)
Social insurance	125.4	119.0	6.4	5.4
Housing allowances	44.4	47.8	(3.4)	(7.1)
Labour union and staff education expenses	4.4	5.6	(1.2)	(21.4)
Staff welfares	11.7	9.8	1.9	19.4
Others	1.1	0.9	0.2	22.2
Total staff costs	569.6	588.2	(18.6)	(3.2)

Staff costs decreased by 3.2% from RMB588.2 million for the six months ended June 30, 2024 to RMB569.6 million for the six months ended June 30, 2025, representing a slight decrease.

(B) Premises and equipment expenses

Premises and equipment expenses increased by 5.5% from RMB190.4 million for the six months ended June 30, 2024 to RMB200.8 million for the six months ended June 30, 2025. The increase in premises and equipment expenses was mainly due to higher depreciation of property and equipment.

(C) General management and administrative expenses

General management and administrative expenses primarily included business promotion fees, administrative fees, transportation fee and repair expenses. General management and administrative expenses decreased by 1.3% from RMB245.8 million for the six months ended June 30, 2024 to RMB242.7 million for the six months ended June 30, 2025, representing a slight decrease in general management and administrative expenses.

(D) Business tax and surcharges

The Bank pays taxes on interest income from loans, fee and commission income and securities trading gains. Business tax and surcharges were RMB51.3 million and RMB47.0 million for the six months ended June 30, 2024 and 2025, respectively.

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(vii) Impairment losses on credit/assets

The table below sets forth the principal components of impairment losses on credit/assets for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Increase or decrease	Percentage change (%)
	2025	2024		
Loans and advances to customers	928.6	858.5	70.1	8.2
Investment assets	293.5	884.7	(591.2)	(66.8)
Acceptance bills, letters of guarantees and unused credit card commitments	(0.6)	(4.6)	4.0	(87.0)
Others	96.4	3.9	92.5	2,371.8
Total impairment losses on credit/assets	1,317.9	1,742.5	(424.6)	(24.4)

Impairment losses on credit/assets decreased by 24.4% from RMB1,742.5 million for the six months ended June 30, 2024 to RMB1,317.9 million for the six months ended June 30, 2025, mainly due to the reduction of provisions as a result of the improvement of the Bank's asset quality.

Credit impairment losses on loans and advances to customers increased by 8.2% from RMB858.5 million for the six months ended June 30, 2024 to RMB928.6 million for the six months ended June 30, 2025, mainly due to the increase in total loans and advances to customers, resulting in increased impairment loss provisions during the current period.

Credit impairment losses of investment assets decreased by 66.8% from RMB884.7 million for the six months ended June 30, 2024 to RMB293.5 million for the six months ended June 30, 2025, mainly because the Bank had made sufficient impairment provisions in prior years and there were no significant changes in non-standard assets during the current period, resulting in a decrease in the amount of impairment provisions.

(viii) Income tax credit

Income tax credit was RMB55.8 million as at June 30, 2024 and the income tax credit was RMB59.8 million as at June 30, 2025.

Chapter 4 Management Discussion and Analysis

(b) Analysis of the Consolidated Statement of Financial Position

(i) Assets

As of June 30, 2025 and December 31, 2024, the total assets of the Bank were RMB427,481.6 million and RMB414,707.6 million, respectively. Major components of total assets include (i) loans and advances to customers; (ii) investment securities and other financial assets; (iii) deposits with banks and placements with other financial institutions; (iv) cash and deposits with the central bank; and (v) financial assets held under resale agreements. The table below sets forth the components of total assets as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Assets				
Loans and advances to customers, gross (including interest accrued)	241,906.0	56.6	231,414.3	55.8
Provision for impairment losses	(5,936.9)	(1.4)	(5,818.7)	(1.4)
Loans and advances to customers, net	235,969.1	55.2	225,595.6	54.4
Investment securities and other financial assets ⁽¹⁾	141,968.7	33.2	137,451.3	33.1
Deposits with banks and placements with other financial institutions	13,905.5	3.3	6,030.5	1.5
Cash and deposits with the central bank	19,988.9	4.7	23,171.6	5.6
Financial assets held under resale agreements	1,855.3	0.4	8,989.2	2.2
Other assets ⁽²⁾	13,794.1	3.2	13,469.4	3.2
Total assets	427,481.6	100.0	414,707.6	100.0

Note:

- (1) Include financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.
- (2) Primarily consist of property and equipment, other assets, deferred tax assets, interests receivables, interest in an associate and right-of-use assets.

Chapter 4 Management Discussion and Analysis

(A) *Loans and advances to customers*

As of June 30, 2025, the total loans and advances to customers of the Bank (including interest accrued) were RMB241,906.0 million, representing an increase of 4.5% as compared with December 31, 2024. Net loans and advances to customers accounted for 55.2% of the total assets of the Bank, representing a slight increase as compared to the beginning of the year.

The table below sets forth loans and advances to customers by product as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Corporate loans	158,048.4	65.3	154,092.7	66.6
Retail loans	56,081.8	23.2	53,815.9	23.3
Discounted bills	20,698.8	8.6	16,950.9	7.3
Interest accrued	7,077.0	2.9	6,554.8	2.8
Total loans and advances to customers	241,906.0	100.0	231,414.3	100.0

Loans and advances to customers are the largest component of total assets. The Bank offers a variety of loan products, all of which are denominated in Renminbi. Loans and advances to customers, net of provisions for impairment losses, represented 55.2% and 54.4% of total assets as of June 30, 2025 and December 31, 2024, respectively.

The Bank's corporate loans increased by 2.6% from RMB154,092.7 million as of December 31, 2024 to RMB158,048.4 million as of June 30, 2025, which was mainly due to the Bank's active support for the development of the real economy in response to national policies with an increased amount of loans granted.

The Bank's retail loans mainly comprise of personal business loans, personal consumption loans and residential and commercial mortgage loans. The Bank's retail loans increased by 4.2% from RMB53,815.9 million as of December 31, 2024 to RMB56,081.8 million as of June 30, 2025.

Chapter 4 Management Discussion and Analysis

Loans and advances to customers by type of collateral

The table below sets forth loans and advances to customers by type of collateral as of the dates indicated. If a loan is secured by multiple forms of collateral, the classification is based on the primary form of collateral.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Collateralized loans	95,010.6	39.3	92,727.8	40.1
Pledged loans	13,988.4	5.8	13,382.2	5.8
Guaranteed loans	80,002.1	33.1	75,773.8	32.7
Unsecured loans	45,827.9	18.9	42,975.7	18.6
Interest accrued	7,077.0	2.9	6,554.8	2.8
Total loans and advances to customers	241,906.0	100.0	231,414.3	100.0

As of June 30, 2025 and December 31, 2024, collateralized loans, pledged loans and guaranteed loans in aggregate represented 78.2% and 78.6% of total loans and advances to customers, respectively. Collateralized loans and pledged loans are subject to loan-to-value ratio limits based on the type of collateral. The Bank usually only accepts guarantees provided by listed companies, guarantee companies or guarantor with strong guarantee capacity and in compliance with guarantee conditions. The Bank evaluates a guarantee company based on its size, credit history and risk-resistance level, as well as the value and quality of any collateral provided by the borrower.

Unsecured loans increased by 6.6% from RMB42,975.7 million as of December 31, 2024 to RMB45,827.9 million as of June 30, 2025.

Chapter 4 Management Discussion and Analysis

Change to the provisions for impairment losses on loans and advances to customers

The table below sets forth the change to the provision for impairment losses on loans and advances to customers as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025	As of December 31, 2024
As at the beginning of the Reporting Period	5,818.7	5,781.8
Charge for the period/year	928.6	2,019.5
Write-off and others for the period/year	(852.1)	(2,102.7)
Recoveries of loans and advances previously written off	41.7	120.1
As of June 30/December 31	5,936.9	5,818.7

Provisions for impairment losses on loans and advances to customers increased by 2.0% from RMB5,818.7 million as of December 31, 2024 to RMB5,936.9 million as of June 30, 2025, mainly due to the fact that the Bank provisioned for asset impairment losses based on the growth of loans and advances to customers, taking into account external factors such as economic conditions, in order to enhance risk resilience.

(B) Investment securities and other financial assets

Investment securities and other financial assets primarily include debt securities, interbank certificates, asset management plans issued by other financial institutions, trust plans, wealth management products and fund products.

Investment securities and other financial assets (net) increased by 3.3% from RMB137,451.3 million as of December 31, 2024 to RMB141,968.7 million as of June 30, 2025, mainly due to the increase in standardized investments by the Bank.

Chapter 4 Management Discussion and Analysis

(ii) Liabilities

As of June 30, 2025 and December 31, 2024, the total liabilities of the Bank were RMB393,360.1 million and RMB380,869.7 million, respectively. Major components of the liabilities include (i) deposits from customers; (ii) deposits from banks and other financial institutions; (iii) financial assets sold under repurchase agreements and placements from banks and other financial institutions; (iv) debt securities issued; (v) borrowings from the central bank; and (vi) other liabilities. The table below sets forth the components of total liabilities as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Total deposits from customers (including interest accrued)	334,421.3	85.0	321,379.3	84.4
Deposits from banks and other financial institutions	9,967.2	2.5	15,708.6	4.1
Financial assets sold under repurchase agreements and placements from banks and other financial institutions	6,511.5	1.7	5,922.0	1.6
Debt securities issued	31,914.2	8.1	27,392.6	7.2
Borrowings from the central bank	8,632.9	2.2	8,404.8	2.2
Other liabilities ⁽¹⁾	1,913.0	0.5	2,062.4	0.5
Total liabilities	393,360.1	100.0	380,869.7	100.0

Note:

(1) Primarily include taxes payable, accrued staff costs, deferred tax liabilities, lease liabilities and other liabilities.

Chapter 4 Management Discussion and Analysis

(A) *Deposits from customers*

Deposits from customers are the largest component of total liabilities. As of June 30, 2025 and December 31, 2024, deposits from customers represented 85.0% and 84.4% of the total liabilities, respectively.

The Bank offers RMB-denominated demand and time deposit products to corporate and retail customers. The table below sets forth deposits from customers by product and customer type as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Corporate deposits				
Demand deposits	64,639.7	19.3	58,136.7	18.1
Time deposits	21,033.1	6.3	23,579.8	7.3
Subtotals	85,672.8	25.6	81,716.5	25.4
Retail deposits				
Demand deposits	44,741.9	13.4	43,997.6	13.7
Time deposits	187,651.9	56.1	179,848.9	56.0
Subtotals	232,393.8	69.5	223,846.5	69.7
Pledged deposits	6,653.3	2.0	6,011.8	1.9
Others	2,393.1	0.7	2,942.3	0.9
Interest accrued	7,308.3	2.2	6,862.2	2.1
Total deposits from customers	334,421.3	100.0	321,379.3	100.0

Total deposits from customers increased by 4.1% from RMB321,379.3 million as of December 31, 2024 to RMB334,421.3 million as of June 30, 2025, primarily attributable to the Bank's increased marketing efforts, which effectively boosted the scale of deposits from customers.

(B) *Debts securities issued*

From January 1, 2025 to June 30, 2025, the Bank issued several tranches of interbank certificates in an aggregate face value of RMB27,760.0 million. These interbank certificates have terms of three months to one year and bear effective interest rates between 1.62% and 2.15% per annum.

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(iii) Shareholders' equity

The table below sets forth the change in shareholders' equity of the Bank as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Share capital	15,069.8	44.2	15,069.8	44.5
Capital reserve	5,958.7	17.5	5,958.7	17.6
Defined benefit plan reserve	(5.3)	0.0	(5.3)	0.0
Investment revaluation reserve	(6.7)	0.0	108.6	0.3
Surplus reserve	2,024.1	5.9	1,966.3	5.8
General reserve	5,784.2	16.9	5,784.2	17.1
Retained earnings	5,250.8	15.4	4,910.7	14.6
Non-controlling interests	45.9	0.1	44.9	0.1
Total equity	34,121.5	100.0	33,837.9	100.0

(c) Asset quality analysis

(i) Breakdown of loans by the five-category classification

For the Bank, the non-performing loans are classified into loans and advances to customers of substandard, doubtful and loss. As of June 30, 2025, the Bank's non-performing loans amounted to RMB4,340.0 million. The table below sets forth loans and advances to customers by loan classification as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Normal	219,470.1	93.5	210,960.3	93.8
Special mention	11,018.9	4.7	9,558.5	4.3
Substandard	1,905.6	0.8	2,351.2	1.0
Doubtful	707.5	0.3	553.0	0.3
Loss	1,726.9	0.7	1,436.5	0.6
Total loans and advances to customers	234,829.0	100.0	224,859.5	100.0
Non-performing loans and non-performing loan ratio⁽¹⁾	4,340.0	1.85	4,340.7	1.93

Note:

(1) Calculated by dividing non-performing loans by total loans and advances to customers.

As of June 30, 2025 and December 31, 2024, the non-performing loan ratios of the Bank were 1.85% and 1.93%, respectively, representing a decrease of 0.08 percentage point.

Chapter 4 Management Discussion and Analysis

(ii) Concentration of loans

(A) Concentration by industry and structure of non-performing loans

The table below sets forth the breakdown of loans and non-performing loans by industry as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025				As of December 31, 2024			
	Loan amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio ⁽¹⁾ (%)	Loan amount	% of total (%)	Non-performing loan amount	Non-performing loan ratio ⁽¹⁾ (%)
Wholesale and retail	14,335.1	6.1	376.6	2.63	13,640.7	6.1	342.2	2.51
Manufacturing	36,888.7	15.7	1,042.9	2.83	35,269.8	15.7	1,240.1	3.52
Agriculture, forestry, animal husbandry and fishing	6,583.8	2.8	294.7	4.48	6,780.4	3.0	205.6	3.03
Construction	16,053.4	6.8	117.4	0.73	16,005.2	7.1	111.4	0.70
Real estate	13,059.3	5.6	26.0	0.20	12,630.6	5.6	26.1	0.21
Mining	9,037.8	3.9	107.9	1.19	7,101.3	3.2	89.5	1.26
Leasing and business services	23,515.5	10.0	15.9	0.07	26,292.7	11.7	21.5	0.08
Electricity, heating power, gas and water production and supply	5,356.0	2.3	9.0	0.17	4,940.0	2.2	9.0	0.18
Transportation, storage and postal services	12,397.1	5.3	8.4	0.07	11,472.1	5.1	28.1	0.24
Financial	8,514.0	3.6	0.0	0.00	7,381.0	3.3	0.0	0.00
Other industries ⁽²⁾	12,307.7	5.2	304.5	2.47	12,578.9	5.6	110.5	0.88
Retail loans	56,081.8	23.9	2,036.7	3.63	53,815.9	23.9	2,156.7	4.01
Discounted bills	20,698.8	8.8	0.0	0.00	16,950.9	7.5	0.0	0.00
Total	234,829.0	100.0	4,340.0	1.85	224,859.5	100.0	4,340.7	1.93

Notes:

- (1) Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.
- (2) Mainly including following industries: (i) water, environment and public facility management, (ii) culture, sports and entertainment, (iii) health and social services, (iv) accommodation and catering, (v) education, (vi) residents and other services, (vii) scientific research, technical service and geological prospecting, (viii) information transmission, computer service and software, and (ix) public administration, social security and social organizations.

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Loans to borrowers in the manufacturing, leasing and business services, construction, wholesale and retail and real estate industries represented the largest components of the Bank's corporate loan portfolio. Loans to these industries accounted for 67.4% and 65.7% of total corporate loans as of December 31, 2024 and June 30, 2025, respectively.

(B) Borrower concentration

Loans to the 10 largest single borrowers

The following table sets forth the 10 largest single borrowers (excluding group borrowers) as of June 30, 2025 and the balances of loans to these borrowers. All of these loans were classified as normal.

(Expressed in millions of RMB, unless otherwise stated)		As of June 30, 2025	
Customers	Industries involved	Total	% of total loans (%)
Borrower A	Manufacturing	8,000.0	3.4
Borrower B	Leasing and business services	2,857.3	1.2
Borrower C	Real estate	2,407.3	1
Borrower D	Construction	2,385.0	1
Borrower E	Financial	2,042.0	0.9
Borrower F	Leasing and business services	2,014.8	0.9
Borrower G	Leasing and business services	1,965.0	0.8
Borrower H	Financial	1,944.3	0.8
Borrower I	Transportation, storage and postal services	1,854.0	0.8
Borrower J	Leasing and business services	1,800.0	0.8

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(C) Non-performing loans by product

The table below sets forth the Bank's loans and non-performing loans by product type as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025			As of December 31, 2024		
	Loan amount	Non- performing loan amount	Non- performing loan ratio ⁽¹⁾ (%)	Loan amount	Non- performing loan amount	Non- performing loan ratio ⁽¹⁾ (%)
Corporate loans						
Working capital loans	100,763.2	1,630.9	1.62	100,252.2	1,633.2	1.63
Fixed capital loans	57,088.2	475.4	0.83	53,583.4	352.6	0.66
Others ⁽²⁾	197.0	197.0	100.00	257.1	198.2	77.12
Sub-total	158,048.4	2,303.3	1.46	154,092.7	2,184.0	1.42
Retail loans						
Personal business loans	5,612.4	1,037.3	18.48	5,373.5	1,043.8	19.43
Personal consumption loans	19,758.3	409.0	2.07	19,028.5	526.9	2.77
Residential and commercial mortgage loans	30,711.1	590.4	1.92	29,413.9	586.0	1.99
Sub-total	56,081.8	2,036.7	3.63	53,815.9	2,156.7	4.01
Discounted bills	20,698.8	0.0	0.00	16,950.9	0.0	0.00
Total	234,829.0	4,340.0	1.85	224,859.5	4,340.7	1.93

Notes:

(1) Calculated by dividing non-performing loans by loans and advances to customers of each product category.

(2) Primarily consist of advances for off-balance sheet businesses.

The non-performing loan ratio of corporate loans increased from 1.42% as of December 31, 2024 to 1.46% as of June 30, 2025. The non-performing loan ratio of retail loans decreased from 4.01% as of December 31, 2024 to 3.63% as of June 30, 2025.

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(D) *Loan aging schedule*

The table below sets forth the loan aging schedule of loans and advances to customers as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of June 30, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Loans not overdue	228,695.5	97.4	228,266.9	97.5
Loans past due for:				
1 to 90 days	2,745.6	1.2	2,526.2	1.1
91 days to 1 year	1,481.3	0.6	1,412.4	0.6
1 to 3 years	1,157.8	0.5	992.3	0.4
3 years or more	748.8	0.3	935.1	0.4
Subtotal	6,133.5	2.6	5,866.0	2.5
Total loans and advances to customers	234,829.0	100.0	234,132.9	100.0

(d) *Segments information*

(i) **Summary of business segment**

We operate three principal lines of business: corporate banking, retail banking and financial market operations. The table below sets forth the operating income for each of our principal business segments for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,			
	2025		2024	
	Amount	% of total (%)	Amount	% of total (%)
Corporate banking	1,067.5	39.3	1,376.3	43.6
Retail banking	856.8	31.5	1,018.3	32.3
Financial market operations	747.1	27.5	699.9	22.2
Others ⁽¹⁾	46.0	1.7	62.3	1.9
Total operating income	2,717.4	100.0	3,156.8	100.0

Note:

- (1) Primarily represent assets, liabilities, income and expenses which cannot be directly attributable or cannot be allocated to a segment on a reasonable basis.

(ii) **Summary of geographical segment information**

No geographical information is presented as most of the Group's operations are conducted and all non-current assets are located in Gansu Province of the PRC and therefore revenue is derived from activities in Gansu Province of the PRC.

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(e) Off-balance sheet commitments

Off-balance sheet commitments primarily consist of loan commitments, bank acceptances, letters of guarantee and capital commitments. The table below sets forth our contractual amounts of off-balance sheet commitments as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025	As of December 31, 2024
Credit commitments:		
Bank acceptances bills ⁽¹⁾	7,173.1	6,583.5
Letters of guarantee ⁽²⁾	1,250.1	1,276.5
Letters of credit ⁽²⁾	6,222.9	4,103.9
Unused credit card commitments	10,718.2	10,109.9
Subtotal	25,364.3	22,073.8
Capital commitments	45.3	47.0
Total	25,409.6	22,120.8

Notes:

- (1) Bank acceptances bills refer to undertakings of the Bank to pay bank bills drawn on its customers.
- (2) The Bank issues letters of credit and letters of guarantee to third parties to guarantee its customers' contractual obligations.

Off-balance sheet commitments increased by 14.9% from RMB22,120.8 million as of December 31, 2024 to RMB25,409.6 million as of June 30, 2025. The increase in off-balance sheet commitments was mainly due to the adjustments to off-balance sheet businesses made by the Bank in an actively manner, along with increased efforts to marketing, resulting in a significant rise in the bank acceptance bills and letters of credit business as well as the unused credit limits of credit cards.

(f) Miscellaneous

1. During the Reporting Period, the Bank launched the business related to the sub-loan ("ADB Sub-loan") of Asian Development Bank ("ADB"). ADB Sub-loan refers to the RMB denominated loans issued by the Bank to the final borrowers who meet the requirements of the ADB and the Bank leveraging on the capital funded by the ADB to the Chinese government, which shall be used to satisfy the production and operation needs of such borrowers. The ADB Sub-loan consists of two parts, with one part directly channeled from ADB funds and the other supported by the self-owned capital of the Bank. As of June 30, 2025, the Group has granted a total of RMB20.7 million ADB Sub-loan. Currently, it has applied for 4 reimbursement withdrawals totaling US\$3,145,000.
2. During the Reporting Period, the Bank actively promoted the development of inclusive finance and implemented the principles of the Central Financial Work Conference. The Bank thoroughly executed the deployments from the PBOC and the NAFR regarding inclusive finance, adopting a series of diversified and innovative strategies to effectively promote the overall objective of inclusive finance business to "increase scale, reduce costs, and optimize structure". As of June 30, 2025, the Bank had issued a total of RMB6.52 billion in inclusive small and micro loans.

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4. BUSINESS REVIEW

(a) Corporate banking

The Bank offers corporate customers a broad range of financial products and services, including loans, discounted bills, deposits and fees and commission-based products and services. The Bank's corporate customers primarily include government agencies, public organizations, SOEs, private enterprises and foreign-invested enterprises. The Bank is committed to serving local customers with a focus on small and micro enterprises.

In addition, the Bank commits to seeking to develop long-term business relationships with customers by closely monitoring their financial needs and offering tailored financial solutions. As of June 30, 2025, the total corporate loans of the Bank amounted to RMB158,048.4 million, while the total corporate deposits amounted to RMB85,672.8 million. For the six months ended June 30, 2024 and 2025, operating income from the Bank's corporate banking business accounted for 43.6% and 39.3% of its total operating income, respectively. The table below sets forth the financial performance of the Bank's corporate banking for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30,		Percentage change (%)
	2025	2024	
External interest income, net ⁽¹⁾	2,613.4	2,969.8	(12.0)
Inter-segment interest expenses, net ⁽²⁾	(1,656.7)	(1,705.6)	(2.9)
Net interest income	956.7	1,264.2	(24.3)
Net fees and commission income	110.8	112.1	(1.2)
Operating income	1,067.5	1,376.3	(22.4)
Operating expenses	(416.5)	(469.0)	(11.2)
Impairment loss on assets	(467.2)	(703.6)	(33.6)
Operating profit	183.8	203.7	(9.8)
Profit before tax	183.8	203.7	(9.8)

Notes:

(1) Represents net income and expenses from third parties.

(2) Represents inter-segment expenses and consideration of transfer.

(i) Corporate loans

Corporate loans constituted the largest component of the Bank's loan portfolio. As of June 30, 2025 and December 31, 2024, corporate loans amounted to RMB158,048.4 million and RMB154,092.7 million, accounting for 65.3% and 66.6% of the Bank's total loans and advances to customers, respectively.

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(ii) Discounted bills

The Bank purchases bank acceptance bills with remaining maturities of up to six months at discounted prices to satisfy the short-term funding needs of banks and corporate customers. As of June 30, 2025 and December 31, 2024, discounted bills totaled RMB20,698.8 million and RMB16,950.9 million, accounting for 8.6% and 7.3% of the Bank's total loans and advances to customers, respectively.

(iii) Corporate deposits

The Bank accepts demand and time deposits denominated in Renminbi and major foreign currencies (including HKD, USD and Euros) from corporate customers. As of June 30, 2025 and December 31, 2024, corporate deposits totaled RMB85,672.8 million and RMB81,716.5 million, accounting for 25.6% and 25.4% of the Bank's total customer deposits, respectively.

(iv) Fees and commission-based products and services

The Bank offers corporate customers a broad range of fees and commission-based products and services, primarily including wealth management services, entrusted loans, settlement services, etc.

(A) *Wealth management services*

The Bank offers corporate customers a broad range of wealth management products based on their risk and return preferences. The Bank invests funds from these wealth management products primarily in bonds, interbank deposits, money market instruments and other fixed income products portfolio.

For the six months ended June 30, 2024 and 2025, wealth management products sold by the Bank to corporate customers totaled RMB60.5 million and RMB21 million, respectively. The total amount of wealth management products recorded a decrease resulting from changes in customers investment needs and restructuring of wealth management products of the Bank.

(B) *Entrusted loans*

The Bank provides loans to borrowers designated by corporate customers, who determine the use of loans, principal amount and interest rates for these loans. The Bank monitors the use of entrusted loans by borrowers and assists corporate customers in recovering these loans.

The Bank charges agency fees based on the principal amount of entrusted loans. The Bank's corporate customers bear the risk of default associated with these loans. For the six months ended June 30, 2024 and 2025, service fees charged by the Bank to corporate customers for entrusted loans totaled RMB1.97 million and RMB4.71 million, respectively.

(C) *Settlement services*

The Bank offers corporate customers domestic and international settlement services.

Domestic Settlement Services: The Bank provides domestic settlement services in the form of bank acceptance bills, collections and telegraphic transfers. For the six months ended June 30, 2024 and 2025, the Bank's total domestic settlement transaction volumes were approximately RMB468.09 billion and RMB545.35 billion, respectively.

International Settlement Services: The Bank obtained approval to provide international settlement services in January 2014. The Bank's international settlement services primarily include remittance, collection, letters of credit and letters of guarantee. For the six months ended June 30, 2024 and 2025, the Bank's international settlement transaction volumes were US\$201.1 million and US\$229.9 million, respectively.

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(D) Other fees and commission-based products and services

The Bank offers other fees and commission-based products and services to corporate customers, such as guarantee services, foreign exchange services and bond underwriting and distribution.

(b) Retail banking

The Bank offers retail customers a wide range of financial products and services, including loans, deposits, bank card services and fees and commission-based products and services. The Bank has a large retail customer base.

As of June 30, 2025, the total retail loans of the Bank amounted to RMB56,081.8 million, while the total retail deposits amounted to RMB232,393.8 million. For the six months ended June 30, 2024 and 2025, operating income from the Bank's retail banking business accounted for 32.3% and 31.5% of its total operating income, respectively.

The Bank categorizes retail banking customers into regular customers (with average financial asset balances of less than RMB50,000), wealth management customers (with average financial asset balances of RMB50,000 or more but less than RMB200,000), wealthy customers (with average financial asset balances of RMB200,000 or more but less than RMB3.0 million) and private banking customers (with average financial asset balances of RMB3.0 million or more).

As of June 30, 2025, the Bank had 387,411 wealthy customers and 3,199 private banking customers. The Bank continues to grow its wealthy customer and private banking customer base by expanding its product and service portfolio. The table below sets forth the financial performance of the Bank's retail banking for the periods indicated.

(Expressed in millions of RMB, unless otherwise stated)	Six months ended June 30, 2025	2024	Percentage change (%)
External interest expenses, net ⁽¹⁾	(1,547.4)	(1,535.4)	0.8
Inter-segment interest income, net ⁽²⁾	2,337.3	2,494.1	(6.3)
Net interest income	798.9	958.7	(17.6)
Net fee and commission income	66.9	59.6	12.2
Operating income	856.8	1,018.3	(15.9)
Operating expenses	(334.3)	(347.0)	(3.7)
Impairment losses on assets	(461.2)	(151.7)	204.0
Operating profit	61.3	519.6	(88.2)
Profit before tax	61.3	519.6	(88.2)

Notes:

(1) Represents net income and expenses from third parties.

(2) Represents inter-segment expenses and consideration of transfer.

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(i) Retail loans

The Bank offers retail customers personal business loans, personal consumption loans and personal residential and commercial mortgage loans. As of June 30, 2025 and December 31, 2024, total retail loans were RMB56,081.8 million and RMB53,815.9 million, accounting for 23.2% and 23.3% of the Bank's total loans and advances to customers, respectively.

(ii) Retail deposits

The Bank accepts demand and time deposits denominated in Renminbi and major foreign currencies from retail customers. As of June 30, 2025 and December 31, 2024, retail deposits totaled RMB232,393.8 million and RMB223,846.5 million, accounting for 69.5% and 69.7% of the Bank's total customer deposits, respectively.

(iii) Bank card services

(A) Debit cards

The Bank issues debit cards denominated in Renminbi to retail customers holding deposit accounts with it. Customers may use debit cards for a variety of purposes, such as cash deposits and withdrawals, transfers, payments, settlements, consumption, bill payments, financing and wealth management. The Bank provides cardholders with differentiated services by classifying debit cards into basic cards, gold cards, platinum cards and diamond cards based on a bank cardholder's deposit balances.

To expand its customer base and service scope, the Bank issues the following debit cards in cooperation with government agencies and public organizations:

- Social Security Card (社會保障卡): The Bank works with the Department of Human Resources and Social Security of Gansu Province (甘肅省人力資源和社會保障廳) to issue Social Security Cards, which can be used for making social security contributions and social security information inquiries.
- Housing Provident Fund Co-branded Card (公積金聯名卡): The Bank works with the local housing provident fund management center to issue Housing Provident Fund Co-branded Cards, which can be used for withdrawal and transfer of housing provident funds, loan distribution and account inquiries.
- Longyuan Transportation Card (隴原交通卡): The Bank works with the Gansu Provincial Expressway Administration to issue IC financial cards, which can be used for paying expressway tolls electronically.
- Veteran Card (退役軍人保障卡): The IC financial cards issued by the Bank in partnership with Gansu Provincial Veterans Affairs Office, which targets veterans and soldiers' dependents in the province, providing exclusive financial management, savings products, exclusive guarantees and exclusive VIP services for cardholders.

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- Longjing Card (隴警卡): The IC financial cards issued by the Bank in partnership with the Gansu Public Security Department, which targets public security officers and their immediate family members in the province, providing exclusive financial management, savings products and exclusive VIP services for cardholders.
- Gardener's Card (園丁卡): The IC financial cards issued by the Bank in partnership with Lanzhou Municipal Education Bureau, which targets teaching staff, providing exclusive wealth management, deposit products, and exclusive VIP services for cardholders.

In addition, to enhance its brand recognition, the Bank cooperates with local governments to issue theme cards based on regional characteristics of Gansu Province, such as the Golden Tower Golden Poplar Card (金塔金胡楊卡), Xiongguan Card (雄關卡), the Journey of Xuanzang Card (玄奘之路卡) and Long Nan Landscape Card (隴南山水卡). The Bank also cooperates with various institutions in issuing co-branded cards, including the Gansu Police Vocational College Co-branded Card (甘肅警察職業學校聯名卡), Tianshui Reli Co-branded Card (天水熱力聯名卡) and Qingyang Labor Benefit Card (慶陽工惠卡).

As of June 30, 2025, the Bank had issued approximately 8.9 million debit cards. As of June 30, 2025 and June 30, 2024, holders of these debit cards conducted transactions of approximately RMB24,788.4 million and RMB30,139.1 million, respectively.

(B) Credit cards

On the basis of a thorough investigation of the market, the Bank integrated and upgraded the credit card system by using leading financial technology and big data and officially issued credit cards with a certain credit limit to the public on November 11, 2019. Cardholders can consume by the card within the credit line first and then make payment to the Bank, and are entitled to financial services such as consumer credit, cash deposit and withdrawal and settlement by transfer of account. Credit cards issued by the Bank are classified into basic cards, gold cards and platinum cards according to different credit ratings.

As of June 30, 2025, the Bank had issued 1,022,300 credit cards, including 975,920 credit cards and 46,380 business cards. The revolving credit card line was RMB13.565 billion, of which RMB12.706 billion and RMB859 million were granted to credit cards and business cards, respectively. Balance of overdraft recorded was RMB2.876 billion, of which RMB2.841 billion and RMB35 million were made by holders of credit cards and business cards, respectively. Overdraft accounts reached 315,228, including 310,066 credit card accounts and 5,162 business card accounts. The total credit card income amounted to RMB83 million, of which RMB22 million was recorded by intermediary business, and RMB61 million was included in interest income.

(C) POS settlement services

As a payment settlement service provider, the Bank provides selected merchants with transaction fund settlement services. As of June 30, 2025, the Bank had 220,000 merchant customers for settlement services with approximately 320 million transactions, and the total amount of transactions of merchant customers was approximately RMB57.89 billion.

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(iv) Fees and commission-based products and services

The Bank offers retail customers a wide range of fees and commission-based products and services, primarily including wealth management services, agency services and payroll and payment agency services.

(A) *Wealth management services*

The Bank offers retail customers wealth management products under its Huifu (匯福) series based on their risk and return preferences. The Bank invests funds from these wealth management products primarily in bonds, interbank deposits, money market instruments and other fixed income products.

For the six months ended June 30, 2025 and 2024, wealth management products sold to retail customers totaled RMB16,789.65 million and RMB16,284.0 million, respectively. As of June 30, 2025, the Bank had 144,392 retail wealth management clients and the return rate of its retail wealth management products was between 2.38% and 3.26% for the six months ended June 30, 2025.

(B) *Agency services*

The Bank sells insurance and precious metal products to retail customers as an agent.

Insurance Products: As of June 30, 2025, the Bank had entered into agency agreements with 5 nationwide insurance companies to promote and distribute their insurance products, with sales amounts of RMB103.29 million during the Reporting Period.

Wealth Management: As of June 30, 2025, the Bank had entered into agency agreements with 6 wealth management companies to promote and distribute their wealth management products, with sales amounts of RMB11,253.41 million during the Reporting Period.

Precious Metal Products: The Bank received approval to distribute precious metals in China in August 2015. For the six months ended June 30, 2025 and 2024, the Bank sold an aggregate of RMB69.62 million and RMB65.54 million of precious metal products, respectively.

(C) *Payroll and payment agency services*

Payroll Services: the Bank provides payroll services to governmental agencies, public organizations and enterprises customers. As of June 30, 2025, the Bank had over 11,605 payroll units. For the six months ended June 30, 2025 and 2024, the Bank paid, in the role of paying agent, average monthly salaries of approximately RMB4,970 million and RMB5,051.55 million, respectively.

Payment Agency Services: the Bank offers customers payment agency services related to daily living expenses (such as utilities costs) through its broad distribution network.

(D) *Other fees and commission-based products and services*

The Bank offers other fees and commission-based products and services to retail customers, such as fund transfer, remittance and acceptance services.

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(c) Financial market operations

The Bank's financial market operations, primarily including money market transactions, investment business and wealth management business. The financial market operations are one of its most important revenue sources. For the six months ended June 30, 2024 and 2025, operating income from financial market operations accounted for 22.2% and 27.5% of its total operating income, respectively. The table below sets forth the financial performance of the Bank's financial market operations for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Six months ended June 30,		Percentage change (%)
	2025	2024	
Net external interest income ⁽¹⁾	1,181.1	1,102.7	7.1
Net inter-segment interest expenses ⁽²⁾	(680.6)	(788.5)	(13.7)
Net interest income	500.5	314.2	59.3
Net fee and commission income	9.1	6.6	37.9
Net trading gains	107.4	344.0	(68.8)
Net income arising from investment securities	130.1	35.1	270.7
Operating income	747.1	699.9	6.7
Operating expenses	(291.5)	(238.5)	22.2
Impairment losses on assets	(293.8)	(811.3)	(63.8)
Operating profit/(loss)	161.8	(349.9)	(146.2)
Profit/(loss) before tax	161.8	(349.9)	(146.2)

Notes:

(1) Represents net income and expenses from third parties.

(2) Represents inter-segment expenses and consideration of transfer.

(i) Money market transactions

The Bank adjusts its liquidity using various monetary market instruments and earns interest income from money market transactions. Money market transactions primarily include (i) interbank deposits; (ii) interbank placements; and (iii) repurchase and reverse repurchase transactions.

(A) Interbank deposits

The Bank deposits funds with and withdraws funds from banks and other financial institutions to manage our assets and liabilities. The Bank accepts deposits from banks and other financial institutions and deposits money in banks and other financial institutions, and also engages in other interbank transactions with certain of these banks and financial institutions.

As of June 30, 2025 and December 31, 2024, deposits from banks and other financial institutions totaled RMB9,967.2 million and RMB15,708.6 million, respectively, and deposits of the Bank at banks and other financial institutions totaled RMB2,207.9 million and RMB1,028.7 million, respectively.

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(B) *Interbank placements*

The balance of our placements with banks and other financial institutions as of June 30, 2025 and December 31, 2024 amounted to RMB11,697.6 million and RMB5,001.7 million, respectively. As of the same dates, our placements from banks and other financial institutions were RMB1,982.4 million and RMB975.2 million, respectively.

(C) *Repurchase and reverse repurchase transactions*

The securities underlying the Bank's repurchase and reverse repurchase transactions are mainly RMB denominated PRC government bonds and policy financial bonds. As of June 30, 2025 and December 31, 2024, financial assets held under resale agreements totaled RMB1,855.3 million and RMB8,989.2 million, and financial assets sold under repurchase agreements totaled RMB4,529.2 million and RMB4,946.8 million, respectively.

(ii) **Investment securities and other financial assets**

Investment securities and other financial assets primarily include debt securities, interbank certificates, and asset management plans, trust plans, wealth management products and fund products issued by other financial institutions.

(A) *Security investment by holding purpose*

The table below sets forth investment securities and other financial assets by investment intention as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Financial assets at fair value through profit or loss	37,415.3	26.4	28,534.8	20.8
Financial assets at amortized costs	75,454.3	53.1	101,408.0	73.8
Financial assets at fair value through other comprehensive income	28,232.9	19.9	6,638.6	4.8
Other equity instrument investments	866.2	0.6	869.9	0.6
Total amount of investment securities and other financial assets	141,968.7	100.0	137,451.3	100.0

Total amount of investment securities and other financial assets increased by 3.3% from RMB137,451.3 million as of December 31, 2024 to RMB141,968.7 million as of June 30, 2025.

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(B) Maturity profile of the Bank's investment portfolio

The table below sets forth investment securities and other financial assets by remaining maturity as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	As of June 30, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Repayable on demand	146.2	0.1	9,568.1	7.0
Due in three months or less	26,375.9	18.6	17,069.4	12.4
Due between three months and one year	25,812.2	18.2	26,067.3	19.0
Due between one year and five years	21,698.3	15.3	31,293.6	22.8
Due over five years	45,067.6	31.7	33,250.3	24.2
Indefinite ⁽¹⁾	22,868.5	16.1	20,202.5	14.6
Total	141,968.7	100.0	137,451.2	100.0

Note:

(1) Refers to impaired investments, investments overdue for more than one month and equity investments.

The Bank's securities investment with a remaining maturity over five years represents the largest portion of the Bank's investment securities.

(C) Holding of government bonds

As of June 30, 2025, the balance of face value of government bonds held by the Bank amounted to RMB36,339.4 million. The table below sets forth the top 10 government bonds with the highest face value held by the Bank as of June 30, 2025.

Name of the bond	Face value (in millions of RMB)	Interest rate per annum (%)	Maturity date
22 Gansu Bonds 24	2,290	2.86	2032-8-23
22 Gansu Bonds 18	1,820	3.29	2042-6-28
25 Gansu 17	1,740	2.13	2055-4-29
22 Gansu Bonds 22	1,514	3.29	2042-6-28
21 Gansu 13	1,500	3.10	2031-9-3
25 Gansu Bonds 13	1,460	2.12	2035-3-24
20 Gansu Bonds 16	1,420	3.57	2040-5-29
23 Coupon-bearing Treasury Bond 17	1,330	2.18	2026-8-15
24 Gansu Bonds 35	1,260	2.20	2034-11-29
24 Gansu Bonds 36	1,120	1.95	2034-12-13

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(D) Holding of financial bonds

As of June 30, 2025, the balance of face value of financial bonds (mainly issued by policy banks, commercial banks, and other financial institutions) held by the Bank amounted to RMB22,250 million. The table below sets forth the top 10 financial bonds with the highest face value held by the Bank as of June 30, 2025.

Name of the bond	Face value (in millions of RMB)	Interest rate per annum (%)	Maturity date
24 CDB 15	3,600	2.26	2034-7-19
16 EIBC 03	2,440	3.33	2026-2-22
25 CDB 10	1,610	1.80	2035-4-2
21 EIBC 05	1,350	3.22	2026-5-14
24 ADBC 30	1,160	2.09	2034-9-26
16 ADBC 08	1,090	3.37	2026-2-26
16 ADBC 05	980	3.33	2026-1-6
16 ADBC 18	930	3.58	2026-4-22
19 ADBC 08	820	3.63	2026-7-19
21 ADBC 08	780	2.99	2026-8-11

(d) Distribution network

(i) Physical outlets

As of June 30, 2025, the Bank had 1 head office operational department, 12 branches, 179 sub-branches, 3 micro-to-small sub-branches and 1 community sub-branches. The Bank branch network covered all of Gansu's cities and prefectures and approximately 95% of its counties and districts. The details of branches are shown in the following table.

Name of organisation	Business address (PRC)	Postcode	Number of organization
Head office operational department	No. 525-1 Donggang West Road, Chengguan District, Lanzhou City	730000	2
Baiyin Branch	No. 369, Chengxin Avenue, Dijiatai Community, Fangzhi Road Sub-district, Baiyin District, Baiyin City	730900	16
Pingliang Branch	No. 2, Jingtang Road, Xingbei Road Community, Xijiao Street, Kongtong District, Pingliang City	744000	20
Qingyang Branch	No. 3, Honghua West Road, Houguanzhai Village, Houguanzhai Town, Xifeng District, Qingyang City	745000	15
Dingxi Branch	Building 3, No. 11, Jiefang Road, Anding District, Dingxi City	743000	12
Tianshui Branch	1st Floor and 4-7th Floor, 8th Office Building, Yuyuan Taoli Chunfeng, No. 330 (east of the Building Technology Center), Jihebei Road, Qinzhou District, Tianshui City	741000	14

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Name of organisation	Business address (PRC)	Postcode	Number of organization
Longnan Branch	Building 2, Kecheng Jinyu Huafu, No. 1 Wanxiang Street, Wanxiang Community, Jiangbei Sub-district Office, Wudu District, Longnan City	746000	12
Jiuquan Branch	No. 8-1, Building 1, Jinta Road, Suzhou District, Jiuquan City	735000	16
Jiayuguan Branch	No. 111 Xinhua South Road, Jiayuguan City	735100	5
Zhangye Branch	No. 11 West Street, Ganzhou District, Zhangye City	734000	9
Wuwei Branch	No. 57, East Street, Liangzhou District, Wuwei City	733000	10
Linxia Branch	No. 49 Hongyuan Road, Linxia City	731100	11
Gannan Branch	Room 101, 1st Floor, Building 3, No. 327, Nianqin Street, Luqu Road Community, Yihe'ang Sub-district, Hezuo City, Gannan Prefecture	747000	5
Jinchang Sub-branch	No. 4 Tianjin Road, Jinchang City	737100	5
Lanzhou Chengguan Sub-branch	Family Accommodation, Gansu Bureau of Quality and Technical Supervision, Jinchang South Road, Chengguan District, Lanzhou City	730000	14
Lanzhou Jincheng Sub-branch	No. 613 Huochezhan West Road, Chengguan District, Lanzhou City	730000	19
Lanzhou Anning Sub-branch	No. 1952-1956 Jianning West Road, Anning District, Lanzhou City	730070	4
Lanzhou Xigu Sub-branch	Building 4, Poly Lanzhou Tangyue, Yumen Street, Xigu District, Lanzhou City	730060	4
Lanzhou New District Sub-branch	Security Housing B50, Weiye Road, Lanzhou New District, Lanzhou City	730300	3
Total			196

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(ii) **Electronic banking business**

(A) *Internet banking*

Through the internet, the Bank offers customers account management, information inquiry, remittance and transfer, payment, investment and wealth management and other financial services. As of June 30, 2025, the Bank had over 874,200 internet banking customers, consisting of 86,200 corporate internet banking customers and over 788,000 retail internet banking customers. As of June 30, 2025, the Bank's corporate customers conducted over 2,543,800 online transactions with a total transaction amount of approximately RMB274.709 billion, while retail internet banking customers conducted approximately 224,000 online transactions with a total transaction amount of approximately RMB7.47 billion.

(B) *Mobile phone banking*

The Bank provides customers with various financial services, such as account inquiries and management, transfers, payments and loan management. As of June 30, 2025, the Bank had approximately 4,224,000 mobile phone banking customers that had conducted approximately 9,233,000 transactions through mobile phone banking, with total transaction amounts of approximately RMB145.74 billion.

(C) *Telephone banking*

The Bank provides customers with loan and deposit account inquiries, personal debit card account transfers, bill inquiries, lost declarations and business inquiry services through an interactive self service voice system and live customer service. As of June 30, 2025, the Bank had 807,584 registered telephone banking customers, which were all individual customers.

(D) *Self-service banking*

The Bank provides convenient banking services to customers at lower operating costs through self-service facilities. The Bank's self-service banking services include balance inquiries, cash withdrawals and deposits, transfers and public utilities payments. As of June 30, 2025, the Bank had 196 outlets, 40 off-bank self-service zones, 516 self-service facilities and 373 intelligent counters.

(E) *WeChat banking*

WeChat has become an important channel that provides value-added services to retail customers. Through WeChat banking, customers can access the Bank's products and services; accounts management, transaction inquiries, payment and convenience services; and the Bank's outlet locations inquiry service. As of June 30, 2025, the Bank had over 1,048,000 WeChat banking customers.

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(F) *E-commerce platform*

In June 2017, the Bank formally launched its e-commerce platform “Longyin Commerce” (隴銀商務), which provides merchants with comprehensive services. These services include purchasing, sales and inventory management, and online business-to-consumer (B2C) transactions. As of June 30, 2025, the platform had 2,966,000 users.

(e) *Information on the subsidiary*

Jingning Chengji Rural Bank (靜寧成紀村鎮銀行)

In September 2008, Pingliang City Commercial Bank established Jingning Chengji Rural Bank with 4 other legal entities and 7 individuals. As of June 30, 2025, the Bank held an approximately 62.73% equity interest in Jingning Chengji Rural Bank. Jingning Chengji Rural Bank, a joint stock company with limited liability incorporated in the PRC, carries out its business in the PRC, primarily engaging in offering financial products and services, including loans, deposits and fee and commission-based products and services to local corporate and retail customers.

As of June 30, 2025, Jingning Chengji Rural Bank had 48 corporate loan customers, 1,210 corporate deposit customers, 7,427 retail loan customers and 132,592 retail deposit customers. As of June 30, 2025, Jingning Chengji Rural Bank had 12 business outlets and 110 employees.

As of June 30, 2025, Jingning Chengji Rural Bank had total assets of RMB2,034.5 million, total deposits of RMB1,851.9 million and total loans of RMB1,358.2 million. In 2024, operating income attributable to Jingning Chengji Rural Bank totaled RMB46.6 million, accounting for 0.78% of the Bank's total operating income. For the six months ended June 30, 2025, operating income attributable to Jingning Chengji Rural Bank totaled RMB21.7 million, accounting for 0.80% of the Bank's total operating income.

The Bank assists Jingning Chengji Rural Bank by providing strategic guidance and employee training. The Bank also dispatches professional staff to improve employees' business skills, and share experience to innovate products and services to diversify its business.

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(f) Operation and safety of IT systems

To support its business operations and management, the Bank continues to optimize and upgrade its information systems. For the six months ended June 30, 2024 and 2025, the Bank's investments in information technology amounted to RMB77.1 million and RMB67.1 million, respectively. The Bank continues to advance the major initiative of digital finance, propels "the integration of digital and real economies" and achieves digital transformation and high-quality development throughout the Bank.

In 2025, Bank of Gansu, in accordance with its Five-Year Strategic plan, focused on implementing the major initiative of digital finance, adhered to the fundamental principles of returning to its core mission, coordinating comprehensively, driving innovation, and strictly maintaining bottom lines, and conducted digital financial work in a multi-level, multi-dimensional and systematic manner through five methods, i.e., systematically expediting the digital transformation, enhancing the quality and efficiency of financial services in key areas, enhancing the capability to innovate financial products, improving digital operation capability, and consolidating the foundation for the development of digital finance. By the end of 2025, the Bank aims to further consolidate the foundation for the development of digital finance, continuously enhance the digital operation, digital management, digital risk control capabilities, and constantly improve the capabilities in key areas, including digital financial services, "technology finance", "green finance", "inclusive finance", and "finance for the elderly".

In the first half of the year, Bank of Gansu has systematically promoted digital finance, digital transformation and other material matters. The Bank's information system operated safely and stably, refined management of information technology continued to be reinforced, technological innovation made progress, and the Bank successively received 2024 Exemplary Organization of UnionPay Card Standard Migration Excellence Award (2024 年銀聯卡標準改造先進單位), 2024 Innovative Urban Financial Services Payment and Clearing Innovation Excellence Award (2024 年度城市金融服務支付清算創新優秀案例獎), and 2025 China Digital Finance and Technology Innovation Application Risk Management Excellence Award (2025 年度中國數字化金融與科技創新應用風險管理類優秀案例獎). Firstly, the Bank systematically advanced digital finance. It formulated and issued 2025 Action Plan for Digital Finance and Digital Transformation (《2025 年數字金融暨數字化轉型行動方案》), outlining 47 specific tasks, all of which have been progressing orderly. Secondly, the Bank efficiently implemented information system construction. It coordinated the construction of 28 projects, and successfully launched 13 projects including the Agriculture-Supporting Express Loan (惠農快貸) as scheduled; implemented 518 requirements, achieving a plan completion rate of 97.92%. Thirdly, the Bank continued to strengthen refined management of information technology. By enhancing project quality control, technology outsourcing management, general electronic equipment management, technology risk management, and grassroots service support, the Bank continuously improved its overall information technology support capabilities.

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5. RISK MANAGEMENT

(a) Risk management of the Bank

The Bank is primarily exposed to credit risk, market risk, operational risk and liquidity risk in its business. It is also exposed to other risks such as reputational risk, information technology risk, money-laundering risk and legal and compliance risk. The Bank summarises and evaluates the comprehensive risk management on a semi-annually basis to prepare a Comprehensive Risk Management Report, and reports the same to the Board. The Bank considers that the existing risk management and internal control systems are operating effectively.

Since its inception, the Bank has implemented comprehensive risk management strategies to enhance its risk management systems.

(i) Credit risk management

Credit risk is the risk of loss due to (i) failure by a debtor or counterparty to meet its contractual obligations or (ii) a decrease in credit ratings or repayment ability. The Bank’s credit risks arise mainly from loans, investments, guarantees, commitments and other on- or off-balance-sheet credit risks exposures.

Taking into account the external environment, regulatory orientation, epidemic factors and the actual situation of the Bank, the industry investment direction is divided into four categories: aggressive growth, selective growth, presence sustaining and shrinking or exit, and different credit strategies are adopted.

Industries	Credit Strategies
Advanced manufacturing industry, pharmaceutical manufacturing, new energy equipment manufacturing, traditional manufacturing upgrading and transformation, railways, highways, airports, telecommunication industry, internet, hydropower generation, power supply, wind power generation, solar power generation, higher education, hospitals, software and information technology service industry, tap water production and supply, wastewater treatment and recycling industry, seed breeding and cultivation, wheat, corn, fruits, vegetables, potatoes, traditional Chinese medicine planting, cattle and sheep raising, etc. (“aggressive growth” industries)	• priority will be given to customers who have technical advantages, established markets and great development potential in the industry.

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Industries	Credit Strategies
Real estate development and operation, thermal power generation, housing construction industry, civil engineering construction industry, construction and installation industry, building decoration, heating industry, tourist attraction management, scenic spot management, forest park management, non-higher education, coal mining and washing industry, oil and natural gas exploitation industry, precious metal mining and processing, rare earth metal mining and processing (“selective growth” industries)	• selectively support key areas of the industry and high quality enterprises in the industry.
Traditional equipment manufacturing industry, wholesale and retail industry (“presence sustaining” industries)	• objectively identify industry customers, prudently support with flexibility, and maintain the overall total amount unchanged under the premise of effective control on credit risk.
Coking, flat glass, calcium carbide (“shrinking or exit” industries)	• require an effective decline in overall credit balance from the beginning of the year.

(ii) Market risk management

Market risk is the risk of loss in on-balance sheet and off-balance sheet arising from fluctuations in market prices. The Bank is exposed to market risks primarily through its banking book and trading book.

(A) Interest rate risk management

Interest rate risk is the exposure of the Bank’s financial condition to adverse movements in interest rates. Its primary source of interest rate risk is the repricing of on- and off-balance sheet assets and liabilities due to mismatches in maturities.

Maturity or repricing date mismatches may cause changes in net interest income due to fluctuations in prevailing interest rates. The Bank is exposed to interest rate risk through its day-to-day lending and deposit-taking activities and its financial market operations.

The Bank places great emphasis on analyzing the general economic situation and policies, particularly the changes in currency policies. The Bank conducts analysis and studies on interest rate trends in financial markets, based on the results and forecast of which it formulates and adjusts interest rates, in order to better control interest rate risks and reduce losses arising from interest rate fluctuations.

The Bank manages the interest rate risk exposure of its RMB-denominated assets and liabilities on its balance sheet primarily by adjusting interest rates and optimizing the maturity profile of its assets and liabilities. The Bank seeks to reduce maturity mismatches by adjusting repricing frequency and establishing a pricing structure for corporate deposits.

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The Bank uses various measures to evaluate interest rate risks arising from its banking book, including but not limited to techniques and measures such as duration analysis, sensitivity analysis, scenario analysis and stress tests, to measure its interest rate risk. For example, it regularly conducts sensitivity analysis and duration analysis on its bond business under different circumstances, to measure the potential effects on its profitability. Under unfavorable external conditions, it will also conduct special stress tests analyses on the interest rate benchmark on loans and deposits. Based on such analyses, it may adjust its terms on repricing to control interest rate risk.

(B) Exchange rate risk management

The Bank is exposed to exchange rate risks primarily derived from mismatches in the currency denominations of on- and off-balance sheet assets and liabilities and in the trading positions of foreign exchange transactions. It manages exchange rate risks by matching the sources and uses of funds.

The Bank seeks to keep the adverse impact of exchange rate fluctuations within an acceptable range by managing risk exposure limits and the currency structure of its assets and liabilities. In addition, it endeavors to limit transactions involving high exchange rate risks, monitor major indicators, and inspect the positions of major foreign currencies on a daily basis.

(iii) Operational risk management

Operational risk refers to the risk of loss caused by the issues inherent to internal control procedures, employees and IT systems and external events, including legal risk and excluding strategic risk and reputation risk.

The Board of Directors is ultimately responsible for monitoring the effectiveness of the Bank's operational risk management. It determines the Bank's operational risk appetite based on its overall business strategies, and reviews and oversees the implementation of operational risk management strategies and policies.

The senior management of the Bank is responsible for coordinating operational risk management through its risk management and internal control committee.

The legal and compliance department of the Bank formulates operational risk management procedures for identifying, evaluating, monitoring and controlling operational risks under the supervision of the Board and senior management. The audit department supervises and evaluates the management of operational risks and is responsible for independently examining and evaluating the appropriateness, effectiveness and efficiency of operational risk management policies, systems and procedures.

The Bank has established a Governance, Risk Management, and Compliance (GRC) system for managing internal control and operational risks. Through the system, it utilizes operational risk management tools to identify, measure and monitor operational risks.

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(iv) Liquidity risk

(A) *Liquidity risk management*

Liquidity risk refers to the risk of failing to acquire sufficient funds at a reasonable cost and in a timely manner to pay the debts when due, fulfill other payment obligations and meet other funding requirements for normal business operations. Factors affecting the liquidity of the Bank include the term structure of its assets and liabilities and changes to financial market policies, such as changes in the requirements relating to its statutory deposit reserve ratio. The Bank is exposed to liquidity risk primarily in its lending, trading and investment activities, as well as in the management of its cash flow positions.

The organizational framework of the liquidity risk management of the Bank focuses on formulating, implementing and supervising the separation of duties in relation to liquidity risk management policies and procedures. As the ultimate decision-making body for the liquidity risk management, the Board assumes ultimate responsibility for the liquidity risk management of the Bank.

Senior management is responsible for liquidity management, and the assets and liabilities management committee is responsible for implementing liquidity management policies and procedures. The supervisory committee is responsible for supervising and evaluating the implementation of liquidity risk management by the Board of Directors and senior management. The financial planning department is responsible for the daily liquidity risk management of the Bank.

The objective of the liquidity risk management of the Bank is, by establishing timely, reasonable and effective liquidity risk management mechanisms, to identify, measure, monitor and control liquidity risks, meet the liquidity needs of its assets, liabilities and off-balance sheet businesses on a timely basis, and control liquidity risks at an acceptable level to maintain sustained and healthy operations.

According to the Measures for the Management of Liquidity Risks of Commercial Banks (effective as from July 1, 2018) issued by the former CBIRC, the Bank continually improves liquidity risk management, strictly implements regulatory rules, closely monitors liquidity indicators, enhances maturity management of its cash flows, formulates emergency plans, enhances liquidity risk management and stress tests.

The Bank manages liquidity risks with instruments such as position provisioning and monitoring, cash flow analysis, liquidity stress tests, liquidity risk limits and liquidity risk indicators monitoring.

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(B) Liquidity risk analysis

The Bank's liquidity coverage ratio

	June 30, 2025	December 31, 2024
Liquidity coverage ratio (%)	177.71	190.88

The Bank's net stable funding ratio

(Expressed in millions of RMB, unless otherwise stated)	June 30, 2025	March 31, 2025	December 31, 2024
Closing amount of available stable funds	306,836.7	301,379.9	294,976.2
Closing amount of required stable funds	242,703.6	234,849.6	223,804.8
Net stable funding ratio (%)	126.42	128.33	131.80

(v) Reputation risk management

Reputation risk refers to the risk of negative comments damaging the brand value, affecting normal operation and even market stability from relevant interested parties, the public and the media resulting from our management and operations, the conduct of its employees or external events such as complaints, penalties and cases. The general office of the Bank's headquarters is primarily responsible for reputation risk management, and the Board and the senior management bears the ultimate responsibility, supervision and management for reputation risk management.

(vi) IT risk management

IT risk refers to operational, reputational, legal and other risks arising from information technology application due to natural factors, human factors, technical constraints, management defects and other factors. The IT risk management of the Bank aims to identify, measure, monitor and control IT risks through the development of effective systems.

The IT management committee supervises and guides IT activities of the Bank. The risk management department formulates IT risk management procedures under the supervision of the Board and senior management. The audit department audits IT risks. The IT department and relevant business departments are responsible for the implementation of specific risk management measures, plans and proposals.

The Bank has adopted various IT risk management measures, including: (i) establishing IT risk management system, processes and implementation procedures in accordance with relevant regulatory requirements; (ii) establishing an IT outsourcing risk management system, specifying outsourcing management principles and strategies and avoiding outsourcing risks; and (iii) enhancing internal training on IT risks.

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(vii) Legal compliance risk management

Legal and compliance risk refers to the risk of legal sanctions, regulatory penalties, financial losses and reputational harm resulting from the failure to comply with laws and regulations. The Bank has a three-tier legal and compliance risk management structure at its head office, branches and sub-branches.

The legal and compliance department at its head office is in charge of managing our overall legal and compliance risks. In addition, the Bank has established legal and compliance departments at the tier-one branches and sub-branches in charge of the matters in respect of legal compliance and risk management.

The Bank systematically manages our internal control compliance and legal affairs by building a management system for internal control compliance and operational risks. The Bank manages legal and compliance risks primarily through the following measures:

- formulating our rules, systems and annual plans, and leading and urging the formulation and amendment thereof;
- enhancing the compliance review mechanism to identify and evaluate compliance risks associated with our business activities;
- developing, coordinating, reviewing and incorporating the Bank's operation authorization plans and revised plans and putting them into implementation;
- uniformly managing standard contracts and other legal documents;
- managing and tracking our legal proceedings;
- formulating an annual compliance management plan, stipulating the focus for annual compliance work;
- managing related parties and connected transactions to control connected transactions in advance;
- optimizing the management mechanism for rectifications upon inspection, and enhancing the supervision and management of our rectifications upon inspection;
- closely monitoring regulatory changes and reporting compliance information and risks to our senior management and the relevant business lines; and
- enhancing internal training on legal and compliance, and issuing compliance alerts and reminders to employees through compliance proposals and internal publications.

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(viii) Anti-money laundering management

The Bank has formulated comprehensive anti-money laundering rules and procedures in accordance with the Anti-Money Laundering Law of the PRC and the regulations of the PBOC.

The Board of Directors oversees bank-wide implementation of anti-money laundering policies, supervises senior management with respect to the formulation and implementation of anti-money laundering rules and procedures, reviews reports from senior management on any major anti-money laundering matters and the overall money-laundering risk profile, and adjusts anti-money laundering policies of the Bank on a timely basis.

The Bank has established anti-money laundering leadership groups at its head office, branches and sub-branches.

The anti-money laundering leadership group at its head office leads and coordinates the bank-wide anti-money laundering efforts. It is primarily responsible for:

- formulating anti-money laundering plans;
- reviewing rules and internal controls regarding anti-money laundering;
- ensuring the effective implementation of internal controls for anti-money laundering;
- analyzing significant issues relating to anti-money laundering;
- formulating solutions and responsive measures; and
- reporting to the Board of Directors.

This leadership group is led by the president of the Bank and the office is set up at the legal and compliance department. The members of the leadership group consist of the anti-money laundering leadership management department, the business management department, the responsible persons from the middle and back-end cooperation departments and other parties.

The Bank conducts due diligence on the customers in accordance with anti-money laundering laws and regulations. The Bank reports large-scale and suspicious transactions to the China Anti-Money Laundering Monitoring and Analyzing Center on a daily basis through its anti-money laundering management system. The Bank also reports major reasonably suspected money laundering activities to the local branch of the PBOC and cooperates with their investigations, and reports to local public security units when necessary.

The Bank provides bank-wide anti-money laundering training on a regular basis based on employees' position and seniority. The Bank also requires all new employees to participate in mandatory anti-money laundering training before commencing employment.

Chapter 4 Management Discussion and Analysis

(ix) Anti-corruption system

The Bank strictly abides by laws and regulations such as the Regulation of the Communist Party of China on Disciplinary Actions, the Law of the People's Republic of China on Administrative Discipline for Public Officials, the Criminal Law of the People's Republic of China and the Supervision Law of the People's Republic of China in its stringent control of corporate prevention of possible irregularities, violations of discipline and law by the Bank's employees. Accordingly, the Bank has launched the Trial Implementation Measures for Complaint Management and Investigation of Bank of Gansu 《甘肅銀行信訪管理及查處工作實施辦法(試行)》, the Trial Administrative Measures for Report on Marriage and Compassionate Leave of Party Members and Leading Cadres of Bank of Gansu 《甘肅銀行黨員幹部操辦婚喪喜慶事宜報備暫行辦法》, the Operating Procedures for Reminders, Letters and Discretions for Management Staff of Bank of Gansu's Head Office 《甘肅銀行總行管理幹部提醒、函詢和誠勉工作操作規程》, the Regulations on Accountability for Violations (2024 Revision) of Bank of Gansu 《甘肅銀行違規問責管理辦法(2024年修訂)》, the Measures for the Assessment of the Party Construction of Bank of Gansu 《甘肅銀行黨風廉政建設工作考核辦法》, the Administrative Measures for the Prevention and Control of Cases of Bank of Gansu 《甘肅銀行案件防控管理辦法》 and other internal systems, gradually improving its construction of system.

In addition to the internal system, the Bank has established a four-in-one complaint mechanism of "letters, visits, call, internet", which accepts and handles issues and traces in accordance with relevant requirements, so as to effectively curb the occurrence of corruption and other illegal acts. In terms of complaint management, the assigned discipline inspection and supervision team has formulated a corresponding working system. In accordance with the principles of unified management, classification and treatment, and handling within a time limit, the approval process is strictly implemented. In accordance with the requirements of registration acceptance, analysis and judgment, investigation and verification, and handling of issues, the Bank will investigate and deal with issues and traces on complaint letters in accordance with the law.

(b) Internal Audits

The Bank believes internal audits are essential to its stable operations and achievement of business objectives. The Bank conducts internal audits to monitor the compliance with laws and regulations and the implementation of its internal policies and procedures, with the objective of controlling risks at an acceptable level.

The Bank also aims to conduct effective risk management as well as optimize internal control compliance and its corporate governance structure, in an effort to improve its operations. The Bank adheres to the principles of independence, importance, prudence, objectiveness and relevance for internal audits.

The Bank has adopted an independent and vertical internal audit management system, consisting of the audit committee of the Board of Directors and the audit department.

The Bank has formulated internal audit rules and systems including articles of association and criteria for internal audit. The audit department of its head office formulates annual internal audit plans based on regulatory requirements as well as its operation, management and business profile. The plans will be implemented after being approved by the audit committee of the Board of Directors.

The Bank has also established an audit management system, which may, through standard internal audit methods and procedures, audit its operation and management, information systems, risk profile and performance of employees of key positions, evaluate the effectiveness of its internal controls and corporate governance, and promptly carry out subsequent rectification and follow-up actions.

Chapter 4 Management Discussion and Analysis

6. ANALYSIS ON CAPITAL ADEQUACY RATIO

The Bank is required to comply with the NAFR's capital adequacy ratio requirements, and has calculated data in accordance with the Capital Administrative Measures for Commercial Banks (NAFR Order No. 4) promulgated in November 2023 and disclosed capital adequacy ratios as at June 30, 2025 and December 31, 2024.

The table below sets forth certain information relating to its capital adequacy ratio as of the dates indicated.

(Expressed in millions of RMB, unless otherwise stated)	June 30, 2025	December 31, 2024
Net core tier-one capital	33,065.5	31,910.8
Net tier-one capital	33,069.8	31,914.6
Net capital base	33,078.4	31,922.3
Total risk-weighted assets	310,599.7	285,927.6
Core tier-one capital adequacy ratio	10.65	11.16
Tier-one capital adequacy ratio	10.65	11.16
Capital adequacy ratio	10.65	11.16

Chapter 5 Changes in Share Capital and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL OF THE BANK

(I) Share Capital

As of June 30, 2025 and the Latest Practicable Date, the share capital of the Bank was as follows:

Description of Shares	Number of Shares	Approximate Percentage of Issued Share Capital (%)
Domestic Shares	11,275,991,330	74.83
H Shares	3,793,800,000	25.17
Total	15,069,791,330	100.00

(II) Changes in Share Capital

During the Reporting Period and up to the Latest Practicable Date, there have been no changes in the share capital of the Bank.

II. PARTICULARS OF SHAREHOLDERS

(I) Particulars of Shareholdings of the Top Ten Shareholders of the Domestic Shares of the Bank

As of June 30, 2025, the top ten Shareholders of the Domestic Shares of the Bank are set out as follows:

No.	Name of Shareholder	The Number of Shares of the Bank Held as at June 30, 2025 ⁽¹⁾	Shareholding Percentage as at June 30, 2025 (%)	The Number of Shares of the Bank Held as at the Latest Practicable Date ⁽¹⁾	Shareholding Percentage as at the Latest Practicable Date (%)	Number of Shares Pledged
1	Gansu Highway Aviation Tourism	2,657,154,433	17.63	2,657,154,433	17.63	0
2	Gansu State-owned Assets Investment	1,909,250,972	12.67	1,909,250,972	12.67	0
3	Jiuquan Iron & Steel	983,972,303	6.53	983,972,303	6.53	0
4	Jinchuan Group	983,972,303	6.53	983,972,303	6.53	0
5	Mengshang Bank Co., Ltd.	845,296,403	5.61	845,296,403	5.61	0
6	Gansu Electric Power Investment	633,972,303	4.21	633,972,303	4.21	0
7	Jingyuan Coal Industry Group Limited	239,326,800	1.59	239,326,800	1.59	0
8	Xiamen International Bank Co., Ltd.	239,326,800	1.59	239,326,800	1.59	0
9	Duzhe Publishing Group Limited	211,324,101	1.40	211,324,101	1.40	0
10	Ningxia Tianyuan Manganese Group Limited	201,083,333	1.33	201,083,333	1.33	0
	Jingye Group Co., Ltd.	201,083,333	1.33	201,083,333	1.33	0

Notes:

- (1) The shareholding in this table refers to the number of Domestic Shares directly held in the Bank.
- (2) As at the end of the Reporting Period, so far as the Bank was aware, the Bank's 701,043,817 Shares, representing 4.65% of the Shares issued, were pledged.

Chapter 5 Changes in Share Capital and Particulars of Shareholders

(II) Interests and Short Positions of Substantial Shareholders and Other Persons

As of June 30, 2025, to the best knowledge of the Directors of the Bank after making reasonable enquiries, the following persons (other than the Bank's Directors and chief executives) had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Bank under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interests	Class of Shares	Number of Shares Directly or Indirectly Held ⁽²⁾	Approximate Percentage of the Bank's Total Issued Share Capital (%)	Approximate Percentage of the Bank's Relevant Class of Shares (%)
Gansu Highway Aviation Tourism	Beneficial owner ⁽³⁾	Domestic Shares	2,657,154,433(L) ⁽¹⁾	17.63	23.56
	Interest in controlled corporation ⁽³⁾	Domestic Shares	100,541,667(L) ⁽¹⁾	0.67	0.89
Gansu State-owned Assets Investment	Beneficial owner ⁽⁴⁾	Domestic Shares	1,909,250,972(L) ⁽¹⁾	12.67	16.93
	Interest in controlled corporation ⁽⁴⁾	Domestic Shares	1,617,944,606(L) ⁽¹⁾	10.74	14.35
Jiuquan Iron & Steel	Beneficial owner	Domestic Shares	983,972,303(L) ⁽¹⁾	6.53	8.73
Jinchuan Group	Beneficial owner ⁽⁴⁾	Domestic Shares	983,972,303(L) ⁽¹⁾	6.53	8.73
Mengshang Bank Co., Ltd.	Beneficial owner	Domestic Shares	845,296,403(L) ⁽¹⁾	5.61	7.50
Gansu Electric Power Investment	Beneficial owner ⁽⁴⁾	Domestic Shares	633,972,303(L) ⁽¹⁾	4.21	5.62
Gansu Financial Holding Group Co., Ltd. (甘肅金融控股集團有限公司)	Beneficial owner	H Shares	1,250,000,000(L) ⁽¹⁾	8.29	32.95
Gansu Province Xinye Asset Management Co. Ltd.* (甘肅省新業資產經營有限責任公司)	Beneficial owner	H Shares	675,361,000(L) ⁽¹⁾	4.48	17.80
THE PACIFIC SECURITIES CO., LTD.	Other ⁽⁵⁾	H Shares	395,570,000(L) ⁽¹⁾	2.62	10.43
PACIFIC SECURITIES OVERSEAS GONG YING NO. 3 SINGLE ASSET MANAGEMENT PLAN	Other ⁽⁵⁾	H Shares	395,570,000(L) ⁽¹⁾	2.62	10.43
China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司)	Trustee ⁽⁶⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43
Harvest Ahead International Holdings Limited	Beneficial owner	H Shares	358,405,115(L) ⁽¹⁾	2.38	9.45
Anar Real Estate Group Co., Ltd. (石榴置業集團有限公司)	Founder of a discretionary trust, who can affect the trustee how to exercise discretionary trust ⁽⁷⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43
Beijing Kadapu Investment Co., Ltd. (北京卡達普投資有限公司)	Interest in controlled corporation ⁽⁷⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43
Beijing Annatuoliya Investment Co., Ltd. (北京安納托利亞投資有限公司)	Interest in controlled corporation ⁽⁷⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43
Cui Wei	Interest in controlled corporation ⁽⁷⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43
Sang Chunhua	Interest in controlled corporation ⁽⁷⁾	H Shares	282,064,000(L) ⁽¹⁾	1.87	7.43

Chapter 5 Changes in Share Capital and Particulars of Shareholders

Notes:

- (1) L represents long position.
- (2) Pursuant to Part XV of the SFO, shareholders of a company are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the shareholders in the company change, it is not necessary for the shareholders to notify the company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the substantial shareholders in the Bank may be different from the shareholdings filed with the Hong Kong Stock Exchange.
- (3) Gansu Highway Aviation Tourism held 2,657,154,433 Domestic Shares of the Bank, representing approximately 17.63% of the total issued share capital of the Bank. Gansu Highway Aviation Tourism holds 100% equity interest in Gansu Financial Capital Group Co., Ltd. (甘肅省金融資本集團有限公司), while Gansu Financial Capital Group Co., Ltd. held 100,541,667 Domestic Shares of the Bank, representing approximately 0.67% of the total issued share capital of the Bank. Therefore, Gansu Financial Capital Group Co., Ltd. is a controlled corporation of Gansu Highway Aviation Tourism. Pursuant to the SFO, Gansu Highway Aviation Tourism is deemed to be interested in the Shares held by Gansu Financial Capital Group Co., Ltd.
- (4) Gansu State-owned Assets Investment directly held 1,909,250,972 Domestic Shares of the Bank, representing approximately 12.67% of the total issued share capital of the Bank. Gansu SASAC and Jiuquan Iron & Steel hold 84% and 16% equity interest in Gansu State-owned Assets Investment, respectively, while Gansu State-owned Assets Investment in turn holds 31.58% equity interest in Jiuquan Iron & Steel. Gansu State-owned Assets Investment also holds 100% of the equity interest in Gansu Electric Power Investment and 54.24% of the equity interest in Jinchuan Group. Therefore, Gansu Electric Power Investment and Jinchuan Group are controlled corporations of Gansu State-owned Assets Investment. Pursuant to the SFO, Gansu State-owned Assets Investment is deemed to be interested in the Shares held by Gansu Electric Power Investment and Jinchuan Group.
- (5) Jialong Investment Group Co., Ltd. (佳龍投資集團有限公司) is the asset trustor of the PACIFIC SECURITIES OVERSEAS GONG YING No. 3 SINGLE ASSET MANAGEMENT PLAN (Wealth management product registration number: SLE891) (理財產品登記號: SLE891), and THE PACIFIC SECURITIES CO., LTD is the asset manager, of the PACIFIC SECURITIES OVERSEAS GONG YING No. 3 SINGLE ASSET MANAGEMENT PLAN. Pursuant to the SFO, THE PACIFIC SECURITIES CO., LTD is deemed as holding equity interests in the Shares of the Bank held by the PACIFIC SECURITIES OVERSEAS GONG YING No. 3 SINGLE ASSET MANAGEMENT PLAN.
- (6) China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司) holds 282,064,000 H Shares of the Bank as a trustee, among which, “FOTIC – Wuxingbaichuan No. 26 Special Unitrust of Anar Group” (外貿信託一五行百川 26 號石榴集團專項單一資金信託) holds 282,064,000 H Shares of the Bank.
- (7) Anar Real Estate Group Co., Ltd. (石榴置業集團有限公司) holds 282,064,000 H Shares of the Bank as founder of a discretionary trust who can influence the trustee how to exercise its discretion. Beijing Kadapu Investment Co., Ltd. (北京卡達普投資有限公司) holds 100% equity interest in Anar Real Estate Group Co., Ltd. Beijing Kadapu Investment Co., Ltd. is a wholly-owned subsidiary of Beijing Annatuoliya Investment Co., Ltd. (北京安納托利亞投資有限公司). Cui Wei holds 58% equity interest in Beijing Annatuoliya Investment Co., Ltd., Sang Chunhua holds 42% equity interest in Beijing Annatuoliya Investment Co., Ltd. According to the SFO, Beijing Kadapu Investment Co., Ltd., Beijing Annatuoliya Investment Co., Ltd., Cui Wei and Sang Chunhua are deemed to be interested in the Shares of the Bank held by Anar Real Estate Group Co., Ltd.

Save as disclosed above, as of June 30, 2025, the Bank is not aware of any other person, other than the Directors and chief executives of the Bank, who had interests or short positions in the Shares and underlying Shares of the Bank, which were required to be recorded in the register of interests maintained by the Bank pursuant to section 336 of Part XV of the SFO, and 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.

(III) Particulars of Controlling Shareholders and De Facto Controller

The Bank does not have a controlling Shareholder or de facto controller.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

I. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT MEMBERS

As of the Latest Practicable Date, the information of the Directors and senior management members of the Bank is as follows:

Directors

Name	Age	Date of joining the Bank	Date of appointment as Director ⁽¹⁾	Position(s) held as of the Latest Practicable Date	Responsibilities
Mr. Liu Qing (劉青)	59	May 2011	December 3, 2018	Chairman, executive Director	Presiding over the overall operation of the Bank, and primarily responsible for matters concerning Party building, implementation of major responsibilities for fostering a clean and honest Party, the ideological and political affairs, ideological work, as well as work concerning the Board of Directors, strategic development and audit work and supervising the members of the leading team and senior management for the improvement of the work under their supervision; in charge of the Office of the Board of Directors, the Strategy and Development Department, and the Audit Department.
Mr. Wang Xizhen (王錫真)	51	May 2022	September 16, 2022	Executive Director	Participating in the major decisions related to the Bank including on its strategic development and operation management, and the matters of the Board of Directors and the Board committees of which he is a member.
Mr. Zhang Bin (張斌)	56	December 2024	May 12, 2025	Non-executive Director	Responsible for inspections, administrative office, security, and targeted support operations, and work related to the Trade Union, Communist Youth League, and Women's Federation, as well as being directly responsible for the construction of the Party and the construction of Party's conduct and administration integrity; in charge of Party Committee Office (Party Committee Propaganda Department and Office), Party-masses Work Department, the Inspection Office of the Party Committee, Security Department, Administrative Affairs Department, Department Party Committee, Commission for Discipline Inspection, Labor Union, and Youth League committee.
Mr. Zhang Junping (張軍平)	47	September 2023	September 15, 2023	Non-executive Director	Participating in the major decisions related to the Bank including on its strategic development and operation management, and the matters of the Board of Directors and the Board committees of which he is a member.
Mr. Ye Rong (葉榮)	52	September 2024	September 19, 2024	Non-executive Director	Participating in the major decisions related to the Bank including on its strategic development and operation management, and the matters of the Board of Directors and the Board committees of which he is a member.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

Name	Age	Date of joining the Bank	Date of appointment as Director ⁽¹⁾	Position(s) held as of the Latest Practicable Date	Responsibilities
Ms. Yang Chunmei (楊春梅)	47	December 2021	March 4, 2022	Non-executive Director	Participating in the major decisions related to the Bank including on its strategic development and operation management, and the matters of the Board of Directors and the Board committees of which she is a member.
Mr. Liu Guanghua (劉光華)	55	December 2021	March 4, 2022	Independent non-executive Director	Responsible for supervising and providing independent advice on operation and management of the Bank, particularly providing advice to the Bank based on his extensive experience in legal works, and performing his duties as a Director through the Board of Directors, the nomination and remuneration committee, the related party transaction and risk management committee and the consumer rights protection committee.
Mr. Wang Lei (王雷)	44	September 2023	September 15, 2023	Independent non-executive Director	Responsible for supervising and providing independent advice on operation and management of the Bank, particularly providing advice to the Bank based on his extensive experience in accounting, and performing his duties as a Director through the Board of Directors, the strategy and development committee, the audit committee, and the nomination and remuneration committee.
Mr. Hau Pak Sun (侯百榮)	44	October 2023	October 16, 2023	Independent non-executive Director	Responsible for supervising and providing independent advice on operation and management of the Bank, particularly providing advice to the Bank based on his extensive experience in legal works, and performing his duties as a Director through the Board of Directors, the audit committee, the related party transaction and risk management committee and the nomination and remuneration committee.

Note:

- (1) The date of appointment as a Director represents the date on which the relevant person's qualification as a Director was approved by the NAFR Gansu Office.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

Senior Management

Name	Age	Date of joining the Bank	Date of appointment as senior management ⁽¹⁾	Position held as of the Latest Practicable Date	Responsibilities
Ms. Hao Jumei (郝菊梅)	56	February 2012	June 28, 2019	Vice president, secretary to the Board of Directors	Responsible for the overall coordination of risk management work, daily work of the Board of Directors, asset preservation, credit approval, internal control and compliance, as well as the coordination and liaison with the companies held or invested by the Bank (such as rural banks). Mainly responsible for the promotion of risk assets mitigation, collection and disposal works of the Bank; in charge of Risk Management Department, Asset Preservation Department, Special Assets Management Center and Credit Approval Department, and assisting the chairman in taking charge of the Office of the Board of Directors and the Strategy and Development Department.
Mr. Du Jing (杜晶)	49	December 2011	May 26, 2020	Vice president	Responsible for corporate business, group client business, financial interbank and investment banking business; in charge of Corporate Business Department, Group Client Department, Financial Interbank Department, and Investment Banking Business Department.
Mr. Sun Xiaoming (孫曉明)	47	January 2024	April 16, 2024	Vice president	Responsible for the individual business, inclusive finance, three rural matters, rural revitalization, retail credit, and asset management, in charge of Individual Business Department (Consumer Rights Protection Department), the Inclusive Finance Department (Rural Revitalization Department), Retail Credit Department, and Asset Management Department.
Mr. Duan Jianxing (段劍星)	55	November 2011	January 18, 2023	Chief information officer	Responsible for operation guarantee, channel business, technical supporting, digital transformation and product innovation-related work; in charge of Accounting Operations Department, Information Technology Department, and Channel Management Department.
Ms. Zhang Feng (張峰)	54	September 2012	August 7, 2025	Chief compliance officer	Responsible for internal control and compliance, assisting Ms. Hao Jumei in the promotion of risk assets mitigation, collection and disposal works of the Bank; in charge of Legal and Compliance Department; assisting Ms. Hao Jumei in taking charge of Risk Management Department, Asset Preservation Department, Special Assets Management Center.

Note:

- (1) The date of appointment as a senior management member represents the date on which relevant person's qualification for the position was approved by the NAFR Gansu Office.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS AND THEIR INFORMATION

(I) Directors

Mr. Zhang Bin was elected as an employee representative Director (Non-executive Director) by the employee representative meeting of the Bank on February 15, 2025 and obtained approval of the qualification as a Director on May 12, 2025.

In view of the expiration of the term of the third session of the Board of Directors, pursuant to the Articles of Association of the Bank, the Bank has elected the following candidates as non-employee representative Directors of the Bank at the 2024 annual general meeting held on June 27, 2025:

Executive Directors:	Mr. Liu Qing, Mr. Wang Xizhen
Non-executive Directors:	Mr. Zhang Junping, Mr. Liu Jian, Mr. Ye Rong, Mr. Li Chun, Ms. Yang Chunmei
Independent non-executive Directors:	Mr. Liu Guanghua, Mr. Wang Lei, Mr. Hau Pak Sun, Mr. Li Zongyi, Mr. Qiu Yongpan

In addition, the Bank convened an employee representative meeting of the Bank on June 26, 2025, at which Mr. Zhang Bin was elected as an employee representative Director (Non-executive Director) of the fourth session of the Board of Directors of the Bank.

Accordingly, the fourth session of the Board of Directors of the Bank was formally established. Among them, the qualifications of Mr. Liu Jian, Mr. Li Chun, Mr. Li Zongyi and Mr. Qiu Yongpan shall be approved by the NAFR Gansu Office, and their appointments shall take effect from the date of approval of their qualifications.

(II) Supervisors

Pursuant to the Notice on Matters Concerning the Alignment of Corporate Governance Supervision Regulations with the Company Law issued by the National Financial Regulatory Administration, financial institutions may, in accordance with their articles of association, establish an audit committee composed of directors under the board of directors to exercise the functions and powers of the board of supervisors as prescribed under the Company Law of the People's Republic of China and applicable regulatory requirements, in lieu of establishing the board of supervisors or appointing supervisors. Following the approval by the Shareholders at the annual general meeting held on June 27, 2025 of the resolutions in relation to the abolition of the Board of Supervisors and the proposed amendments to the Articles of Association, the Bank has abolished the Board of Supervisors with effect from the conclusion of the annual general meeting, and the relevant systems of the Board of Supervisors (including the rules of procedure of the Board of Supervisors of the Company) have been repealed accordingly. The then Supervisors, Mr. Luo Yi, Mr. Ma Runping, Mr. Li Zongyi, Mr. Wang Xiaopei and Mr. Liu Peixun, retired with effect at the same date.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

(III) Senior Management Members

Ms. Guo Li has ceased to be the chief compliance officer of the Bank since January 6, 2025.

Mr. Wang Xizhen has ceased to be the president of the Bank since August 4, 2025.

Ms. Zhang Feng serves as the chief compliance officer of the Bank since August 7, 2025.

Save as disclosed above, there are no any other changes to the information of the Directors, Supervisors and senior management that required to be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules since the publication of the Bank's annual report for the year ended December 31, 2024.

III. COMPANY SECRETARY

During the Reporting Period, Mr. Wong Wai Chiu (黃偉超) was the company secretary of the Bank, and his main contact person in the Bank was Ms. Hao Jumei, the vice president and secretary to the Board of the Bank, and Ms. Hao Jumei was also required to report significant events to the chairman of the Board.

IV. REMUNERATION POLICIES FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Bank endeavors to improve its performance evaluation system for Directors, Supervisors and senior management members. The remuneration system for the Directors, Supervisors and senior management members of the Bank adheres to the principle of unifying responsibilities, authorities and interests, combining incentives and restraints and focusing on both short-term and long-term incentives. The Bank insists on conducting remuneration system reform complementary with relevant reforms and promoting the marketization, monetization and standardization of the income allocation of the Bank's senior management.

The remuneration provided by the Bank for its executive Directors, employee representative Supervisors and senior management who are also the Bank's employees concurrently include salaries, discretionary bonus, social security plans, housing provident fund plans and other benefits. The remuneration provided by the Bank for its non-executive Directors, independent non-executive Directors and other Supervisors are determined by their responsibilities.

The Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank assesses senior management members and offers remuneration to them based on the results of the assessment.

V. SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has adopted, in respect of securities transactions by Directors, Supervisors and senior management, a code of conduct on terms no less exacting than the required standards set out in Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiries to all Directors, Supervisors and senior management of the Bank, the Bank confirmed that they had complied with the Model Code during the Reporting Period.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

VI. POSITIONS HELD IN THE SHAREHOLDER COMPANY BY THE EXISTING DIRECTORS AND SENIOR MANAGEMENT

Name	Position held with the Bank	Name of the shareholder company	Position held in the shareholder company
Mr. Zhang Junping	Non-executive Director	Gansu Highway Aviation Tourism	Chief financial officer
Mr. Ye Rong	Non-executive Director	Gansu Financial Holding Group (甘肅金控集團)	Deputy general manager
		Gansu Financial Holding Natural Ecological Environment Investment and Construction Co., Ltd. (甘肅金控自然生態環境投資建設有限公司)	Chairman
Ms. Yang Chunmei	Non-executive Director	Mengshang Bank	Head of the board office

VII. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2025, the interests of the Directors and chief executives of the Bank in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code or in accordance with Divisions 7 and 8 of Part XV under the SFO are as follows:

Name	Position in the Bank	Class of Shares	Nature of Interest	Number of Shares	Percentage of Domestic Shares of the Bank (%)	Percentage of Total Share Capital of the Bank (%)
Mr. Liu Qing	Chairman, executive Director	Domestic Shares	Beneficial owner	301,714(L) ⁽¹⁾	0.003	0.002

Note:

(1) L represents long position.

Save as disclosed above, neither the Directors nor the chief executives of the Bank held any interests or short positions in the shares, underlying shares or debentures of the Bank or its associated corporations as of June 30, 2025.

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

VIII. EMPLOYEE, EMPLOYEE COMPENSATION POLICY AND EMPLOYEE TRAINING PROGRAM

(I) Staff Composition

As of June 30, 2025, the Bank had 4,557 employees. The table below sets forth its number of full-time employees by function as of the same date:

	Number of employees	Percentage (%)
Corporate banking	1,082	23.74
Retail banking	910	19.97
Financial market operations	24	0.54
Finance and accounting	460	10.09
Risk management, internal audit and legal compliance	535	11.74
Information technology	159	3.48
Management	245	5.38
Bank teller	585	12.84
Others	557	12.22
Total	4,557	100

The following table sets forth the number of the employees of the Bank by age as of June 30, 2025.

	Number of employees	Percentage (%)
Under 30 (inclusive) years old	1,024	22.47
31 to 40 years old	2,547	55.89
41 to 50 years old	587	12.88
51 years old or above	399	8.76
Total	4,557	100

Chapter 6 Directors, Supervisors, Senior Management, Employees and Organizations

The following table sets forth the number of the employees of the Bank by education degree as of June 30, 2025.

	Number of employees	Percentage (%)
Master's degree or higher	435	9.55
Bachelor's degree	3,794	83.26
Others	328	7.19
Total	4,557	100

(II) Employee Remuneration

The Bank's employees participate in employee benefit plans, such as pension insurance, medical insurance, work related injury insurance, unemployment insurance, maternity insurance, housing provident funds and corporate annuity funds. The Bank conducts performance evaluations of employees on an annual basis to provide feedback based on the evaluations. Remuneration for full-time employees typically consists of a base salary and performance-based compensation.

Employee Training Program

The Bank focuses on employee career development and provides training programs for employees in different business lines. It has built a team of internal training providers under its human resources department.

(III) Labor Union

The Bank has established a labor union in accordance with PRC laws and regulations. It believes that it has maintained a good working relationship with its employees. As of the Latest Practicable Date, the Bank had not experienced any labor strikes or other labor disturbances that materially affected its operations or public image.

IX. THE SUBSIDIARY OF THE BANK

Jingning Chengji Rural Bank (靜寧成紀村鎮銀行) is the sole subsidiary of the Bank. The Bank holds 62.73% equity interest in Jingning Chengji Rural Bank, the financials of which have been consolidated into the Bank's consolidated financial statements. Jingning Chengji Rural Bank was established on September 18, 2008, which was originally a subsidiary of Pingliang City Commercial Bank. It offers local corporate and retail customers diversified financial products and services, including loans, deposits and fee and commission-based products and services.

Chapter 7 Important Events

I. CORPORATE GOVERNANCE CODE

The Bank believes that maintaining high standards of corporate governance mechanisms and high quality of corporate governance is one of the key factors to improve its core competitiveness and to build a modern city commercial bank. Therefore, the Bank focuses on high quality of corporate governance and actively abides by the best domestic and international corporate governance practice, to ensure the rights and interests of Shareholders and improve the value of the Bank.

The Bank has established a modern corporate governance structure in line with the requirements of its Articles of Association, PRC laws and regulations and the Hong Kong Listing Rules. The Board of Directors is accountable to the Shareholders as a whole and is responsible for, among others, determining the Group's business development strategies, business plans and investment proposals, appointing or removing senior management, and deciding matters such as establishment of internal management departments. The Board of Directors has established committees to perform specified functions consisting of the strategy and development committee, audit committee, nomination and remuneration committee, related party transaction and risk management committee, and consumer rights protection committee. The audit committee of the Board shall exercise the functions and powers of the Board of Supervisors as stipulated by the Company Law and regulatory requirements, and is accountable to the Shareholders as a whole and has the responsibility and power to supervise the Directors and senior management and oversee the Group's financial activities, risk management and internal control.

The Bank has incorporated the Corporate Governance Code and the Guidelines on Corporate Governance of Banking and Insurance Institutions issued by the former CBIRC (the "Corporate Governance Guidelines") into the Bank's governance structure and policies. The Corporate Governance Code and the Corporate Governance Guidelines are well reflected in the Articles of Association and the Terms of Reference of the Shareholders' General Meeting, the Board of Directors and committees under the Board of Directors. The Bank's Shareholders' general meeting, the Board of Directors and its subordinate committees perform their respective duties, forming good corporate governance structure. The Bank closely monitors its operation to ensure it complies with the relevant requirements under applicable laws, regulations, codes, guidelines and the Bank's internal policies.

The Bank has established and improved the corporate governance structure and established a series of corporate government system according to the Corporate Governance Code and the Corporate Governance Guidelines. Our Directors believe that during the Reporting Period, the Bank has complied with all code provisions contained in Part 2 of the Corporate Governance Code and, where appropriate, adopted certain recommended best practices. The Bank has also strictly complied with the provisions regarding management of inside information required under applicable laws and regulations and the Hong Kong Listing Rules.

The Bank will review its corporate governance and strengthen management constantly to ensure compliance with the Corporate Governance Code and the Corporate Governance Guidelines and meet the higher expectations from its Shareholders and potential investors.

Chapter 7 Important Events

II. PROFITS AND DIVIDENDS

1. 2024 final dividend

At the meeting of the Board of Directors of the Bank convened on March 28, 2025, the Board of Directors, after taking into consideration the need for adequate capital to support the future business development of the Bank, recommended no distribution of 2024 final dividend or any capitalization of capital reserve.

The proposal on the profit distribution plan for 2024 was considered and approved at the 2024 annual general meeting of the Bank convened on June 27, 2025.

2. 2025 interim dividend

The Bank's revenue for the six months ended June 30, 2025 and the Bank's financial position as of the same date are set out in the interim financial statements of this interim report. The Board recommended no distribution of 2025 interim dividend or any capitalization of capital reserve.

III. ISSUANCE OF BONDS

For the six months ended June 30, 2025, the Bank has issued bonds during the Reporting Period to supplement its capital, the details of which are set out as follows:

Interbank certificates

For the six months ended June 30, 2025, the Bank issued several tranches of zero-coupon interbank certificates in an aggregate principal amount of RMB27,760.0 million. The interbank certificates have terms of 3 months to 1 year and bear effective interest rates between 1.62% and 2.15% per annum.

Financial bonds

At the meeting of the Board of Directors convened on August 27, 2021, the Board of Directors advised the Bank to issue financial bonds to the public in an aggregate amount of no more than RMB10 billion (inclusive). The proposals were considered and approved at the 2021 annual general meeting convened on June 24, 2022 and the authorizing resolution shall be valid for 24 months from the date of approval of the issuance of the non-capital financial bonds by the People's Bank of China and other relevant regulatory authorities (if any). As of the Latest Practicable Date, the Bank has not yet issued bonds pursuant to the above authorization. The Bank will promptly disclose the progress of the issuance of financial bonds to the Bank's shareholders and potential investors in accordance with applicable laws and regulations and the Hong Kong Listing Rules.

IV. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, neither the Bank nor any of its subsidiaries had purchased, sold or redeemed any of the Bank's listed securities (including sale of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Bank.

V. RELATED PARTY TRANSACTIONS

During the Reporting Period, no material related party transaction (defined under the Administrative Measures for the Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) promulgated by the former CBIRC) had occurred which had adverse effects on the operating results and financial position of the Bank.

Chapter 7 Important Events

VI. MATERIAL LAWSUITS AND ARBITRATIONS

Legal disputes in which the Bank and its subsidiaries were involved during daily business mainly include actions taken against the borrowers for the purpose of recovering loans. As of the Latest Practicable Date, neither the Bank nor its subsidiaries had been involved in any major pending litigation as defendant.

VII. PUNISHMENT IMPOSED ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

During the Reporting Period and as at the Latest Practicable Date, neither the Bank nor its Directors, Supervisors and senior management members had been subject to investigation, administrative sanction and criticism by CSRC or public censure by Hong Kong Stock Exchange.

VIII. PUBLIC FLOAT

Based on the Bank's publicly available information and to the best of the Directors' knowledge, as of the Latest Practicable Date, the number of H Shares in public hands represents approximately 25.17% of the total issued share capital of the Bank, which satisfies the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules.

IX. APPOINTMENT OF EXTERNAL AUDITORS

As deliberated and approved by our Shareholders at the 2024 annual general meeting on June 27, 2025, the Bank reappointed Shinewing Certified Public Accountants LLP as its domestic external auditor for 2025, which is responsible for providing relevant domestic audit services in accordance with PRC GAAP; reappointed SHINEWING (HK) CPA Limited as its international external auditor for 2025, which is responsible for providing relevant overseas audit & review services in accordance with IFRS. The terms of the above two external auditors shall start from the date when the proposal on appointment of external auditors for 2025 was adopted at the 2024 annual general meeting of the Bank (i.e. on June 27, 2025) and end upon conclusion of the 2025 annual general meeting of the Bank.

X. ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES, ASSETS AND BUSINESS/ENTERPRISES COMBINATIONS/MERGERS

The Bank did not carry out any acquisition and disposal of subsidiaries, associates, assets and business/enterprises combinations/mergers during the Reporting Period and up to the Latest Practicable Date.

XI. PUBLICATION AND REVIEW OF INTERIM REPORT

The interim report is available on the HKEXnews website (<http://www.hkexnews.hk>) and the Bank's website (<http://www.gsbankchina.com>). In this interim report, the financial data for the six months ended June 30, 2024 and 2025 have not been audited. The interim financial statements of the Bank for the six months ended June 30, 2025 prepared in accordance with IFRS issued by the International Accounting Standards Board have been reviewed by SHINEWING (HK) CPA Limited according to Hong Kong Standard on Review Engagements 2410. The Board of Directors and its audit committee have reviewed and approved the Group's unaudited consolidated interim financial data, interim report and interim results announcement for the six months ended June 30, 2025.

Chapter 8 Report on Review of Condensed Consolidated Financial Statements



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

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

甘肅銀行股份有限公司

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Bank of Gansu Co., Ltd. (the “Bank”) and its subsidiary (hereinafter collectively referred to as the “Group”) set out on pages 78 to 149, which comprise the condensed consolidated statement of financial position as of June 30, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated 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 the International Auditing and Assurance Standards Board. A review of these condensed consolidated 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.

Chapter 8 Report on Review of Condensed Consolidated Financial Statements

CONCLUSION

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

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong

August 25, 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	Notes	Six months ended June 30,	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income		5,992,266	6,736,012
Interest expenses		(3,745,244)	(4,198,879)
Net interest income	4	2,247,022	2,537,133
Fee and commission income		245,417	235,083
Fee and commission expenses		(17,097)	(16,218)
Net fee and commission income	5	228,320	218,865
Net trading gains	6	107,379	344,005
Net gains arising from investment securities	7	130,066	35,095
Net exchange (losses) gains		(15,887)	15,939
Other operating income, net	8	20,418	5,791
Operating income		2,717,318	3,156,828
Operating expenses	9	(1,060,119)	(1,075,723)
Impairment losses on assets, net of reversals	10	(1,317,905)	(1,742,483)
Operating profit		339,294	338,622
Share of (loss) profit of an associate	21	(203)	104
Profit before tax		339,091	338,726
Income tax credit	11	59,795	55,783
Profit for the period		398,886	394,509

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	Notes	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Profit for the period		398,886	394,509
Other comprehensive (expense) income for the period:			
<i>Items that will not be reclassified to profit or loss:</i>			
– Remeasurement of defined benefit obligations		–	(870)
– Fair value loss on investments in equity investments at fair value through other comprehensive income		(3,729)	(32,114)
– Income tax relating to items that will not be reclassified to profit or loss		932	8,246
		(2,797)	(24,738)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Debt instrument at fair value through other comprehensive income			
– Movement of provision for impairment losses	20	18,447	(344)
– Change in fair value recognised in investment revaluation reserve		(168,449)	70,993
– Income tax relating to items that may be reclassified subsequently		37,501	(17,662)
		(112,501)	52,987
Other comprehensive (expense) income for the period, net of income tax		(115,298)	28,249
Total comprehensive income for the period		283,588	422,758
Profit for the period attributable to:			
– Owners of the Bank		397,854	393,681
– Non-controlling interests		1,032	828
		398,886	394,509
Total comprehensive income for the period attributable to:			
– Owners of the Bank		282,556	421,930
– Non-controlling interests		1,032	828
		283,588	422,758
Earnings per share			
– Basic and diluted (RMB cents)	12	2.64	2.61

Condensed Consolidated Statement of Financial Position

At June 30, 2025

	Notes	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Assets			
Cash and deposits with the central bank	13	19,988,949	23,171,617
Deposits with banks	14	2,207,870	1,028,720
Placements with banks and other financial institutions	15	11,697,598	5,001,750
Financial assets held under resale agreements	16	1,855,337	8,989,174
Financial assets at amortised cost	17	75,454,276	101,407,980
Loans and advances to customers	18	235,969,056	225,595,610
Financial assets at fair value through profit or loss	19	37,415,326	28,534,813
Financial assets at fair value through other comprehensive income	20	29,099,091	7,508,524
Interest in an associate	21	10,138	10,341
Property and equipment	22	2,715,955	2,816,724
Right-of-use assets	23	311,533	330,874
Deferred tax assets	24	2,465,019	2,320,313
Other assets	25	8,291,448	7,991,130
Total assets		427,481,596	414,707,570
Liabilities and equity			
Liabilities			
Borrowings from the central bank	27	8,632,863	8,404,837
Deposits from banks and other financial institutions	28	9,967,158	15,708,625
Placements from banks	29	1,982,355	975,230
Financial assets sold under repurchase agreements	30	4,529,183	4,946,773
Deposits from customers	31	334,421,345	321,379,277
Accrued staff costs	32	184,373	272,389
Taxes payable		71,283	105,028
Debts securities issued	33	31,914,184	27,392,627
Deferred tax liabilities	24	939	38,783
Lease liabilities	23	274,154	285,341
Other liabilities	34	1,382,247	1,360,744
Total liabilities		393,360,084	380,869,654

Condensed Consolidated Statement of Financial Position

At June 30, 2025

	Notes	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Equity			
Share capital	35	15,069,791	15,069,791
Capital reserve	36(a)	5,958,667	5,958,659
Defined benefit plan reserve		(5,290)	(5,290)
Investment revaluation reserve		(6,718)	108,580
Surplus reserve	36(b)	2,024,105	1,966,278
General reserve	36(c)	5,784,233	5,784,233
Retained earnings		5,250,839	4,910,812
Total equity attributable to the owners of the Bank		34,075,627	33,793,063
Non-controlling interests		45,885	44,853
Total equity		34,121,512	33,837,916
Total liabilities and equity		427,481,596	414,707,570

The condensed consolidated financial statements on pages 78 to 149 were approved and authorised for issue by the board of directors of the Bank on August 25, 2025 and are signed on its behalf by:

Mr. Liu Qing
Director

Mr. Zhang Bin
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

	Attributable to owners of the Bank								Non - controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Defined benefit plan reserve RMB'000	Investment revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
At January 1, 2025	15,069,791	5,958,659	(5,290)	108,580	1,966,278	5,784,233	4,910,812	33,793,063	44,853	33,837,916
Profit for the period	-	-	-	-	-	-	397,854	397,854	1,032	398,886
Other comprehensive (expense)/income for the period	-	-	-	(115,298)	-	-	-	(115,298)	-	(115,298)
Total comprehensive (expense)/income for the period	-	-	-	(115,298)	-	-	397,854	282,556	1,032	283,588
Shareholders' injection (Note 36(a))	-	8	-	-	-	-	-	8	-	8
Appropriation of profits - Appropriation to surplus reserve	-	-	-	-	57,827	-	(57,827)	-	-	-
At June 30, 2025 (Unaudited)	15,069,791	5,958,667	(5,290)	(6,718)	2,024,105	5,784,233	5,250,839	34,075,627	45,885	34,121,512

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

	Attributable to owners of the Bank								Non – controlling interests	Total
	Share capital RMB'000	Capital reserve RMB'000	Defined benefit plan reserve RMB'000	Investment revaluation reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
At January 1, 2024	15,069,791	5,956,702	(3,437)	35,606	1,908,450	5,373,732	4,796,793	33,137,637	42,435	33,180,072
Profit for the period	-	-	-	-	-	-	393,681	393,681	828	394,509
Other comprehensive (expense)/income for the period	-	-	(653)	28,902	-	-	-	28,249	-	28,249
Total comprehensive (expense)/income for the period	-	-	(653)	28,902	-	-	393,681	421,930	828	422,758
Shareholders' injection (Note 36(a))	-	296	-	-	-	-	-	296	-	296
Appropriation of profits – Appropriation to general reserve	-	-	-	-	-	8,987	(8,987)	-	-	-
At June 30, 2024 (Unaudited)	15,069,791	5,956,998	(4,090)	64,508	1,908,450	5,382,719	5,181,487	33,559,863	43,263	33,603,126

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	339,091	338,726
Adjustments for:		
Depreciation of property and equipment	129,620	116,874
Depreciation of right-of-use assets	62,010	64,174
Amortisation of intangible assets	3,479	3,807
Impairment losses on assets, net of reversals	1,317,905	1,742,483
Interest expense on lease liabilities	5,566	2,147
Interest expense on debts securities issued	296,826	327,251
Loss on disposal of property and equipment	873	383
Loss on disposal of repossessed assets	14	82
Unrealised losses/(gains) from debt securities at fair value through profit or loss	119,967	(37,446)
Net gains arising from investment securities	(130,066)	(35,095)
Government grants	(47)	–
Interest income on financial investments	(1,330,417)	(1,360,255)
Share of loss/(profit) of an associate	203	(104)
	815,024	1,163,027
Changes in operating assets		
Net increase in deposits with the central bank	(353,012)	(952,575)
Net (increase)/decrease in deposits and placements with banks and other financial institutions	(315,481)	75,360
Net decrease in financial assets held under resale agreements	501	1,991
Net increase in financial assets at fair value through profit or loss	(9,000,480)	(21,404)
Net increase in loans and advances to customers	(11,302,055)	(18,006,726)
Net increase in other operating assets	(391,858)	(3,529,809)
	(21,362,385)	(22,433,163)
Changes in operating liabilities		
Net increase in borrowings from the central bank	228,026	267,312
Net (decrease)/increase in deposits and placements from banks and other financial institutions	(4,734,342)	1,517,961
Net decrease in financial assets sold under repurchase agreements	(417,590)	(5,157,118)
Net increase in deposits from customers	13,042,068	26,124,197
Net (decrease)/increase in other operating liabilities	(65,867)	475,536
	8,052,295	23,227,888

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash generated from operations	(12,495,066)	1,957,752
Income tax paid, net	(118,067)	(137,522)
NET CASH FROM OPERATING ACTIVITIES	(12,613,133)	1,820,230
INVESTING ACTIVITIES		
Proceeds from disposal of investments	67,619,463	32,884,081
Interest income received from financial investments	1,981,899	1,511,704
Proceeds from disposal of property and equipment	6,743	388
Payments on acquisition of investments	(64,224,979)	(42,829,711)
Payments on acquisition of property and equipment and intangible assets	(44,172)	(35,616)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	5,338,954	(8,469,154)
FINANCING ACTIVITIES		
Government grants received	47	–
Proceeds from capital contribution by equity shareholder	8	296
Proceeds from issue of new debt securities	27,760,000	32,830,000
Repayment of debt securities issued	(23,220,000)	(22,700,000)
Repayment of lease liabilities	(53,856)	(51,487)
Interest paid on debts securities issued	(315,269)	(569,734)
Interest paid on lease liabilities	(5,566)	(2,147)
Dividends paid	–	(2)
NET CASH FROM FINANCING ACTIVITIES	4,165,364	9,506,926
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,108,815)	2,858,002
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	22,300,665	20,743,214
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (Note 40)	19,191,850	23,601,216
Interest received	6,127,658	5,461,975
Interest paid (excluding interest expense on debts securities issued and lease liabilities)	(3,062,765)	(2,967,725)

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

1. GENERAL

Bank of Gansu Co., Ltd. (the “Bank”) was established in Lanzhou, Gansu Province, the People’s Republic of China (the “PRC”) on September 27, 2011 with the approval of the National Administration of Financial Regulation (the “NAFR”, formerly known as China Banking and Insurance Regulatory Commission (the “CBIRC”)). Prior to its establishment, the banking business was carried out by two city commercial banks (the “Predecessor Entities”), each being located in Gansu Province.

Pursuant to reorganisation initiated by the People’s Government of Gansu Province, the Bank was established through the merger and reorganisation of the Predecessor Entities.

The Bank obtained its finance permit No. B1228H262010001 from the NAFR, and obtained its business license No. 91620000585910383X from the Gansu Administration of Industry and Commerce. The legal representative is Liu Qing and the address of the registered office and principal place of business is 525-1, Donggang West Road, Chengguan District, Lanzhou, Gansu Province.

On January 18, 2018, the Bank’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 2139).

As at June 30, 2025, the Bank has 1 head office operational department, 12 branches, 179 sub-branches, 3 micro-to-small enterprise sub-branches, 1 community sub-branch and a subsidiary. The principal activities of the Bank and its subsidiary (hereinafter collectively referred to as the “Group”) are the provision of corporate and retail deposits, loans and advances, payment and settlement services, as well as other banking services as approved by the NAFR Gansu Office. The Group operates mainly in Gansu Province of Mainland China.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Bank and its subsidiary.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended June 30, 2025 have been prepared in accordance with International Accounting Standard 34 (“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 preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim 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.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB which are effective for the Group's financial year beginning January 1, 2025:

Amendments to IAS 21

Lack of Exchangeability

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

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

4. NET INTEREST INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income arising from		
– Deposits with the central bank	135,678	126,815
– Deposits with banks	10,532	12,500
– Placements with banks and other financial institutions	55,339	2,797
– Loans and advances to customers:		
Corporate loans and advances	3,231,296	3,664,276
Personal loans and advances	997,651	1,207,137
Discounted bills	100,491	193,687
– Financial assets held under resale agreements	130,862	168,545
– Financial assets at fair value through other comprehensive income	204,146	196,282
– Financial assets at amortised cost	1,126,271	1,163,973
	5,992,266	6,736,012
Less: Interest expenses arising from		
– Borrowings from the central bank	(72,100)	(61,748)
– Deposits from banks and other financial institutions	(134,206)	(293,810)
– Placements from banks	(15,108)	(18,162)
– Deposits from customers:		
Corporate customers	(617,902)	(694,501)
Individual customers	(2,545,101)	(2,742,460)
– Financial assets sold under repurchase agreements	(58,435)	(58,800)
– Debts securities issued	(296,826)	(327,251)
– Lease liabilities	(5,566)	(2,147)
	(3,745,244)	(4,198,879)
	2,247,022	2,537,133

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

5. NET FEE AND COMMISSION INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fee and commission income		
– Wealth management service fees	66,938	59,558
– Bank acceptance bills service fees	9,123	6,601
– Agency services fees	33,507	29,277
– Settlement and clearing fees	31,128	57,782
– Letter of guarantee service fees	63,228	41,221
– Others	41,493	40,644
	245,417	235,083
Fee and commission expenses		
– Settlement and clearing fees	(4,581)	(4,829)
– Bank card service fees	(12,516)	(11,389)
	(17,097)	(16,218)
	228,320	218,865

6. NET TRADING GAINS

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Financial assets at FVTPL		
– Realised gains from debt securities	185,416	265,557
– Unrealised (losses) gains from debt securities	(119,967)	37,446
Interest income arising from financial assets at FVTPL	41,930	41,002
	107,379	344,005

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

7. NET GAINS ARISING FROM INVESTMENT SECURITIES

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net gains on disposal of debt instruments	130,066	35,095

8. OTHER OPERATING INCOME, NET

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (Note)	47	–
Rental income	1,948	1,912
Loss on disposal of property and equipment	(873)	(383)
Loss on disposal of repossessed assets	(14)	(82)
Repossessed assets – rental and management income	13,145	3,462
Other operating income	6,165	882
	20,418	5,791

Note: During the six months ended June 30, 2025, government grants recognised as other income were awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants were one-off with no specific condition attached. There were no such subsidies during the six months ended June 30, 2024.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

9. OPERATING EXPENSES

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Staff costs (including directors' emoluments)		
– Salaries and bonuses	382,617	405,100
– Staff welfares	11,632	9,826
– Social insurance	125,419	118,995
– Housing allowances	44,398	47,756
– Labor union and staff education expenses	4,409	5,634
– Others	1,113	927
	569,588	588,238
Premises and equipment expenses		
– Depreciation of property and equipment	129,620	116,874
– Depreciation of right-of-use assets	62,010	64,174
– Amortisation of intangible assets	3,479	3,807
– Rental and property management expenses	5,734	5,566
	200,843	190,421
Business tax and surcharges	46,981	51,294
Other general and administrative expenses	242,707	245,770
	1,060,119	1,075,723

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

10. IMPAIRMENT LOSSES ON ASSETS, NET OF REVERSALS

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Impairment losses on assets, net of reversals:		
Deposits with banks	25	(2,025)
Placements with banks and other financial institutions	513	(467)
Financial assets held under resale agreements	146	(58)
Financial assets at FVTOCI	18,447	(344)
Financial assets at amortised cost	275,059	884,991
Loans and advances to customers	928,609	858,526
Acceptance bills, letters of guarantees and unused credit card commitments	(646)	(4,616)
Reposessed assets	48,184	30,544
Other assets	47,568	(24,068)
	1,317,905	1,742,483

11. INCOME TAX CREDIT

(a) Income tax:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current tax		
– PRC Enterprise Income Tax	84,322	149,368
Deferred tax (Note 24)		
– Current year	(144,117)	(205,151)
	(59,795)	(55,783)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25%. Pingliang Jingning Chengji Rural Bank Co., Ltd. ("平涼市靜寧成紀村鎮銀行股份有限公司", "Jingning Chengji Rural Bank"), a subsidiary of the Bank, obtained approvals from tax authorities to adopt the preferential income tax rate of 15%.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

11. INCOME TAX CREDIT (Continued)

(b) The tax charge for the six months ended can be reconciled to the profit before tax per the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	339,091	338,726
Tax at domestic income tax rate of 25%	84,772	84,681
Tax effect of share of result of an associate	51	(26)
Tax effect of expenses not deductible for tax purpose (Note (i))	24,567	31,621
Tax effect of income that are not taxable for tax purpose (Note (ii))	(168,857)	(171,778)
Income tax on concessionary rate	(328)	(281)
Income tax credit	(59,795)	(55,783)

Notes:

- (i) Expenses not deductible for tax purpose consists of a portion of expenditures, such as entertainment expenses, impairment losses on assets (net of reversals), staff costs and donations, which exceed the tax deduction limits in accordance with PRC tax regulation.
- (ii) Income not taxable for tax purpose consists of interest income from micro loans to farmers and government bonds, which is exempted from income tax under the PRC tax regulation.

Details of the deferred taxation are set out in Note 24.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Bank is based on the following data:

	Six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Bank (RMB'000)	397,854	393,681
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	15,069,791	15,069,791

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended June 30, 2025 and 2024.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

13. CASH AND DEPOSITS WITH THE CENTRAL BANK

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Cash on hand	482,834	476,212
Deposits with the central bank		
– Statutory deposit reserve (Note (a))	16,184,681	15,822,121
– Surplus deposit reserve (Note (b))	3,267,170	6,809,472
– Fiscal deposits	47,972	56,726
	19,499,823	22,688,319
Accrued interest	6,292	7,086
	19,988,949	23,171,617

Notes:

- (a) The Group places statutory deposit reserves with the PBOC (The People's Bank Of China) in accordance with relevant regulations in the PRC. As at June 30, 2025 and December 31, 2024, the statutory deposit reserve ratios applicable to the Bank were as follows:

	At June 30, 2025 (Unaudited)	At December 31, 2024 (Audited)
Reserve ratio for RMB deposits	5%	5%
Reserve ratio for foreign currency deposits	4%	4%

The statutory deposit reserves are restricted balances with central bank and are not available for the Group's daily business.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of cash settlement and other kinds of unrestricted deposits.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

14. DEPOSITS WITH BANKS

Analysed by type and location of counterparty

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Deposits in Mainland China – Banks	2,192,156	1,015,699
Deposits outside Mainland China – Banks	14,470	10,872
Accrued interest	2,206,626 1,321	1,026,571 2,201
Less: Provision for impairment losses (Notes a and b)	(77)	(52)
	2,207,870	1,028,720

Notes:

a) Provision for impairment losses:

	At June 30, 2025			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL-credit – impaired RMB'000	Total RMB'000
Gross deposits with banks (excluding accrued interest)	2,206,626	–	–	2,206,626
Less: Provision for impairment losses	(77)	–	–	(77)
	2,206,549	–	–	2,206,549

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

14. DEPOSITS WITH BANKS (Continued)

Analysed by type and location of counterparty (Continued)

Notes: (Continued)

a) Provision for impairment losses: (Continued)

	At December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	12m ECL	Lifetime ECL	ECL-credit-impaired	
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deposits with banks (excluding accrued interest)	1,026,571	–	–	1,026,571
Less: Provision for impairment losses	(52)	–	–	(52)
	1,026,519	–	–	1,026,519

b) Movement in provision for impairment losses of deposits with banks:

Provision for impairment losses of deposits with banks	Stage 1	Stage 2	Stage 3	Total
	12m ECL	Lifetime ECL	ECL-credit-impaired	
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for impairment losses at January 1, 2024	2,098	–	–	2,098
– Credit to profit or loss	(2,046)	–	–	(2,046)
Provision for impairment losses at December 31, 2024 (Audited) and January 1, 2025	52	–	–	52
– Charge to profit or loss	25	–	–	25
Provision for impairment losses at June 30, 2025 (Unaudited)	77	–	–	77

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Placements in Mainland China		
– Banks	500,000	900,000
– Other financial institutions	11,180,000	4,100,000
	11,680,000	5,000,000
Accrued interest	20,852	4,491
Less: Provision for impairment losses (Notes a and b)	(3,254)	(2,741)
	11,697,598	5,001,750

Notes:

a) Provision for impairment losses:

	At June 30, 2025			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL-credit- impaired RMB'000	Total RMB'000
Gross placements with banks and other financial institutions (excluding accrued interest)	11,680,000	–	–	11,680,000
Less: Provision for impairment losses	(3,254)	–	–	(3,254)
	11,676,746	–	–	11,676,746

	At December 31, 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL-credit- impaired RMB'000	Total RMB'000
Gross placements with banks and other financial institutions (excluding accrued interest)	5,000,000	–	–	5,000,000
Less: Provision for impairment losses	(2,741)	–	–	(2,741)
	4,997,259	–	–	4,997,259

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

15. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (Continued)

Notes: (Continued)

b) Movement in provision for impairment losses of placements with banks and other financial institutions:

Provision for impairment losses of placements with other financial institutions	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL-credit- impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2024	467	–	–	467
– Charge to profit or loss	2,274	–	–	2,274
Provision for impairment losses at December 31, 2024 (Audited) and January 1, 2025	2,741	–	–	2,741
– Charge to profit or loss	513	–	–	513
Provision for impairment losses at June 30, 2025 (Unaudited)	3,254	–	–	3,254

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
In Mainland China		
– Other financial institutions	1,855,220	8,988,410
Accrued interest	263	764
Less: Provision for impairment losses (Notes c and d)	(146)	–
	1,855,337	8,989,174

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(Continued)

(b) Analysed by type of security held

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Debt securities		
– Government	600,000	4,930,340
– Banks and other financial institutions	1,255,220	4,058,070
	1,855,220	8,988,410
Accrued interest	263	764
Less: Provision for impairment losses	(146)	–
	1,855,337	8,989,174

(c) Provision for impairment losses of financial assets held under resale agreements:

	At June 30, 2025			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Gross financial assets held under resale agreements (excluding accrued interest)	1,855,220	–	–	1,855,220
Less: Provision for impairment losses	(146)	–	–	(146)
	1,855,074	–	–	1,855,074

	At December 31, 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Gross financial assets held under resale agreements (excluding accrued interest)	8,988,410	–	–	8,988,410
Less: Provision for impairment losses	–	–	–	–
	8,988,410	–	–	8,988,410

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

16. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(Continued)

(d) Movements in provision for impairment losses of financial assets held under resale agreements:

Provision for impairment losses of financial assets held under resale agreements	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2024	106	–	–	106
– Credit to profit or loss	(106)	–	–	(106)
Provision for impairment losses at December 31, 2024 (Audited) and January 1, 2025	–	–	–	–
– Charge to profit or loss	146	–	–	146
Provision for impairment losses at June 30, 2025 (Unaudited)	146	–	–	146

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

17. FINANCIAL ASSETS AT AMORTISED COST

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Financial assets measured at amortised cost		
Debt securities issued by the following institutions in Mainland China		
– Government	34,681,546	29,495,308
– Banks	789,642	3,786,541
– Other financial institutions	18,504,268	45,396,326
– Corporations	3,667,107	4,037,061
Trust plans	12,443,151	12,455,158
Asset management plans	7,165,499	7,273,869
Asset-backed securities	23,807	23,867
	77,275,020	102,468,130
Accrued interest	2,178,961	2,782,013
Less: Provision for impairment losses (Notes a and b)	(3,999,705)	(3,842,163)
	75,454,276	101,407,980
Analysed as:		
Listed outside Hong Kong	59,072,469	81,948,152
Unlisted outside Hong Kong	16,381,807	19,459,828
	75,454,276	101,407,980
Fair value	76,591,712	102,185,387

At June 30, 2025 and December 31, 2024, parts of debt securities were pledged as security for repurchase agreements (Note 26(a) and Note 30(c)).

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

17. FINANCIAL ASSETS AT AMORTISED COST (Continued)

Notes:

- (a) Provision for impairment losses of financial assets at amortised cost:

	At June 30, 2025			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Gross financial assets at amortised cost (excluding accrued interest)	60,187,048	8,429,391	8,658,581	77,275,020
Less: Provision for impairment losses	(63,662)	(920,368)	(3,015,675)	(3,999,705)
	60,123,386	7,509,023	5,642,906	73,275,315

	At December 31, 2024			
	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Gross financial assets at amortised cost (excluding accrued interest)	85,360,245	8,438,031	8,669,854	102,468,130
Less: Provision for impairment losses	(58,307)	(904,360)	(2,879,496)	(3,842,163)
	85,301,938	7,533,671	5,790,358	98,625,967

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

17. FINANCIAL ASSETS AT AMORTISED COST (Continued)

Notes: (Continued)

(b) Movements in provision for impairment losses of financial assets at amortised cost:

Provision for impairment losses of financial assets at amortised cost	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2024	87,868	234,546	2,790,169	3,112,583
Changes in the provision for impairment losses				
– Transfer to stage 2	(27,193)	27,193	–	–
– Transfer to stage 3	(7,911)	(675)	8,586	–
– Write off and others	–	–	(239,304)	(239,304)
– Charge to profit or loss	5,543	643,296	320,045	968,884
Provision for impairment losses at December 31, 2024 (Audited) and January 1, 2025	58,307	904,360	2,879,496	3,842,163
Changes in the provision for impairment losses				
– Transfer to stage 1	10,619	(10,619)	–	–
– Transfer to stage 2	(8,772)	8,772	–	–
– Transfer to stage 3	(78)	(2,947)	3,025	–
– Write off and others	–	–	(117,517)	(117,517)
– Charge to profit or loss	3,586	20,802	250,671	275,059
Provision for impairment losses at June 30, 2025 (Unaudited)	63,662	920,368	3,015,675	3,999,705

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Gross loans and advances to customers		
Corporate loans and advances	158,048,439	154,092,669
Personal loans and advances		
– Personal business loans	5,612,357	5,373,488
– Personal consumption loans	19,758,329	19,028,507
– Residential and commercial mortgage loans	30,711,079	29,413,942
	56,081,765	53,815,937
Discounted bills	20,698,844	16,950,891
	234,829,048	224,859,497
Accrued interest	7,076,937	6,554,794
Less: Provision for impairment losses	(5,936,929)	(5,818,681)
	235,969,056	225,595,610

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector

	At June 30, 2025		Loans and advances secured by collaterals RMB'000 (Unaudited)
	Amount RMB'000 (Unaudited)	Percentage (Unaudited)	
Gross loans and advances to customers			
Corporate loans and advances			
– Manufacturing	36,888,652	15.25%	14,941,970
– Wholesale and retail	14,335,147	5.93%	6,887,470
– Real estate	13,059,310	5.40%	11,667,976
– Construction	16,053,434	6.64%	5,855,495
– Mining	9,037,810	3.73%	2,580,619
– Agriculture, forestry, animal husbandry and fishery	6,583,838	2.72%	2,511,549
– Leasing and business services	23,515,518	9.72%	8,593,621
– Water, environment and public facility management	3,339,987	1.38%	1,551,724
– Cultural, sports and entertainment	2,475,865	1.02%	1,887,510
– Accommodation and catering	2,005,165	0.83%	1,745,970
– Electricity, gas and water production and supply	5,355,982	2.21%	1,125,635
– Transportation, storage and postal services	12,397,087	5.12%	1,215,662
– Health and social services	2,131,810	0.88%	1,013,840
– Education	1,231,900	0.51%	289,973
– Finance	8,513,985	3.52%	–
– Scientific research, technical services and geological prospecting	644,242	0.27%	159,492
– Resident and other services	360,509	0.15%	246,681
– Information transmission, computer services and software	118,198	0.05%	36,104
	158,048,439	65.33%	62,311,291
Personal loans and advances	56,081,765	23.18%	32,699,381
Discounted bills	20,698,844	8.56%	–
Accrued interest	7,076,937	2.93%	–
	241,905,985	100%	95,010,672
Less: Provision for impairment losses	(5,936,929)		
	235,969,056		

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(b) Analysed by industry sector (Continued)

At December 31, 2024			
	Amount RMB'000 (Audited)	Percentage (Audited)	Loans and advances secured by collaterals RMB'000 (Audited)
Gross loans and advances to customers			
Corporate loans and advances			
– Manufacturing	35,269,778	15.24%	15,594,002
– Wholesale and retail	13,640,665	5.89%	7,118,904
– Real estate	12,630,559	5.46%	11,220,627
– Construction	16,005,163	6.92%	5,617,775
– Mining	7,101,312	3.07%	1,388,377
– Agriculture, forestry, animal husbandry and fishery	6,780,395	2.93%	2,391,930
– Leasing and business services	26,292,742	11.36%	8,258,793
– Water, environment and public facility management	3,696,449	1.60%	1,868,454
– Cultural, sports and entertainment	2,496,530	1.08%	1,895,285
– Accommodation and catering	1,982,986	0.86%	1,743,099
– Electricity, gas and water production and supply	4,939,985	2.13%	1,133,396
– Transportation, storage and postal services	11,472,075	4.96%	1,215,264
– Health and social services	2,131,950	0.92%	996,780
– Education	1,220,827	0.53%	279,171
– Finance	7,381,016	3.19%	–
– Scientific research, technical services and geological prospecting	549,946	0.24%	132,431
– Resident and other services	350,810	0.15%	283,280
– Information transmission, computer services and software	149,481	0.06%	41,003
	154,092,669	66.59%	61,178,571
Personal loans and advances	53,815,937	23.26%	31,549,230
Discounted bills	16,950,891	7.32%	–
Accrued interest	6,554,794	2.83%	–
	231,414,291	100%	92,727,801
Less: Provision for impairment losses	(5,818,681)		
	225,595,610		

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(c) Analysed by type of collateral

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Gross loans and advances to customers		
Unsecured loans	45,827,900	42,975,692
Guaranteed loans	80,002,093	75,773,806
Collateralised loans	95,010,671	92,727,801
Pledged loans	13,988,384	13,382,198
	234,829,048	224,859,497
Accrued interest	7,076,937	6,554,794
Less: Provision for impairment losses	(5,936,929)	(5,818,681)
	235,969,056	225,595,610

(d) Loans and advances and provision for impairment losses

	At June 30, 2025			
	Stage 1 12m ECL RMB'000 (Unaudited)	Stage 2 Lifetime ECL RMB'000 (Unaudited)	Stage 3 Lifetime ECL- credit-impaired RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Gross loans and advances to customers (excluding accrued interest)	219,267,334	11,213,342	4,348,372	234,829,048
Less: Provision for impairment losses	(1,491,342)	(1,620,450)	(2,825,137)	(5,936,929)
	217,775,992	9,592,892	1,523,235	228,892,119

	At December 31, 2024			
	Stage 1 12m ECL RMB'000 (Audited)	Stage 2 Lifetime ECL RMB'000 (Audited)	Stage 3 Lifetime ECL- credit-impaired RMB'000 (Audited)	Total RMB'000 (Audited)
Gross loans and advances to customers (excluding accrued interest)	210,405,051	10,101,953	4,352,493	224,859,497
Less: Provision for impairment losses	(1,579,533)	(1,541,036)	(2,698,112)	(5,818,681)
	208,825,518	8,560,917	1,654,381	219,040,816

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

18. LOANS AND ADVANCES TO CUSTOMERS (Continued)

(e) Movements of provision for impairment losses

The table below analyses the movements of the provision for impairment losses during the period/year per class of assets.

Provision for impairment losses – Loans and advances to customers	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2024	1,507,043	1,379,021	2,895,688	5,781,752
Change in the provision for impairment losses				
– Transfer to Stage 1	144,668	(120,299)	(24,369)	–
– Transfer to Stage 2	(30,640)	47,747	(17,107)	–
– Transfer to Stage 3	(18,977)	(59,815)	78,792	–
– Write-offs and others	–	–	(2,102,663)	(2,102,663)
– (Reversal) charge to profit or loss	(22,561)	294,382	1,747,667	2,019,488
– Recoveries of loans and advances previously written off	–	–	120,104	120,104
Provision for impairment losses at December 31, 2024 (Audited) and January 1, 2025	1,579,533	1,541,036	2,698,112	5,818,681
Changes in the provision for impairment losses				
– Transfer to stage 1	108,357	(85,828)	(22,529)	–
– Transfer to stage 2	(42,331)	53,626	(11,295)	–
– Transfer to stage 3	(6,838)	(258,474)	265,312	–
– Write-offs and others	–	–	(852,049)	(852,049)
– (Reversal) charge to profit or loss	(147,379)	370,090	705,898	928,609
– Recoveries of loans and advances previously written off	–	–	41,688	41,688
Provision for impairment losses at June 30, 2025 (Unaudited)	1,491,342	1,620,450	2,825,137	5,936,929

(f) Analysed by geographical sector

Geographically, the Group mainly conducts their businesses and most of their customers and assets are located in Gansu Province of the PRC.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Financial assets held for trading (Note)	6,015,209	511,241
Trust plans	4,108,693	4,108,693
Asset management plans	2,981,932	2,976,279
Investment funds	24,309,492	20,938,600
	37,415,326	28,534,813
Analysed as:		
Listed outside Hong Kong	6,015,209	511,241
Unlisted outside Hong Kong	31,400,117	28,023,572
	37,415,326	28,534,813

Note:

Financial assets held for trading:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Debt securities issued by the following institutions in Mainland China:		
– Banks	5,496,883	–
– Other financial institutions	518,326	511,241
	6,015,209	511,241

As at June 30, 2025, no financial assets at FVTPL were subject to material restrictions on the realisation (December 31, 2024: nil).

The above debt securities traded on the China Interbank Bond Market are included in “Listed outside Hong Kong”.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Debt instruments at FVTOCI		
Debt securities issued by the following institutions in Mainland China		
– Government	1,960,860	2,784,188
– Banks and other financial institutions	26,201,961	3,735,908
	28,162,821	6,520,096
Listed equity investments designated at FVTOCI	59,605	62,841
Unlisted equity investments designated at FVTOCI	806,576	807,068
Accrued interest	70,089	118,519
	29,099,091	7,508,524
Analysed as:		
Listed outside Hong Kong	28,292,515	6,701,456
Unlisted outside Hong Kong	806,576	807,068
	29,099,091	7,508,524

At June 30, 2025 and December 31, 2024, parts of debt securities were pledged as security for repurchase agreement (Note 26(a) and Note 30(c)).

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Bank have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

Movements of provision for impairment losses:

Provision for impairment losses – debt instruments at fair value through other comprehensive income	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2025	1,525	–	–	1,525
– Movement during the year	18,447	–	–	18,447
Provision for impairment losses at June 30, 2025 (Unaudited)	19,972	–	–	19,972

Provision for impairment losses – debt instruments at fair value through other comprehensive income	Stage 1 12m ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL- credit-impaired RMB'000	Total RMB'000
Provision for impairment losses at January 1, 2024	2,514	–	–	2,514
– Movement during the year	(989)	–	–	(989)
Provision for impairment losses at December 31, 2024 (Audited)	1,525	–	–	1,525

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

21. INTEREST IN AN ASSOCIATE

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Cost of investment in an associate, unlisted	3,000	3,000
Share of post-acquisition profits	7,138	7,341
	10,138	10,341

As at June 30, 2025 and December 31, 2024, the Group had interests in the following associate:

Name of the bank	Form of entity	Country of establishment/ operation	Class of shares held	Proportion of ownerships interests or participating shares held by the Group		Proportion of voting power held		Principal activity
				30/6/2025	31/12/2024	30/6/2025	31/12/2024	
Gansu Jingchuan Fullerton Community Bank Co., Ltd* ("甘肃涇川中銀富登村鎮銀行股份有限公司", "Gansu Jingchuan")	Limited liability	The PRC	Ordinary share	16.67%	16.67%	16.67%	16.67%	Corporate and retail bank

Note: This associate is directly held by the Bank. The Group considered that it has the practical ability to exercise significant influence over Gansu Jingchuan even though it owns less than 20% of the ownership interest and voting control after taking into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or rights to appoint/nominate directors for the board of directors of the associate; and 3) the rights to participate in the policy-making process, including dividends and other distribution.

* The English translation is for identification only.

The financial information and carrying amount, in aggregate, of the Group's interest in an associate that is not material and is accounted for using the equity method are set out below:

	Six months ended June 30, 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
The Group's share of (loss) profit and total comprehensive (expense) income for the period	(203)	104

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Carrying amount of the Group's interests in the immaterial associate	10,138	10,341

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

22. PROPERTY AND EQUIPMENT

	Construction in progress RMB'000	Premises (Buildings) RMB'000	Electronic and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Computer software RMB'000	Total RMB'000
Cost							
At January 1, 2024	190,582	2,865,282	765,881	47,096	617,313	641,484	5,127,638
Additions	22,403	8,713	59,768	1,510	42,044	78,460	212,898
Transfers (out)/in from construction in progress	(90,463)	49,232	2,527	-	16,764	21,940	-
Disposals	-	-	(29,391)	(2,262)	-	(3,806)	(35,459)
At December 31, 2024 (Audited) and January 1, 2025	122,522	2,923,227	798,785	46,344	676,121	738,078	5,305,077
Additions	5,896	2,804	12,774	-	8,116	12,032	41,622
Transfers (out)/in from construction in progress	(16,557)	106	62	-	2,462	8,772	(5,155)
Disposals	-	-	(42,773)	(674)	-	(6,050)	(49,497)
At June 30, 2025 (Unaudited)	111,861	2,926,137	768,848	45,670	686,699	752,832	5,292,047
Accumulated depreciation							
At January 1, 2024	-	700,865	643,958	43,986	434,532	422,387	2,245,728
Provided for the year	-	83,844	37,046	748	39,336	104,849	265,823
Eliminated on disposals	-	-	(18,107)	(2,020)	-	(3,071)	(23,198)
At December 31, 2024 (Audited) and January 1, 2025	-	784,709	662,897	42,714	473,868	524,165	2,488,353
Provided for the period	-	42,296	24,210	385	22,879	39,850	129,620
Eliminated on disposals	-	-	(35,478)	(654)	-	(5,749)	(41,881)
At June 30, 2025 (Unaudited)	-	827,005	651,629	42,445	496,747	558,266	2,576,092
Carrying value							
At June 30, 2025 (Unaudited)	111,861	2,099,132	117,219	3,225	189,952	194,566	2,715,955
At December 31, 2024 (Audited)	122,522	2,138,518	135,888	3,630	202,253	213,913	2,816,724

At June 30, 2025, the premises with carrying values of approximately RMB140,693,000 (December 31, 2024: approximately RMB143,454,000) was in the process of obtaining the relevant legal titles.

The aforementioned premises are located in PRC with medium term leases (10 – 50 years).

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

i) Right-of-use assets

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Premises	278,890	297,878
Land use rights in the PRC	32,643	32,996
	311,533	330,874

Additions to the right-of-use assets for the six months ended June 30, 2025 amounted to approximately RMB42,669,000, due to new leases of office premises (six months ended June 30, 2024: approximately RMB82,814,000 due to new leases of office premises and land use rights respectively).

ii) Lease liabilities

As at June 30, 2025, the carrying amount of lease liabilities was approximately RMB274,154,000 (December 31, 2024: approximately RMB285,341,000).

During the six months ended June 30, 2025, the Group entered into a number of new lease agreements for office premises and recognised lease liabilities of approximately RMB42,669,000 (six months ended June 30, 2024: approximately RMB82,814,000 for office premises and land use rights respectively).

Amounts payable under lease liabilities	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Within one year	50,862	98,042
After one year but within three years	148,301	128,572
After three years but within five years	54,667	40,212
After five years	20,324	18,515
	274,154	285,341

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

iii) Amount recognised in profit or loss

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation expense of premises	61,306	63,204
Depreciation expense of land use rights	704	970
Interest expense on lease liabilities	5,566	2,147
Expense relating to short-term leases	1,551	1,045

iv) Others

For the six months ended June 30, 2025 and 2024, the total cash outflow for leases amounted to approximately RMB60,793,000 and RMB54,679,000 respectively.

Restrictions or covenants on leases

As at June 30, 2025, lease liabilities of RMB274,154,000 are recognised with related right-of-use assets of RMB311,533,000 (December 31, 2024: lease liabilities of RMB285,341,000 are recognised with related right-of-use assets of RMB330,874,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

24. DEFERRED TAXATION

The following is an analysis of the deferred tax balances for financial reporting purposes:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Deferred tax assets	2,465,019	2,320,313
Deferred tax liabilities	(939)	(38,783)
	2,464,080	2,281,530

The following are the major deferred tax assets/(liabilities) recognised and movements thereon in the six months ended June 30, 2025 and the year ended December 31, 2024:

	Provision for impairment losses on assets RMB'000 Note (i)	Net (gains)/ losses from fair value changes of financial instruments RMB'000 Note (ii)	Salaries, bonuses and allowances payable RMB'000	Tax losses RMB'000 Note (iii)	Lease liabilities RMB'000	Right-of-use assets RMB'000	Net balance of deferred tax assets RMB'000
At January 1, 2024	2,002,500	(2,436)	45,763	–	46,616	(51,941)	2,040,502
Credit/(charge) to profit or loss	256,095	12,230	(5,780)	–	24,719	(22,529)	264,735
Credit (charge) to other comprehensive income	247	(24,572)	618	–	–	–	(23,707)
At December 31, 2024 and January 1, 2025	2,258,842	(14,778)	40,601	–	71,335	(74,470)	2,281,530
Credit/(charge) to profit or loss	123,673	29,992	(11,692)	194	(2,797)	4,747	144,117
(Charge)/credit to other comprehensive income	(4,612)	43,045	–	–	–	–	38,433
At June 30, 2025 (Unaudited)	2,377,903	58,259	28,909	194	68,538	(69,723)	2,464,080

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

24. DEFERRED TAXATION (Continued)

Notes:

- (i) The Group recognised provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets as at June 30, 2025 and December 31, 2024. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets as at June 30, 2025 and December 31, 2024, together with write-offs which fulfill specific criteria as set out in the PRC tax rules and are approved by the tax authorities.
- (ii) Net gains or losses on fair value changes of financial instruments are subject to tax when realised.
- (iii) The Group had utilised the tax losses of approximately RMB776,000 during the six months ended June 30, 2025 (December 31, 2024: nil).

25. OTHER ASSETS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Other receivables and prepayments	1,078,510	886,265
Less: Provision for impairment losses	(221,922)	(212,807)
	856,588	673,458
Intangible assets (Note (a))	13,455	14,383
Repossessed assets (Note (b))	7,109,801	6,958,004
Interest receivables	287,095	282,323
Less: Provision for impairment losses	(108,316)	(108,316)
	178,779	174,007
Others (Note 47)	373,151	373,151
Less: Provision for impairment losses	(240,326)	(201,873)
	132,825	171,278
	8,291,448	7,991,130

Notes:

- (a) These intangible assets mainly included software which are amortised over 1 – 5 years.
- (b) These repossessed assets mainly included land use rights and buildings.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

26. PLEDGED ASSETS

(a) Assets pledged as collaterals

Financial assets pledged by the Group as collaterals for liabilities or contingent liabilities mainly include debt securities and bills, which are for borrowings from the central bank, deposits from banks and other financial institutions, deposit from customers and repurchase agreements. The carrying amounts of the financial assets pledged as collaterals as at June 30, 2025 are approximately RMB21,417,567,000 (December 31, 2024: approximately RMB20,184,500,000).

(b) Received pledged assets

The Group conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions.

27. BORROWINGS FROM THE CENTRAL BANK

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Borrowings	4,803,540	4,571,898
Re-discounted bills	3,816,752	3,816,404
Accrued interest	12,571	16,535
	8,632,863	8,404,837

28. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparties

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Deposits from the following institutions operating in Mainland China		
– Banks	8,763,327	12,104,772
– Other financial institutions	532,176	2,713,701
	9,295,503	14,818,473
Deposits from the following institutions operating outside Mainland China		
– Banks	648,080	783,287
Accrued interest	23,575	106,865
	9,967,158	15,708,625

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For the six months ended June 30, 2025

29. PLACEMENTS FROM BANKS

Analysed by type and location of counterparty

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Placements in Mainland China – Banks	1,975,822	975,230
Accrued interest	6,533	–
	1,982,355	975,230

30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparties

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
In Mainland China – Banks	4,514,162	4,946,317
Accrued interest	15,021	456
	4,529,183	4,946,773

(b) Analysed by collateral

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Debt securities	4,514,162	4,946,317
Accrued interest	15,021	456
	4,529,183	4,946,773

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

30. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (Continued)

(c) Transfer of financial assets

In daily operating activities, the Group entered into repurchase agreements with certain counterparties. As at June 30, 2025, there are debt securities measured at amortised cost, debt securities measured at FVTOCI and bills measured at amortised cost with carrying amount of approximately RMB2,034,993,000, RMB65,340,000 and RMB2,379,527,000 respectively (December 31, 2024: Debt securities measured at amortised cost, debt securities measured at FVTOCI and bills measured at amortised cost with carrying amount of approximately RMB2,299,153,000, RMB642,305,000 and RMB2,191,194,000 respectively), are under these agreements measured at amortised cost and fair value. The proceeds from selling such debt securities totalling RMB4,514,162,000 as at June 30, 2025 (December 31, 2024: approximately RMB4,946,317,000).

As stipulated in the repurchase agreements, there is no transfer of the legal ownership of these debt securities to the counterparties during the covered period. However, the Group is not allowed to sell or pledge these securities during the covered period unless both parties mutually agree with such arrangement. Accordingly, the Group has determined that it retains substantially all the risks and rewards of these debt securities and therefore has not derecognised from the consolidated financial statements but regarded as “collateral” for the secured lending from the counterparties.

31. DEPOSITS FROM CUSTOMERS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Demand deposits		
– Corporate customers	64,639,735	58,136,743
– Individual customers	44,741,866	43,997,595
	109,381,601	102,134,338
Time deposits		
– Corporate customers	21,033,118	23,579,816
– Individual customers	187,651,886	179,848,900
	208,685,004	203,428,716
Pledged deposits		
– Acceptances	3,505,686	2,992,053
– Guarantees and letters of guarantees	260,741	370,176
– Others	2,886,855	2,649,570
	6,653,282	6,011,799
Others	2,393,127	2,942,336
Accrued interest	7,308,331	6,862,088
	334,421,345	321,379,277

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For the six months ended June 30, 2025

32. ACCRUED STAFF COSTS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Salary and bonus payable	137,087	223,748
Social pension schemes payable (Note (i))	6,658	6,667
Other social insurances payable	23,988	24,554
Supplementary retirement benefits ("SRB") payable (Note (ii))	15,320	15,940
Other long-term staff welfare payable (Note (iii))	1,320	1,480
	184,373	272,389

Notes:

- (i) Social pension schemes payable

Pursuant to the relevant laws and regulations in the PRC, the Group has joined a defined contribution plan for the employees arranged by local government labor and social security organisations. The Group makes contributions to the retirement plan at the applicable rates based on the amounts stipulated by the relevant government organisations. The contributions by the Group for the defined contribution plan above are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective defined contribution plan. The only obligation of the Group with respect to such defined contribution plan is to make the specified contributions. During the period/year ended June 30, 2025 and December 31, 2024, there was no forfeited contributions under the defined contribution plan. Accordingly, no forfeited contribution was utilised during the period/year, and there was no forfeited contribution available as at June 30, 2025 and December 31, 2024 to reduce level of contributions.

- (ii) SRB payable:

The Group pays SRB for eligible employees. The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period/year. The Group's obligations in respect of the SRB were assessed using projected unit credit actuarial cost method by an external independent actuary, Wills Towers Watson (a member of Society of Actuaries in America). There was no assets under the defined benefit plans as at June 30, 2025 and December 31, 2024.

The balances of SRB of the Group are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Present value of SRB obligation	15,320	15,940

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

32. ACCRUED STAFF COSTS (Continued)

Notes: (Continued)

(ii) SRB payable: (Continued)

Movements of SRB payable of the Group are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
At the beginning of the period/year	15,940	16,530
Service cost (income), net	560	(890)
Interest cost	150	400
Actuarial losses	–	2,470
Payment made	(1,330)	(2,570)
At the end of the period/year	15,320	15,940

Principal actuarial assumptions of the Group are as follow:

	At June 30, 2025 (Unaudited)	At December 31, 2024 (Audited)
Discount rate	2%	2%
Mortality	CL5/CL6	CL5/CL6
Early retirement wage growth rate	6%	6%

Sensitivity analysis:

	Effect on SRB At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Discount rate (increase by 1%)	(3,270)	(3,130)
Discount rate (decrease by 1%)	5,060	4,820

Although the analysis does not take account of the full distribution of cash flows expected under the SRB, it does provide an approximation of the sensitivity of the assumptions shown.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

32. ACCRUED STAFF COSTS (Continued)

Notes: (Continued)

(iii) Other long-term staff welfare payable

The Group pays compensation for termination benefits of eligible employees. The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period/year. The Group's obligations in respect of other long-term staff welfare payable were assessed using projected unit credit actuarial cost method by an external independent actuary (a member of Society of Actuaries in America) of Wills Towers Watson. There was no assets under the defined benefit plans as at June 30, 2025 and December 31, 2024.

The balances of other long-term staff welfare payable of the Group are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Present value of other long-term staff welfare payable obligation	1,320	1,480

Movements of other long-term staff welfare payable of the Group are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
At the beginning of the period/year	1,480	1,550
Service cost, net	10	360
Payment made	(170)	(430)
At the end of the period/year	1,320	1,480

Principal actuarial assumptions of the Group are as follow:

	At June 30, 2025 (Unaudited)	At December 31, 2024 (Audited)
Discount rate	1.25%	1.25%
Mortality	CL5/CL6	CL5/CL6
Early retirement wage growth rate	6%	6%

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

32. ACCRUED STAFF COSTS (Continued)

Notes: (Continued)

(iii) Other long-term staff welfare payable (Continued)

Sensitivity analysis:

	Effect on long-term staff welfare payable	
	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Discount rate (increase by 1%)	(20)	(30)
Discount rate (decrease by 1%)	20	30

Although the analysis does not take account of the full distribution of cash flows expected under other long-term staff welfare payable, it does provide an approximation of the sensitivity of the assumptions shown.

33. DEBT SECURITIES ISSUED

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Interbank deposits (Note)	31,914,184	27,392,627

Note:

During the six months ended June 30, 2025, the Bank issued a number of zero coupon interbank deposits with total nominal amount of RMB27,760,000,000 and duration between 3 months to 1 year. As at June 30, 2025, the outstanding balance of interbank deposits issued is approximately RMB31,914,184,000. The ranges of effective interest rates per annum on the Group's interbank deposits issued are 1.62% to 2.15%.

During the year ended December 31, 2024, the Bank issued a number of zero coupon interbank deposits with total nominal amount of RMB37,200,000,000 and duration between 3 months to 1 year. As at December 31, 2024, the outstanding balance of interbank deposits issued was approximately RMB27,392,627,000. The ranges of effective interest rates per annum on the Group's interbank deposits issued were 1.99% to 2.55%.

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For the six months ended June 30, 2025

34. OTHER LIABILITIES

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Other payables and accrued expenses	660,911	664,909
Clearance of inter-bank accounts	235,555	207,844
Agency business liabilities	7,899	5,886
Dividend payable	23,548	23,548
Other tax payables	23,168	22,457
Fiscal deposits	–	20,721
Provision for bank acceptances and letters of guarantees	68,233	68,879
Others (Note)	362,933	346,500
	1,382,247	1,360,744

Note:

As at June 30, 2025, amounts of approximately RMB325 million (December 31, 2024: approximately RMB325 million) represented the associated liability of the transfer of non-performing financial assets disclosed in Note 47.

35. SHARE CAPITAL

Share capital as at June 30, 2025 and December 31, 2024 are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Registered, issued and fully paid ordinary shares of RMB1 each:		
– Ordinary shares	15,069,791	15,069,791

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

36. RESERVES

(a) Capital reserve

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Share premium	5,633,746	5,633,746
Shareholders' injection (Note)	324,367	324,359
Changes in ownership in a subsidiary without change in control	554	554
	5,958,667	5,958,659

Note:

The promoters of the additional shares issued during the Bank's restructuring injected the Bank's net proceeds received from the disposal of non-performing assets which were entrusted to be managed by the Bank. During the six months ended June 30, 2025, net proceed of approximately RMB8,000 (six months ended June 30, 2024: approximately RMB296,000) were received as shareholders' injection. As at June 30, 2025, approximately RMB324,367,000 has been recorded as capital reserve (December 31, 2024: approximately RMB324,359,000).

(b) Surplus reserve

The surplus reserve at June 30, 2025 and December 31, 2024 represented statutory surplus reserve fund and other surplus reserve. The statutory surplus reserve fund of the Group as at June 30, 2025 were approximately RMB1,519,032,000 (December 31, 2024: approximately RMB1,519,032,000). The other surplus reserve fund of the Group as at June 30, 2025 were approximately RMB505,073,000 (December 31, 2024: approximately RMB447,246,000).

The Bank and its subsidiary are required to appropriate 10% of its net profit, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

(c) General reserve

With effect from July 1, 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the Ministry of Finance of the PRC (the "MOF") in March 2012, the Group is required, in principle, to set aside a general reserve not lower than 1.5% of the balance of its gross risk-bearing assets at each year end.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

37. DIVIDENDS

No dividend was paid or proposed during the six months ended June 30, 2025, nor has any dividend been proposed since the end of the reporting period (six months ended June 30, 2024: nil).

38. STRUCTURED ENTITIES

(a) Unconsolidated structured entities

(i) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities include trust fund plans, asset management plans and asset-backed securities and investment funds.

The following table set out an analysis of the gross carrying amounts of interests held by the Group as at June 30, 2025 and December 31, 2024:

	At June 30, 2025			
	Financial assets at FVTPL RMB'000 (Unaudited)	Financial assets at amortised cost RMB'000 (Unaudited)	Carrying amount RMB'000 (Unaudited)	Maximum exposure RMB'000 (Unaudited)
Trust plans	4,108,693	12,443,151	16,551,844	16,551,844
Asset management plans	2,981,932	7,165,499	10,147,431	10,147,431
Asset-backed securities	–	23,807	23,807	23,807
Investment funds	24,309,492	–	24,309,492	24,309,492
	31,400,117	19,632,457	51,032,574	51,032,574

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

38. STRUCTURED ENTITIES (Continued)

(a) Unconsolidated structured entities (Continued)

(i) Structured entities sponsored by third party institutions in which the Group holds an interest (Continued)

		At December 31, 2024		
	Financial assets at FVTPL	Financial assets at amortised cost	Carrying amount	Maximum exposure
	RMB'000	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)	(Audited)
Trust plans	4,108,693	12,455,158	16,563,851	16,563,851
Asset management plans	2,976,279	7,273,869	10,250,148	10,250,148
Asset-backed securities	–	23,867	23,867	23,867
Investment funds	20,938,600	–	20,938,600	20,938,600
	28,023,572	19,752,894	47,776,466	47,776,466

(ii) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in as at June 30, 2025 and December 31, 2024:

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services. As at June 30, 2025 and December 31, 2024, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised are not material in the consolidated statements of financial positions.

As at June 30, 2025, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, are approximately RMB23,773,516,000 (December 31, 2024: approximately RMB23,884,548,000).

(iii) Unconsolidated structured entities sponsored by the Group during the year in which the Group do not have an interest in as at June 30, 2025 and December 31, 2024:

During the six months ended June 30, 2025, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after January 1, 2025 but matured before June 30, 2025 amounted to approximately RMB235,386,000.

During the year ended December 31, 2024, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after January 1, 2024 but matured before December 31, 2024 amounted to approximately RMB1,301,390,000.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

39. CAPITAL MANAGEMENT

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the NAFR. The capital of the Group is divided into core tier-one capital, other core tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading peer banks with reference to its own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

Since January 1, 2013, the Group started computing its capital adequacy ratios in accordance with "Administrative Measures for the Capital of Commercial Banks (Provisional)" and other relevant regulations promulgated by the NAFR. The revised "Administrative Measures for the Capital of Commercial Banks" has been implemented since January 1, 2024.

During the period ended June 30, 2025 and year ended December 31, 2024, the NAFR requires commercial banks to meet the requirements of capital adequacy ratios by the end of the reporting period in accordance with "Administrative Measures for the Capital of Commercial Banks". For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50% respectively.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the simplified standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's interim financial statements prepared in accordance with PRC GAAP. During the period/year ended June 30, 2025 and December 31, 2024, the Group has complied with all its externally imposed capital requirements.

The Group's overall strategies towards the capital management remain unchanged from prior years and periods.

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For the six months ended June 30, 2025

39. CAPITAL MANAGEMENT (Continued)

The Group's capital adequacy ratios as at June 30, 2025 and December 31, 2024 calculated in accordance with "Administrative Measures for the Capital of Commercial Banks" and other relevant regulations promulgated by the NAFR are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Total core tier-one capital		
Share capital	15,069,791	15,069,791
Qualifying portion of capital reserve	5,958,667	5,958,659
Defined benefit plan reserve	(5,290)	(5,290)
Investment revaluation reserve	(6,718)	108,580
Surplus reserve	2,024,105	1,966,278
General reserve	5,784,233	5,784,233
Retained earnings	5,250,839	4,910,812
Qualifying portions of non-controlling interests	32,272	28,874
Core tier-one capital deductions (Note)	(1,042,409)	(1,911,230)
Net core tier-one capital	33,065,490	31,910,707
Eligible portion of non-controlling interests	4,303	3,850
Net tier-one capital	33,069,793	31,914,557
Tier-two capital		
Eligible portion of non-controlling interests	8,606	7,700
Net capital base	33,078,399	31,922,257
Total risk weighted assets	310,599,651	285,927,603
Core tier-one capital adequacy ratio	10.65%	11.16%
Tier-one capital adequacy ratio	10.65%	11.16%
Capital adequacy ratio	10.65%	11.16%

Note:

For the six months ended June 30, 2025 and year ended December 31, 2024, core tier-one capital deductions primarily include computer software included in line item "property and equipment", intangible assets included in line item "other assets" and others.

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40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following balances with an original maturity of less than three months:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Cash on hand (Note 13)	482,834	476,212
Deposits with the central bank (Note 13)	3,267,170	6,809,472
Deposits with banks (Note 14)	2,206,626	1,026,571
Placements with other financial institutions (Note 15)	11,380,000	5,000,000
Financial assets held under resale agreements (Note 16)	1,855,220	8,988,410
	19,191,850	22,300,665

41. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(a) Related parties

(i) Major shareholders

Major shareholders include shareholders of the Bank with 5% or above shareholding, or with the right to appoint a director in the Bank.

Shareholding in the Bank:

	At June 30, 2025 (Unaudited)	At December 31, 2024 (Audited)
Gansu Province Highway Aviation Tourism Investment Group Co., Ltd.	17.63%	17.63%
Gansu State-owned Assets Investment Co., Ltd.	12.67%	12.67%
Gansu Financial Holding Group Co., Ltd.	8.29%	8.29%
Jiuquan Iron & Steel (Group) Co., Ltd.	6.53%	6.53%
Jinchuan Group Co., Ltd.	6.53%	6.53%
Mengshang Bank Co., Ltd.	5.61%	5.61%

(ii) Other related parties

Other related parties can be individuals or enterprises, which include members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 41(a)(i) or their controlling shareholders. Transactions with other related parties were entered into in the normal course of business, with pricing policies consistent with those transactions conducted with independent third parties.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

41. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(Continued)

(b) Transactions with related parties other than key management personnel

(i) Transactions between the Bank and subsidiary

The subsidiary of the Bank is its related party. The transactions between the Bank and its subsidiary and among the subsidiary are eliminated on consolidation and therefore are not disclosed in this note.

(ii) Transactions between the Group and major shareholders

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions during the period		
Interest income	103,593	111,466
Interest expense	66,917	68,656
	At June 30,	At December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Balances at end of the period/year		
Loans and advances to customers	5,435,484	5,393,200
Deposits from customers	5,820,600	5,258,267
Financial assets at amortised cost	202,720	310,447

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

41. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(Continued)

(b) Transactions with related parties other than key management personnel

(Continued)

(iii) Transactions between the Group and other related parties

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions during the period		
Interest income	428,871	497,602
Interest expense	93,694	117,099
Trading gains	3,300	–
Fair value losses	(2,533)	–
	At June 30,	At December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Balances at end of the period/year		
Loans and advances to customers	25,487,447	26,400,706
Deposits from customers	13,686,815	10,165,458
Deposits from banks and other financial institutions	1,805	1,519
Other receivables	293,753	297,054
Financial assets at amortised cost	973,385	782,084
Financial assets at fair value through profit or loss	398,976	–
Debts securities issued	199,116	–

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

41. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(Continued)

(c) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, board of directors, the supervisory board and executive officers.

(i) Transactions between the Group and key management personnel

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Transactions during the period		
Interest income	9	18
Interest expense	77	86

	At June 30,	At December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Balances at end of the period/year		
Loans and advances to customers	504	532
Deposits from customers	10,872	9,681

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

41. RELATED PARTIES RELATIONSHIPS AND TRANSACTIONS

(Continued)

(c) Key management personnel (Continued)

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and allowances	1,147	1,478
Retirement benefits scheme contributions	658	760
Discretionary bonuses	1,627	2,546
	3,432	4,784

(d) Loans and advances to directors, supervisors and officers

During the six months ended June 30, 2025, there are loans and advances to directors, supervisors and officers of the Group amounting to approximately RMB504,000 (six months ended June 30, 2024: RMB830,000).

42. SEGMENT REPORTING

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations and government agencies. These products and services include corporate loans and advances, deposit taking activities, agency services, consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services and remittance services.

Financial market operations

This segment covers the Group's financial market operations. The financial market operations enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities. The financial market segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

42. SEGMENT REPORTING (Continued)

Others

These represent assets, liabilities, income and expenses which cannot be directly attributed or cannot be allocated to a segment on a reasonable basis.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/(expense)". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/(expense)".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis, with the exception of deferred tax assets and liabilities and dividend payable. Segment income and expenses, assets and liabilities are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the reporting period to acquire property and equipment and intangible assets.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

42. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

	Six months ended June 30, 2025				
	Corporate banking RMB'000 (Unaudited)	Retail banking RMB'000 (Unaudited)	Financial market operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Operating income					
External net interest income/(expense)	2,613,394	(1,547,451)	1,181,079	–	2,247,022
Internal net interest (expense)/income	(1,656,696)	2,337,294	(680,598)	–	–
Net interest income	956,698	789,843	500,481	–	2,247,022
Net fee and commission income	110,765	66,938	9,124	41,493	228,320
Net trading gains	–	–	107,379	–	107,379
Net gains arising from investment securities	–	–	130,066	–	130,066
Net exchange losses	–	–	–	(15,887)	(15,887)
Other operating income, net	–	–	–	20,418	20,418
Operating income	1,067,463	856,781	747,050	46,024	2,717,318
Operating expenses	(416,454)	(334,259)	(291,450)	(17,956)	(1,060,119)
Impairment losses on assets, net of reversals	(467,171)	(461,173)	(293,771)	(95,790)	(1,317,905)
Operating profit/(loss)	183,838	61,349	161,829	(67,722)	339,294
Share of loss of an associate	–	–	–	(203)	(203)
Profit/(loss) before tax	183,838	61,349	161,829	(67,925)	339,091
Segment assets	177,480,750	57,506,420	188,961,376	1,068,031	425,016,577
Deferred tax assets	–	–	–	2,465,019	2,465,019
Total assets	177,480,750	57,506,420	188,961,376	3,533,050	427,481,596
Segment liabilities	93,421,855	239,943,695	57,544,934	2,425,113	393,335,597
Dividend payable	–	–	–	23,548	23,548
Deferred tax liabilities	–	–	–	939	939
Total liabilities	93,421,855	239,943,695	57,544,934	2,449,600	393,360,084
Other segment information					
– Depreciation and amortisation	81,475	26,399	86,745	490	195,109
– Capital expenditure	18,446	5,977	19,638	111	44,172

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

42. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	Six months ended June 30, 2024				
	Corporate banking RMB'000 (Unaudited)	Retail banking RMB'000 (Unaudited)	Financial market operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Operating income					
External net interest income/(expense)	2,969,775	(1,535,323)	1,102,681	–	2,537,133
Internal net interest (expense)/income	(1,705,564)	2,494,089	(788,525)	–	–
Net interest income	1,264,211	958,766	314,156	–	2,537,133
Net fee and commission income	112,063	59,558	6,601	40,643	218,865
Net trading gains	–	–	344,005	–	344,005
Net gains arising from investment securities	–	–	35,095	–	35,095
Net exchange gains	–	–	–	15,939	15,939
Other operating expense, net	–	–	–	5,791	5,791
Operating income	1,376,274	1,018,324	699,857	62,373	3,156,828
Operating expenses	(468,980)	(347,004)	(238,484)	(21,255)	(1,075,723)
Impairment losses on assets, net of reversals	(703,602)	(151,689)	(811,306)	(75,886)	(1,742,483)
Operating profit/(loss)	203,692	519,631	(349,933)	(34,768)	338,622
Share of profit of an associate	–	–	–	104	104
Profit/(loss) before tax	203,692	519,631	(349,933)	(34,664)	338,726
Segment assets	159,604,994	54,400,363	204,825,213	1,083,356	419,913,926
Deferred tax assets	–	–	–	2,259,431	2,259,431
Total assets	159,604,994	54,400,363	204,825,213	3,342,787	422,173,357
Segment liabilities	88,165,577	226,821,393	73,492,563	43,905	388,523,438
Dividend payable	–	–	–	23,599	23,599
Deferred tax liabilities	–	–	–	23,194	23,194
Total liabilities	88,165,577	226,821,393	73,492,563	90,698	388,570,231
Other segment information					
– Depreciation and amortisation	69,885	23,820	89,686	1,464	184,855
– Capital expenditure	13,465	4,589	17,280	282	35,616

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

42. SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	As at December 31, 2024				
	Corporate banking RMB'000 (Audited)	Retail banking RMB'000 (Audited)	Financial market operations RMB'000 (Audited)	Others RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	165,349,015	55,625,361	190,364,556	1,048,325	412,387,257
Deferred tax assets	–	–	–	2,320,313	2,320,313
Total assets	165,349,015	55,625,361	190,364,556	3,368,638	414,707,570
Segment liabilities	88,871,965	230,880,034	58,082,809	2,972,515	380,807,323
Dividend payable	–	–	–	23,548	23,548
Deferred tax liabilities	–	–	–	38,783	38,783
Total liabilities	88,871,965	230,880,034	58,082,809	3,034,846	380,869,654

(b) Geographical information

No geographical information is presented as most of the Group's operations are conducted in Gansu Province of the PRC and all non-current assets are located in the PRC and therefore revenue is derived from activities in Gansu Province of the PRC.

(c) Information about major customers

During the six months ended June 30, 2025 and 2024, no operating income from a customer contributes over 10% of the total operating income of the Group.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities investments

Fair values of debt securities investments are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of policy models or discounted cash flows.

(ii) Unlisted equity investments

Fair value of unlisted equity investment is determined with reference to the present value of the discounted cash flows model to be derived from the ownership of the investee, based on an appropriate discount rate. Fair value of another unlisted equity investment is determined with reference to the net asset value of the unlisted company with adjustments for discount of marketability in current environment.

(iii) Receivables and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at June 30, 2025 and December 31, 2024.

(iv) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on the present value of estimated future cash flows at June 30, 2025 and December 31, 2024. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at June 30, 2025 and December 31, 2024.

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with the central bank, deposits with banks, placements with other financial institutions, financial assets held under resale agreements, loans and advances to customers, financial assets at amortised costs, financial assets at FVTPL and financial assets at FVTOCI.

Deposits with the central bank, deposits with banks, placements with other financial institutions and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers are mostly priced at floating rates close to the PBOC rates. Accordingly, the carrying amounts approximate the fair values.

The carrying amount and fair value of financial assets at amortised cost are disclosed in Note 17.

The fair value of financial assets at FVTPL and FVTOCI are disclosed in Note 19 and Note 20 respectively.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair value measurement (Continued)

(ii) Financial liabilities

The Group's financial liabilities mainly include borrowings from the central banks, deposits from banks and other financial institutions, placements from banks, financial assets sold under repurchase agreements, deposits from customers, accrued staff costs and debts securities issued.

The financial liabilities recorded at amortised cost are disclosed in Note 27, Note 28, Note 29, Note 30, Note 31, Note 32 and Note 33 respectively. Accordingly, the carrying amounts approximate the fair values.

(c) Fair value hierarchy

The following table presents the carrying value of financial instruments measured at fair value in the condensed consolidated statements of financial position across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. These three types of inputs have created the following fair value hierarchy:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

	At June 30, 2025			
	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Assets				
Financial assets at FVTPL				
– Debt securities held for trading	–	6,015,209	–	6,015,209
– Trust plans	–	4,108,693	–	4,108,693
– Asset management plans	–	2,981,932	–	2,981,932
– Investment funds	–	24,309,492	–	24,309,492
Financial assets at FVTOCI				
– Debt instruments at FVTOCI	–	28,232,910	–	28,232,910
– Listed equity investments measured at FVTOCI	59,605	–	–	59,605
– Unlisted equity investments measured at FVTOCI	–	–	806,576	806,576
	59,605	65,648,236	806,576	66,514,417

	At December 31, 2024			
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	Total RMB'000 (Audited)
Assets				
Financial assets at FVTPL				
– Debt securities held for trading	–	511,241	–	511,241
– Trust plans	–	4,108,693	–	4,108,693
– Asset management plans	–	2,976,279	–	2,976,279
– Investment funds	–	20,938,600	–	20,938,600
Financial assets at FVTOCI				
– Debt instruments at FVTOCI	–	6,638,615	–	6,638,615
– Listed equity investments measured at FVOCI	62,841	–	–	62,841
– Unlisted equity investments measured at FVTOCI	–	–	807,068	807,068
	62,841	35,173,428	807,068	36,043,337

During the six months ended June 30, 2025, there were no significant transfers among each level (December 31, 2024: nil).

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

- (i) The Group uses valuation techniques to determine the fair value of financial instruments when open quotation in active markets is not available. The main parameters used in valuation techniques for financial instruments held by the Bank include bond prices, interest rates, foreign exchange rates, equity and stocks prices, volatilities, correlations, early repayment rates, counterparty credit spreads and others, which are basically observable and obtainable from open market.
- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below:

Financial assets	Fair value as at, June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
Financial assets at FVTPL						
Debt securities – listed	6,015,209	511,241	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
Trust plans	4,108,693	4,108,693	Level 2	Based on the net asset values of the investments, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A
Asset management plans	2,981,932	2,976,279	Level 2	Based on the net asset values of the investments, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A
Investment funds	24,309,492	20,938,600	Level 2	Based on the net asset values of the investments, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses	N/A	N/A

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

- (ii) The valuation techniques and input used in the fair value measurements of financial instruments as set out below: (Continued)

Financial assets	Fair value as at, June 30, 2025 RMB'000 (Unaudited)	December 31, 2024 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of key inputs and significant unobservable inputs to fair value
Financial assets at FVTOCI						
Debt securities – listed	28,232,910	6,638,615	Level 2	Based on valuation results provided by China Central Depository & Clearing Co., determined by using discounted cash flow model	N/A	N/A
Listed equity investments measured at FVTOCI	59,605	62,841	Level 1	Based on the quoted market price from an observable market	N/A	N/A
Unlisted equity investments measured at FVTOCI	307,467	307,959	Level 3	Income approach – By reference to the present value of the discounted cash flows model to be derived from the ownership of the investee, based on an appropriate discount rate	The Weighted average cost of capital (“WACC”) 5.05% (December 31, 2024: 5.05%).	The higher the weighted average cost of capital, the lower the fair value (Note (i))
Unlisted equity investments measured at FVTOCI	499,109	499,109	Level 3	Asset-based approach – The fair value of the target company was determined by the asset-based approach using the adjusted net asset value with adjustments for discount of marketability in current environment.	The discount of marketability of 20% (2024: 20%)	The higher the discount of marketability, the lower the fair value (Note (ii))

Notes:

- (i) A 5% increase in weighted average cost of capital used in isolation would result in a decrease in fair value measurement of unlisted equity investments at FVTOCI by approximately RMB14,817,000 and vice versa (December 31, 2024: RMB15,309,000 and vice versa).
- (ii) A 5% increase in discount of marketability used in isolation would result in a decrease in fair value measurement of unlisted equity investment at FVTOCI by approximately RMB43,890,000 and vice versa (December 31, 2024: RMB43,890,000).

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Fair value hierarchy (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Unlisted equity investments designated at financial assets at FVTOCI RMB'000
At January 1, 2024	803,407
Addition	5,894
Change in fair value recognised in investment revaluation reserve	(2,233)
At December 31, 2024 and January 1, 2025	807,068
Change in fair value recognised in investment revaluation reserve	(492)
At June 30, 2025	806,576

The above fair value losses of approximately RMB492,000 (for the year ended December 31, 2024: fair value losses of approximately RMB2,233,000) respectively are included in investment revaluation reserve for the six months ended June 30, 2025.

44. ENTRUSTED LENDING BUSINESS

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the condensed consolidated statements of financial position. Surplus funding is accounted for as deposits from customers.

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Entrusted loans	17,930,990	18,684,039
Entrusted funds	17,930,990	18,684,039

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

45. COMMITMENTS

(a) Credit commitments

The Group's credit commitments take the form of bank acceptances, letters of credit and guarantees and unused credit card commitment.

The Group provides letters of guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. The amounts disclosed in respect of unused credit card commitments are under the assumption that the amounts will be fully advanced.

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Bank acceptances	7,173,082	6,583,457
Letters of guarantees	1,250,133	1,276,460
Unused credit card commitments	10,718,151	10,109,934
Letters of credit	6,222,867	4,103,858
	25,364,233	22,073,709

The Group may be exposed to credit risk in all the above credit businesses. Group management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

45. COMMITMENTS (Continued)

(b) Capital commitments

At June 30, 2025 and December 31, 2024, the Group's authorised capital commitments are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Purchase of property and equipment – Contracted for but not provided	45,323	46,977

46. CONTINGENT LIABILITIES

The Bank and its subsidiary are involved as defendants in certain lawsuits arising from their normal business operations. As at June 30, 2025, in light of court decisions or advice from legal counsels, the directors of the Bank considered the final result of the lawsuits will not have any material impact on the financial position or operations of the Group.

47. TRANSFER OF NON-PERFORMING FINANCIAL ASSETS

The Group enters into transactions in the normal course of business that transfer non-performing assets to third parties.

Financial assets related to the aforementioned transfer amounted to approximately RMB373 million as at June 30, 2025 (December 31, 2024: RMB373 million) are included in other assets (see Note 25). The associated liability of approximately RMB325 million as at June 30, 2025 (December 31, 2024: RMB325 million) are included in other liabilities (see Note 34).

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's condensed consolidated statement of cash flows from financing activities.

	At January 1, 2025 RMB'000	Financing cash flows RMB'000	Non-cash changes		At June 30, 2025 RMB'000 (Unaudited)
			New lease arrangement entered RMB'000	Finance cost incurred RMB'000	
Liabilities					
Debt securities issued (Note 33)	27,392,627	4,224,731	–	296,826	31,914,184
Dividend payable (Note 34)	23,548	–	–	–	23,548
Lease liabilities (Note 23)	285,341	(59,422)	42,669	5,566	274,154
	27,701,516	4,165,309	42,669	302,392	32,211,886

	At January 1, 2024 RMB'000	Financing cash flows RMB'000	Non-cash changes		At June 30, 2024 RMB'000 (Unaudited)
			New lease arrangement entered RMB'000	Finance cost incurred RMB'000	
Liabilities					
Debt securities issued (Note 33)	22,172,412	9,560,266	–	327,251	32,059,929
Dividend payable (Note 34)	23,601	(2)	–	–	23,599
Lease liabilities (Note 23)	186,464	(53,634)	82,814	2,147	217,791
	22,382,477	9,506,630	82,814	329,398	32,301,319

Chapter 9 Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

49. MAJOR NON-CASH TRANSACTION

During the six months ended June 30, 2025, the Group transferred approximately RMB5,155,000 construction in progress to intangible assets upon the completion of project.

50. SUBSEQUENT EVENTS

On August 5, 2025, the board of directors of the Bank approved the very substantial disposal and connected transaction in respect of the asset disposal to a connected person of the Bank. The asset transfer agreement shall become effective upon obtaining approval from the independent shareholders of the Bank at the extraordinary general meeting. The details are set out in the Bank's announcement dated August 5, 2025.

In August 2025, the board of directors of the Bank approved the replenishment of other tier-one capital through the convertible negotiated deposit with the Department of Finance of Gansu Province to replenish additional other tier-one capital with a total principal amount of not more than RMB3 billion. The source of this business derives from the funds raised from the special bonds of local government in Gansu Province. The convertible negotiated deposit agreement shall become effective upon obtaining approval from the independent shareholders of the Bank at the extraordinary general meeting. The details are set out in the Bank's announcement dated August 25, 2025.

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the consolidated financial statements, and is included herein for information purpose only.

1. LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO (%)

	At June 30, 2025	Average for the six months ended June 30, 2025
Liquidity coverage ratio (RMB and foreign currency)	177.71%	184.91%

	At December 31, 2024	Average for the year ended December 31, 2024
Liquidity coverage ratio (RMB and foreign currency)	190.88%	177.27%

Leverage Ratio

	At June 30, 2025
Leverage ratio (RMB and foreign currency)	7.46%

Pursuant to the Leverage Ratio Management of Commercial Banks issued by the former China Banking Regulatory Commission ("CBRC") and was effective since April 1, 2015, a minimum leverage ratio 4% is required.

The above liquidity coverage ratio and leverage ratio are calculated in accordance with the formula promulgated by the former CBIRC and based on the financial information prepared in accordance with the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP"), with the specific computational formulas as follows:

Liquidity coverage ratio = high-quality liquid assets/net capital outflow in the next 30 days × 100%

Leverage ratio = (core tier 1 capital – corresponding capital deductions)/on and off-balance sheet assets after adjustment × 100%

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

2. CURRENCY CONCENTRATIONS

	At June 30, 2025		
	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	1,980,471.3	274,519.3	2,254,990.6
Spot liabilities	(31.9)	(84,288.7)	(84,320.6)
Net position	1,980,439.4	190,230.6	2,170,670.0

	At December 31, 2024		
	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	1,854,212.7	271,547.7	2,125,760.4
Spot liabilities	(4,481.6)	(77,594.5)	(82,076.1)
Net position	1,849,731.1	193,953.2	2,043,684.3

The above information is computed in accordance with the provisions of the CBIRC. The Group has no structural position as at December 31, 2024 and June 30, 2025.

3. INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within People's Republic of China ("PRC"), and regards all claims on third parties outside PRC as international claims. International claims include loans and advances to customers, deposit with the central bank, amounts due from banks and other financial institutions.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	At June 30, 2025	At December 31, 2024
Deposit with banks		
Asia Pacific, excluding mainland China	0.0	10,872.2
Europe	—	—
Total	0.0	10,872.2

Chapter 10 Unaudited Supplementary Financial Information

(Amounts in thousands of Renminbi, unless otherwise stated)

4. LOANS AND ADVANCES OVERDUE FOR MORE THAN 90 DAYS BY GEOGRAPHICAL SEGMENTS

	At June 30, 2025	At December 31, 2024
Gansu Region	3,314,285	3,416,705
Mainland China, excluding Gansu Region	73,584	77,782
Total	3,387,869	3,494,487

5. GROSS AMOUNT OF LOANS AND ADVANCES OVERDUE FOR MORE THAN 90 DAYS

	At June 30, 2025	At December 31, 2024
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– Overdue between three months to six months (inclusive)	333,565	694,286
– Overdue between six months to one year (inclusive)	1,147,757	1,104,193
– Overdue between one year to three years (inclusive)	1,157,750	898,037
– Overdue more than three years	748,797	797,971
Total	3,387,869	3,494,487
As a percentage of total loans and advances to customers		
– Overdue between three months to six months (inclusive)	0.14%	0.31%
– Overdue between six months to one year (inclusive)	0.49%	0.49%
– Overdue between one year to three years (inclusive)	0.49%	0.40%
– Overdue more than three years	0.32%	0.35%
Total	1.44%	1.55%

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

6. NON-BANK MAINLAND CHINA EXPOSURE

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. At June 30, 2025 and December 31, 2024, substantial amounts of the Bank's exposures arose from businesses with mainland China entities or individuals.



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