



Shengjing Bank Co., Ltd.*

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

Stock Code: 02066



2025

Interim Report



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* *Shengjing Bank Co., Ltd. is not an authorised 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 authorised to carry on banking and/or deposit-taking business in Hong Kong*

COMPANY INFORMATION

Legal Name in Chinese	盛京銀行股份有限公司
Abbreviation in Chinese	盛京銀行
Legal Name in English	Shengjing Bank Co., Ltd.
Abbreviation in English	SHENGJING BANK
Legal Representative	SUN Jin
Authorised Representatives	SUN Jin and ZHOU Zhi
Secretary to the Board of Directors	ZHOU Zhi
Joint Company Secretaries	ZHOU Zhi and KWONG Yin Ping, Yvonne
Registered and Business Address	No. 109 Beizhan Road, Shenhe District, Shenyang, Liaoning Province, the PRC
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Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Website of the Hong Kong Stock Exchange on which the H Share Interim Report is Published	www.hkexnews.hk
Place of Maintenance of the Interim Report	Office of the Board of Directors of Shengjing Bank
Stock Name	Shengjing Bank
Stock Code	02066

COMPANY INFORMATION (CONTINUED)

H Share Registrar and its Business Address	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong
Legal Advisor as to PRC Laws and its Business Address	Tian Yuan Law Firm Suite 509, Tower A, Corporation Square 35 Financial Street, Xicheng District Beijing, the PRC
Legal Advisor as to Hong Kong Law and its Business Address	Jun He Law Offices Suite 3701-10, Jardine House 1 Connaught Place, Central Hong Kong
Auditor and its Business Address	Crowe (HK) CPA Limited 9/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong

FINANCIAL HIGHLIGHTS

(Expressed in thousands of Renminbi, unless otherwise stated)	January to June 2025	January to June 2024	Rate of Change (%)
Operating Results			
Operating income	4,325,668	4,560,146	(5.1)
Profit before taxation	754,150	650,980	15.8
Net profit	508,470	591,690	(14.1)
Net profit attributable to equity shareholders of the Bank	493,537	576,594	(14.4)

(Expressed in thousands of Renminbi, unless otherwise stated)	30 June 2025	31 December 2024	Rate of Change (%)
Major indicators of assets/liabilities			
Total assets	1,128,181,308	1,122,776,226	0.5
Of which: total loans and advances to customers ⁽¹⁾	514,872,706	500,592,244	2.9
Total liabilities	1,047,732,812	1,042,578,840	0.5
Of which: total deposits from customers ⁽¹⁾	791,469,266	780,589,201	1.4
Share capital	8,796,680	8,796,680	–
Equity attributable to equity shareholders of the Bank	80,042,064	79,613,914	0.5
Total equity	80,448,496	80,197,386	0.3

	January to June 2025	January to June 2024	Change
Profitability indicators (%)			
Return on average total assets ⁽²⁾	0.09	0.11	(0.02)
Return on average equity ⁽³⁾	1.28	1.48	(0.20)
Net interest spread ⁽⁴⁾	1.16	1.20	(0.04)
Net interest margin ⁽⁵⁾	0.81	0.80	0.01
Cost-to-income ratio ⁽⁶⁾	53.95	57.58	(3.63)

FINANCIAL HIGHLIGHTS (CONTINUED)

	30 June 2025	31 December 2024	Change
Asset equity indicators (%)			
Non-performing loan ratio ⁽⁷⁾	2.69	2.68	0.01
Provision coverage ratio ⁽⁸⁾	157.00	157.00	–
Allowance to total loans ⁽⁹⁾	4.22	4.21	0.01
	30 June 2025	31 December 2024	Change
Capital adequacy ratio indicators (%)			
Core tier-one capital adequacy ratio ⁽¹⁰⁾	9.85	10.26	(0.41)
Tier-one capital adequacy ratio ⁽¹⁰⁾	11.72	12.24	(0.52)
Capital adequacy ratio ⁽¹⁰⁾	14.08	14.69	(0.61)
Total equity to total assets ratio	7.13	7.14	(0.01)
Other indicators (%)			
Loan-to-deposit ratio ⁽¹¹⁾	65.05	64.13	0.92

FINANCIAL HIGHLIGHTS (CONTINUED)

Notes:

- (1) Total loans and advances to customers do not include interest receivable, and total deposits from customers do not include interest payable.
- (2) Calculated by dividing the net profit by the average of total assets at the beginning and at the end of the period.
- (3) Representing the net profit during the period as a percentage of the average balance of total equity at the beginning and the end of the period.
- (4) Calculated by deducting the average interest rate of interest-bearing liabilities from the average return rate of interest-earning assets.
- (5) Calculated by dividing net interest income by the average interest-earning assets.
- (6) Calculated by dividing operating expenses (less tax and surcharges) by operating income.
- (7) Calculated by dividing the balance of non-performing loans by the total amount of loans and advances to customers.
- (8) Calculated by dividing the balance of provision for impairment on loans by the non-performing loans.
- (9) Calculated by dividing the balance of provision for impairment on loans by the total amount of loans and advances to customers.
- (10) Core tier-one capital adequacy ratio, Tier-one capital adequacy ratio and capital adequacy ratio were calculated in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) promulgated by the NFRA.
- (11) Calculated by dividing the total amount of loans and advances to customers by total deposits from customers.

MANAGEMENT DISCUSSION AND ANALYSIS

3.1 OVERALL OPERATIONS

In the first half of 2025, Shengjing Bank efficiently implemented the decisions and deployments made by the Party committees of higher-level, governments and regulatory authorities, followed its new three-year strategic plan, achieved the overall requirements for leading the high-quality and rapid development with high-quality Party building, adhered to the leadership of the Party in all respects, adhered to its market positioning of being a city commercial bank, insisted on prudent, sound and sustainable development, pushed forward, bearing the strategic vision of “building a sound bank that benefits enterprises and the people” in mind, and steadily advanced business development to enhance quality and efficiency, with its asset scale remaining steady, asset-liability structure continuing to be optimised, ability to resist risks continuously being reinforced, and its overall operation tending to be improving continuously while remaining stable.

Advancing transformation and development proactively, with the main businesses growing steadily

During the Reporting Period, adapting to the macroeconomic environment and industry development trend, the Bank strengthened the organisation and implementation of its strategic planning, steadily promoted the transformation of its operation, and coordinated and managed to achieve a balance between the effective improvement in terms of quality and a reasonable growth in terms of quantity. As of 30 June 2025, the total asset of the Bank amounted to RMB1,128.181 billion, representing an increase of RMB5.405 billion, or 0.5%, compared with the end of the previous year; various deposits amounted to RMB791.469 billion, representing an increase of RMB10.880 billion, or 1.4%, compared with the end of the previous year; and various loans amounted to RMB514.873 billion, representing an increase of RMB14.280 billion, or 2.9%, compared with the end of the previous year; deposits accounted for 75.5% of total liabilities; loans accounted for 45.6% of the total assets of the Bank, while the principal businesses remained to generate high percentage of revenues.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Focusing on national strategic directions and improving the quality and efficiency of financial services

During the Reporting Period, the Bank focused on serving the high-quality development of real economy, and continued to strengthen its capacity in financial service to the local economy, small and medium enterprises and urban and rural residents by focusing on the “Five Key Strategic Pillars (五篇大文章)” and positioning itself as a “three-services” offering company. As at 30 June 2025, the Bank cultivated specialised technological finance, with technological loans increasing by 39.6% compared to the end of the previous year; deepened and expanded green finance, with green loans increasing by 29.5% compared to the end of the previous year; precisely targeted inclusive finance, with inclusive loans for micro and small enterprises increasing by 17.6% compared to the end of the previous year; focused on serving pension finance, improved the “Shengqing Community” mini-program, with over 300,000 community certifications; and empowered and upgraded digital finance, and launched the 7.0 version of the mobile banking app, with 277,300 new mobile banking users added in the first half of 2025.

Continuously solidifying risk control line, with robust risk resilience

During the Reporting Period, the Bank adhered to a sound and prudent risk appetite and risk management strategies, deepened digital transformation, strengthened technological empowerment, actively introduced big data risk management tools, improved risk identification, measurement tools and methods, and enhanced the scientific nature of credit management and the systematic nature of risk control; comprehensively advanced reform and risk mitigation, deeply pushed forward the three-year compliance action plan, and continued to increase the disposal of non-performing assets while strictly controlling the incremental risks. As of 30 June 2025, the Bank’s non-performing loan ratio was 2.69%, representing an increase of 0.01 percentage point compared with that at the end of the previous year; the provision coverage ratio was 157.00%, remaining unchanged as compared with that at the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2 ANALYSIS OF FINANCIAL STATEMENTS

3.2.1 Analysis of the Income Statement

In the first half of 2025, the Bank achieved a net profit of RMB508 million, representing a year-on-year decrease of RMB83 million or 14.1%, principally due to the interest income decreased year on year as a result of the successive downward adjustments of the Loan Prime Rate (LPR), the lowering of the existing housing loan interest rate, the lack of effective demand for credit, and the year-on-year downward trend in asset yields, as well as the Bank's strengthening of the liability quality management and vigorously reduction of cost of interest payout, resulting in a significant year-on-year decrease in interest expenses, which offset the impact of the decline in asset yields and led to an increase in net interest income; meanwhile, affected by market interest rate fluctuations, non-interest income decreased year-on-year and operating income declined year-on-year; the Bank continued to strengthen risk management and operating cost control, resulting in a year-on-year decrease in impairment losses and operating expenses.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Interest income	15,603,519	16,442,995	(839,476)	(5.1)
Interest expense	(12,218,132)	(13,207,207)	989,075	(7.5)
Net interest income	3,385,387	3,235,788	149,599	4.6
Net fee and commission income	213,337	19,337	194,000	1,003.3
Net trading losses	(237,332)	(1,058,480)	821,148	(77.6)
Net gains arising from investments	882,689	2,342,057	(1,459,368)	(62.3)
Other operating income	81,587	21,444	60,143	280.5
Operating income	4,325,668	4,560,146	(234,478)	(5.1)
Operating expenses	(2,486,359)	(2,773,695)	287,336	(10.4)
Impairment losses on assets	(1,085,159)	(1,135,471)	50,312	(4.4)
Profit before taxation	754,150	650,980	103,170	15.8
Income tax expense	(245,680)	(59,290)	(186,390)	314.4
Net profit	508,470	591,690	(83,220)	(14.1)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.1 Operating income

In the first half of 2025, the Bank achieved an operating income of RMB4,326 million, representing a year-on-year decrease of RMB234 million or 5.1%, mainly due to the the impact of market interest rate fluctuations, the non-interest income declined year-on-year, meanwhile, the Bank continued to deepen cost reduction and efficiency improvement, reduce interest rates and promote a steady decline in liability costs, resulting in a year-on-year increase in net interest income increased year-on-year, which partially offset the decline in non-interest income.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Net interest income	3,385,387	3,235,788	149,599	4.6
Net non-interest income	940,281	1,324,358	(384,077)	(29.0)
Operating income	4,325,668	4,560,146	(234,478)	(5.1)

3.2.1.2 Net interest income

In the first half of 2025, the Bank achieved a net interest income of RMB3,385 million, representing a year-on-year increase of RMB150 million, or 4.6%, of which the year-on-year decrease in interest income by RMB839 million and year-on-year decrease in interest expense of the Bank by RMB989 million.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Interest income	15,603,519	16,442,995	(839,476)	(5.1)
Interest expense	(12,218,132)	(13,207,207)	989,075	(7.5)
Net interest income	3,385,387	3,235,788	149,599	4.6

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.3 Net interest spread and net interest margin

The following table sets forth the average balance of interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the related average yields on interest-earning assets or the related average costs of interest-bearing liabilities for the periods indicated.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest income	Average yield rate (%)	Average balance	Interest income	Average yield rate (%)
Interest-earning assets						
Loans and advances						
to customers	505,174,731	11,678,993	4.66	485,013,736	12,257,874	5.08
Financial investments	262,307,108	3,307,660	2.54	245,611,821	3,496,069	2.86
Deposits with Central Bank	53,083,977	381,180	1.45	58,964,887	423,747	1.45
Deposits and placements with banks and other financial institutions	12,029,286	111,664	1.87	19,380,371	189,772	1.97
Financial assets held under resale agreements	15,367,395	124,022	1.63	8,273,840	75,533	1.84
Total interest-earning assets	847,962,497	15,603,519	3.71	817,244,655	16,442,995	4.05

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest expense	Average yield rate (%)	Average balance	Interest expense	Average yield rate (%)
Interest-bearing liabilities						
Borrowings from Central Bank	951,335	8,123	1.72	595,588	5,904	1.99
Deposits from customers	795,229,121	10,062,430	2.55	771,104,705	10,756,964	2.81
Deposits and placements from banks and other financial institutions	95,715,453	1,262,694	2.66	70,931,184	1,162,641	3.30
Financial assets sold under repurchase agreements	55,068,634	588,026	2.15	75,874,828	1,062,884	2.82
Debt securities issued	20,662,324	296,859	2.90	13,068,019	218,814	3.37
Total interest-bearing liabilities	967,626,867	12,218,132	2.55	931,574,324	13,207,207	2.85
Net interest income		3,385,387			3,235,788	
Net interest spread ⁽¹⁾			1.16			1.20
Net interest margin ⁽²⁾			0.81			0.80

Notes:

- (1) Calculated as the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (2) Calculated by dividing net interest income by average balance of total interest-earning assets on annualised basis.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the changes in the Bank's interest income and interest expense due to changes in volume and interest rates for the periods indicated. The changes in volume were measured by the changes in average balances; while changes in interest rates were measured by changes in average interest rates. The changes caused by a combination of volume changes and interest rate changes were included in interest rate changes.

	For the six months ended 30 June 2025 compared with 2024		
	Increase/ (decrease) Volume ⁽¹⁾	Due to interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
(Expressed in thousands of Renminbi, unless otherwise stated)			
Interest-earning assets			
Loans and advances to customers	507,881	(1,086,762)	(578,881)
Financial investments	236,780	(425,189)	(188,409)
Deposits with Central Bank	(42,286)	(281)	(42,567)
Deposits and placements with banks and other financial institutions	(71,813)	(6,295)	(78,108)
Financial assets held under resale agreements	64,724	(16,235)	48,489
Changes in interest income	695,286	(1,534,762)	(839,476)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

	For the six months ended 30 June 2025 compared with 2024		
	Increase/ (decrease) Volume ⁽¹⁾	Due to interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
(Expressed in thousands of Renminbi, unless otherwise stated)			
Interest-bearing liabilities			
Borrowings from Central Bank	3,511	(1,292)	2,219
Deposits from customers	336,162	(1,030,696)	(694,534)
Deposits and placements from banks and other financial institutions	405,579	(305,526)	100,053
Financial assets sold under repurchase agreements	(290,956)	(183,902)	(474,858)
Debt securities issued	126,912	(48,867)	78,045
Changes in interest expense	<u>581,208</u>	<u>(1,570,283)</u>	<u>(989,075)</u>
Changes in net interest income	<u>114,078</u>	<u>35,521</u>	<u>149,599</u>

Notes:

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.4 Interest income

In the first half of 2025, the Bank achieved an interest income of RMB15,604 million, representing a year-on-year decrease of RMB839 million or 5.1%, mainly due to the year-on-year decrease in interest income from loans and advances to customers during the Reporting Period.

The following table sets forth the breakdown of the interest income of the Bank for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025		2024	
	Amount	of total (%)	Amount	of total (%)
Loans and advances to customers				
Corporate loans (including discounted bills)	9,079,971	58.2	9,263,782	56.3
Personal loans	2,599,022	16.7	2,994,092	18.2
Sub-total	11,678,993	74.9	12,257,874	74.5
Financial investments	3,307,660	21.2	3,496,069	21.2
Deposits with Central Bank	381,180	2.4	423,747	2.6
Deposits and placements with banks and other financial institutions	111,664	0.7	189,772	1.2
Financial assets held under resale agreements	124,022	0.8	75,533	0.5
Total	15,603,519	100.0	16,442,995	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. *Interest Income from Loans and Advances to Customers*

Interest income from loans and advances to customers was the essential component of the Bank's interest income. In the first half of 2025, interest income of the Bank from loans and advances to customers amounted to RMB11,679 million, representing a year-on-year decrease of RMB579 million or 4.7%, which was mainly due to the year-on-year decrease in the yield of loans and advances to customers during the Reporting Period. The interest income from loans and advances to customers accounted for 74.9% of the total interest income, representing an increase of 0.4 percentage point.

The following table sets forth the average balances of the loans and advances to customers and the average yields of related interest income and loans and advances to customers for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average	Interest	Average	Average	Interest	Average
	balance	income	yield (%)	balance	income	yield (%)
Corporate loans (including discounted bills)	386,592,205	9,079,971	4.74	379,003,353	9,263,782	4.92
Personal loans	118,582,526	2,599,022	4.42	106,010,383	2,994,092	5.68
Total	505,174,731	11,678,993	4.66	485,013,736	12,257,874	5.08

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. *Interest Income from Financial Investments*

In the first half of 2025, the Bank achieved interest income from financial investments amounting to RMB3,308 million, representing a year-on-year decrease of RMB188 million or 5.4%, which was mainly due to the decrease in the return rate of financial investments during the Reporting Period.

3. *Interest Income from Deposits with Central Bank*

In the first half of 2025, the Bank achieved interest income from deposits with Central Bank amounting to RMB381 million, representing a year-on-year decrease of RMB43 million or 10.0%, which was mainly due to the decrease in the average balance of deposits with Central Bank.

4. *Interest Income from Deposits and Placements with Banks and Other Financial Institutions*

In the first half of 2025, the Bank achieved interest income from deposits and placements with banks and other financial institutions amounting to RMB112 million, representing a year-on-year decrease of RMB78 million or 41.2%, which was mainly due to the decrease in the average balance and yield of deposits and placements with banks and other financial institutions during the Reporting Period.

5. *Interest Income from Financial Assets Held under Resale Agreements*

In the first half of 2025, the Bank achieved interest income from financial assets held under resale agreements amounting to RMB124 million, representing a year-on-year increase of RMB48 million or 64.2%, which was mainly due to the increase of average balance of financial assets held under resale agreements during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.5 Interest expense

In the first half of 2025, interest expense of the Bank amounted to RMB12,218 million, representing a year-on-year decrease of RMB989 million or 7.5%, which was mainly due to the year-on-year decrease in the interest expense on deposits from customers and interest expenses on sales of repurchase of financial assets.

The following table sets forth the principal components of the interest expense of the Bank for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025		2024	
	Amount	of total (%)	Amount	of total (%)
Borrowings from Central Bank	8,123	0.1	5,904	0.0
Deposits from customers	10,062,430	82.4	10,756,964	81.5
Deposits and placements from banks and other financial institutions	1,262,694	10.3	1,162,641	8.8
Financial assets sold under repurchase agreements	588,026	4.8	1,062,884	8.0
Debt securities issued	296,859	2.4	218,814	1.7
Total	12,218,132	100.0	13,207,207	100.0

1. Interest Expense on Borrowing from the Central Bank

In the first half of 2025, the Bank's borrowing interest expense from the Central Bank amounted to RMB8 million, representing a year-on-year increase of RMB2 million or 37.6%, which was mainly due to the increase in the average balance of borrowings from Central Bank during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Interest Expense on Deposits from Customers

In the first half of 2025, interest expense on deposits from customers amounted to RMB10,062 million, representing a year-on-year decrease of RMB695 million, or 6.5%, which was mainly due to the Bank's continuous efforts to strengthen liability quality management, enhancing customer development and pricing, strengthening the control of high-cost deposit products and vigorous reduction of cost of interest payout with the gradual deepening of interest rate marketisation reform during the Reporting Period.

The following table sets forth the average balance, interest expense and average cost for each of the components of the Bank's deposits from customers:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Average balance	Interest expense	Average yield (%)	Average balance	Interest expense	Average yield (%)
Corporate deposits						
Demand	108,578,549	560,684	1.04	121,232,716	923,121	1.53
Time	111,708,942	1,373,864	2.48	110,977,049	1,634,554	2.96
Sub-total	220,287,491	1,934,548	1.77	232,209,765	2,557,675	2.22
Personal deposits						
Demand	33,344,194	12,144	0.07	38,653,029	38,508	0.20
Time	541,597,436	8,115,738	3.02	500,241,911	8,160,781	3.28
Sub-total	574,941,630	8,127,882	2.85	538,894,940	8,199,289	3.06
Total deposits from customers	795,229,121	10,062,430	2.55	771,104,705	10,756,964	2.81

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. *Interest Expense on Deposits and Placements from Banks and Other Financial Institutions*

In the first half of 2025, interest expense of the Bank on deposits and placements from banks and other financial institutions amounted to RMB1,263 million, representing a year-on-year increase of RMB100 million or 8.6%, which was mainly due to the year-on-year increase in the average balance of deposits and placements from banks and other financial institutions during the Reporting Period.

4. *Interest Expense on Financial Assets Sold under Repurchase Agreements*

In the first half of 2025, interest expense of the Bank on financial assets sold under repurchase agreements amounted to RMB588 million, representing a year-on-year decrease of RMB475 million or 44.7%, which was mainly due to the year-on-year decrease in the average balance and cost of financial assets sold under repurchase agreements during the Reporting Period.

5. *Interest Expense on Debt Securities Issued*

In the first half of 2025, interest expense of the Bank on debt securities issued amounted to RMB297 million, representing a year-on-year increase of RMB78 million or 35.7%, which was mainly due to the year-on-year increase in the average balance of debt securities issued during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.6 Net non-interest income

1. Net Fee and Commission Income

In the first half of 2025, the Bank achieved a net fee and commission income of RMB213 million, representing a year-on-year increase of RMB194 million or 1,003.3%, which is mainly due to the Bank's proactive efforts to drive business transformation and reduce fee expenses for business cooperation.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Fee and commission income				
Agency and custody services fees	225,284	217,456	7,828	3.6
Settlement and clearing services fees	7,880	10,358	(2,478)	(23.9)
Bank card services fees	63,942	68,688	(4,746)	(6.9)
Fee and commission expense	(83,769)	(277,165)	193,396	(69.8)
Net fee and commission income	<u>213,337</u>	<u>19,337</u>	<u>194,000</u>	<u>1,003.3</u>

2. Net Trading Losses

In the first half of 2025, the Bank's net trading losses amounted to RMB237 million, representing a year-on-year decrease of RMB821 million or 77.6%, mainly due to the change in revaluation of cost and fair value of the foreign exchange operations during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Net Gains Arising from Investments

In the first half of 2025, the Bank achieved net gains arising from investments amounting to RMB883 million, representing a year-on-year decrease of RMB1,459 million or 62.3%, mainly due to the decrease in net income from disposal of bond assets during the Reporting Period.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Net gains on financial investments at fair value through profit or loss	127,171	404,839	(277,668)	(68.6)
Net gains on disposal of financial investments at fair value through other comprehensive income	280,057	508,088	(228,031)	(44.9)
Dividends from designated as financial investments at fair value through other comprehensive income	9,564	7,557	2,007	26.6
Net gains on disposal of financial investments measured at amortised cost	465,897	1,421,573	(955,676)	(67.2)
Total	882,689	2,342,057	(1,459,368)	(62.3)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.1.7 Operating expenses

In the first half of 2025, the operating expenses of the Bank amounted to RMB2,486 million, representing a year-on-year decrease of RMB287 million or 10.4%.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Staff costs	1,442,503	1,457,196	(14,693)	(1.0)
Tax and surcharges	152,800	148,006	4,794	3.2
Depreciation and amortization	299,525	295,779	3,746	1.3
Rental and property management expenses	41,927	66,703	(24,776)	(37.1)
Office expenses	88,593	72,304	16,289	22.5
Other general and administrative expenses	461,011	733,707	(272,696)	(37.2)
Total operating expenses	2,486,359	2,773,695	(287,336)	(10.4)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. Staff Costs

In the first half of 2025, staff costs of the Bank amounted to RMB1,443 million, representing a year-on-year decrease of RMB15 million or 1.0%, which was mainly due to a year-on-year decrease in salaries, bonuses, allowances and social insurance during the Reporting Period.

The following table sets forth the principal components of the staff costs of the Bank for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Salaries, bonuses and allowances	985,321	987,025	(1,704)	(0.2)
Pension and annuity	158,690	160,706	(2,016)	(1.3)
Other social insurance	96,662	111,843	(15,181)	(13.6)
Housing allowances	90,590	90,354	236	0.3
Supplementary retirement benefits	3,220	2,373	847	35.7
Other staff benefits	108,020	104,895	3,125	3.0
Staff costs	1,442,503	1,457,196	(14,693)	(1.0)

2. Depreciation and Amortisation

In the first half of 2025, depreciation and amortization of the Bank amounted to RMB300 million, representing a year-on-year increase of RMB4 million or 1.3%.

3. Rent and property management costs

In the first half of 2025, the Bank's rent and property management fees were RMB42 million, representing a year-on-year decrease of RMB25 million, or 37.1%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

4. Office Expenses

In the first half of 2025, office expenses of the Bank amounted to RMB89 million, representing a year-on-year increase of RMB16 million or 22.5%.

5. Other General and Administrative Expenses

In the first half of 2025, other general and administrative expenses of the Bank amounted to RMB461 million, representing a year-on-year decrease of RMB273 million or 37.2%.

3.2.1.8 Impairment losses on assets

In the first half of 2025, impairment losses on assets of the Bank amounted to RMB1,085 million, representing a year-on-year decrease of RMB50 million or 4.4%.

The following table sets forth the principal components of impairment losses on assets of the Bank for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025	2024	Change in amount	Rate of change (%)
Deposits and placements with bank and other financial institutions	(9,266)	(851)	(8,415)	988.8
Financial assets held under resale agreements	1,318	(135)	1,453	N/A
Loans and advances to customers	901,964	749,066	152,898	20.4
Financial investments	155,028	990,138	(835,110)	(84.3)
Credit commitment	(99,179)	(52,916)	(46,263)	87.4
Others	135,294	(549,831)	685,125	N/A
Total	1,085,159	1,135,471	(50,312)	(4.4)

3.2.1.9 Income tax expense

In the first half of 2025, the Bank's income tax expense amounted to RMB246 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.2 Analysis of the Statement of Financial Position

3.2.2.1 Assets

As of 30 June 2025, total assets of the Bank amounted to RMB1,128.181 billion, representing an increase of RMB5.405 billion or 0.5% as compared with that at the end of the previous year, mainly due to the steady growth of the principal business. The principal components of our assets are (i) net loans and advances to customers (ii) financial investments (iii) cash and deposits with Central Bank, which accounted for 49.1%, 38.5% and 5.8%, respectively, of total assets of the Bank as of 30 June 2025.

The following table sets forth the composition of the Bank's total assets for the periods indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Assets				
Total loans and advances to customers	514,872,706	45.6	500,592,244	44.6
Interest receivable	60,530,650	5.4	54,065,245	4.8
Provision for impairment losses	(21,698,600)	(1.9)	(21,086,072)	(1.9)
Net loans and advances to customers	553,704,756	49.1	533,571,417	47.5
Financial investments ⁽¹⁾	434,346,734	38.5	462,467,835	41.2
Deposits with banks and other financial institutions	15,444,063	1.4	12,441,622	1.1
Cash and deposits with Central Bank	65,997,802	5.8	77,224,626	6.9
Financial assets held under resale agreements	21,962,378	1.9	1,765,783	0.2
Placements with banks and other financial institutions	6,045,873	0.5	5,290,756	0.5
Derivative financial assets	155,194	0.0	290,735	0.0
Other assets ⁽²⁾	30,524,508	2.8	29,723,452	2.6
Total assets	1,128,181,308	100.0	1,122,776,226	100.0

Notes:

- (1) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments at amortised cost.
- (2) Include property and equipment, other receivables, deferred income tax assets and other assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. Loans and Advances to Customers

The total loans and advances to customers made by the Bank as of 30 June 2025 amounted to RMB514.873 billion, representing an increase of RMB14.280 billion or 2.9% as compared with that at the end of the previous year, and accounted for 45.6% of the total assets, representing an increase of 1.0 percentage point as compared with that at the end of the previous year. The loans and advances to customers made by the Bank consisted mainly of corporate loans (including discounted bills) and personal loans.

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Corporate loans				
– Corporate loans	346,404,365	67.3	337,881,887	67.5
– Discounted bills	47,428,496	9.2	48,078,006	9.6
Personal loans				
– Residential mortgage	48,342,602	9.4	49,510,108	9.9
– Personal consumption loans	68,897,007	13.4	60,144,307	12.0
– Personal business loans	3,800,236	0.7	4,977,936	1.0
Total loans and advances to customers	514,872,706	100.00	500,592,244	100.00

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Corporate loans constituted the largest component of the Bank's loan portfolio. As of 30 June 2025, the corporate loans (including discounted bills) of the Bank amounted to RMB393.833 billion, representing an increase of RMB7.873 billion or 2.0% as compared with that at the end of the previous year, accounting for 76.5% of the total loans and advances to customers and representing a decrease of 0.6 percentage point as compared with that at the end of the previous year; of which, non-discounted loans accounted for 88.0% of corporate loans, an increase of 0.5 percentage point from the end of the previous year. This was mainly due to the fact that during the Reporting Period, the Bank adhered to its core mission of serving the real economy, focused on its core responsibilities and business, and implemented the business strategies of "strengthening Shenyang, expanding Liaoning, specialising in extra-territoriality, and promoting county territories (強瀋陽、拓遼寧、特域外、提縣域)". Focused on the annual key work deployments, major project construction, and industrial planning and layout, the Bank precisely aligned with macroeconomic development and the needs of business entities, deeply integrated into the construction of the modern industrial system in the service region, and effectively strengthened high-quality financial services for major strategies, key areas, and weak links. The proportion of credit allocated to key areas in relation to the "Five Key Strategic Pillars (五篇大文章)" has been effectively increased.

Personal loans offered by the Bank mainly include residential mortgage loans, personal consumption loans and personal business loans. As of 30 June 2025, personal loans of the Bank amounted to RMB121.040 billion, representing an increase of RMB6.407 billion or 5.6% as compared with that at the end of the previous year, and accounted for 23.5% of total loans and advances to customers, representing an increase of 0.6 percentage point as compared with that at the end of the previous year. This was mainly due to the fact that during the Reporting Period, the Bank closely followed national policy guidelines, guided by the principle of "serving the new development paradigm and facilitating domestic demand expansion" to establish a trinity consumer financial service system combining "policy support, scenario empowerment, and direct benefits for people's livelihood". The Bank increased its credit support for the consumer sector, strengthened differentiated innovation in consumer loans, expanded the "Sheng Series (盛系列)" of consumer credit products, and leveraged digital services to meet customers' diverse funding needs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1) Loans by type of guarantee

The structure of collaterals of the Bank's loans and advances to customers was stable and the Bank's capability of mitigating risks was relatively solid. As of 30 June 2025, the balance of loans guaranteed or secured by mortgages and pledges amounted to RMB431.261 billion, representing an increase of RMB8.661 billion or 2.0% as compared with that at the end of the previous year, and accounted for 83.7% of the total loans and advances to customers. If a loan is secured by more than one form of collateral, the entire amount of such a loan is allocated to the category representing the primary form of collateral.

The following table sets forth the distribution of loans and advances to customers by type of collateral as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Loans secured by mortgages	182,229,471	35.4	183,854,456	36.7
Loans secured by pledges	58,916,271	11.4	57,193,366	11.4
Guaranteed loans	190,115,018	36.9	181,551,606	36.3
Unsecured loans	83,611,946	16.3	77,992,816	15.6
Total loans and advances to customers	514,872,706	100.0	500,592,244	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2) Changes in provision for impairment on loans and advances to customers

As of 30 June 2025, the balance of provision for impairment on loans and advances to customers of the Bank amounted to RMB21,699 million, representing an increase of RMB613 million or 2.9% as compared with that at the end of the previous year, which was mainly due to the Bank's prudent increase in loan impairment provisions. As of 30 June 2025, the Bank's loan provision rate was 157.00%, representing unchanged as compared with that at the end of the previous year.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025				2024			
		A lifetime	A lifetime			A lifetime	A lifetime	
	Expected	expected credit	expected credit		Expected	expected	expected	
	credit loss	loss – loans	loss – loans		credit loss	credit loss	credit loss	
	in the next	without credit	with credit		in the next	– loans	– loans with	
	12 months	impairment loss	impairment loss	Total	12 months	impairment loss	impairment loss	Total
Balance as at the beginning of the period	5,950,720	6,271,007	8,864,345	21,086,072	5,247,512	6,248,958	8,783,132	20,279,602
Transferred								
– to expected credit loss over the next 12 months	13,323	(13,323)	–	–	10,636	(7,693)	(2,943)	–
– to lifetime expected credit losses								
– not credit-impaired loans	(13,946)	13,946	–	–	(134,230)	135,516	(1,286)	–
– to lifetime expected credit losses								
– credit-impaired loans	(1,948)	(98,595)	100,543	–	(20,237)	(114,302)	134,539	–
Net charge for the period	38,412	14,125	848,777	901,314	847,039	8,528	756,169	1,611,736
Transfer out	–	–	–	–	–	–	(315,598)	(315,598)
Write-offs	–	–	(307,040)	(307,040)	–	–	(531,453)	(531,453)
Recoveries	–	–	21,467	21,467	–	–	41,785	41,785
Disposal of a subsidiary	–	–	(3,213)	(3,213)	–	–	–	–
Balance as at the end of the period	5,986,561	6,187,160	9,524,879	21,698,600	5,950,720	6,271,007	8,864,345	21,086,072

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Financial Investments

As of 30 June 2025, the balance of financial investments (including financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, and financial investments at amortised cost) of the Bank amounted to RMB431,004 million, representing a decrease of RMB25,968 million or 5.7% as compared with those at the end of the previous year, and accounted for 38.2% of the total assets, representing a decrease of 2.5 percentage points as compared with that at the end of the previous year.

The following table set forth the main components of the Bank's financial investments (exclusive of interest receivable) as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Financial assets at fair value through profit or loss	93,141,962	21.6	104,869,270	22.9
– Government bonds	627,004	0.1	1,814,260	0.3
– Bonds issued by policy banks	–	–	2,684,533	0.6
– Bonds issued by banks and other financial institutions	28,819,594	6.7	36,559,891	8.0
– Corporate entity bonds	1,166,636	0.3	1,232,360	0.3
– Investment management products managed by securities companies	39,667,741	9.2	39,692,356	8.7
– Investment management products under the trust scheme	22,860,987	5.3	22,885,870	5.0
Financial assets at fair value through other comprehensive income	67,605,090	15.7	89,960,537	19.7
– Government bonds	32,897,492	7.7	23,069,703	5.0
– Bonds issued by policy banks	6,980,603	1.6	36,208,657	8.0
– Bonds issued by banks and other financial institutions	10,007,723	2.3	13,155,078	2.9
– Corporate entity bonds	921,947	0.2	580,075	0.1
– Equity investments	16,797,325	3.9	16,947,024	3.7

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total	Amount	of total
		(%)		(%)
Financial investment measured at amortised cost	270,257,036	62.7	262,142,022	57.4
– Government bonds	7,255,787	1.7	8,992,296	2.0
– Bonds issued by policy banks	60,030,142	13.9	51,063,234	11.2
– Bonds issued by banks and other financial institutions	4,880,926	1.1	4,852,949	1.1
– Corporate entity bonds	170,036,674	39.5	168,349,512	36.8
– Investment management products managed by securities companies	2,917,067	0.7	2,917,067	0.6
– Investment management products under the trust scheme	32,297,808	7.5	32,963,934	7.2
Less: provisions for impairment of financial assets at amortised cost	(7,161,368)	(1.7)	(6,996,970)	(1.5)
Total	431,004,088	100.0	456,971,829	100.0

- 1) Changes in the provision for financial investments at fair value through other comprehensive income

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025				2024			
	Expected	Lifetime	Lifetime	Total	Expected	Lifetime	Lifetime	Total
	credit loss over	expected credit	expected credit		credit loss over	expected credit	expected credit	
	the next	loss – no credit	loss – credit		the next	loss – no credit	loss – credit	
	12 months	impairment	impairment		12 months	impairment	impairment	
Balance as at the beginning of the period	4,537	–	–	4,537	3,964	–	–	3,964
Net (release)/charge for the period	(9,370)	–	–	(9,370)	573	–	–	573
Recoveries for the period	7,123	–	–	7,123	–	–	–	–
Balance as at the end of the period	2,290	–	–	2,290	4,537	–	–	4,537

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2) Changes in the provision for financial investments at amortised cost

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June 2025				2024			
	Expected	Lifetime	Lifetime	Total	Expected	Lifetime	Lifetime	Total
	credit loss over the next 12 months	expected credit loss – no credit impairment	expected credit loss – credit impairment		credit loss over the next 12 months	expected credit loss – no credit impairment	expected credit loss – credit impairment	
Balance as at the beginning of the period	221,798	2,736,206	4,038,966	6,996,970	308,878	2,136,428	3,544,019	5,989,325
Transferred:								
– to lifetime expected credit losses – not credit-impaired	–	–	–	–	(83,901)	83,901	–	–
– to lifetime expected credit losses – credit-impaired	(6,023)	–	6,023	–	–	–	–	–
Net (release)/charge for the period	(27,020)	(3,620)	195,038	164,398	(3,179)	515,877	494,947	1,007,645
Balance as at the end of the period	188,755	2,732,586	4,240,027	7,161,368	221,798	2,736,206	4,038,966	6,996,970

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.2.2 Liabilities

As of 30 June 2025, total liabilities of the Bank amounted to RMB1,047.733 billion, representing an increase of RMB5.154 billion or 0.5% as compared with that at the end of the previous year. The Bank's liabilities mainly consisted of (i) deposits from customers, (ii) deposits from banks and other financial institutions and (iii) financial assets sold under repurchase agreements, accounting for 78.2%, 9.1% and 6.2%, respectively, with respect to the total liabilities.

The following table sets forth the components of the Bank's total liabilities as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Borrowings from Central Bank	1,237,310	0.1	342,374	0.0
Deposits from customers	819,225,888	78.2	805,890,759	77.3
Deposits from banks and other financial institutions	94,892,660	9.1	91,269,976	8.8
Placements from banks and other financial institutions	15,335,950	1.5	12,085,561	1.2
Financial liabilities at fair value through profit or loss	21,517,291	2.1	13,569,581	1.3
Derivative financial liabilities	137,926	0.0	225,913	0.0
Financial assets sold under repurchase agreements	65,121,919	6.2	94,688,474	9.0
Debt securities issued	23,389,786	2.2	18,737,289	1.8
Other liabilities ⁽¹⁾	6,874,082	0.6	5,768,913	0.6
Total	1,047,732,812	100.0	1,042,578,840	100.0

Note:

- (1) Including payment and collection clearance accounts, staff remuneration payable, deferred income, taxes payable, dormant accounts and other liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

1. *Deposits from Customers*

As of 30 June 2025, the Bank's total deposits from customers (exclusive of interest payable) amounted to RMB791.469 billion, with an increase of RMB10.880 billion or 1.4% as compared with that at the end of the previous year, accounting for 75.5% of the total liabilities and representing an increase of 0.6 percentage point as compared with that at the end of the previous year. Among them, personal deposits increased by RMB21.045 billion or 3.8% as compared with that at the end of the previous year. The main reason is that during the Reporting Period, the Bank firmly implemented its development strategy of "strengthening Shenyang, expanding Liaoning, specialising in extra-territoriality, and promoting county territories (強瀋陽、拓遼寧、特域外、提縣域)", implementing differentiated policy support to consolidate and enhance the competitive advantages of different regions; the Bank seized the opportunity of abundant market funds, comprehensively utilizing customized products, equity services, and emotional connections to strengthen the retention of disbursed funds and the ability to attract new customers and new funds; the bank conducted specialized digital operations targeting long-tail customers, activating and enhancing customer value contribution at scale, driving sustained and stable growth in personal deposits. Corporate deposits decreased by RMB12.179 billion and other deposits increased by RMB2.014 billion compared with that at the end of the previous year. The main reason is that during the Reporting Period, the Bank focused on improving the quality of deposits, adhering to the construction of a foundational customer base to a sustainable deposit growth model, optimizing deposit structure, prioritizing low-cost core deposits, proactively reducing and exiting high-cost deposit businesses, reasonably optimizing deposit product supply strategies and pricing strategies, emphasizing the development of high-quality customer base, and increasing the proportion of settlement deposits.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the Bank's deposits from customers (exclusive of interest payable) and product types as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Corporate deposits				
Demand deposits	87,615,160	11.1	112,314,503	14.4
Time deposits	109,027,715	13.8	96,507,570	12.4
Sub-total	196,642,875	24.9	208,822,073	26.8
Personal deposits				
Demand deposits	34,189,291	4.3	35,987,787	4.6
Time deposits	541,903,338	68.5	519,059,622	66.5
Sub-total	576,092,629	72.8	555,047,409	71.1
Other deposits ⁽¹⁾	18,733,762	2.3	16,719,719	2.1
Total	791,469,266	100.0	780,589,201	100.0

Note:

(1) Mainly including pledged deposits.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Debt Securities Issued

The following table sets forth the components of the Bank's debt securities issued (exclusive of interest payable) as at the dates indicated:

	As at 30 June 2025 Amount	As at 31 December 2024 Amount
(Expressed in thousands of Renminbi, unless otherwise stated)		
Tier-two capital bond with fixed rate maturing in September 2034	6,000,000	6,000,000
Tier-two capital bond with fixed rate maturing in December 2032	4,999,057	4,999,057
Interbank certificates of deposits issued	<u>12,390,729</u>	<u>7,738,232</u>
Total	<u>23,389,786</u>	<u>18,737,289</u>

The Bank issued tier-two capital bonds of commercial banks in the aggregate of RMB5 billion in the national inter-bank bond market on 29 December 2022. The term of maturity of such bonds is 10 years. The coupon rate is interest-bearing fixed rate of 4.80%. Interest on such bonds shall be paid once per year. Upon approval by the NFRA (formerly known as the CBIRC), the Bank could choose to redeem the current bond in a lump sum at a whole or at a portion per the face value on the last day of the fifth interest calculating year for such bonds.

The Bank issued tier-two capital bonds of commercial banks in the aggregate of RMB6 billion in the national inter-bank bond market on 5 September 2024. The term of maturity of such bonds is 10 years. The coupon rate is interest-bearing fixed rate of 2.85%. Interest on such bonds shall be paid once per year. Upon approval by the NFRA, the Bank could choose to redeem the current bond in a lump sum at a whole or at a portion per the face value on the last day of the fifth interest calculating year for such bonds.

As of 30 June 2025, the balance of certificates of interbank deposit issued by the Bank amounted to RMB12.391 billion, representing an increase of RMB4.652 billion as compared with that at the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.2.3 Equity

As of 30 June 2025, the equity balance of the Bank amounted to RMB80.448 billion, representing an increase of RMB251 million or 0.3% as compared with that at the end of the previous year.

The following table sets forth the components of the equity of the Bank as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Share capital	8,796,680	10.9	8,796,680	11.0
Capital reserve	26,943,067	33.5	26,957,822	33.6
Surplus reserve	7,577,198	9.4	7,537,771	9.4
General reserve	14,890,179	18.5	14,846,802	18.5
Investment revaluation reserve	(2,610,850)	(3.2)	(2,561,420)	(3.2)
Provision reserve	10,622	0.1	11,820	0.1
Reserve on remeasurement of defined benefit liability	(48,285)	(0.1)	(48,281)	(0.1)
Retained earnings	24,483,453	30.4	24,072,720	30.0
Non-controlling interests	406,432	0.5	583,472	0.7
Total equity	80,448,496	100.0	80,197,386	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.3 Loan quality analysis

During the Reporting Period, the Bank adhered to the strategic vision of prudent operation, actively optimized the risk control model throughout the entire process, and controlled the risk of new loans at the source through steadily optimizing the credit structure and focusing on high-quality assets. It integrated external data sources with its customer profiles to revise existing risk early-warning models. The Bank took various measures to carry out the collection and disposal of non-performing loans to strengthen asset quality and prevent and resolve financial risks.

3.2.3.1 Breakdown of loans by the five-category classification system

The non-performing loans of the Bank are classified into loans and advances to customers that are substandard, doubtful and loss. As of 30 June 2025, the non-performing loans of the Bank amounted to RMB13.829 billion, and the non-performing loan ratio was 2.69%.

The following table sets forth the distribution of the Bank's loans and advances to customers by the five-category loan classification system as of the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025		As at 31 December 2024	
	Amount	of total (%)	Amount	of total (%)
Normal	480,840,294	93.4	467,100,612	93.4
Special mention	20,203,873	3.9	20,053,945	4.0
Substandard	10,527,866	2.0	10,577,467	2.1
Doubtful	2,016,069	0.4	1,713,730	0.3
Loss	1,284,604	0.3	1,146,490	0.2
Total loans and advances to customers	514,872,706	100.0	500,592,244	100.0
Non-performing loan	13,828,539	2.69	13,437,687	2.68

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.3.2 Concentration of loans

1. Concentration in terms of Industry and Distribution of Non-performing Loans

During the Reporting Period, the Bank fully implemented the national strategic deployment, adhered to the market positioning of “Three Services”, and diligently implemented the business strategy of “strengthening Shenyang, expanding Liaoning, specialising in extra-territoriality, promoting county territories (強瀋陽、拓遼寧、特域外、提縣域)”, focused on optimising the structure of assets and liabilities, customer structure and business structure, upheld a long-term perspective and integrity-driven innovation, and made every effort in “Five Key Strategic Pillars (五篇大文章)”, continuously enhancing the ability to serve the real economy and supporting the high-quality development of the local economy. The following table sets forth the breakdown of loans and non-performing loans by industry as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025				As at 31 December 2024			
	Loan amount	of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Wholesale and retail	148,359,870	28.9	6,068,540	4.09	140,022,229	28.0	6,116,131	4.37
Renting and business activities	67,086,574	13.0	573,411	0.85	74,003,113	14.8	588,472	0.80
Real estate	39,316,526	7.6	476,285	1.21	41,094,749	8.2	599,709	1.46
Manufacturing	36,849,974	7.2	1,275,244	3.46	33,282,452	6.6	1,323,906	3.98
Construction	12,630,407	2.5	682,867	5.41	10,597,874	2.1	687,098	6.48
Culture, sports and entertainment	12,589,141	2.4	15,900	0.13	1,242,059	0.2	15,900	1.28
Transportation, storage and postal services	6,591,454	1.3	138,068	2.09	5,460,327	1.1	136,752	2.50
Production and supply of electric power, heat, gas and water	4,544,153	0.9	38,189	0.84	2,794,794	0.6	38,813	1.39

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025				As at 31 December 2024			
	Loan amount	of total (%)	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	of total (%)	Non-performing loan amount	Non-performing loan ratio (%)
Mining	2,587,295	0.5	23,199	0.90	4,013,676	0.8	23,199	0.58
Agriculture, forestry, animal husbandry and fishery	1,345,822	0.3	82,738	6.15	1,370,358	0.3	82,738	6.04
Accommodation and catering	1,253,417	0.2	40,900	3.26	1,317,399	0.3	40,900	3.10
Household and other services	150,766	0.0	199	0.13	115,589	0.0	–	–
Others	13,098,966	2.5	466,889	3.56	22,567,268	4.5	464,100	2.06
Discounted bills	47,428,496	9.2	–	–	48,078,006	9.6	–	–
Personal loans and advances	121,039,845	23.5	3,946,110	3.26	114,632,351	22.9	3,319,969	2.90
Total	514,872,706	100.0	13,828,539	2.69	500,592,244	100.0	13,437,687	2.68

Note: 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.

As of 30 June 2025, loans provided to customers of (i) wholesale and retail (ii) renting and business activities (iii) real estate (iv) manufacturing and (v) construction represented the largest components of the Bank's corporate loans. As of 30 June 2025 and 31 December 2024, the balance of loans provided to the corporate customers in the five industries mentioned above were RMB304.243 billion and RMB299 billion, respectively, accounting for 59.1% and 59.7%, respectively, with respect to the Bank's total loans and advances to customers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Concentration in terms of Borrowers

Loans to the ten largest single borrowers

The following table sets forth the borrowing amounts of the ten largest single borrowers as of 30 June 2025. As of the same date, all such loans were classified as normal loans:

(Expressed in thousands of Renminbi, unless otherwise stated)	30 June 2025		
	Industry	Amount	of total (%)
Customer A	Wholesale and retail	7,754,762	1.51
Customer B	Renting and business activities	7,601,000	1.48
Customer C	Real estate	6,139,900	1.19
Customer D	Renting and business activities	5,945,000	1.15
Customer E	Renting and business activities	5,543,730	1.08
Customer F	Manufacturing	5,430,900	1.05
Customer G	Real estate	5,184,299	1.01
Customer H	Real estate	5,130,000	1.00
Customer I	Renting and business activities	4,481,000	0.87
Customer J	Renting and business activities	4,165,298	0.81

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Distribution of Non-performing Loans by Product Type

The following table sets forth the loans and non-performing loans by product type as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025			As at 31 December 2024		
	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)	Loan amount	Non-performing loan amount	Non-performing loan ratio (%)
Corporate loans	393,832,861	9,882,429	2.51	385,959,893	10,117,718	2.62
Short-term loans	144,445,637	6,050,431	4.19	128,318,877	6,307,603	4.92
Medium and long-term loans	201,958,728	3,831,998	1.90	209,563,010	3,810,115	1.82
Discounted bills	47,428,496	–	–	48,078,006	–	–
Personal loans	121,039,845	3,946,110	3.26	114,632,351	3,319,969	2.90
Residential mortgage loans	48,342,602	2,100,040	4.34	49,510,108	1,811,664	3.66
Personal business loans	3,800,236	185,351	4.88	4,977,936	167,186	3.36
Personal consumption loans	68,897,007	1,660,719	2.41	60,144,307	1,341,119	2.23
Total	514,872,706	13,828,539	2.69	500,592,244	13,437,687	2.68

As of 30 June 2025 and 31 December 2024, the non-performing loan ratio of the Bank was 2.69% and 2.68%, respectively.

As of 30 June 2025 and 31 December 2024, the non-performing loan ratio of the Bank's corporate loans (including discounted bills) was 2.51% and 2.62%, respectively.

As of 30 June 2025 and 31 December 2024, the non-performing loan ratio of the Bank's personal loans was 3.26% and 2.90%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.4 Analysis on Capital Adequacy Ratio

The Bank calculated and disclosed capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) promulgated by the NFRA. As of 30 June 2025, the Bank's core tier-one capital adequacy ratio was 9.85%, tier-one capital adequacy ratio was 11.72%, and the capital adequacy ratio was 14.08%, which at all levels met the regulatory requirements.

The following table sets forth the relevant information of the Bank's capital adequacy ratio as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025	As at 31 December 2024
Core capital		
– Share capital	8,796,680	8,796,680
– Qualifying portion of capital reserve	26,943,067	26,957,822
– Surplus reserve	7,577,198	7,537,771
– General reserve	14,890,179	14,846,802
– Investment revaluation reserve	(2,610,850)	(2,561,420)
– Provision reserve	10,622	11,820
– Retained earnings	24,483,453	24,072,720
– Qualifying portions of non-controlling interests	164,197	133,883
– Others	(48,285)	(48,281)
Core Tier-one Capital	80,206,261	79,747,797
Core tier-one capital deductions	(1,409,065)	(1,740,338)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025	As at 31 December 2024
Net Core Tier-one Capital	78,797,196	78,007,459
Other tier-one capital – other tier-one capital instruments and premiums	15,000,000	15,000,000
Net Tier-one Capital	93,797,196	93,007,459
Tier-two Capital		
– Qualifying portions of tier-two capital instruments issued	10,999,057	10,999,057
– Surplus provision for loan impairment	7,881,934	7,659,608
Net tier-two Capital	18,880,991	18,658,665
Total net Capital	112,678,187	111,666,124
Total risk weighted assets	800,031,910	759,950,056
Core Tier-one Capital adequacy ratio	9.85%	10.26%
Tier-one Capital adequacy ratio	11.72%	12.24%
Capital adequacy ratio	14.08%	14.69%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.5 Segment Information

3.2.5.1 Regional branches

The Bank is mainly operating within China. 18 branches are located in five provinces and municipalities directly under the Central Government. It also established six subsidiaries in Liaoning and Shanghai.

(Expressed in thousands of Renminbi, unless	Operating income				Non-current assets ⁽¹⁾			
	For the six months ended 30 June							
	2025		2024		30 June 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Northeast China Region	3,815,898	88.2	4,208,413	92.3	5,907,786	96.9	6,102,206	96.8
North China Region	370,665	8.6	284,255	6.2	166,574	2.7	177,064	2.8
Others	139,105	3.2	67,478	1.5	22,519	0.4	26,577	0.4
Total	4,325,668	100.0	4,560,146	100.0	6,096,879	100.0	6,305,847	100.0

Note:

- (1) Non-current assets include property and equipment, intangible assets, right-of-use assets and land use rights.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.2.5.2 Business segments

In the first half of 2025, the operating income of corporate business amounted to RMB2.777 billion, accounting for 64.2% of the total operating income. The operating income of retail banking business amounted to RMB778 million, accounting for 18.0% of the total operating income. The operating income of treasury business amounted to RMB694 million, accounting for 16.0% of the total operating income.

(Expressed in thousands of Renminbi, unless otherwise stated)	For the six months ended 30 June			
	2025		2024	
	Amount	of total (%)	Amount	of total (%)
Operating income				
Corporate banking	2,777,012	64.2	2,533,834	55.6
Retail banking	777,878	18.0	1,128,556	24.7
Treasury business	693,624	16.0	879,821	19.3
Others	77,154	1.8	17,935	0.4
Total	4,325,668	100.0	4,560,146	100.0

3.2.6 Commitments of Off-balance Sheet Items

The following table sets forth the Bank's credit commitments as at the dates indicated:

(Expressed in thousands of Renminbi, unless otherwise stated)	As at 30 June 2025	As at 31 December 2024
Bank acceptances	20,845,550	27,928,425
Letters of guarantees	3,620,595	3,711,906
Letters of credit	3,309,192	4,854,949
Unused credit card commitments	22,157,752	23,059,759
Total	49,933,089	59,555,039

3.3 BUSINESS OVERVIEW

3.3.1 Corporate Banking Business

The Bank has firmly anchored its corporate banking development with an emphasis laid on the revitalization strategy for Liaoning, Shenyang, adhering to original aspirations while focusing on its primary businesses and duties, for which the Bank implements the “Strengthen Shenyang, Expand across Liaoning, Excel Non-local Markets, Upgrade County Services” strategy (強瀋陽、拓遼寧、特域外、提縣域), aligning with provincial/municipal key initiatives and industrial layouts. By targeting priority sectors, leveraging competitive advantages, and optimizing credit allocation, the Bank consistently advances the “Five Key Strategic Pillars (五篇大文章)” to drive high-quality, accelerated growth in corporate banking business of the Bank.

3.3.1.1 Corporate deposits

The Bank has established core deposit growth as the cornerstone for sustainable development of the liability business, consistently enhancing the proportion of settlement funds and improving capital recycling efficiency. At the credit client level, deposit generation was strengthened through entrusted payment accounts and affiliated enterprise accounts, while institutional banking focused on capturing fiscal funding sources, establishing accounts along fund flow trajectories, and boosting client retention through integrated public-private solutions including payroll credit services and government disbursements. The Bank deepened the management of premium client base by implementing its “Dual Clients & Dual Foundations” (雙戶雙基) strategy – encompassing both client/account management and fundamental/grassroots operations – to deepen engagement with premium client segments and embed a “client-centric service” philosophy across its corporate banking operations, which strengthened the foundation of public business, reinforced customer linkage marketing and increased the number of accounts opened by the basic customer base. This approach drove tripartite synergy across government, corporate and individual segments through coordinated marketing, expanded corporate account acquisition, and optimized branch-based corporate service processes designed to cultivate enduring partnerships. Moreover, the Bank gave full play of marketing position in the outlets with the optimization of the public service process in the outlets, coupled with the expansion of customers, account opening, which realized long-term benefits and long-lasting cooperation. The Bank has improved the public customer classification and layering service system by performing categorized management of customer account opening, tier enhancement, and turnover maintenance and stabilization. Relying on the upgrading of the comprehensive management platform for public business, the Bank has strengthened digital management and service tools, covering business opportunity prospecting, intelligent due diligence, product adaptation, and performance management, to realize precise marketing and fine management. As of 30 June 2025, the balance of corporate deposits of the Bank amounted to RMB196.643 billion.

3.3.1.2 Corporate loans

The Bank remained firmly committed to serving the real economy, actively supporting the implementation of “Two Priority (兩重)” projects, namely national major strategies and key security capacity enhancement projects in alignment with regional development priorities, with focused services covering industrial upgrading, livelihood security, and infrastructure construction. It also provided dedicated support for “Two News (兩新)”, namely the new round of large-scale equipment upgrades and consumer goods trade-ins, particularly in industrial equipment, energy-use equipment, environmental infrastructure, and medical device upgrades, while meeting the financing needs of key enterprises for R&D investment and technological innovation during industrial transformation. By channeling resources to facilitate the transition of traditional industries toward advanced, intelligent, and green development, the Bank tilted the economic development with high-quality for Shenyang, Liaoning. As of 30 June 2025, the Bank allocated 65.9% of its corporate credit to large and medium-sized enterprises in key sectors outlined in the “Five Key Strategic Pillars (五篇大文章)”, as well as agriculture-related and manufacturing industries, achieving 39.6% growth in loans to technology enterprises and 29.5% expansion in green credit as compared with that at the end of the previous year. The balance of corporate loans of the Bank amounted to RMB346.404 billion (excluding discounted bills), representing an increase of RMB8.522 billion or 2.5% as compared with that at the end of the previous year.

3.3.1.3 Transaction banking

The Bank has closely aligned with national policy directives while steadfastly adhering to its fundamental purpose of serving the real economy. By enhancing comprehensive product utilization and expanding product coverage and business share, we have focused on improving overall returns. We maintained an integrated chain-finance approach encompassing domestic and international operations as well as local and foreign currencies, continuously enriching our product service system. Leveraging active digital transformation initiatives, we supported inclusive finance while consolidating our customer base, thereby driving the high-quality and rapid development of transaction banking business. As of 30 June 2025, the balance of the on/off balance assets of the transaction banking of the Bank amounted to RMB39.958 billion. The revenue from the transaction banking intermediary business amounted to RMB86 million.

3.3.2 Retail Banking Business

The Bank's retail banking business is centered on strengthening foundations, optimizing structures, and enhancing efficiency, adopting a systematic approach to establish a new development paradigm that drives both quality and efficiency enhancement. This strategy injects strong momentum into the Bank's high-quality development as a whole, steadily advancing toward becoming a customer-trusted and market-recognized benchmark in retail banking. By refining product strategies and continuously optimizing business structures, the Bank achieves value leapfrogging through diversified customer segment operations and improves efficiency via streamlined channel development.

3.3.2.1 Personal deposits

The Bank remained steadfast in its customer-centric approach, meticulously refining client services while steadily expanding quality liability operations. First, we have implemented a "Digitalization + Comprehensive Services (數字化+綜合化)" operating model, adopting centralized digital management for long-tail customers to enhance their value contribution at scale. Through strengthened cross-selling and diversified asset allocation solutions, the Bank has elevated its comprehensive marketing capabilities. Second, adhering to the principle of "Volume-Price Equilibrium (量價平衡)", the Bank has adjusted deposit pricing downward across all product categories. Concurrently, we have introduced region- and customer segment-specific deposit products to bolster differentiated operations, achieving volume growth with price reductions for sustainable development. Third, the Bank has continued to optimize our deposit structure by systematically transitioning maturing high-cost deposits and new funds into lower-cost, short-to medium-term instruments. This strategy shortened deposit repricing cycles and accelerated the realization of interest rate cut benefits. As of 30 June 2025, the balance of the Bank's personal loans amounted to RMB576.093 billion, representing an increase of RMB21.045 billion or 3.8% as compared with that at the end of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3.3.2.2 Personal loans

The Bank has proactively responded to national policies on expanding domestic demand and stimulating consumption, guiding its personal loan business upgrade with the principle of “serving the new development paradigm and facilitating domestic demand expansion”. Focusing on key livelihood areas, the Bank has formulated the Shengjing Bank Action Plan for Developing Consumer Finance to Boost Consumption (《盛京銀行關於發展消費金融助力提振消費專項行動方案》), establishing a trinity consumer financial service system combining “policy support, scenario empowerment, and direct benefits for people’s livelihood” through 22 specific measures across six dimensions. Our product innovations included: “Sheng Flash Loan (盛閃貸)” with a flexible-limit, favorable-rate consumptive loans; and an upgraded “Parking Space Loan (車位貸)” with expanded eligibility that integrates mortgage and renovation financing into a seamless one-stop housing-mobility financial solution, which are in line with clients’ diversified financial needs. Service enhancements feature our new “Shengqing Community (盛情社區)” mini program for easy and streamlined mortgage and consumptive loan processing. Moreover, the Bank has streamlined mortgage application documentation to enhance processing efficiency, while upgrading repayment services through improved online and offline functions and relevant processing channels to deliver superior customer experiences. Concurrently, we launched a quantitative risk model upgrade utilizing advanced machine learning algorithms to significantly enhance predictive accuracy and risk assessment capabilities. As of 30 June 2025, the balance of the Bank’s personal loans amounted to RMB121.040 billion, representing an increase of RMB6.407 billion or 5.6% as compared with that at the end of the previous year.

3.3.2.3 Debit cards

The Bank has further innovated its bank card products and services, continuously enhancing customer experience through comprehensive upgrades to card offerings and extended service benefits. Centering on customer needs, the Bank has established a dual-track product matrix comprising both “basic cards” and “specialty cards”- including Standard, Platinum, and Diamond cards that cover all customer tiers as foundational products, while also precisely launching specialized offerings such as “Shengxiangrenshen (盛享人生)”, “Chengchangguangyin (橙長光陰)”, “Xinjin (薪金)”, and “Yongjun (擁軍卡)” cards. Through customized benefit configurations and scenario-specific adaptations, the Bank delivers targeted services to different customer segments. The Bank has placed special emphasis on serving social security beneficiaries by enhancing the processing services for third-generation social security cards and expanding multi-channel processing options, significantly improving satisfaction with basic livelihood financial services. Simultaneously, the Bank has accelerated the development of comprehensive usage ecosystems by extending card coverage across diversified scenarios including consumption, daily living, healthcare, and education. Through embedded scenario services and integrated benefit offerings, the Bank has effectively strengthened cardholders’ service accessibility and engagement, driving the transformation of our bank card services from “functional provision” to “ecosystem empowerment”. As of 30 June 2025, the Bank issued 21.4342 million debit cards in total, representing an increase of 337,800 cards as compared with that at the end of the previous year, with a total consumption amount of RMB4,447 million.

3.3.2.4 Assets management

The Bank's asset management business, with the goal of appreciating customer assets, adhered to the operating philosophy of "making progress while maintaining stability". By anchoring our services in the macroeconomic environment and industry trends, we focused on supporting national strategies and serving the real economy, actively contributing to the development of the "Five Key Strategic Pillars (五篇大文章)". In terms of products, the Bank has strengthened its research and development and innovation capabilities and created a comprehensive product lineup with a wide variety of terms to meet the diverse and multi-level financial needs of investors while enhancing brand visibility across the industry. Our investment strategy continued to anchor in a small-ticket, diversified, and granular approach, with real-time market monitoring to optimize portfolio allocation and actively identify premium assets in green and tech innovation sectors, thus to support real economic development. Concurrently, the Banks is strengthening system building, risk governance, and internal controls to ensure the sustainable and sound expansion of our asset management operations. As of 30 June 2025, the scale of proprietary wealth management products reached RMB38.746 billion, and intermediary business income reached RMB100 million.

3.3.3 Capital Business

Our treasury operations have fully leveraged its scale management and integrated service capabilities to enhance trading profitability while strengthening inter-bank client channel development in support of the Bank's overall business growth. First, we have established a sustainable trading framework that represents a strategic upgrade to our trading ecosystem. Against the backdrop of slowing global macroeconomic growth and continued compression of traditional asset yields, the Bank has developed an active multi-asset, multi-strategy trading system driven by core trading logic. The Bank has successfully integrated macroeconomic fundamental analysis with micro-level trading execution, comprehensively considering factors such as safe-haven characteristics, liquidity premiums, and policy adjustments. This multi-dimensional approach enables strategic allocation across bonds, foreign exchange, and gold assets, significantly enhancing our trade success rate and overall returns. Guided by the philosophy of "shared trading capabilities, co-created market ecosystem", the Bank has developed a comprehensive inter-bank client network. As of the first half of 2025, the number of cooperative institutions has further increased, covering banks, securities companies, fund management companies, financial leasing companies, consumer finance companies, wealth management subsidiaries, and other institutions. Moving beyond traditional bilateral arrangements, the Bank now offers integrated solutions across bond trading, underwriting, OTC bonds, and fund platform transactions, establishing diversified cooperation models with financial counterparts.

3.3.4 Specialized Institutions and Subsidiaries

3.3.4.1 Financial service center for small business

The Bank's SMEs Financial Service Center has thoroughly implemented the national strategic directives on inclusive finance featuring "Key Strategic Pillars", consistently upholding the political and social responsibilities inherent to financial services. Through coordinated, integrated approaches, the Bank advanced the steady development of inclusive financial initiatives. First, to address SMEs financing constraints, the Bank has strategically developed a comprehensive inclusive finance framework through policies like Shengjing Bank's 2025 Inclusive Business Development Guidelines (《盛京銀行2025年普惠業務發展指導意見》) and Inclusive Credit Product Management Guidelines (《普惠信貸產品管理指引》), continuing to enhance our multi-tiered, comprehensive, and sustainable financial service ecosystem, delivering a steady flow of financial support to fuel the high-quality development of the real economy. Second, the Bank further strengthened our SMEs financing coordination framework as a pivotal measure to improve financial service efficacy and support real economic development, ensuring full and effective implementation. Through our "10,000-Enterprise Outreach Initiative (千企萬戶大走訪)", the Bank mobilized relationship managers across all branches to conduct on-site visits to industrial parks, communities, and rural areas, proactively engaging with micro-enterprises and individual businesses to identify their financing needs. Concurrently, based on the results of field research, a "two-list system (兩張清單)" was established, comprising a list of financing needs for SMEs and a list of bank credit intentions. This system enables precise matching with SMEs that have financing needs, ensuring that credit funds reach the grassroots level quickly and conveniently at appropriate interest rates. Third, the Bank continued to increase financial support for rural revitalization, widely applying specialized inclusive financial products for agriculture such as "Liaonong Loan (遼農貸)" and "Shengchan Loan (盛產貸)". These distinctive credit products provide flexible credit limits and terms to meet the needs in agricultural production and operation, as well as agricultural infrastructure construction. Additionally, the Bank optimized service channels by building an integrated "online + offline" service system, leveraging big data technology to streamline approval processes and achieve rapid loan acceptance and disbursement. The Bank strengthened targeted support by organizing financial service specialists to go into the fields and connect with new agricultural business entities such as family farms and cooperatives, providing personalized financial service solutions to assist in spring ploughing and sowing preparations, thereby contributing financial strength to the implementation of the rural revitalization strategy. Fourth, the Bank continuously improved the alignment between products and channels by consistently monitoring customer needs and market changes, optimizing model design, refining application processes, and carrying out ongoing upgrades of digital products. For technology-based enterprises, the Bank innovated and developed the digital inclusive finance product "Shengke Loan (盛科貸)", further expanding the "Sheng Series (盛系列)" product line to provide customers with more financing options. The Bank enhanced product risk control capabilities by fully leveraging public data from government platforms such as business registration, taxation, credit, and judicial records, and utilizing technologies like biometrics and digital certificates to improve the identification of potential risks. Furthermore, the Bank streamlined communication channels between front and middle offices to foster a synergistic relationship between risk control and business development.

3.3.4.2 Credit card center

The Bank Credit Card Center anchored its operations to the “one stability, one improvement, and two increases (1穩1提2增)” strategic objectives, rigorously implemented the “strengthening expansion and enhancing special offerings (強拓特提)” business development strategy, and actively executed the “three-step approach (三步棋)” in operations and management. It steadily advanced quality asset allocation while firmly maintaining risk prevention and control baselines, successfully achieving staged targets. First, driving the transformation and upgrading of credit card business by fully integrating it into the comprehensive retail banking system, comprehensively leveraging branches’ geographical, resource and personnel advantages, establishing a professional team of integrated relationship managers, and resolutely unleashing regional production capacity. Second, focusing on quality asset deployment by enhancing the auto finance business framework, expanding premium 4S dealership networks, increasing market coverage, advancing consumer finance product iteration, fully implementing online applications and intelligent pricing, and building a comprehensive installment ecosystem covering home appliances, home decoration, education, cultural tourism and elderly care via the “Finance + Merchants + Platform (金融+商戶+平台)” model. Third, enhancing refined management of customs by deploying offline high-frequency merchant scenarios, aligning with young and high-quality customer demands, stimulating consumption potential through benefits like coffee discounts, supermarket promotions and green travel, and leveraging government trade-in subsidies and the “618” shopping festival to boost household consumption. Fourth, enhancing the digital risk control system by promote the widespread application of big data and AI technologies in the field of risk management, continuously improving risk customer identification capabilities, introducing advanced risk tools including model development platforms, and implementing automated approval technologies across all products. As of 30 June 2025, cumulative credit card issuance reached 2,695,500 cards, representing an increase of 71,500 cards or 2.7% from the end of the previous year.

3.3.4.3 Shengjing Bank Consumer Finance Co., Ltd.

Shengjing Bank Consumer Finance Co., Ltd. is the first consumer finance company in Northeast China established with the Bank as the principal capital contributor. It obtained approval to commence business in February 2016. In the first half of 2025, in the face of the complex and volatile market environment and intense industry competition, Shengjing Bank Consumer Finance Co., Ltd. adhered to Party building as the driving force to consolidate high-quality development, actively addressed challenges, adjusted its business structure, and strengthened risk management and control. The Company's operating performance continued to improve, with all regulatory indicators meeting requirements. The Company has proactively implemented national decisions and plans, consistently adhered to its main responsibilities and business, maintained its commitment to inclusive finance, continuously reduced operating costs, and lowered interest rates and fees to benefit customers, thereby better fulfilling the public's financial needs. The Company has proactively implemented the decisions and plans of the nation and insist on its inclusive finance strategy. Through continuous cost cut and interest/fee reductions to benefit the customs, it has better satisfy the demand for finance of the general public. Simultaneously, the Company has been actively exploring initiatives in "technology-driven finance, green finance, inclusive finance, pension finance, and digital finance", earnestly embodying the political and social responsibilities of financial services to contribute to economic and social development.

3.3.5 Distribution Channels

3.3.5.1 Offline Channels

With the objectives of enhancing support for the real economy and promoting regional economic development and transformation and upgrading, the Bank has continuously advanced the transformation and upgrading of its branch network, improving refined management capabilities and operational standards. We are committed to developing comprehensive branch operations, extending inclusive finance and personal loan services and other businesses to grassroots levels, and implementing comprehensive and integrated operations combining "corporate and retail banking" (對公+個人), assets and liabilities, as well as settlement and financing services to meet customers' diversified one-stop financial needs. We have enriched branches' non-financial service functions and strengthened "non-financial plus (非金融+)" scenario development, while continuously improving branches' public convenience, government service, and elderly-friendly service capabilities. Through comprehensive evaluation of branch productivity, we have redefined branch positioning, established a digital marketing system, created an integrated online-to-offline operation model, enhanced technological and remote empowerment, and improved value creation and core competitiveness of the branch networks. As of June 30, 2025, the Bank operated 213 outlets, comprising 1 head office, 3 specialized branch-level institutions, 18 branches and 191 traditional sub-branches, equipped with advanced self-service terminals including ATMs, smart counters, mobile banking tablets, high-speed cash recycling machines, and intelligent queuing systems.

3.3.5.2 Electronic Banking

1. Corporate Online Banking

In order to meet corporate clients' diversified needs and facilitate their digital operations, the Bank's corporate internet banking platform has launched 18 functions including online payment, mobile banking activation via online signing, inter-bank time deposits, Shengke Loan (盛科貸), and bulk transactions for Quick Redemption. The Bank has also implemented direct banking connectivity projects for over ten key corporate clients, significantly improving service efficiency of the corporate clients. As of June 30, 2025, the cumulative number of corporate online banking customers reached 105,000, with 3,226,600 transactions, representing a year-on-year increase of 21.3%, and the cumulative transaction amount reached RMB2,885.223 billion, representing a year-on-year increase of 47.7%.

2. Personal Mobile Banking

The Bank has accelerated iterations of its mobile banking to enhance service quality and efficiency. The newly launched Mobile Banking 7.0 version, underpinned by technological empowerment and centered on the core theme of "Smart Living along with Wealth Enhancement (慧享生活·財富隨行)", focuses on customer experience, wealth management, and public-benefit services, features a redesigned visual interface, streamlined operational processes, and enriched product functionality, establishes 12 major service categories with 142 optimized functionalities, newly establishes credit card channel, introduces featured functions including cloud-based financial advisors, product sharing, annual statements, instant supermarket discounts, a rural revitalization zone, and security lock. The Bank has incorporated NFC identity verification technology while optimizing facial recognition and transaction anti-fraud models to establish an intelligent security protection system, achieving comprehensive upgrades in user experience, product functionality, and security performance. As of June 30, 2025, mobile banking users reached 4.828 million, representing a 6.1% increase from the end of the previous year, with monthly active users reaching 1.0795 million, an 8.7% year-on-year growth.

3.3.5.3 Information Technology and R&D

The Bank deeply integrated information technology and R&D work into its overall strategic framework, continued to consolidate the basic capabilities of operation and maintenance support, focused on addressing shortcomings in data governance while effectively tackling the key and difficult challenges in the process of digital transformation, and precisely targeted efforts in core areas such as R&D efficiency improvement and the financial ecosystem construction, and fulfilled the dual role of technology as both a strategic safeguard and an innovation driver. In the first half of 2025, the Bank successfully established an integrated operation and maintenance monitoring system featuring “real-time monitoring + automated inspection + intelligent early warning (實時監控+自動化巡檢+智能預警)” to ensure “zero downtime (零中斷)” for all business systems and “zero occurrence (零發生)” of reputational risk events; innovatively established a “four-dimensional framework (四維體系)” for data governance, fully achieved the goal of metadata management, data standards implementation, and online quality monitoring throughout the entire process; in-depth implementation of the three key projects of agile transformation, steadily advanced the construction of key projects in inclusive credit factories, resulting in a significance increase in the delivery efficiency of business needs such as “Shengke Loan (盛科貸)” compared with the same period last year; additionally, the Bank remained committed to building an integrated digital ecosystem of “finance + lifestyle + government services (金融+生活+政務)”, completed the functional iteration of the “Shengqing Community (盛情社區)” platform, significantly shortened the core operation path of mobile banking, and successfully connected 15 key enterprises with bank-enterprise direct connection; with accelerating the construction of a full-scenario acquiring ecosystem, completing the expansion of acquiring scenarios and optimization of risk control rules, the Bank added 8 key scenarios which covered of tourism, people’s livelihood, education, etc., and thousands of cooperative merchants, and continued to expand the digital ecosystem; focused on the application fields of RPA technology and artificial intelligence to realize automatic reporting of personal settlement accounts, and completed the large-scale application of intelligent marketing models and customer tags; the Bank simultaneously promoted seven key regulatory compliance projects, including the upgrade of the investigation and control system for accounts involved in the case and the optimization of the anti-fraud platform to ensure the full implementation of all regulatory requirements.

3.4 RISK MANAGEMENT

The Bank strengthened the core guarantee of “risk prevention (風險管控)” and steadily improved its comprehensive risk management capabilities by focusing on the new three-year strategic plan. With continuously improving the risk appetite system, re-examining and optimizing the tolerance indicators, the Bank clarified risk management strategies, subdivided quota management plans, and strengthened preference transmission implementation and execution supervision to ensure that business development matched risk-taking capabilities. The Bank continuously improved the credit risk management capability, formulated key industry investment policies by focusing on the “Five Key Strategic Pillars (五篇大文章)”, optimized the risk control mechanism covering the whole chain before, during and after credit granting, continuously carried out asset inventory for corporate customers, consolidated asset quality while promoting the continuous optimization of asset structure. The Bank gradually improved the foundation of special risk management, continued to enhance the market risk limit system, promoted the construction of information system, improved the key indicator system and management mechanism of operational risk, so as to deepen the refined and standardized management and control of various risks. The Bank steadily advanced digital transformation, and continued to transform and upgrade the risk management related systems, solidly carried out the construction of risk measurement system to strengthen technological empowerment of risk management.

3.4.1 Credit Risk Management

Focusing on the strategic vision of “building a sound bank that benefits enterprises and the people”, the Bank adhered to the market positioning of “serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents”, deeply grasped the political and people-oriented nature of financial work, and focused on supporting the “Five Key Strategic Pillars (五篇大文章)” business development in key areas, adhered to the bottom line of credit risk, and promoted the stable and long-term development of asset business. First, the Bank strengthened policy guidance, complied with the national policy guidance, regional economic characteristics and its business strategy deployment, introduced industry investment policies, strengthened risk management and control in key business areas, guided the precise allocation of credit resources, continuously optimized the structure of credit assets, thus to promote the steady development of asset business. Secondly, establishing a professional review and approval team, the Bank concentrated on key areas, advantageous industries, strategic customer groups, and product businesses to deepen industry research, strengthened professional capabilities in industry risk research and judgment, gave full play to the professional advantages of full-time approvers, coupled with the enhanced professionalism and scientificity of approval decisions, kept the gate of credit risk prevention and control. Thirdly, with the implementation of the credit management and control strategy with guarantee and pressure, the Bank conducted in-depth research and judgment on the risk status of existing credit customers, strictly implemented customer risk classification standards so as to ensure the reasonable financing needs of customers and support the steady development of customers for existing customers with stable operations, and formulated scientific and reasonable withdrawal plans or took effective credit enhancement and strengthening measures to effectively prevent existing risks and promote an upward and stable asset quality.

3.4.2 Operational Risk Management

Under the comprehensive risk management framework, the Bank adheres to the “Three Lines of Defense (三道防線)” operational risk governance structure. We continuously establish effective operational risk management and control mechanisms, foster a sound internal control and risk culture, standardize employee conduct, and rigorously implement operational risk management policies and control measures to ensure business continuity and stable operations. The “Three Lines of Defense (三道防線)” include: (i) strengthening operational risk awareness through skills training, case studies, and scenario simulations to foster a “compliance-first, risk-proactive (合規優先、風險前置)” mindset. Anchor internal control systems as the framework to clarify responsibilities across business processes, gradually embedding risk prevention measures into internal control procedures to ensure risk management concepts translate into standardized practices; (ii) enhancing the operational risk toolkit by implementing key risk management components, standardizing risk identification and control assessment criteria, defining key risk indicator monitoring and escalation procedures, and refining loss event collection standards. Embed toolkit logic into workflow templates to advance operational risk management toward proactive and granular implementation; and (iii) enhancing the supervision and inspection of operational risks by consolidating various specialized checks, including internal control compliance, operational risk management, and case prevention. Focus on key areas and critical processes, with emphasis on mechanism and system development, execution of internal control procedures, and exposure to risk incidents. Strengthen operational risk identification and oversight, rigorously investigate and rectify management loopholes and potential risks, and continuously improve corrective measures and optimization efforts.

3.4.3 Market Risk Management

The Bank has steadily advanced the development of its market risk management framework, with market risks remaining stable and controllable during the Reporting Period. Key initiatives include: (i) reviewing and optimizing market risk limits by establishing an annual limit plan and related policies, formalizing daily limit processes to ensure alignment with business's characteristics, scale, complexity, and risk profiles, as well as consistency with market strategy, management capacity, capital allocation, and risk tolerance; (ii) reinforcing daily monitoring and management of limit, proactively respond to external environmental changes and market fluctuations, keeping market risks within acceptable bounds; and (iii) diligently progressing the market risk management system project, implementing the Commercial Bank Market Risk Management Measures (《商業銀行市場風險管理辦法》), and ensuring the reliability of risk management IT systems, along with the accuracy and completeness of risk data, to underpin effective market risk management.

3.4.4 Bank Account Book Interest Rate Risk

The Bank maintained a prudent interest rate risk appetite and has established a comprehensive banking book interest rate risk management framework aligned with its risk management capacity and risk tolerance. We employed repricing gap analysis, net interest income and economic value sensitivity analysis, and stress testing to measure and analyze such risks. In the first half of 2025, the Bank closely monitored changes in external market interest rate conditions, strictly implemented the interest rate risk limit management mechanism for the banking book, and continuously enhanced the monitoring and analysis of the banking book interest rate risk. The Bank adopted duration control strategies aligned with interest rate trends, prudently utilized tools such as interest rate pricing and internal funds transfer pricing (FTP), and guided the Group in adjusting and optimizing the repricing term structure of assets and liabilities to mitigate the adverse impact of interest rate fluctuations on its current profit/loss and economic value. All banking book interest rate risk metrics remained within prescribed limits, demonstrating effective risk control.

3.4.5 Liquidity Risk Management

The Bank's liquidity risk appetite followed the principle of balancing capital, returns and risks, maintaining an overall prudent and steady position. Through establishing comprehensive limit monitoring, stress testing and contingency management mechanisms, coupled with strengthened daily cash flow management to ensure that the Bank maintained adequate cash or high-quality liquid assets to meet payment needs under both normal and stressed conditions. Key measures include: (i) establishing a robust liquidity risk management framework and institutional system that clearly defines the roles and requirements of the Board, Supervisory Board, senior management and various departments. Utilizing multiple tools to identify, measure, monitor and control liquidity risks enables timely, effective and accurate risk analysis; (ii) adopting conservative liquidity risk management strategies and asset-liability allocation approaches that maintain appropriate liquidity while achieving business objectives and unifying liquidity and profitability, all within regulatory compliance; (iii) actively diversifying stable funding sources by strengthening the cornerstone role of steady deposit growth, enhancing centralized management of active liabilities, and maintaining flexible, stable funding channels with appropriate costs; and (iv) reinforcing the "three-tier reserve + contingency reserve (三級常規儲備+應急儲備)" long-term liquidity mechanism, skillfully employing derivatives for integrated foreign/local currency management to improve fund utilization efficiency. The Bank's liquidity risk resilience continued to strengthen, with liquidity safety being consistently reinforced.

3.4.6 Information Technology Risk Management

In the first half of 2025, the Bank continued to improve its information technology security system. The departments of science and technology, risk and audit, "three lines of defense", each fulfilled their respective responsibilities, ensuring that information security responsibilities were implemented at all levels, thereby effectively advancing information technology risk management efforts. Firstly, the Bank established and improved its information technology institutional framework, formulating the "Shengjing Bank 2025–2027 Information Security System Construction Plan (《盛京銀行2025–2027信息安全體系建設規劃方案》)" and specific implementation measures, and establishing and improving 13 security systems related to operations, development, data, and other areas. Secondly, the Bank developed platforms such as an integrated data security platform, a software development security management platform, a security configuration verification and hardening system, an open-source component vulnerability detection tool, and an information security inspection platform. Thirdly, the Bank implemented full-cycle security development management, covering system security requirements, development design, testing and evaluation, and acceptance and deployment. Fourthly, the Bank conducted risk assessments and mitigation measures for network security, data security, and outsourcing management across multiple business systems to ensure normal operations.

3.4.7 Reputational Risk Management

Guided by the management principles of “forward-looking approach, alignment, comprehensive coverage, and effectiveness (前瞻性、匹配性、全覆蓋、有效性)”, the Bank has refined its routine proactive management mechanism for reputational risk to actively maintain a strong brand image. First, the Bank implemented comprehensive public opinion management throughout the entire process, including real-time monitoring, scientific analysis and evaluation, dynamic tracking and early warning, as well as timely response and resolution. Second, the Bank regularly conducted risk assessments, training sessions, and emergency drills to enhance awareness of reputational risk prevention. Third, the Bank strengthened our brand system development by actively promoting the Sheng series brands, including “Shengxianfeng (盛先鋒)”, “Shengqing (盛情)”, “Shengqingchun (盛青春)” and “Sheng Reading (盛悅讀)”. Fourth, the Bank focused on the “Five Key Strategic Pillars (五篇大文章)”, financial literacy initiatives, consumer protection/anti-fraud efforts, and public service programs to identify exemplary service cases that demonstrate our commitment to supporting the real economy, thereby conveying our brand’s human-centric values.

3.4.8 Compliance Risk Management

The bank has proactively strengthened its compliance risk management framework, continuously enhancing the compliance management system to play a central role in risk mitigation and ensure lawful operations. First, establishing a compliance management mechanism with “positive regulations, negative prohibitions, and penalties for violations (正面有規範、反面有禁止、違規有處罰)” and adhering to the compliance objectives of “consolidating foundations, driving transformation, strengthening safeguards, and creating value (夯基礎、促轉型、強保障、創價值)”, the Bank focused on instilling compliance awareness at its source. We cultivate bottom-line thinking across all staff members, solidify behavioral norms, and foster a compliance culture centered on “learning rules, understanding rules, and abiding by rules (學規、知規、守規)”. Our goal is to build a robust compliance culture that “respects regulation, reveres systems, prioritizes compliance, and values internal controls above all (尊重監管、敬畏制度、合規至上、內控優先)”. Second, guided by Party-building principles, we have thoroughly executed the Three-Year Compliance Initiative across the organization, establishing “risk-based, compliance-first (風險為本、合規優先)” as our foundational philosophy through top-tier promotion and granular deployment. Guided by the principles of “Party-building guidance, accountability implementation, problem-oriented approach, and integrity-based innovation (黨建引領、責任落實、問題導向、守正創新)”, the Party Committee champions compliance culture by integrating it into the “Top Leader Accountability Initiative (「一把手」工程)”, while continuously strengthening compliance foundations and optimizing the management architecture. The Bank has gradually established a comprehensive internal control and compliance management system covering the entire chain, all aspects, and all areas. Through measures such as mechanism optimization, management enhancement, rectification promotion, culture cultivation, and system construction, the Bank has improved the quality and efficiency for compliance management by focusing on the construction of a long-term compliance mechanism and instilling a compliance-oriented business philosophy. Third, the Bank dynamically tracked and monitored changes in regulatory policies, clarify policy directions, proactively comply with regulations, and continuously enhance the quality and effectiveness of compliance management in various dimensions such as corporate governance, transformation and development, and risk management in accordance with regulatory requirements. By firmly establish the concept that compliance creates value and safeguards development, the Bank integrated compliance into the entire process and all areas of decision-making and business operations. Fourth, the Bank has strengthened internal inspections and audit supervision, adhering to the principle of “comprehensive coverage across all dimensions and levels (橫到邊、縱到底、全覆蓋)”. Focus on “key individuals (關鍵人)”, “key matters (關鍵事)”, and “key behaviors (關鍵行為)”, and draw on advanced industry practices to continuously standardize operations and refine management in areas such as credit policy implementation, credit risk prevention, internal control management, case risk prevention, and settlement business management. This ensures the effective execution of regulatory policies and effectively mitigates compliance risks.

3.4.9 Money Laundering Risk Management

The Bank thoroughly implements the “risk-oriented (風險為本)” approach, continuously enhances anti-money laundering (AML) risk management, and consistently improves the effectiveness of AML risk controls. First, the Bank rigorously implemented all regulatory requirements under the new Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》), continuously conducted “external rules internalization” in line with our business development and risk management needs, thereby strengthening the guiding role of policies in business operations. Second, the Bank continuously optimized risk monitoring systems including suspicious transaction indicator models, further strengthening the foundational platforms and technological support for AML management to enhance system monitoring, early warning, and analytical capabilities. Third, through conducting on-site AML inspections, special investigations, and off-site supervision checks, the Bank further reinforced vulnerable risk areas and consistently solidify remediation outcomes. Fourth, through centralized management by the head office and “bi-weekly (雙周)” training programs across branches, the Bank is building AML talent reserves and professional echelons to enhance institution-wide operational effectiveness. Fifth, while strengthening routine awareness initiatives, the Bank intensified collaborative publicity efforts with regulators, public security authorities and other entities to continuously expand the reach and impact of our campaigns, thereby driving deeper effectiveness in AML advocacy work.

3.4.10 Country-Specific Risk Management

The Bank has incorporated country-specific risk management into its comprehensive risk management system, established a comprehensive country-specific risk management control system with clear responsibilities and responsibilities to ensure effective implementation and compliance with country-specific risk management policies and limits. First, the Bank scientifically measure and monitor country-specific risk, accurately gauge the scale of the Bank’s overseas debt and creditor assets, and effectively monitor compliance with limits. Second, the Bank conduct annual internal comprehensive country risk ratings for countries and regions where the Bank has conducted overseas debt business, and dynamically maintain the rating results based on the country-specific risk situation. Third, the Bank improve our country-specific risk management system, promptly revising relevant systems in accordance with regulatory frameworks and changes in the internal and external environment to effectively guide business operations across the Bank.

3.5 FUTURE PROSPECTS AND DEVELOPMENT STRATEGY

Since the beginning of the year, China has fully implemented the new development philosophy, with more proactive and effective macroeconomic policies being implemented. In the first half of 2025, the economy maintained steady growth, with GDP increasing by 5.3% year-on-year. Monetary policy has been appropriately accommodative, strengthening counter-cyclical adjustments, while the financial aggregates have grown steadily, and credit structure has been optimized and adjusted, creating a favorable monetary and financial environment for sustained economic recovery and improvement. However, the external environment has become more complex and challenging, and the domestic economy still faces numerous risks and challenges. Nevertheless, the underlying conditions and fundamental trend supporting China's long-term economic growth remain unchanged. The country will steadfastly follow the path of financial development with Chinese characteristics, accelerate the building of a strong financial sector, and strengthen the five key areas of sci-tech finance, green finance, inclusive finance, pension finance, and digital finance to provide high-quality financial support for fostering a new development paradigm.

As policy effects continue to unfold, the domestic economy is expected to sustain its recovery momentum with the support of structural policies. Key areas such as technological innovation, green transformation, and inclusive finance will continue to create development opportunities for the banking industry. Adhering to its market positioning of “serving the local economy, small and medium-sized enterprises, and urban and rural residents”, the Bank will seize opportunities arising from regional economic transformation and upgrading. Guided by the strategic vision of “building a sound bank that benefits enterprises and the people”, and centered on the strategic theme of “strengthening Party leadership to achieve high-quality development”, the Bank will continue to deepen the implementation of its regional development strategy—“strengthening Shenyang, expanding Liaoning, specialising in extra-territoriality, and promoting county territories (強瀋陽、拓遼寧、特域外、提縣域)”. By empowering the real economy through fintech, fulfilling responsibilities with green finance, and solidifying foundations with inclusive finance, the Bank will deepen regional operations and specialized capability building, consolidate its competitive edge in regional markets, and create sustainable value for shareholders, customers, and the regional economy.

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS

As of 30 June 2025, the Bank had a total of 8,796,680,200 Shares, comprising 6,455,937,700 Domestic Shares and 2,340,742,500 H Shares. During the Reporting Period, there was no change.

	At 31 December 2024		Change during the Reporting Period			At 30 June 2025	
	Number	Percentage (%)	Issuance of new shares	Others	Sub-total	Number	Percentage (%)
1. Shareholding of Domestic							
Shares by legal persons	6,315,735,516	71.80	Nil	Nil	Nil	6,315,735,516	71.80
Of which:							
1.1 Shareholding of state-owned legal persons	3,600,756,425	40.93	Nil	Nil	Nil	3,600,756,425	40.93
1.2 Shareholding of private legal persons	2,714,979,091	30.86	Nil	Nil	Nil	2,714,979,091	30.86
2. Shareholding of Domestic							
Shares by natural persons	140,202,184	1.59	Nil	Nil	Nil	140,202,184	1.59
3. H Shares	2,340,742,500	26.61	Nil	Nil	Nil	2,340,742,500	26.61
Total	8,796,680,200	100.00	Nil	Nil	Nil	8,796,680,200	100.00

Notes:

- Percentage figures in the table have been adjusted by rounding. Therefore, the total figures shown in the table are not necessarily the arithmetical sum of their previous figures.
- As of 30 June 2025, the Bank had 3,460 holders of Domestic Shares and 119 holders of H Shares in total. In respect of the holders of Domestic Shares, 41 are state-owned legal person Shareholders, 109 are private legal person Shareholders and 3,310 are natural person Shareholders.

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

4.1 PARTICULARS OF SHAREHOLDINGS OF THE TOP TEN SHAREHOLDERS OF DOMESTIC SHARES OF THE BANK

As of the Latest Practicable Date, the top ten Shareholders of the Domestic Shares of the Bank are as follows:

No.	Name of Shareholder	Number of Shareholder	Total number of Shares held	Percentage of the total share capital of the Bank (%)	Nature of Shares pledged
1	Shenyang Shengjing Finance Investment Group Co., Ltd. (瀋陽盛京金控投資集團有限公司) ("Shengjing Finance Holdings")	State-owned	1,829,225,327	20.79	0
2	Shenyang Hengxin State-owned Assets Management Group Co., Ltd. (瀋陽恒信國有資產經營集團有限公司) ("Shenyang Hengxin")	State-owned	479,933,014	5.46	0
3	Liaoning Huibao International Investment Group Co., Ltd. (遼寧匯寶國際投資集團有限公司)	Private	400,000,000	4.55	400,000,000
4	Founder Securities Co., Ltd. (方正證券股份有限公司)	Private	300,000,000	3.41	0
5	Quzhou Xin'an Development Co., Ltd. (衢州信安發展股份有限公司)	State-owned	300,000,000	3.41	80,000,000
6	Shenyang Heping District State-Owned Assets Management Co., Ltd. (瀋陽市和平區國有資產經營有限公司)	State-owned	250,000,000	2.84	0
7	Shenyang Hi-Tech Development Investment Holding Group Co., Ltd. (瀋陽高新發展投資控股集團有限公司)	State-owned	250,000,000	2.84	0
8	Shanxi Yuwang Coal Gasification Co., Ltd. (山西禹王煤炭氣化有限公司)	Private	200,000,000	2.27	0
9	Lianmei Group Co., Ltd. (聯美集團有限公司)	Private	200,000,000	2.27	0
10	Shanghai Changxin Group Co., Ltd. (上海昌鑫(集團)有限公司)	Private	200,000,000	2.27	0
Total			4,409,158,341	50.12	480,000,000

Note: Percentage figures in the table have been subject to rounding adjustments. Therefore, the total figures shown in the table are not necessarily the arithmetical sum of their previous figures.

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

4.2 INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

1. Interests of Substantial Domestic Shareholders

As at 30 June 2025, to the knowledge of the Directors after making reasonable enquiries, the substantial Shareholders (as defined under the SFO)(other than the Directors, Supervisors and chief executive of the Bank) who had interests in the Domestic Shares and underlying Shares of the Bank which would fall to be disclosed to the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interests	Number of Domestic Shares held	Percentage of the total number of Domestic Shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Shengjing Finance Holdings ⁽¹⁾	Beneficial owner	1,829,225,327 (Long position)	28.33	20.79
Shenyang Hengxin ⁽²⁾	Beneficial owner	479,933,014 (Long position)	7.43	5.46
Shenyang Industrial Investment Development Group Co., Ltd. (瀋陽產業投資發展集團有限公司) ⁽²⁾	Interest of a controlled corporation	479,933,014 (Long position)	7.43	5.46

Notes:

- (1) According to the Register of Shareholders of the Bank, as of 30 June 2025, Shengjing Finance Holdings held 1,829,225,327 Domestic Shares. The SASAC of Shenyang Municipal People's Government directly holds 44.85% of the shares of Shengjing Finance Holdings and indirectly controls 46.66% of the shares of Shengjing Finance Holdings through Shenyang Hongjing Enterprise Management Co., Ltd.* (瀋陽鴻京企業管理有限公司) and Shenyang City Construction Investment Group Co., Ltd.* (瀋陽市城市建設投資集團有限公司), holding a total of 91.51% of the shares of Shengjing Finance Holdings. By virtue of the SFO, SASAC of Shenyang Municipal People's Government is deemed to be interested in the Shares held by Shengjing Finance Holdings.
- (2) According to the Register of Shareholders of the Bank, as of 30 June 2025, Shenyang Hengxin held 479,933,014 Domestic Shares. Shenyang Hengxin was wholly owned by Shenyang Industrial Investment Development Group Co., Ltd., which was 98.16% owned by SASAC of Shenyang Municipal People's Government. By virtue of the SFO, Shenyang Industrial Investment Development Group Co., Ltd. and SASAC of Shenyang Municipal People's Government are deemed to be interested in the Shares held by Shenyang Hengxin.

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

2. Interests of Substantial H Shareholders

As at 30 June 2025, to the knowledge of the Directors after making reasonable enquiries, the substantial Shareholders (as defined under the SFO)(other than the Directors, the Supervisors or the chief executive) who had interests in the H Shares and underlying Shares of the Bank which would fall to be disclosed to the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interests	Number of Share held	Percentage of the total number of H Shares (%)	Percentage of the total share capital of the Bank (%)
Zhengbo Holdings Limited ⁽¹⁾	Beneficial owner	400,000,000 (Long position)	17.09	4.55
Suen Cho Hung, Paul ⁽¹⁾	Interest of a controlled corporation/Beneficial owner	420,898,500 (Long position)	17.98	4.78
Future Capital Group Limited ⁽²⁾	Beneficial owner	400,000,000 (Long position)	17.09	4.55
PEAK TRUST COMPANY-NV ⁽²⁾	Trustee	406,761,000 (Long position)	17.38	4.62
Cheung Chung Kiu ⁽³⁾	Interest of a controlled corporation/ Beneficial owner	324,651,500 (Long position)	13.87	3.69
Kenson Investment Limited ⁽⁴⁾	Beneficial owner	121,200,000 (Long position)	5.18	1.38
Nu Kenson Limited ⁽⁴⁾	Beneficial owner	190,000,000 (Long position)	8.12	2.16
Oshidori International Holdings Limited ⁽⁴⁾	Interest of a controlled corporation	314,234,000 (Long position)	13.42	3.57
Cheng Yu Tung Family (Holdings II) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Cheng Yu Tung Family (Holdings) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook (Holding) Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook Capital Limited ⁽⁵⁾	Interest of a controlled corporation	179,518,060 (Long position)	7.67	2.04
Chow Tai Fook Nominee Limited ⁽⁵⁾	Interest of a controlled corporation/Beneficial owner	179,518,060 (Long position)	7.67	2.04

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

Notes:

- (1) Suen Cho Hung, Paul directly held 20,898,500 H Shares of the Bank. Zhengbo Holdings Limited held 400,000,000 H Shares of the Bank. Zhengbo Holdings Limited was wholly owned by Suen Cho Hung, Paul. By virtue of the SFO, Suen Cho Hung, Paul is deemed to be interested in the Shares held by Zhengbo Holdings Limited.
- (2) Cordoba Homes Limited held 6,761,000 H Shares of the Bank through its wholly owned subsidiary, Cordoba Homes Treasury Limited (registered in the British Virgin Islands); Terra Firma Cordoba Limited held 61.98% of the equity of Cordoba Homes Limited; Terra Firma Cordoba Limited was wholly owned by Terra Firma Holdings Limited; Terra Firma Holdings Limited was wholly owned by PEAK TRUST COMPANY-NV. By virtue of the SFO, Cordoba Homes Limited, Terra Firma Cordoba Limited, Terra Firma Holdings Limited and PEAK TRUST COMPANY- NV are deemed to be interested in the Shares held by Cordoba Homes Treasury Limited (registered in the British Virgin Islands).

Future Capital Group Limited held 400,000,000 H shares of the Bank. Future Capital Group Limited was wholly owned by Core Heaven Group Limited; Core Heaven Group Limited was wholly owned by Cordoba Homes Treasury Limited (registered in the Republic of Liberia); Cordoba Homes Treasury Limited (registered in the Republic of Liberia) was wholly owned by Cordoba Homes Limited. By virtue of the SFO, Core Heaven Group Limited, Cordoba Homes Treasury Limited (registered in the Republic of Liberia) and Cordoba Homes Limited are all deemed to be interested in the Shares held by Future Capital Group Limited.
- (3) Cheung Chung Kiu directly held 299,651,500 H Shares of the Bank. Worthwell Investments Limited held 25,000,000 H Shares of the Bank. Worthwell Investments Limited was wholly owned by Mighty Gain Enterprise Limited; Might Gain Enterprises Limited was wholly owned by C C Land Holdings Limited; C C Land Holdings Limited was held as to 52.99% by Fame Seeker Holdings Limited; Fame Seeker Holdings Limited was wholly owned by Windsor Dynasty Limited; Windsor Dynasty Limited was wholly owned by Chueng Chung Kiu. By virtue of the SFO, Mighty Gain Enterprises Limited, C C Land Holdings Limited, Fame Seeker Holdings Limited, Windsor Dynasty Limited and Cheung Chung Kiu are deemed to be interested in the Shares held by Worthwell Investments Limited.
- (4) Smart Jump Corporation (registered in British Virgin Islands) held 3,034,000 H Shares of the Bank. Smart Jump Corporation (registered in British Virgin Islands) was wholly owned by Smart Jump Corporation (registered in Cayman Islands); Smart Jump Corporation (registered in Cayman Islands) was wholly owned by Smart Jump Corporation (registered in Marshall Islands); Smart Jump Corporation (registered in Marshall Islands) was wholly owned by Win Wind Capital Limited; Win Wind Capital Limited was wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Smart Jump Corporation (registered in Cayman Islands), Smart Jump Corporation (registered in Marshall Islands), Win Wind Capital Limited and Oshidori International Holdings Limited are deemed to be interested in the Shares held by Smart Jump Corporation (registered in British Virgin Islands).

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

Kenson Investment Limited held 121,200,000 H Shares of the Bank. Kenson Investment Limited is wholly owned by Uptown WW Holdings Limited; Uptown WW Holdings Limited is wholly owned by Uptown WW Capital Group Limited (registered in British Virgin Islands); Uptown WW Capital Group Limited (registered in British Virgin Islands) is wholly owned by Uptown WW Capital Group Limited (registered in the Cayman Islands); Uptown WW Capital Group Limited (registered in the Cayman Islands) is wholly owned by Enerchina Investments Limited; Enerchina Investments Limited is wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Uptown WW Holdings Limited, Uptown WW Capital Group Limited (registered in British Virgin Islands), Uptown WW Capital Group Limited (registered in the Cayman Islands), Enerchina Investments Limited and Oshidori International Holdings Limited are deemed to be interested in the shares held by Kenson Investment Limited.

Nu Kenson Limited held 190,000,000 H Shares of the Bank. Nu Kenson Limited was wholly owned by Win Wind Intermediary Financial Services Limited; Win Winds Intermediary Financial Services Limited was wholly owned by Win Wind Capital Limited; Win Wind Capital Limited was wholly owned by Oshidori International Holdings Limited. By virtue of the SFO, Win Wind Intermediary Financial Services Limited, Win Wind Capital Limited and Oshidori International Holdings Limited are deemed to be interested in the Shares held by Nu Kenson Limited.

- (5) Acemax Enterprises Limited held 50,776,620 H Shares of the Bank. Acemax Enterprises Limited was wholly owned by Chow Tai Fook Nominee Limited. By virtue of SFO, Chow Tai Fook Nominee Limited was deemed to be interested in the Shares held by Acemax Enterprises Limited.

Oceanic Fortress Limited holds 76,164,940 H Shares of the Bank. Oceanic Fortress Limited was wholly owned by Chow Tai Fook Nominee Limited. By virtue of the SFO, Chow Tai Fook Nominee Limited is deemed to be interested in the Shares held by Oceanic Fortress Limited.

Chow Tai Fook Nominee Limited directly held 52,576,500 H Shares of the Bank. Chow Tai Fook Nominee Limited was held as to 99.90% by Chow Tai Fook (Holding) Limited; Chow Tai Fook (Holding) Limited was held as to 81.03% by Chow Tai Fook Capital Limited; Chow Tai Fook Capital Limited was held as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. By virtue of the SFO, Chow Tai Fook (Holding) Limited, Chow Tai Fook Capital Limited, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the Shares held by Chow Tai Fook Nominee Limited.

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

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

4.3 SHAREHOLDERS HOLDING 5% OR MORE OF THE TOTAL SHARE CAPITAL

As at the end of the Reporting Period, Shengjing Finance Holdings and Shenyang Hengxin held 1,829,225,327 Domestic Shares and 479,933,014 Domestic Shares of the Bank, respectively, representing 20.79% and 5.46% of the Bank's total share capital, respectively.

4.4 INFORMATION ON SUBSTANTIAL SHAREHOLDERS AND DE FACTO CONTROLLERS OF DOMESTIC SHARES

Below is the information on the Bank's substantial Shareholders and their controlling Shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries as at the end of the Report Period. For the definition of relevant concepts, please see the relevant requirements of the Interim Measures for the Shareholding Management of Commercial Banks (《商業銀行股權管理暫行辦法》) issued by the current National Financial Regulatory Administration (formerly known as the China Banking Regulatory Commission).

No.	Name of Shareholder	Number of Shares held (share)	Shareholding percentage	Reasons of being a substantial shareholder	Number of shares pledged (share)	Controlling Shareholder	De facto controller	Parties acting in concert	Ultimate beneficial owner
1	Shengjing Finance Holdings	1,829,225,327	20.79%	Holding 5% or more of the Bank's shares, being appointed director	0	Shenyang SASAC	Shenyang SASAC	Nil	Shengjing Finance Holdings
2	Shenyang Hengxin	479,933,014	5.46%	Holding 5% or more of the Bank's shares, being appointed director	0	Shenyang Industrial Investment Development Group Co., Ltd. (瀋陽產業投資發展集團有限公司)	Shenyang SASAC	Nil	Shenyang Hengxin

CHANGE IN SHARE CAPITAL AND SHAREHOLDERS (CONTINUED)

4.5 ISSUANCE OF DEBT SECURITIES

As at the end of the Reporting Period, details of the debt securities issued by the Bank are set out in the “Debt Securities Issued” section of “MANAGEMENT DISCUSSION AND ANALYSIS” of this Report and note 29 to the section “NOTES TO THE INTERIM FINANCIAL STATEMENTS”.

4.6 PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE BANK

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

As at the end of the Reporting Period, the Bank did not hold any treasury Share.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

5.1 BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of 30 June 2025, the basic information of the Directors, Supervisors and senior management of the Bank is set out below:

Name	Age	Position
Mr. SUN Jin (孫進)	53	Executive Director, Chairman
Ms. LIU Xu (柳旭)	57	Executive Director, President
Mr. WANG Yigong (王亦工)	59	Executive Director, Vice President
Mr. ZHANG Xuewen (張學文)	57	Executive Director, Vice President
Mr. HE Yixuan (何一軒)	41	Executive Director, Vice President
Mr. SUN Zhenyu (孫振宇)	50	Non-executive Director
Mr. HE Peng (何鵬)	44	Non-executive Director
Ms. YANG Xiu (楊秀)	54	Non-executive Director
Ms. WANG Hongmei (王紅枚)	44	Non-executive Director
Mr. LI Weiming (李為明) ^{Note 1}	46	Non-executive Director
Mr. WANG Mo (王沫)	60	Independent Non-executive Director
Ms. LV Dan (呂丹)	47	Independent Non-executive Director
Mr. CHAN Pak Lam, Tom (陳柏楠)	62	Independent Non-executive Director
Ms. WANG Lan (王嵐)	55	Independent Non-executive Director
Mr. HUANG Weiqiang (黃瑋強)	43	Independent Non-executive Director
Mr. LIU Yan (劉岩)	54	Shareholder Representative Supervisor, Chairman of the Board of Supervisors
Mr. YUEN Wing Shing (袁永誠)	78	Shareholder Representative Supervisor
Mr. LI Jinsong (李勁松)	55	Shareholder Representative Supervisor
Mr. XING Tiancai (邢天才)	63	External Supervisor
Ms. MI Juan (米娟)	61	External Supervisor
Mr. LI Yanxi (李延喜)	55	External Supervisor
Mr. YU Xiaolong (于小龍)	47	Employee Representative Supervisor
Mr. CHEN Shijun (陳世俊)	50	Employee Representative Supervisor
Mr. MA Lijun (馬利軍)	53	Employee Representative Supervisor
Mr. SUN Yingpin (孫英品) ^{Note 2}	51	Assistant to President
Mr. BAO Hong (包宏)	53	Chief Financial Officer
Mr. ZHOU Zhi (周峙)	56	Secretary to the Board

Note 1 The eligibility of Mr. LI Weiming as Non-executive Director is subject to formal approval by the Liaoning Financial Bureau.

Note 2 The eligibility of Mr. SUN Yingpin as Assistant to President is subject to formal approval by the Liaoning Financial Bureau.

5.2 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of the Latest Practicable Date, to the knowledge of the Directors after making reasonable enquiries, none of the Directors, the Supervisors, or the chief executives and their respective associates held any interests or short positions in the shares, underlying shares and debentures of the Bank or its associated corporations which are required to be notified to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 to the Listing Rules.

5.3 CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Reference is made to the announcement of the Bank dated 28 April 2025, Mr. WANG Jun resigned from the positions as a Non-executive Director and a member of the Audit Committee under the Board with effect from 25 April 2025 due to having reached the statutory retirement age.

References are made to the announcement of the Bank dated 28 April 2025, the circular dated 30 April 2025 and the poll results announcement of the 2024 Annual General Meeting dated 13 June 2025. Upon the consideration and approval at the 2024 Annual General Meeting held on 13 June 2025, Mr. LI Weiming was elected as a Non-executive Director of the eighth session of the Board of the Bank. The eligibilities of Mr. LI Weiming as Non-executive Director is subject to formal approval by the Liaoning Financial Bureau.

Reference is made to the announcement of the Bank dated 4 July 2025, Mr. NIU Jiao resigned from the positions as an Employee Representative Supervisor and a member of Nomination Committee of the eighth session of the Board of Supervisors of the Bank due to work arrangements with effect from 4 July 2025. On the same date, Mr. MA Lijun was elected as an Employee Representative Supervisor of the Bank at the employee representatives' general meeting. His term of office commenced from 4 July 2025 until the end of the term of the eighth session of the Board of Supervisors.

5.4 SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Bank adopted the Rules for Securities Transactions by Directors, Supervisors and Key Employees of Shengjing Bank Co., Ltd. (the “Rules for Securities Transactions”) regarding securities transactions by Directors, Supervisors and certain key employees on terms not less exacting than the required standard in the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules.

Having made specific enquiries to all Directors and Supervisors, each of the Directors and Supervisors of the Bank has confirmed that they complied with the Rules for Securities Transactions during the Reporting Period.

5.5 EMPLOYEES, EMPLOYEES’ COMPENSATION POLICIES AND TRAINING SCHEMES

As of 30 June 2025, the Bank had a total of 8,469 employees.

The compensation policies of the Bank are based on the business development strategy of the Bank, with a commitment to high-quality corporate development. We have adhered to market-oriented and value-oriented principles, balancing external competitiveness and internal equity, and striving to construct a diversified compensation system that fully reflects features of positions and flexibility of welfares. Employee compensation consists of fixed compensation, variable compensation, welfare income, etc., which can effectively play the long-term role of short-term incentive and long-term incentive. The Bank implements compensation policies that are consistent with sustainable development goals, unified with corporate governance requirements, adapted to the risk management system, and matching with the value contribution of employees. In the process of salary payment, the supervision regulations are strictly enforced, and the deferred payment is implemented for middle and senior management personnel and personnel in positions with important influence on risk to strengthen risk control.

The Bank has aimed to continuously improve the comprehensive quality and professional competence of its employees, and effectively conducted training activities at each hierarchy level by focusing on compliance management, risk prevention and control and improvement of marketing capability. Through improving training and management system, the Bank strengthened the establishment of training management team and internal trainer team, formulated training books and testing questions, expanded training channels and enriched training resources by making full use of “mobile learning platform of Shengjing Bank”. In the first half of 2025, the Bank has conducted a total of 11,421 training sessions, 12,969 hours and 200,584 person-times.

SIGNIFICANT EVENTS

6.1 CORPORATE GOVERNANCE CODE

The Bank strives to improve the transparency and accountability of corporate governance and ensure high standards of corporate governance to safeguard Shareholders' interests and enhance its enterprise value and commitment.

During the Reporting Period, the Bank complied with the code provisions in the Corporate Governance Code (the "Code") set out in Appendix C1 to the Listing Rules and the Listing Rules governing disclosure of insider information.

According to provision of C.1.5 of the Code, independent non-executive Directors and other non-executive Directors shall attend general meetings. During the Reporting Period, among the independent non-executive Directors and non-executive Directors, Mr. HE Peng, Ms. YANG Xiu, Ms. WANG Hongmei, Mr. WANG Mo, Ms. LV Dan, Mr. CHAN Pak Lam, Tom, Ms. WANG Lan and Mr. HUANG Weiqiang of the Bank attended the 2024 annual general meeting on 13 June 2025.

6.2 EARNINGS AND DIVIDENDS

The Bank's revenue for the six months ended 30 June 2025 and the Bank's financial position as at the same date are set out in the section headed "Unaudited Interim Financial Statements".

Upon consideration and approval at the Bank's 2024 annual general meeting held on 13 June 2025, the Bank decided that no final dividend for 2024 would be distributed to all Shareholders.

The Bank will not distribute any interim dividend for the first six months of 2025 or convert any capital reserve into share capital.

6.3 RELATED PARTY TRANSACTIONS

During the Reporting Period, no material related party transaction with adverse impact on the Bank's business results and financial position occurred.

6.4 MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Bank was not involved in any litigation or arbitration that would materially affect its business operations.

6.5 MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed, during the Reporting Period, the Group has no material acquisition or disposal of subsidiaries, associates and joint ventures.

6.6 PLEDGE OF ASSETS

Details of the Bank's pledge of assets for the six months ended 30 June 2025 are set out in the financial statement.

6.7 PUNISHMENT ON THE BANK AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, none of the Bank, the Directors, the Supervisors or the senior management of the Bank was subject to any investigation, administrative penalty or public criticism by the CSRC, or any public censure by any securities exchange, or any punishment by any other regulatory authorities which would have a material impact on the Bank's operations.

6.8 REVIEW OF THE INTERIM REPORT

Financial statements disclosed in this report have not been audited. The interim financial statements for the six months ended 30 June 2025 prepared by the Bank in accordance with the International Financial Reporting Standards promulgated by the International Accounting Standards Board have been reviewed by Crowe (HK) CPA Limited in accordance with International Standard on Review Engagements 2410.

The Board and the Audit Committee of the Board of the Bank have reviewed and approved the interim report of the Bank.

6.9 PUBLICATION OF INTERIM REPORT

The interim report will be released on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Bank (www.shengjingbank.com.cn) at the same time.

This report is prepared in both English and Chinese versions. In the event of any discrepancies in interpretation between the English version and Chinese version, the Chinese version shall prevail.

INDEPENDENT AUDITOR'S REPORT ON REVIEW



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

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

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

INTRODUCTION

We have reviewed the accompanying interim financial information set out on pages 80 to 232, which comprises the condensed consolidated statement of financial position of Shengjing Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2025, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT ON REVIEW (CONTINUED)

SCOPE OF REVIEW

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

CONCLUSION

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

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong,

29 August 2025

Chiu Lung Sang

Practising Certificate Number P08091

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(Expressed in thousands of Renminbi RMB, unless otherwise stated)

		Six months ended 30 June	
	Note	2025	2024
Interest income		15,603,519	16,442,995
Interest expense		(12,218,132)	(13,207,207)
Net interest income	5	3,385,387	3,235,788
Fee and commission income		297,106	296,502
Fee and commission expense		(83,769)	(277,165)
Net fee and commission income	6	213,337	19,337
Net trading losses	7	(237,332)	(1,058,480)
Net gains arising from investments	8	882,689	2,342,057
Other operating income	9	81,587	21,444
Operating income		4,325,668	4,560,146
Operating expenses	10	(2,486,359)	(2,773,695)
Impairment losses on assets	11	(1,085,159)	(1,135,471)
Profit before taxation		754,150	650,980
Income tax expense	12	(245,680)	(59,290)
Profit for the period		508,470	591,690
Net profit attributable to:			
Equity shareholders of the Bank		493,537	576,594
Non-controlling interests		14,933	15,096
		508,470	591,690

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2025
(Expressed in thousands of Renminbi RMB, unless otherwise stated)

	Note	Six months ended 30 June 2025	2024
Profit for the period		508,470	591,690
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
– Remeasurement of net defined benefit liability		(4)	(4,134)
– Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		(112,274)	(56,337)
Items that may be reclassified subsequently to profit or loss			
– Loans and advances to customers and debt instruments measured at fair value through other comprehensive income:			
– net movement in the fair value reserve		62,844	(394,729)
– net movement in the provision reserve		(1,198)	36,121
Other comprehensive loss, net of tax		(50,632)	(419,079)
Total comprehensive income		457,838	172,611
Total comprehensive income attributable to:			
Equity shareholders of the Bank		442,905	157,515
Non-controlling interests		14,933	15,096
		457,838	172,611
Basic and diluted earnings per share (<i>in RMB</i>)	13	0.06	0.07

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Expressed in thousands of RMB, unless otherwise stated)

	Note	30 June 2025	31 December 2024
Assets			
Cash and deposits with central bank	14	65,997,802	77,224,626
Deposits with banks and other financial institutions	15	15,444,063	12,441,622
Placements with banks and other financial institutions	16	6,045,873	5,290,756
Derivative financial assets	17	155,194	290,735
Financial assets held under resale agreements	18	21,962,378	1,765,783
Loans and advances to customers	19	553,704,756	533,571,417
Financial investments:			
Financial assets at fair value through profit or loss	20(a)	93,141,962	104,869,270
Financial assets at fair value through other comprehensive income	20(b)	67,873,579	90,601,577
Financial assets measured at amortised cost	20(c)	273,331,193	266,996,988
Property and equipment	21	4,748,600	4,887,138
Deferred tax assets	22	8,781,561	8,984,990
Other assets	23	16,994,347	15,851,324
Total assets		1,128,181,308	1,122,776,226

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2025
(Expressed in thousands of RMB, unless otherwise stated)

	<i>Note</i>	30 June 2025	31 December 2024
Liabilities			
Borrowings from central bank	24	1,237,310	342,374
Deposits from banks and other financial institutions	25	94,892,660	91,269,976
Placements from banks and other financial institutions	26	15,335,950	12,085,561
Financial liabilities at fair value through profit or loss		21,517,291	13,569,581
Derivative financial liabilities	17	137,926	225,913
Financial assets sold under repurchase agreements	27	65,121,919	94,688,474
Deposits from customers	28	819,225,888	805,890,759
Income tax payable		19,091	25,262
Debt securities issued	29	23,389,786	18,737,289
Other liabilities	30	6,854,991	5,743,651
Total liabilities		<u>1,047,732,812</u>	<u>1,042,578,840</u>

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2025

(Expressed in thousands of RMB, unless otherwise stated)

	Note	30 June 2025	31 December 2024
Equity			
Share capital	31	8,796,680	8,796,680
Capital reserve	32(a)	26,943,067	26,957,822
Surplus reserve	32(b)	7,577,198	7,537,771
General reserve	32(c)	14,890,179	14,846,802
Fair value reserve	32(d)	(2,610,850)	(2,561,420)
Provision reserve	32(e)	10,622	11,820
Deficit on remeasurement of net defined benefit liability	32(f)	(48,285)	(48,281)
Retained earnings		24,483,453	24,072,720
Total equity attributable to equity shareholders of the Bank		80,042,064	79,613,914
Non-controlling interests		406,432	583,472
Total equity		80,448,496	80,197,386
Total liabilities and equity		1,128,181,308	1,122,776,226

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

Sun Jin

Chairman of Board of Directors

Liu Xu

President

Bao Hong

Chief Financial Officer

Yang Xi

Person in Charge of Accounting Institution

Company chop

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025
(Expressed in thousands of RMB, unless otherwise stated)

Attributable to equity shareholders of the Bank											
Note	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2025	8,796,680	26,957,822	7,537,771	14,846,802	(2,561,420)	11,820	(48,281)	24,072,720	79,613,914	583,472	80,197,386
Profit for the period	-	-	-	-	-	-	-	493,537	493,537	14,933	508,470
Other comprehensive loss	-	-	-	-	(49,430)	(1,198)	(4)	-	(50,632)	-	(50,632)
Total comprehensive (loss)/income	-	-	-	-	(49,430)	(1,198)	(4)	493,537	442,905	14,933	457,838
Appropriation of profit:											
– Appropriation to surplus reserve	32(b)	-	-	39,427	-	-	-	(39,427)	-	-	-
– Appropriation to general reserve (Note (i))	32(c)	-	-	-	43,377	-	-	(43,377)	-	-	-
Subtotal	-	-	39,427	43,377	-	-	-	(82,804)	-	-	-
Acquisition of additional interest in subsidiaries	-	(14,755)	-	-	-	-	-	-	(14,755)	(191,973)	(206,728)
Balance at 30 June 2025	8,796,680	26,943,067	7,577,198	14,890,179	(2,610,850)	10,622	(48,285)	24,483,453	80,042,064	406,432	80,448,496

Note:

- (i) The appropriation to general reserve included the appropriation made by subsidiaries with a total amount of RMB43.38 million.

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024

(Expressed in thousands of RMB, unless otherwise stated)

Attributable to equity shareholders of the Bank											
Note	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	8,796,680	26,957,822	7,481,817	14,830,687	(2,346,078)	111,686	(32,943)	23,530,498	79,330,169	564,694	79,894,863
Profit for the period	–	–	–	–	–	–	–	576,594	576,594	15,096	591,690
Other comprehensive (loss)/income	–	–	–	–	(451,066)	36,121	(4,134)	–	(419,079)	–	(419,079)
Total comprehensive (loss)/income	–	–	–	–	(451,066)	36,121	(4,134)	576,594	157,515	15,096	172,611
Appropriation of profit:											
– Appropriation to surplus reserve 32(b)	–	–	54,436	–	–	–	–	(54,436)	–	–	–
– Appropriation to general reserve (Note (i)) 32(c)	–	–	–	28,164	–	–	–	(28,164)	–	–	–
– Dividend paid by non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	–	(3,600)	(3,600)
Subtotal	–	–	54,436	28,164	–	–	–	(82,600)	–	(3,600)	(3,600)
Disposal of investment in equity investment at fair value through other comprehensive income	–	–	–	–	8,682	–	–	(8,682)	–	–	–
Balance at 30 June 2024	8,796,680	26,957,822	7,536,253	14,858,851	(2,788,462)	147,807	(37,077)	24,015,810	79,487,684	576,190	80,063,874

Note:

- (i) The appropriation to general reserve included the appropriation made by subsidiaries with a total amount of RMB28.16 million.

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2024 (Continued)
(Expressed in thousands of RMB, unless otherwise stated)

Note	Attributable to equity shareholders of the Bank								Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Provision reserve	Deficit on remeasurement of net defined benefit liability	Retained earnings			
Balance at 1 July 2024	8,796,680	26,957,822	7,536,253	14,858,851	(2,788,462)	147,807	(37,077)	24,015,810	79,487,684	576,190	80,063,874
Profit for the period	-	-	-	-	-	-	-	44,456	44,456	7,282	51,738
Other comprehensive income/(loss)	-	-	-	-	228,965	(135,987)	(11,204)	-	81,774	-	81,774
Total comprehensive income/(loss)	-	-	-	-	228,965	(135,987)	(11,204)	44,456	126,230	7,282	133,512
Appropriation of profit:											
- Appropriation to surplus reserve	32(b)	-	-	1,518	-	-	-	(1,518)	-	-	-
- Appropriation to general reserve	32(c)	-	-	-	(12,049)	-	-	12,049	-	-	-
Subtotal		-	-	1,518	(12,049)	-	-	10,531	-	-	-
Disposal of investment in equity investment at fair value through other comprehensive income		-	-	-	(1,923)	-	-	1,923	-	-	-
Balance at 31 December 2024	8,796,680	26,957,822	7,537,771	14,846,802	(2,561,420)	11,820	(48,281)	24,072,720	79,613,914	583,472	80,197,386

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2025

(Expressed in thousands of RMB, unless otherwise stated)

	Note	Six months ended 30 June 2025	2024
Cash flows from operating activities			
Profit before taxation		754,150	650,980
<i>Adjustments for:</i>			
Impairment losses on assets		1,085,159	1,135,471
Depreciation and amortisation		299,525	295,779
Interest expense of the lease liability		12,904	14,325
Net losses on unrealised foreign exchange		7,650	9,094
Dividend income		(9,564)	(7,557)
Net gains of financial assets at fair value through profit or loss		(127,171)	(404,839)
Gain on disposal of a subsidiary		(33,176)	–
Net gains on disposal of financial investments		(745,954)	(1,929,661)
Interest expense on debt securities issued		296,859	218,814
Interest income on financial investments		(3,307,660)	(3,496,069)
		(1,767,278)	(3,513,663)
<i>Changes in operating assets</i>			
Net decrease in deposits with central bank		4,279,065	3,060,409
Net (increase)/decrease in deposits and placements with bank and other financial institutions		(1,372,588)	6,641,683
Net increase in loans and advances to customers		(21,034,653)	(32,654,548)
Net increase in other operating assets		(1,267,607)	(668,806)
		(19,395,783)	(23,621,262)

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 June 2025
(Expressed in thousands of RMB, unless otherwise stated)

	Six months ended 30 June	
Note	2025	2024
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in borrowings from central bank	894,936	(536,007)
Net increase in deposits and placements from banks and other financial institutions	6,873,073	10,121,675
Net decrease in financial assets sold under repurchase agreements	(29,566,555)	(55,771,015)
Net increase in deposits from customers	13,335,129	20,492,469
Income tax paid	(40,810)	(6,355)
Net increase in other operating liabilities	1,238,371	961,384
	(7,265,856)	(24,737,849)
Net cash flows used in operating activities	(28,428,917)	(51,872,774)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	346,147,936	617,189,038
Proceeds from disposal of property and equipment	961	314
Payments on acquisition of investments	(306,205,368)	(540,582,981)
Net cash outflow resulting from acquisition of subsidiaries	(181,650)	–
Payments on acquisition of property and equipment, intangible assets and other assets	(93,500)	(60,689)
Disposal of a subsidiary	9,832	–
Net cash flows generated from investing activities	39,678,211	76,545,682

The notes on pages 91 to 232 form part of these financial statements.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 June 2025

(Expressed in thousands of RMB, unless otherwise stated)

	Note	Six months ended 30 June	
		2025	2024
Cash flows from financing activities			
Net proceeds from new debt securities issued		27,153,047	21,089,142
Repayment of debt securities issued		(22,500,550)	(21,051,509)
Interest paid on debt securities issued		(296,859)	(218,814)
Dividends paid		—	(2,240)
Payment of lease liabilities		(88,438)	(89,530)
Net cash flows generated from/(used in) financing activities		4,267,200	(272,951)
Effect of foreign exchange rate changes on cash and cash equivalents		106,327	(5,836)
Net increase in cash and cash equivalents		15,622,821	24,394,121
Cash and cash equivalents as at 1 January		47,250,552	35,769,940
Cash and cash equivalents as at 30 June	34	62,873,373	60,164,061
Net cash flows used in from operating activities include:			
Interest received		10,584,379	12,199,179
Interest paid (excluding interest expense on debt securities issued)		(9,226,620)	(10,764,064)

The notes on pages 91 to 232 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of RMB, unless otherwise stated)

1 REPORTING ENTITY

Shengjing Bank Co., Ltd. (the “Bank”) is a bank domiciled in the People’s Republic of China (the “PRC”). These consolidated interim financial statements (the “interim financial report”) as at and for the six months ended 30 June 2025 comprise the Bank and its subsidiaries (together referred to as the “Group”). The principal activities of the Group are the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the National Financial Regulatory Administration (the “NFRA”). The Bank mainly operated in mainland China, which, for the purpose of this interim financial report, excludes the Hong Kong Special Administration Region of the PRC (“Hong Kong”), the Macau Special Administration Region of the PRC (“Macau”) and Taiwan.

As at 30 June 2025, details of the subsidiaries are as follows:

	Date of incorporation	Place of incorporation registration and operations	Registered capital	Percentage owned by the bank	Business sector	Economic nature/type
Shenyang Shenbei Fumin Village Bank Co., Ltd. (“Shenyang Shenbei”)	09/02/2009	Liaoning, China	150,000	20% (2024:20%)	Banking	Incorporated company
Shenyang Xinmin Fumin Village Bank Co., Ltd. (“Shenyang Xinmin”)	25/06/2010	Liaoning, China	30,000	20% (2024:20%)	Banking	Incorporated company
Shenyang Faku Fumin Village Bank Co., Ltd. (“Shenyang Faku”)	26/10/2010	Liaoning, China	30,000	20% (2024:20%)	Banking	Incorporated company
Shenyang Liaozhong Fumin Village Bank Co., Ltd. (“Shenyang Liaozhong”)	26/11/2010	Liaoning, China	30,000	20% (2024:20%)	Banking	Incorporated company
Ningbo Jiangbei Fumin Village Bank Co., Ltd. (“Ningbo Jiangbei”)	17/08/2011	Zhejiang, China	100,000	– (2024:30%)	Banking	Incorporated company
Shanghai Baoshan Fumin Village Bank Co., Ltd. (“Shanghai Baoshan”)	09/09/2011	Shanghai, China	150,000	100% (2024:40%)	Banking	Incorporated company
Shengjing Bank Consumer Finance Co., Ltd. (“Shengjing Consumer”)	25/02/2016	Liaoning, China	300,000	75% (2024:75%)	Consumer finance	Limited company

During the six months ended 30 June 2025, the Group has further acquired remaining 70% and 60% equity interests in Ningbo Jiangbei and Shanghai Baoshan from the shareholders at a consideration of RMB 84 million and RMB 123 million, respectively.

In May 2025, the Group disposed 100% equity interest in Ningbo Jiangbei to Bank of Jiangsu Co., Ltd. at a consideration of RMB120.00 million.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with IAS 34, “Interim financial reporting”, issued by the International Accounting Standards Board (the “IASB”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, 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 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 interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards (“IFRSs”).

The interim financial report is unaudited but has been reviewed by Crowe (HK) CPA Limited 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

Amendments to IAS 21

Lack of Exchangeability

The changes in accounting policies are also expected to be reflected in the Group's annual financial statements for the year ending 31 December 2025.

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING

(a) Business Segment

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 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, trade financing and deposit taking activities, agency services, and remittance and settlement 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, wealth management services, remittance and settlement services, and collection and payment agency services.

Treasury business

This segment covers the Group's treasury business including inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

Others

Others represent equity investment and related income and any other business which cannot form a single reportable segment.

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 regarding 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. Segment income, expenses, assets and liabilities are determined before intra-group balances and 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, intangible assets and other long term assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

	Six months ended 30 June 2025				
	Corporate banking	Retail banking	Treasury business	Others	Total
Operating income					
External net interest income/(expense)	7,387,288	(5,528,860)	1,526,959	–	3,385,387
Internal net interest (expense)/income	(4,683,896)	6,157,462	(1,473,566)	–	–
Net interest income	2,703,392	628,602	53,393	–	3,385,387
Net fee and commission income/(expense)	69,212	149,251	(5,126)	–	213,337
Net trading losses	–	–	(237,332)	–	(237,332)
Net gains arising from investments	–	–	882,689	–	882,689
Other operating income	4,408	25	–	77,154	81,587
Operating income	2,777,012	777,878	693,624	77,154	4,325,668
Operating expenses	(1,421,705)	(945,063)	(82,143)	(37,448)	(2,486,359)
Impairment losses on assets	(271,883)	(665,545)	(147,731)	–	(1,085,159)
Profit/(loss) before taxation	1,083,424	(832,730)	463,750	39,706	754,150
Other segment information					
– Depreciation and amortisation	172,996	120,416	6,113	–	299,525
– Capital expenditure	54,003	37,589	1,908	–	93,500

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

	30 June 2025				
	Corporate banking	Retail banking	Treasury business	Others	Total
Segment assets	520,621,432	132,499,369	466,278,946	–	1,119,399,747
Deferred tax assets					<u>8,781,561</u>
Total assets					<u><u>1,128,181,308</u></u>
Segment liabilities/total liabilities	<u>222,662,067</u>	<u>602,735,806</u>	<u>222,206,408</u>	<u>128,531</u>	<u>1,047,732,812</u>
Credit commitments	<u>27,775,337</u>	<u>22,157,752</u>	<u>–</u>	<u>–</u>	<u>49,933,089</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

	Six months ended 30 June 2024				
	Corporate banking	Retail banking	Treasury business	Others	Total
Operating income					
External net interest income/(expense)	6,805,600	(5,205,196)	1,635,384	–	3,235,788
Internal net interest (expense)/income	(4,369,141)	6,402,964	(2,033,823)	–	–
Net interest income/(expense)	2,436,459	1,197,768	(398,439)	–	3,235,788
Net fee and commission income/(expense)	93,900	(69,246)	(5,317)	–	19,337
Net trading losses	–	–	(1,058,480)	–	(1,058,480)
Net gains arising from investments	–	–	2,342,057	–	2,342,057
Other operating income	3,475	34	–	17,935	21,444
Operating income	2,533,834	1,128,556	879,821	17,935	4,560,146
Operating expenses	(1,724,859)	(958,400)	(85,855)	(4,581)	(2,773,695)
Impairment losses on assets	(57,671)	(39,070)	(1,038,730)	–	(1,135,471)
Profit/(loss) before taxation	751,304	131,086	(244,764)	13,354	650,980
Other segment information					
– Depreciation and amortisation	173,311	116,265	6,203	–	295,779
– Capital expenditure	71,469	47,945	2,557	–	121,971

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(a) Business Segment (Continued)

	30 June 2024				
	Corporate banking	Retail banking	Treasury business	Others	Total
Segment assets	493,863,656	126,112,011	439,070,401	–	1,059,046,068
Deferred tax assets					<u>9,259,223</u>
Total assets					<u>1,068,305,291</u>
Segment liabilities/total liabilities	<u>239,210,055</u>	<u>565,830,886</u>	<u>183,091,896</u>	<u>108,580</u>	<u>988,241,417</u>
Credit commitments	<u>31,842,662</u>	<u>22,674,763</u>	<u>–</u>	<u>–</u>	<u>54,517,425</u>

(b) Geographical information

The Group operates principally in mainland China with eighteen branches located in five provinces and municipalities directly under the central government, and six subsidiaries (2024: seven subsidiaries) located in Shenyang of Liaoning Province and Baoshan of Shanghai, respectively.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(b) Geographical information (Continued)

In presenting of geographical information, non-current assets are allocated based on the geographical location of the underlying assets. Operating income is allocated based on the location of the Group's entities which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Northeast China” refers to headquarter and the following areas serviced by subsidiaries and branches of the Bank: Shenyang, Changchun, Dalian, Anshan, Benxi, Jinzhou, Yingkou, Huludao, Panjin, Chaoyang, Fushun, Fuxin, Dandong, Liaoyang, Tieling, Shenyang Xinmin, Shenyang Shenbei, Shenyang Faku, Shenyang Liaozhong and Shengjing Consumer;
- “North China” refers to the following areas serviced by branches of the Bank: Beijing and Tianjin; and
- “Others” refers to the following areas serviced by subsidiaries and branches of the Bank: Shanghai, Shanghai Baoshan, and Ningbo Jiangbei.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

4 SEGMENT REPORTING (CONTINUED)

(b) Geographical information (Continued)

	Operating income	
	Six months ended 30 June	
	2025	2024
North east China	3,815,898	4,208,413
North China	370,665	284,255
Others	139,105	67,478
Total	4,325,668	4,560,146

	Non-current assets (Note i)	
	30 June	31 December
	2025	2024
North east China	5,907,786	6,102,206
North China	166,574	177,064
Others	22,519	26,577
Total	6,096,879	6,305,847

Note:

- (i) Non-current assets include property and equipment, intangible assets, right-of-use assets and land use rights.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

5 NET INTEREST INCOME

	Six months ended 30 June	
	2025	2024
Interest income arising from		
Deposits with central bank	381,180	423,747
Deposits and placements with banks and other financial institutions	111,664	189,772
Loans and advances to customers		
– Corporate loans and advances	8,866,860	8,836,938
– Personal loans and advances	2,599,022	2,994,092
– Discounted bills	213,111	426,844
Financial assets held under resale agreements	124,022	75,533
Financial investments	<u>3,307,660</u>	<u>3,496,069</u>
Subtotal	<u>15,603,519</u>	<u>16,442,995</u>
Interest expense arising from		
Borrowings from central bank	(8,123)	(5,904)
Deposits and placements from banks and other financial institutions	(1,262,694)	(1,162,641)
Deposits from customers	(10,062,430)	(10,756,964)
Financial assets sold under repurchase agreements	(588,026)	(1,062,884)
Debt securities issued	<u>(296,859)</u>	<u>(218,814)</u>
Subtotal	<u>(12,218,132)</u>	<u>(13,207,207)</u>
Net interest income	<u>3,385,387</u>	<u>3,235,788</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2025	2024
Fee and commission income		
Agency and custody services fees	225,284	217,456
Settlement and clearing services fees	7,880	10,358
Bank card services fees	63,942	68,688
Subtotal	297,106	296,502
Fee and commission expense	(83,769)	(277,165)
Net fee and commission income	213,337	19,337

7 NET TRADING LOSSES

	Six months ended 30 June	
	2025	2024
Net (losses)/gains from debt securities	(423,218)	49,986
Net gains/(losses) from derivatives and others	282,463	(434,270)
Net foreign exchange losses	(96,577)	(674,196)
Total	(237,332)	(1,058,480)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

8 NET GAINS ARISING FROM INVESTMENTS

	Six months ended 30 June	
	2025	2024
Net gains on disposal of financial assets measured at amortised cost	465,897	1,421,573
Net gains on financial assets at fair value through profit or loss	127,171	404,839
Net gains on disposal of financial assets at fair value through other comprehensive income	280,057	508,088
Dividends from designated as financial assets at fair value through other comprehensive income	9,564	7,557
Total	882,689	2,342,057

9 OTHER OPERATING INCOME

	Six months ended 30 June	
	2025	2024
Rental income	30,897	18,207
Government grants	2,881	2,194
Handling charge income	25	34
Gain on disposal of a subsidiary	33,176	–
Others	14,608	1,009
Total	81,587	21,444

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

10 OPERATING EXPENSES

	Six months ended 30 June	
	2025	2024
Staff costs		
– Salaries, bonuses and allowances	985,321	987,025
– Pension and annuity	158,690	160,706
– Other social insurance	96,662	111,843
– Housing allowances	90,590	90,354
– Supplementary retirement benefits	3,220	2,373
– Others	108,020	104,895
Subtotal	1,442,503	1,457,196
Office expenses	88,593	72,304
Depreciation and amortisation	205,585	201,578
Tax and surcharges	152,800	148,006
Depreciation of the right-of-use assets	93,940	94,201
Rental and property management expense	41,927	66,703
Interest expense of the lease liabilities	12,904	14,325
Other general and administrative expenses	448,107	719,382
Total	2,486,359	2,773,695

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

11 IMPAIRMENT LOSSES ON ASSETS

	Six months ended 30 June	
	2025	2024
Loans and advances to customers	901,964	749,066
Financial investments	155,028	990,138
Deposits and placements with banks and other financial institutions	(9,266)	(851)
Financial assets held under resale agreements	1,318	(135)
Credit commitment	(99,179)	(52,916)
Others	135,294	(549,831)
Total	1,085,159	1,135,471

12 INCOME TAX EXPENSE

(a) Income tax for the period:

	Six months ended 30 June	
	2025	2024
Current tax	22,800	14,805
Under/(over)-provision in prior years	3,758	(1,347)
Deferred tax	219,122	45,832
Total	245,680	59,290

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

12 INCOME TAX EXPENSE (CONTINUED)

(b) Reconciliations between income tax and accounting profit are as follows:

	Note	Six months ended 30 June	
		2025	2024
Profit before taxation		754,150	650,980
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		188,538	162,745
Tax effect of non-deductible expenses			
– Impairment losses and write-offs		152,898	8,205
– Entertainment expenses		1,334	1,727
– Others		51,575	101,315
Subtotal		205,807	111,247
Tax effect of non-taxable income	12(b)(i)	(110,845)	(175,840)
Utilisation of previously unrecognised losses		(41,551)	(37,301)
Deductable temporary difference due to unrecognised deferred tax asset		(27)	(214)
Under/(over)-provision in prior years		3,758	(1,347)
Income tax		245,680	59,290

Note:

- (i) Non-taxable income consists of interest income from the PRC government bonds, local government bonds, public funds and dividends from domestic companies, which are exempted from income tax under the PRC tax regulations.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

13 BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 30 June	
	2025	2024
Net profit attributable to equity shareholders of the Bank	493,537	576,594
Weighted average number of ordinary shares (in thousands)	8,796,680	8,796,680
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB)	0.06	0.07

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

14 CASH AND DEPOSITS WITH CENTRAL BANK

	Note	30 June 2025	31 December 2024
Cash on hand		668,711	807,682
Deposits with central bank			
– Statutory deposit reserves	14(a)	41,980,196	46,466,262
– Surplus deposit reserves	14(b)	23,022,623	29,831,411
– Fiscal deposits		306,496	95,752
Subtotal		65,309,315	76,393,425
Add: interest receivable		19,776	23,519
Total		65,997,802	77,224,626

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

14 CASH AND DEPOSITS WITH CENTRAL BANK (CONTINUED)

- (a) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at the end of the reporting period, the statutory deposit reserve ratios applicable to the Bank were as follows:

	30 June 2025	31 December 2024
Reserve ratio for RMB deposits	5.50%	6.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The five (2024: six) rural banking subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

The statutory deposit reserves are not available for the Group's daily business.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

15 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Deposits in mainland China		
– Banks	7,903,680	6,818,707
– Other financial institutions	4,829,137	2,521,211
Deposits outside mainland China		
– Banks	2,715,631	3,105,541
Subtotal	15,448,448	12,445,459
Add: interest receivable	321	346
Less: provision for impairment losses	(4,706)	(4,183)
Total	15,444,063	12,441,622

(b) Movements of provision for impairment losses

	2025	2024
As at 1 January	4,183	3,963
Net charge for the period/year	573	220
Disposal of a subsidiary	(50)	–
As at 30 June/31 December	4,706	4,183

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Placements in mainland China		
– Other financial institutions	6,127,912	5,400,000
Add: interest receivable	44,146	26,780
Less: provision for impairment losses	<u>(126,185)</u>	<u>(136,024)</u>
Total	<u>6,045,873</u>	<u>5,290,756</u>

(b) Movements of provision for impairment losses

	2025	2024
As at 1 January	136,024	137,661
Net release for the period/year	<u>(9,839)</u>	<u>(1,637)</u>
As at 30 June/31 December	<u>126,185</u>	<u>136,024</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

17 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including option contracts, forwards and swaps.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between markets participates at measured date.

(a) Analysed by nature of contract

	30 June 2025		
	Notional amount	Fair value Assets	Liabilities
Interest rate swaps	100,000	3,124	(3,124)
Currency swaps	23,570,553	64,514	(4,144)
Precious metal derivatives	6,115,440	–	(43,102)
Option contracts	327,045	87,556	(87,556)
Total	30,113,038	155,194	(137,926)

	31 December 2024		
	Notional amount	Fair value Assets	Liabilities
Interest rate swaps	100,000	3,179	(3,179)
Currency swaps	21,996,504	171,010	(97,316)
Precious metal derivatives	4,303,600	3,477	(12,349)
Option contracts	662,191	113,069	(113,069)
Total	27,062,295	290,735	(225,913)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

17 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Analysed by credit risk-weighted amount

	30 June 2025	31 December 2024
Currency swaps	94,282	87,986
Precious metal derivatives	24,462	17,214
Option contracts	7,849	15,893
Total	126,593	121,093

The credit risk-weighted amount represents the counterparty credit risk associated with derivative transactions and is calculated with reference to the guidelines issued by the NFRA.

18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
In mainland China		
– Banks	9,240,811	1,766,000
– Other financial institutions	12,720,115	–
Subtotal	21,960,926	1,766,000
Add: interest receivable	3,065	78
Less: provision for impairment losses	(1,613)	(295)
Total	21,962,378	1,765,783

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

18 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (CONTINUED)

(b) Analysed by type of security held

	30 June 2025	31 December 2024
Debt securities held under resale agreements	21,960,926	1,766,000
Add: interest receivable	3,065	78
Less: provision for impairment losses	(1,613)	(295)
Total	<u>21,962,378</u>	<u>1,765,783</u>

(c) Movements of provision for impairment losses

	2025	2024
As at 1 January	295	539
Net charge/(release) for the period/year	<u>1,318</u>	<u>(244)</u>
As at 30 June/31 December	<u>1,613</u>	<u>295</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	30 June 2025	31 December 2024
Measured at amortised cost:		
Corporate loans and advances	334,829,428	326,408,939
Personal loans and advances		
– Residential mortgage	48,342,602	49,510,108
– Personal consumption loans	68,897,007	60,144,307
– Personal business loans	3,800,236	4,977,936
Subtotal	121,039,845	114,632,351
Gross loans and advances to customers measured at amortised cost	455,869,273	441,041,290
Measured at fair value through other comprehensive income:		
– Corporate loans and advances	11,574,937	11,472,948
– Discounted bills	47,428,496	48,078,006
Gross loans and advances to customers measured at fair value through other comprehensive income	59,003,433	59,550,954

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(a) Analysed by nature (Continued)

	30 June 2025	31 December 2024
Gross loans and advances to customers	514,872,706	500,592,244
Add: interest receivable	60,530,650	54,065,245
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	<u>(21,698,600)</u>	<u>(21,086,072)</u>
Net loans and advances to customers	<u>553,704,756</u>	<u>533,571,417</u>

As at 30 June 2025, the Group's provision amount for loans and advances to customers measured at fair value through other comprehensive income is RMB11.87 million (31 December 2024: RMB11.22 million), as detailed in Note 19(f).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector

	30 June 2025		Loans and advances secured by collaterals
	Amount	Percentage	
Wholesale and retail trade	148,359,870	29%	65,920,063
Renting and business activities	67,086,574	13%	28,437,604
Real estate	39,316,526	8%	36,270,197
Manufacturing	36,849,974	7%	5,780,553
Construction	12,630,407	2%	1,731,880
Culture, sports and entertainment	12,589,141	2%	88,020
Transportation, storage and postal services	6,591,454	1%	347,848
Production and supply of electricity, heat, gas and water	4,544,153	1%	292,479
Mining	2,587,295	1%	467,890
Agriculture, forestry, animal husbandry and fishery	1,345,822	0%	219,162
Accommodation and catering	1,253,417	0%	865,395
Household and other services	150,766	0%	67,730
Others	13,098,966	3%	3,401,759
Subtotal of corporate loans and advances	346,404,365	67%	143,890,580
Personal loans and advances	121,039,845	24%	49,826,666
Discounted bills	47,428,496	9%	47,428,496
Gross loans and advances to customers	514,872,706	100%	241,145,742

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector (Continued)

	31 December 2024		Loans and advances secured by collaterals
	Amount	Percentage	
Wholesale and retail trade	140,022,229	28%	64,502,776
Renting and business activities	74,003,113	15%	28,673,538
Real estate	41,094,749	8%	35,628,210
Manufacturing	33,282,452	7%	4,443,616
Construction	10,597,874	2%	2,638,609
Transportation, storage and postal services	5,460,327	1%	349,215
Mining	4,013,676	1%	361,370
Production and supply of electricity, heat, gas and water	2,794,794	1%	327,052
Agriculture, forestry, animal husbandry and fishery	1,370,358	0%	218,762
Accommodation and catering	1,317,399	0%	932,715
Culture, sports and entertainment	1,242,059	0%	83,620
Household and other services	115,589	0%	68,380
Others	22,567,268	4%	3,804,935
Subtotal of corporate loans and advances	337,881,887	67%	142,032,798
Personal loans and advances	114,632,351	23%	50,937,018
Discounted bills	48,078,006	10%	48,078,006
Gross loans and advances to customers	500,592,244	100%	241,047,822

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by type of collateral

	30 June 2025	31 December 2024
Unsecured loans	83,611,946	77,992,816
Guaranteed loans	190,115,018	181,551,606
Loans secured by tangible assets other than monetary assets	182,229,471	183,854,456
Loans secured by intangible assets or monetary assets	<u>58,916,271</u>	<u>57,193,366</u>
Gross loans and advances to customers	<u>514,872,706</u>	<u>500,592,244</u>
Add: interest receivable	60,530,650	54,065,245
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	<u>(21,698,600)</u>	<u>(21,086,072)</u>
Net loans and advances to customers	<u><u>553,704,756</u></u>	<u><u>533,571,417</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Overdue loans analysed by overdue period

	30 June 2025				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	540,584	707,211	551,136	280,062	2,078,993
Guaranteed loans	7,952,026	292,245	1,569,285	3,166,587	12,980,143
Loans secured by tangible assets other than monetary assets	3,499,643	1,410,803	2,290,427	3,146,911	10,347,784
Loans secured by intangible assets or monetary assets	<u>74,306</u>	<u>13,869</u>	<u>190</u>	<u>331</u>	<u>88,696</u>
Total	<u><u>12,066,559</u></u>	<u><u>2,424,128</u></u>	<u><u>4,411,038</u></u>	<u><u>6,593,891</u></u>	<u><u>25,495,616</u></u>
As a percentage of gross loans and advances to customers	<u><u>2.34%</u></u>	<u><u>0.47%</u></u>	<u><u>0.86%</u></u>	<u><u>1.28%</u></u>	<u><u>4.95%</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Overdue loans analysed by overdue period (Continued)

	31 December 2024				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	368,184	525,429	427,740	240,370	1,561,723
Guaranteed loans	8,417,055	369,238	1,454,358	3,175,723	13,416,374
Loans secured by tangible assets other than monetary assets	3,668,829	919,926	2,445,518	2,954,344	9,988,617
Loans secured by intangible assets or monetary assets	<u>74,306</u>	<u>27,981</u>	<u>–</u>	<u>331</u>	<u>102,618</u>
Total	<u>12,528,374</u>	<u>1,842,574</u>	<u>4,327,616</u>	<u>6,370,768</u>	<u>25,069,332</u>
As a percentage of gross loans and advances to customers	<u>2.50%</u>	<u>0.37%</u>	<u>0.86%</u>	<u>1.27%</u>	<u>5.01%</u>

Overdue loans represent loans, of which the whole or part of the principal or interest were overdue for one day or more.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advance and provision for impairment losses

- (i) As at 30 June 2025, detailed information of loans and advances to customers and provision for impairment losses is as follows:

	30 June 2025			Total
	Loans and advances that are assessed for 12-month ECL	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	
Gross loans and advances to customers	458,730,747	39,016,923	17,125,036	514,872,706
Add: interest receivable	55,785,837	4,744,813	–	60,530,650
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	(5,986,561)	(6,187,160)	(9,524,879)	(21,698,600)
Net loans and advances to customers	<u>508,530,023</u>	<u>37,574,576</u>	<u>7,600,157</u>	<u>553,704,756</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advance and provision for impairment losses (Continued)

- (ii) As at 31 December 2024, detailed information of loans and advances to customers and provision for impairment losses is as follows:

	31 December 2024			
	Loans and advances that are assessed for 12-month ECL	Loans and advances that are not credit-impaired and assessed for lifetime expected credit loss	Credit-impaired loans and advances that are assessed for lifetime expected credit loss	Total
Gross loans and advances to customers	445,495,616	38,492,444	16,604,184	500,592,244
Add: interest receivable	49,708,956	4,356,289	–	54,065,245
Less: provision for impairment losses on loans and advances to customers measured at amortised cost	(5,950,720)	(6,271,007)	(8,864,345)	(21,086,072)
Net loans and advances to customers	<u>489,253,852</u>	<u>36,577,726</u>	<u>7,739,839</u>	<u>533,571,417</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses

As at 30 June 2025, the movements of provision for loans and advances to customers are as follows:

- (i) Movements of provision for impairment losses of loans and advances to customers measured at amortised cost:

	Six months ended 30 June 2025			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
As at 1 January	5,950,720	6,271,007	8,864,345	21,086,072
Transferred:				
– to ECL over the next 12 months	13,323	(13,323)	–	–
– to lifetime ECL-not credit-impaired	(13,946)	13,946	–	–
– to lifetime ECL-credit-impaired	(1,948)	(98,595)	100,543	–
Net charge for the period	38,412	14,125	848,777	901,314
Write-offs	–	–	(307,040)	(307,040)
Recoveries	–	–	21,467	21,467
Disposal of a subsidiary	–	–	(3,213)	(3,213)
As at 30 June	<u>5,986,561</u>	<u>6,187,160</u>	<u>9,524,879</u>	<u>21,698,600</u>

- (ii) Movements of provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income:

	Six months ended 30 June 2025			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
As at 1 January	11,223	–	–	11,223
Net charge for the period	<u>650</u>	<u>–</u>	<u>–</u>	<u>650</u>
As at 30 June	<u>11,873</u>	<u>–</u>	<u>–</u>	<u>11,873</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

As at 31 December 2024, the movements of provision for loans and advances to customers are as follows:

- (i) Movements of provision for impairment losses of loans and advances to customers measured at amortised cost:

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
As at 1 January	5,247,512	6,248,958	8,783,132	20,279,602
Transferred:				
– to ECL over the next 12 months	10,636	(7,693)	(2,943)	–
– to lifetime ECL- not credit-impaired	(134,230)	135,516	(1,286)	–
– to lifetime ECL- credit-impaired	(20,237)	(114,302)	134,539	–
Net charge for the year	847,039	8,528	756,169	1,611,736
Transfer out	–	–	(315,598)	(315,598)
Write-offs	–	–	(531,453)	(531,453)
Recoveries	–	–	41,785	41,785
As at 31 December	<u>5,950,720</u>	<u>6,271,007</u>	<u>8,864,345</u>	<u>21,086,072</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

- (ii) Movements of provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income:

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL- credit-impaired	
As at 1 January	144,951	–	–	144,951
Net release for the year	(133,728)	–	–	(133,728)
As at 31 December	11,223	–	–	11,223

Notes:

- (a) Analysed by movements in loss allowance.

The movements of loss allowance are mainly affected by:

- Transfers between stages due to loans and advances to customers experiencing significant increases (or decreases) in credit risk or becoming credit-impaired, and the corresponding transfer of the measurement basis of the loss allowance between 12 months and the entire lifetime ECL;
- Allowance for new loans and advances to customers recognised;
- Remeasurement includes the impact of changes in model assumptions, updates of model parameters, changes in probability of default and loss given default; changes in ECL due to transfer of loans and advances to customers between stages; changes in ECL due to unwinding of discount over time; changes in foreign exchange translations for assets denominated in foreign currencies and other movements;
- The reversal of allowances caused by repayment, write-offs and loans and advances to customers transferred out.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

19 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses (Continued)

- (ii) Movements of provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income: (Continued)

Notes: (Continued)

- (b) Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income are recognised in other comprehensive income, while the losses or gains impairment are recognised in profit or loss. Besides, the carrying amount of the financial assets presented in the consolidated statement of financial position are not reduced.
- (c) As at 30 June 2025, the Group adjusted the five-tier classification and customer rating of loans and advance to customers measured at amortised cost, and the loan principal of lifetime ECL-not credit-impaired transferred to ECL over the next 12 months were RMB59.53 million. The loan principal from ECL over the next 12 months transferred to lifetime ECL-not credit-impaired were RMB673.24 million, the principal of the loan transferred from ECL over the 12 months and lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired were RMB255.54 million.

As at 31 December 2024, the Group adjusted the five-tier classification and customer rating of loans and advance to customers measured at amortised cost, and the loan principal of lifetime ECL-not credit-impaired and lifetime ECL-credit-impaired transferred to ECL over the next 12 months were RMB279.05 million. The loan principal from ECL over the next 12 months and lifetime ECL-credit-impaired transferred to lifetime ECL-not credit-impaired were RMB6,067.99 million, the principal of the loan transferred from ECL over the 12 months and lifetime ECL-not credit-impaired to lifetime ECL-credit-impaired were RMB1,588.37 million.

20 FINANCIAL INVESTMENTS

	Note	30 June 2025	31 December 2024
Financial assets at fair value through profit or loss	20(a)	93,141,962	104,869,270
Financial assets at fair value through other comprehensive income	20(b)	67,873,579	90,601,577
Financial assets measured at amortised cost	20(c)	273,331,193	266,996,988
Total		434,346,734	462,467,835

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

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

	30 June 2025	31 December 2024
Debt securities at fair value listed outside Hong Kong		
– Government	627,004	1,814,260
– Policy banks	–	2,684,533
– Banks and other financial institutions	801,340	–
– Corporate	1,043,121	1,043,121
Subtotal	2,471,465	5,541,914
Wealth management plan	39,661,550	39,686,200
Investment funds	28,018,254	36,559,891
Trust scheme investments	22,860,987	22,885,870
Other	6,191	6,156
Subtotal	90,546,982	99,138,117
Equity investments		
– Listed	115,122	137,755
– Unlisted	8,393	51,484
Subtotal	123,515	189,239
Total	93,141,962	104,869,270

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

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

	30 June 2025	31 December 2024
Debt securities at fair value listed outside Hong Kong		
– Government	32,897,492	23,069,703
– Policy banks	6,980,603	36,208,657
– Banks and other financial institutions	10,007,723	13,155,078
– Corporate	921,947	580,075
Subtotal	50,807,765	73,013,513
Equity investments		
– Listed	930,322	1,081,039
– Unlisted	15,867,003	15,865,985
Subtotal	16,797,325	16,947,024
Add: interest receivable	268,489	641,040
Total	67,873,579	90,601,577

The movements of provision for financial assets at fair value through other comprehensive income are as follows:

	Six months ended 30 June 2025			
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	Total
As at 1 January	4,537	–	–	4,537
Net release for the period	(9,370)	–	–	(9,370)
Recoveries	7,123	–	–	7,123
As at 30 June	2,290	–	–	2,290

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

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

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	
As at 1 January	3,964	–	–	3,964
Net charge for the year	<u>573</u>	<u>–</u>	<u>–</u>	<u>573</u>
As at 31 December	<u><u>4,537</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>4,537</u></u>

Notes:

- (i) During the six months ended 30 June 2025 and year ended 31 December 2024 there is no transfer of stage between the above debt instruments.
- (ii) Provision for impairment of financial investments measured at fair value through other comprehensive income are recognised in other comprehensive income, while losses or gains from impairment are included in profit or loss. Besides, the carrying amount of the financial assets presented in the consolidated statement of financial position are not reduced.
- (iii) The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial assets measured at amortised cost

	30 June 2025	31 December 2024
Debt securities issued by the following institutions outside Hong Kong		
– Government	7,255,787	8,992,296
– Policy banks	60,030,142	51,063,234
– Banks and other financial institutions	4,880,926	4,852,949
– Corporate	170,036,674	168,349,512
Subtotal	242,203,529	233,257,991
Wealth management plan	2,917,067	2,917,067
Beneficial investment of trust	32,297,808	32,963,934
Subtotal	35,214,875	35,881,001
Add: interest receivable	3,074,157	4,854,966
Less: provision for impairment losses	(7,161,368)	(6,996,970)
Total	273,331,193	266,996,988

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial assets measured at amortised cost (Continued)

The movements of provision for financial assets at amortised cost are as follows:

	Six months ended 30 June 2025			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	
As at 1 January	221,798	2,736,206	4,038,966	6,996,970
Transferred:				
– to lifetime ECL- credit-impaired	(6,023)	–	6,023	–
Net (release)/charge for the period	<u>(27,020)</u>	<u>(3,620)</u>	<u>195,038</u>	<u>164,398</u>
As at 30 June	<u>188,755</u>	<u>2,732,586</u>	<u>4,240,027</u>	<u>7,161,368</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

20 FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial assets measured at amortised cost (Continued)

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	
As at 1 January	308,878	2,136,428	3,544,019	5,989,325
Transferred:				
– to lifetime ECL- not credit-impaired	(83,901)	83,901	–	–
Net (release)/charge for the year	<u>(3,179)</u>	<u>515,877</u>	<u>494,947</u>	<u>1,007,645</u>
As at 31 December	<u><u>221,798</u></u>	<u><u>2,736,206</u></u>	<u><u>4,038,966</u></u>	<u><u>6,996,970</u></u>

Notes:

- (i) During the six months ended 30 June 2025, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the financial assets measured at amortised cost from ECL over the next 12 months was transferred to lifetime ECL credit-impaired of RMB371.22 million.

In the year 2024, the Group adjusted the five-tier classification and customer rating of financial assets measured at amortised cost, and the financial assets measured at amortised cost from ECL over the next 12 months was transferred to lifetime ECL-not credit-impaired of RMB4,837.61 million.

- (ii) The ECL movement was caused by origination or purchase as well as changes in PD, LGD and EAD and stages as a result of regular update of parameters.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

21 PROPERTY AND EQUIPMENT

	Premises	Leasehold improvement	CIP	Office equipment	Others	Total
Cost						
As at 1 January 2024	4,488,715	1,232,150	2,311,001	1,260,313	117,687	9,409,866
Additions	7,963	111,264	11,669	85,460	22,691	239,047
CIP transfers	1,473	–	(2,109)	–	636	–
Disposals	(1,334)	–	(68,230)	(20,432)	(9,265)	(99,261)
As at 31 December 2024 and 1 January 2025	4,496,817	1,343,414	2,252,331	1,325,341	131,749	9,549,652
Additions	–	10,357	267	8,335	5,162	24,121
Disposals	–	–	(342)	(2,205)	(18,820)	(21,367)
Disposal of a subsidiary	–	–	–	(2,399)	(481)	(2,880)
As at 30 June 2025	4,496,817	1,353,771	2,252,256	1,329,072	117,610	9,549,526
Accumulated depreciation						
As at 1 January 2024	(2,289,417)	(1,026,731)	–	(935,034)	(117,261)	(4,368,443)
Additions	(184,525)	(45,403)	–	(76,065)	(18,512)	(324,505)
Disposals	1,186	–	–	20,362	8,886	30,434
As at 31 December 2024 and 1 January 2025	(2,472,756)	(1,072,134)	–	(990,737)	(126,887)	(4,662,514)
Additions	(92,589)	(23,426)	–	(37,266)	(8,225)	(161,506)
Disposals	–	–	–	2,166	18,241	20,407
Disposal of a subsidiary	–	–	–	2,217	470	2,687
As at 30 June 2025	(2,565,345)	(1,095,560)	–	(1,023,620)	(116,401)	(4,800,926)
Net book value						
As at 31 December 2024	2,024,061	271,280	2,252,331	334,604	4,862	4,887,138
As at 30 June 2025	1,931,472	258,211	2,252,256	305,452	1,209	4,748,600

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

22 DEFERRED TAX ASSETS AND LIABILITIES

(a) Analysed by nature

	30 June 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Allowance for impairment losses	25,150,970	6,243,623	24,050,858	5,975,779
Change in fair value of financial assets at fair value through other comprehensive income	3,435,955	858,989	3,374,739	843,685
Supplementary retirement benefits	141,564	35,391	138,339	34,585
Change in fair value of derivative financial instruments	(17,268)	(4,317)	(64,822)	(16,206)
Change in fair value of financial assets at fair value through profit or loss	4,378,007	1,094,501	4,011,701	1,002,925
Right-of-use assets	(690,662)	(173,900)	(725,973)	(183,769)
Lease liabilities	723,480	182,105	751,332	190,109
Salaries and welfare payable	239,387	58,996	235,486	58,872
Others	1,919,823	486,173	4,316,043	1,079,010
Net deferred income tax	35,281,256	8,781,561	36,087,703	8,984,990

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Analysed by movement

	At 1 January 2025	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of a subsidiary	At 30 June 2025
Allowance for impairment losses	5,975,779	267,844	–	–	6,243,623
Change in fair value of financial assets at fair value through other comprehensive income	843,685	–	15,304	–	858,989
Supplementary retirement benefits	34,585	804	2	–	35,391
Change in fair value of derivative financial instruments	(16,206)	11,889	–	–	(4,317)
Change in fair value of financial assets at fair value through profit or loss	1,002,925	91,576	–	–	1,094,501
Right-of-use assets	(183,769)	9,508	–	361	(173,900)
Lease liabilities	190,109	(7,631)	–	(373)	182,105
Salaries and welfare payable	58,872	124	–	–	58,996
Other	1,079,010	(592,837)	–	–	486,173
Net deferred income tax	8,984,990	(218,723)	15,306	(12)	8,781,561

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

22 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Analysed by movement (Continued)

	At 1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December 2024
Allowance for impairment losses	5,855,330	120,449	–	5,975,779
Change in fair value of financial assets at fair value through other comprehensive income	774,311	–	69,374	843,685
Supplementary retirement benefits	28,474	998	5,113	34,585
Change in fair value of derivative financial instruments	5,417	(21,623)	–	(16,206)
Change in fair value of financial assets at fair value through profit or loss	818,197	184,728	–	1,002,925
Right-of-use assets	(184,647)	878	–	(183,769)
Lease liabilities	189,668	441	–	190,109
Salaries and welfare payable	–	58,872	–	58,872
Others	1,680,115	(601,105)	–	1,079,010
Net deferred income tax	9,166,865	(256,362)	74,487	8,984,990

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

23 OTHER ASSETS

		30 June 2025	31 December 2024
	Note		
Settlement and clearing accounts		1,173,029	1,249,289
Reposessed assets	23(a)	9,996,235	9,710,375
Interest receivable	23(b)	1,870,898	1,177,401
Right-of-use assets	23(c)	749,257	796,901
Intangible assets	23(d)	545,054	565,749
Land use rights		53,968	56,059
Prepayments		121,900	82,672
Others	23(e)	2,484,006	2,212,878
Total		16,994,347	15,851,324

(a) Reposessed assets

	30 June 2025	31 December 2024
Land use rights and buildings	10,008,395	9,722,535
Less: impairment allowance	(12,160)	(12,160)
Total	9,996,235	9,710,375

(b) Interest receivable

	30 June 2025	31 December 2024
Interest receivable arising from:		
– Loans and advances to customers	1,870,898	1,177,401

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

23 OTHER ASSETS (CONTINUED)

(c) Right-of-use assets

	Leased properties and buildings
Cost	
As at 1 January 2024	1,335,283
Additions	185,047
Disposals	(119,333)
As at 31 December 2024 and 1 January 2025	1,400,997
Additions	47,682
Disposals	(39,453)
Disposal of a subsidiary	(1,807)
As at 30 June 2025	1,407,419
Accumulated depreciation	
As at 1 January 2024	(532,977)
Additions	(189,058)
Disposals	117,939
As at 31 December 2024 and 1 January 2025	(604,096)
Additions	(93,940)
Disposals	39,452
Disposal of a subsidiary	422
As at 30 June 2025	(658,162)
Carrying amount:	
As at 31 December 2024	796,901
As at 30 June 2025	749,257

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

23 OTHER ASSETS (CONTINUED)

(d) Intangible assets

	30 June 2025	31 December 2024
Cost		
As at 1 January	931,537	783,130
Additions	21,697	148,407
Disposal of a subsidiary	(657)	–
As at 30 June/31 December	952,577	931,537
Accumulated amortisation		
As at 1 January	(365,788)	(291,901)
Additions	(41,988)	(73,887)
Disposal of a subsidiary	253	–
As at 30 June/31 December	(407,523)	(365,788)
Net value		
As at 1 January	565,749	491,229
As at 30 June/31 December	545,054	565,749

Intangible assets of the Group mainly represent computer software.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

23 OTHER ASSETS (CONTINUED)

(e) Others

	30 June 2025	31 December 2024
Receivable due from disposal of non-performing assets (Note (i))	653,754	653,754
Others	<u>2,425,693</u>	<u>2,160,809</u>
Subtotal	3,079,447	2,814,563
Less: impairment allowance	<u>(595,441)</u>	<u>(601,685)</u>
Total	<u><u>2,484,006</u></u>	<u><u>2,212,878</u></u>

Note:

- (i) It represents a receivable from Shenyang City Infrastructure Construction Investment Development Co., Ltd. and the receivable is guaranteed by one of the Bank's shareholder, Shenyang Hengxin State-owned Asset Management Group Co., Ltd.

24 BORROWINGS FROM CENTRAL BANK

	30 June 2025	31 December 2024
Borrowings (Note (a))	1,236,773	342,044
Add: interest payable	<u>537</u>	<u>330</u>
Total	<u><u>1,237,310</u></u>	<u><u>342,374</u></u>

Note:

- (a) Borrowings from central bank mainly include re-lending operation.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

25 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Deposits in mainland China		
– Banks	48,774,905	45,686,607
– Other financial institutions	45,554,924	45,305,264
Subtotal	94,329,829	90,991,871
Add: interest payable	562,831	278,105
Total	94,892,660	91,269,976

26 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Placements in mainland China		
– Banks	14,897,000	10,918,050
– Other financial institutions	400,000	1,114,377
Subtotal	15,297,000	12,032,427
Add: interest payable	38,950	53,134
Total	15,335,950	12,085,561

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

27 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
In mainland China		
– Banks	53,167,727	70,187,501
– Other financial institutions	11,938,954	24,454,575
Subtotal	65,106,681	94,642,076
Add: interest payable	15,238	46,398
Total	65,121,919	94,688,474

(b) Analysed by type of security held

	30 June 2025	31 December 2024
Debt securities sold under repurchase agreements	27,582,990	54,678,905
Bills sold under repurchase agreements	37,523,691	39,963,171
Subtotal	65,106,681	94,642,076
Add: interest payable	15,238	46,398
Total	65,121,919	94,688,474

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

28 DEPOSITS FROM CUSTOMERS

	30 June 2025	31 December 2024
Demand deposits		
– Corporate deposits	87,615,160	112,314,503
– Personal deposits	34,189,291	35,987,787
Subtotal	121,804,451	148,302,290
Time deposits		
– Corporate deposits	109,027,715	96,507,570
– Personal deposits	541,903,338	519,059,622
Subtotal	650,931,053	615,567,192
Pledged deposits		
– Acceptances	4,990,633	4,898,521
– Letters of credit	451,864	66,700
– Letters of guarantees	149,283	186,866
– Others	1,491,059	1,688,914
Subtotal	7,082,839	6,841,001
Inward and outward remittances	11,650,923	9,878,718
Total deposits from customers at amortised cost	791,469,266	780,589,201
Add: interest payable	27,756,622	25,301,558
Total	819,225,888	805,890,759

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

29 DEBT SECURITIES ISSUED

	30 June 2025	31 December 2024
Tier two capital fixed rate debts maturing in September 2034 (<i>Note(a)</i>)	6,000,000	6,000,000
Tier two capital fixed rate debts maturing in December 2032 (<i>Note(b)</i>)	4,999,057	4,999,057
Certificates of interbank deposit (<i>Note(c)</i>)	12,390,729	7,738,232
Total	23,389,786	18,737,289

Notes:

- (a) Tier two capital fixed rate debts of RMB6.0 billion with a term of ten years were issued on 5 September 2024. The coupon rate is 2.85%. The Group has an option to redeem the debts at the 5th year at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will stay the same for the next 5 years.
- (b) Tier two capital fixed rate debts of RMB5.0 billion with a term of ten years were issued on 29 December 2022. The coupon rate is 4.80%. The Group has an option to redeem the debts at the 5th year at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will stay the same for the next 5 years.
- (c) As at 30 June 2025, the interbank negotiable certificates of deposit were measured at amortised cost. The fair value of the interbank deposits issued mentioned above approximates to RMB12,359 million (31 December 2024: RMB7,717 million).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES

	Note	30 June 2025	31 December 2024
Lease liabilities	30(a)	723,480	751,332
Expected credit loss of credit commitment	30(b)	145,166	244,345
Taxes payable	30(c)	571,318	661,342
Accrued staff cost	30(d)	488,534	616,015
Payment and collection clearance accounts		2,894,754	1,894,709
Dividend payable		107,566	107,566
Dormant accounts		112,580	108,327
Others		1,811,593	1,360,015
Total		6,854,991	5,743,651

(a) Maturity analysis of contractual undiscounted cash flows of lease liabilities

	30 June 2025	31 December 2024
Within one year	179,035	185,047
Between one year and two years	154,935	162,751
Between two years and three years	125,787	135,881
Between three years and five years	179,834	188,431
More than five years	150,657	155,206
Contractual undiscounted cash flows of lease liabilities	790,248	827,316
Ending balance of lease liabilities	723,480	751,332

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(b) Expected credit loss of credit commitment

	Six months ended 30 June 2025			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	
As at 1 January	240,650	3,695	–	244,345
Transferred:				
– to ECL over the next 12 months	420	(101)	(319)	–
– to lifetime ECL- not credit-impaired	(48)	1,825	(1,777)	–
Net (release)/charge for the period	<u>(99,935)</u>	<u>(1,340)</u>	<u>2,096</u>	<u>(99,179)</u>
As at 30 June	<u>141,087</u>	<u>4,079</u>	<u>–</u>	<u>145,166</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(b) Expected credit loss of credit commitment (Continued)

	Year ended 31 December 2024			Total
	ECL over the next 12 months	Lifetime ECL- not credit- impaired	Lifetime ECL-credit- impaired	
As at 1 January	283,724	3,528	–	287,252
Transferred:				
– to ECL over the next 12 months	1,142	(717)	(425)	–
– to lifetime ECL- not credit-impaired	(1,325)	2,996	(1,671)	–
Net (release)/charge for the year	<u>(42,891)</u>	<u>(2,112)</u>	<u>2,096</u>	<u>(42,907)</u>
As at 31 December	<u>240,650</u>	<u>3,695</u>	<u>–</u>	<u>244,345</u>

(c) Taxes payable

	30 June 2025	31 December 2024
Value-added tax and surcharges payable	538,205	594,920
Others	<u>33,113</u>	<u>66,422</u>
Total	<u>571,318</u>	<u>661,342</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost

	<i>Note</i>	30 June 2025	31 December 2024
Salary, bonuses and allowances payable		309,605	437,287
Supplementary retirement benefits payable	30(d)(i)	141,564	138,339
Housing allowances payable		30,358	30,376
Pension and annuity payable	30(d)(ii)	2,784	4,184
Other social insurance payable		1,437	2,458
Others		2,786	3,371
Total		<u>488,534</u>	<u>616,015</u>

(i) *Supplementary retirement benefits*

Early retirement plan

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) *Supplementary retirement benefits (Continued)*

Supplementary retirement plan

The Group provides a supplementary retirement plan to its eligible employees, which is mainly heating compensation.

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. The Group's obligations in respect of the supplementary retirement benefits were assessed using projected unit credit method by qualified staff (a member of society of Actuaries in America) of an external independent actuary: Towers Watson Management Consulting (Shenzhen) Co., Ltd.

(1) The balances of supplementary retirement benefits of the Group are as follows:

	30 June 2025	31 December 2024
Present value of early retirement plan	3,618	4,167
Present value of supplementary retirement plan	<u>137,946</u>	<u>134,172</u>
Total	<u><u>141,564</u></u>	<u><u>138,339</u></u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) Supplementary retirement benefits (Continued)

Supplementary retirement plan (Continued)

- (2) The movements of supplementary retirement benefits of the Group are as follows:

	2025	2024
As at 1 January	138,339	113,897
Benefits paid during the period/year	(1,253)	(3,948)
Defined benefit cost recognised in profit or loss	4,472	7,939
Defined benefit cost recognised in other comprehensive income	6	20,451
As at 30 June/31 December	141,564	138,339

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) *Supplementary retirement benefits (Continued)*

Supplementary retirement plan (Continued)

(3) Principal actuarial assumptions of the Group are as follows:

	30 June 2025	31 December 2024
Early retirement plan		
Discount rate	1.25%	1.25%
Mortality	<i>Note</i>	<i>Note</i>
Retired age		
– Male	60	60
– Female	55	55
Annual increase rate of internal salary	4.00%	4.00%

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) Supplementary retirement benefits (Continued)

Supplementary retirement plan (Continued)

(3) Principal actuarial assumptions of the Group are as follows: (Continued)

Supplementary retirement plan	30 June 2025	31 December 2024
Discount rate	2.00%	2.00%
Mortality	<i>Note</i>	<i>Note</i>
Turnover rate	3.00%	3.00%
Retired age		
– Male	60	60
– Female	55	55

Note:

- (i) As at 30 June 2025 and 31 December 2024, mortality assumptions are based on China Life Insurance Annuity Table (2010–2013) in China Life Insurance Mortality Table compiled by People's Life Insurance Company of China (PLICC), which are published historical statistics in China.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(i) Supplementary retirement benefits (Continued)

Supplementary retirement plan (Continued)

(4) The sensitivity of the present value of supplementary retirement benefit obligations to changes in the weighted principal:

	30 June 2025 Increase/ (decrease)	31 December 2024 Increase/ (decrease)
Change in present value of the defined benefit plan obligation		
Up 25 bps in discount rate	(6,838)	(6,721)
Down 25 bps in discount rate	7,368	7,242

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

30 OTHER LIABILITIES (CONTINUED)

(d) Accrued staff cost (Continued)

(ii) Pension and annuity

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the basic social pension schemes for employees arranged by local government labor and social security authorities. The Group makes contributions to the retirement scheme at the applicable rates based on the amounts stimulated by the relevant government authorities.

The Group also provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to the total salaries and bonuses of employees, which are charged to profit or loss when the contributions are made.

The contributions of the above social pension schemes and annuity plan are managed and supervised by the relevant authorities or the qualified trustee in China, and the Group is not allowed to confiscate any relevant contributions. Therefore, the Group has no forfeited contributions available to reduce the existing level of contributions.

31 SHARE CAPITAL

Issued share capital

	30 June 2025	31 December 2024
Number of shares, issued and fully paid at par value (in thousands)	8,796,680	8,796,680

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

32 RESERVES

(a) Capital reserve

Capital reserve mainly included share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund.

Pursuant to the Company Law of the PRC and the Article of Association, the Bank is required to appropriate 10% from its net profit to statutory surplus reserve fund, according to the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF"), after offsetting prior year's accumulated loss. Until the statutory surplus reserve accumulated amount reaches 50% of its registered capital..

The Bank also appropriates discretionary surplus reserve fund in accordance with the resolution of the shareholders meeting.

(c) General reserve

From 1 July 2012, pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No.20)" issued by the MOF on 30 March 2012, the Group is required to set aside a general reserve through its net profit for the profit distribution which should not be lower than 1.5% of the ending gross risk bearing assets balance by 30 June 2025.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

32 RESERVES (CONTINUED)

(d) Fair value reserve

	2025	2024
As at 1 January	(2,561,420)	(2,346,078)
Changes in fair value recognised in fair value reserve	233,586	30,110
Transfer to profit or loss upon disposal	(298,320)	(321,585)
Transfer to retained earnings upon disposal	–	6,759
Less: income tax	15,304	69,374
Subtotal	(49,430)	(215,342)
As at 30 June/31 December	(2,610,850)	(2,561,420)

(e) Provision reserve

	2025	2024
As at 1 January	11,820	111,686
Changes in fair value recognised in provision reserve	(1,597)	(133,155)
Less: income tax	399	33,289
As at 30 June/31 December	10,622	11,820

(f) Deficit on remeasurement of net defined benefit liability

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

33 PROFIT DISTRIBUTION

- (a) In accordance with the resolution of the Bank's 2024 Annual General Meeting held on 13 June 2025, the proposed profit distribution plan for the year ended 31 December 2024 is as follows:
- Appropriate RMB55.95 million to the statutory surplus reserve fund
- (b) In accordance with the resolution of the Bank's 2023 Annual General Meeting held on 5 June 2024, the proposed profit distribution plan for the year ended 31 December 2023 is as follows:
- Appropriate RMB69.98 million to the statutory surplus reserve fund.

34 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents comprise:

	30 June 2025	31 December 2024
Cash on hand	668,711	807,682
Deposits with central bank other than restricted deposits	23,022,623	29,831,411
Deposits with banks and other financial institutions with original maturity of three months or less	15,421,113	12,445,459
Placements with banks and other financial institutions with original maturity of three months or less	1,800,000	2,400,000
Financial assets held under resale agreements with original maturity of three months or less	21,960,926	1,766,000
Total	62,873,373	47,250,552

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Bank with 5% or above ownership, or assigning a director in the Bank.

Share percentage in the Bank:

Company Name	Major shareholders	30 June 2025	Major shareholders	31 December 2024
Shenyang Shengjing Financial Holdings Investment Co., Ltd.	Y	20.79%	Y	20.79%
Shenyang Hengxin State-owned Asset Management Group Co., Ltd.	Y	5.46%	Y	5.45%

Main condition of major shareholders:

Company Name	Registered Address	Main business	Company nature	Legal Representative
Shenyang Shengjing Financial Holdings Investment Co., Ltd.	Shenyang	Industrial investment; investment management	Limited Liability Company	Xv Dong
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	Shenyang	Management and operation of asset	Limited Liability Company	Li Weiming

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(a) Relationship of related parties (Continued)

(i) Major shareholders (Continued)

Registered capital of major shareholders:

Company Name	Currency	30 June 2025	31 December 2024
Shenyang Shengjing Financial Holdings Investment Co., Ltd.	RMB	21,889,209	21,889,000
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	RMB	10,000,000	10,000,000

(ii) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 1.

(iii) 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 35(a)(i) or their controlling shareholders. Other related parties also include post-employment benefit plans of the Group (Note 30(d)).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances

Related party transactions of the Group mainly refer to loans and deposits, which are entered into in the normal course and terms of business, with consistent pricing policies as in transactions with independent third parties.

(i) Transactions between the Bank and major shareholders

(1) Deposits from customers

	30 June 2025	31 December 2024
Shenyang Shengjing Financial Holdings Investment Co., Ltd.	574,174	681,787
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	2,524	3,562
Total	576,698	685,349

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(i) Transactions between the Bank and major shareholders (Continued)

(2) Guarantees received

	30 June 2025	31 December 2024
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	1,382,025	1,385,275

(3) Interest expense

	Six months ended 30 June 2025	2024
Shenyang Shengjing Financial Holdings Investment Co., Ltd.	5,235	13,240
Shenyang Hengxin State-Owned Asset Management Co., Ltd.	12	6
Total	5,247	13,246

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(ii) Transactions between the Bank and subsidiaries

	30 June 2025	31 December 2024
Balances at the end of the period/year:		
Deposits from banks and other financial institutions	1,901,918	1,891,366
Placements with banks and other financial institutions	3,413,401	2,514,080
Deposits with banks and other financial institutions	4,108,717	2,200,171
	Six months ended 30 June 2025	2024
Transactions during the period:		
Interest income	82,650	54,192
Interest expense	1,613	782

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(iii) Transactions between the Bank and other related parties

	30 June 2025	31 December 2024
Balances at the end of the period/year:		
Loans and advances to customers	3,569,727	2,808,814
Deposits from customers	732,822	677,566
Deposits from banks and other financial institutions	431,090	2,400,009
Guarantees received	279,007	399,356
	Six months ended 30 June 2025	2024
Transactions during the period:		
Interest income	79,418	75,540
Interest expense	16,326	11,966

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel

(i) *Key management personnel remuneration*

Key management personnel refers to those who have authority and are responsible for directly or indirectly planning, command and control the Group's operating. Including members of Board of Directors, Board of Supervisors and senior managements.

	Six months ended 30 June	
	2025	2024
Salaries and other emoluments	4,300	5,108
Discretionary bonuses	678	2,274
Contributions to pension schemes	663	776
Total	5,641	8,158

(ii) *Loans and advances to directors, supervisors and officers*

As at 30 June 2025 and 31 December 2024, there is no loans and advances to directors, supervisors and officers of the Group pursuant to section 383(1) of Hong Kong Companies Ordinance.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

35 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel (Continued)

(iii) Transactions between the Bank and key management personnel

	30 June 2025	31 December 2024
Balances at the end of period/year:		
Deposits from customers	15,001	16,972
	Six months ended 30 June 2025	2024
Transactions during the period:		
Interest income	–	15
Interest expense	95	91

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT

The Group is primarily exposed to credit, interest rate, currency and liquidity risks from its use of financial instruments in the normal course of the Group's operations. This note mainly presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and minimise potential adverse effects.

The Board of Directors (the "Board") is the highest decision-making authority within the Bank in terms of risk management and oversees the Group's risk management functions through Risk Control and Consumer Rights Protection Committee. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Senior management is the highest execution level in the risk management structure and reports directly to the Risk Control and Consumer Rights Protection Committee of the Board. Based on the risk management strategies determined by the Board, senior management is responsible for formulating and implementing risk management policies and systems, as well as supervising, identifying and controlling the risks that various businesses are exposed to.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and debt investments portfolios and guarantees granted.

Credit business

The Board is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The Board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies, ensures that all kinds of credit risk in various businesses are properly identified, assessed, calculated and monitored. The Risk Management Department and the Credit Approval Department are responsible for credit risk management. Front-office departments such as the Corporate Banking Department, the Retail Banking Department and the Capital Operation Center carry out credit businesses according to the Group's risk management policies and procedures.

Treasury Business

The Group's treasury business is exposed to the credit risk associated with the investment business and inter-bank business. The Group manages the credit risk exposures by setting credit limits to the internal credit ratings of its treasury business. Credit risk exposure is closely monitored on a systematic, real-time basis, and credit risk limits are reviewed and updated regularly.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, the Group measures provision for loss of different assets with 12-month ECL or lifetime ECL respectively. The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of the next 12-months ECL, and measures loss provision for other financial instruments in accordance with the amount of lifetime expected credit losses.

- The financial instruments that are determined to have low credit risk at the reporting date; or
- The financial instruments for which credit risk has not increased significantly since initial recognition.

(1) Significant increase in credit risk

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

Quantitative criteria

- At the reporting date, the rating or the probability of default (PD) of the financial instruments reaches a certain extent, comparing with the one at initial recognition; and
- The debtor is more than 30 days past due on its contractual payment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(1) Significant increase in credit risk (Continued)

Qualitative criteria

- The credit risk event of the debtor which is highly likely to lead to significant adverse effects;
- The debtor meets problems of cash flow or liquidity, i.e. overdue loans;
- The debtor is unwilling to repay the debt, i.e. debt dodge, fraud;
- The debtor defaults on loans outside the Group, resulting in non-performing assets in PBOC credit system;
- Credit spread increases significantly; and
- For collateralised and pledged loans, change of the value of collateral might incur a rise in credit risk.

Baseline criteria

- Be classified into Special Mention category

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(2) *Definition of credit-impaired financial asset*

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

- The debtor is more than 90 days past due on its contractual payment;
- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(2) Definition of credit-impaired financial asset (Continued)

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

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

(3) Notes to the parameters, assumptions and valuation techniques

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan.
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan.
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. Loss given default varies due to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future years. The results of calculation for each year are then discounted to the reporting date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime probability of default is to deduce the marginal probability of default by using supervisory formula or conditional probability formula.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different due to different types of products.

- In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract and makes adjustment based on prediction of over-limit repayment and prepayments/refinancing made by the borrower.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method and obtained from multiplying the nominal amount of the off-balance sheet items on the balance sheet date by the credit conversion factor (CCF).
- The Group determines the 12-month LGD and lifetime LGD based on the factors that affect post-default recovery. LGD for different product types are different.
- As to financial assets classified as guarantees, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.
- As to credit-based financial assets, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime probability of default, exposure at default and loss given default.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

The Group quarterly monitors and reviews assumptions related to the calculation of expected credit losses, including the changes in PD and the value of collaterals under the different time limits.

Forward-looking information included in the expected credit loss model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of expected credit losses involve forward-looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including gross domestic product (GDP), consumer price index (CPI), and producer price index (PPI), etc. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis, and identified the expected probability of default by predicting the future economic indicators.
- When judging whether there is significant increase in credit risk, the Group multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios, and considers the qualitative and maximum indicators. The Group measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of expected credit loss (Continued)

(3) Notes to the parameters, assumptions and valuation techniques (Continued)

- Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.
- Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact, and the expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

(i) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the carrying amount of each type of financial assets as at the end of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of the reporting period is disclosed in Note 38(a).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers

Loans and advances to customers were analysed as follows as at 30 June 2025 and 31 December 2024:

	30 June 2025	31 December 2024
Gross balance of loans and advances to customers		
– ECL over the next 12 months	458,730,747	445,495,616
– Lifetime ECL – not credit-impaired loans	39,016,923	38,492,444
– Lifetime ECL – credit-impaired loans	17,125,036	16,604,184
	<u>514,872,706</u>	<u>500,592,244</u>
Add: Interest receivable		
– ECL over the next 12 months	55,785,836	49,708,956
– Lifetime ECL – not credit-impaired loans	4,744,814	4,356,289
	<u>60,530,650</u>	<u>54,065,245</u>
Less: allowance for impairment losses		
– ECL over the next 12 months	(5,986,561)	(5,950,720)
– Lifetime ECL – not credit-impaired loans	(6,187,160)	(6,271,007)
– Lifetime ECL – credit-impaired loans	(9,524,879)	(8,864,345)
	<u>(21,698,600)</u>	<u>(21,086,072)</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

	30 June 2025	31 December 2024
Net balance		
– ECL over the next 12 months	508,530,022	489,253,852
– Lifetime ECL – not credit-impaired loans	37,574,577	36,577,726
– Lifetime ECL – credit-impaired loans	7,600,157	7,739,839
	<u>553,704,756</u>	<u>533,571,417</u>

(1) ECL over the next 12 months loans

	30 June 2025	31 December 2024
Corporate loans and advances	342,584,415	334,908,560
Personal loans and advances	<u>116,146,332</u>	<u>110,587,056</u>
Total gross balance	<u>458,730,747</u>	<u>445,495,616</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(2) Lifetime ECL – not credit-impaired loans

		30 June 2025			Total
		Not overdue	Less than 1 month (inclusive)	1 to 3 months (inclusive)	
Corporate loans and advances	32,451,495	5,484,563	133,463	38,069,521	
Personal loans and advances	<u>1,794</u>	<u>151,538</u>	<u>794,070</u>	<u>947,402</u>	
Total gross balance	<u>32,453,289</u>	<u>5,636,101</u>	<u>927,533</u>	<u>39,016,923</u>	

		31 December 2024			Total
		Not overdue	Less than 1 month (inclusive)	1 to 3 months (inclusive)	
Corporate loans and advances	31,447,377	5,456,873	862,867	37,767,117	
Personal loans and advances	<u>4,085</u>	<u>77,573</u>	<u>643,669</u>	<u>725,327</u>	
Total gross balance	<u>31,451,462</u>	<u>5,534,446</u>	<u>1,506,536</u>	<u>38,492,444</u>	

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(2) Lifetime ECL – not credit-impaired loans (Continued)

Fair value of collateral held against loans and advances which was lifetime ECL but not credit-impaired was analysed as follows:

	30 June 2025	31 December 2024
Fair value of collateral held against loans and advances which was lifetime ECL but not credit-impaired	18,082,549	17,103,500

The above collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(ii) Loans and advances to customers (Continued)

(3) Lifetime ECL – credit-impaired loans

	30 June 2025	31 December 2024
Corporate loans and advances	13,178,925	13,284,216
Personal loans and advances	3,946,111	3,319,968
Total gross balance	17,125,036	16,604,184
Of total loans and advances	3.33%	3.32%
Allowance for impairment losses		
– Corporate loans and advances	7,316,132	7,017,258
– Personal loans and advances	2,208,747	1,847,087
Total	9,524,879	8,864,345
Fair value of collateral held against credit-impaired loans and advances	16,935,091	15,918,079

The above collateral mainly included land, buildings, machinery and equipment, etc. The fair value of collateral was estimated by the Group based on the latest external valuations available, adjusted in light of disposal experience and current market conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(iii) Amounts due from banks and other financial institutions

The Group adopts an internal credit rating approach in managing the credit risk of amounts due from banks and other financial institutions. The distribution according to the credit rating of amounts due from banks and non-bank financial institutions (including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions) is as follows:

	30 June 2025	31 December 2024
Carrying amount		
ECL over the next 12 months		
– grade A to AAA	41,511,501	13,375,596
– grade B to BBB	1,747,873	5,935,863
Lifetime ECL – credit-impaired		
– grade C to CCC	277,912	300,000
	<u>43,537,286</u>	<u>19,611,459</u>
Add: interest receivable		
– ECL over the next 12 months	47,532	27,204
	<u>47,532</u>	<u>27,204</u>
Less: provision for impairment loss		
– ECL over the next 12 months	(7,443)	(5,502)
– Lifetime ECL – credit-impaired	(125,061)	(135,000)
	<u>(132,504)</u>	<u>(140,502)</u>
Net balance		
– ECL over the next 12 months	43,299,463	19,333,161
– Lifetime ECL – credit-impaired	152,851	165,000
	<u>43,452,314</u>	<u>19,498,161</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(iv) Debt securities investments

The credit risk of debt securities investments mainly arises from the risk that the issuer might default on a payment or go into liquidation. Debt securities investments by different types of issuers are generally subject to different degrees of credit risk.

The following tables present an analysis of the Group's total credit risk exposures of debt securities investments by types of issuers:

	30 June 2025	31 December 2024
Gross balance of debt securities investments		
– ECL over the next 12 months		
– Government	40,780,283	33,876,259
– Policy banks	67,010,745	89,956,424
– Banks and other financial institutions	15,689,989	18,008,027
– Corporate	164,281,751	163,645,174
– Lifetime ECL – not credit-impaired		
– Corporate	6,407,135	5,087,534
– Lifetime ECL – credit-impaired		
– Corporate	1,312,856	1,240,000
	<u>295,482,759</u>	<u>311,813,418</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(iv) Debt securities investments (Continued)

	30 June 2025	31 December 2024
Less: allowance for impairment losses		
– ECL over the next 12 months	(23,812)	(23,992)
– Lifetime ECL – not credit-impaired	(1,021,275)	(946,777)
– Lifetime ECL – credit-impaired	(549,531)	(520,570)
	<u>(1,594,618)</u>	<u>(1,491,339)</u>
Net balance		
– ECL over the next 12 months	287,738,956	305,461,892
– Lifetime ECL – not credit-impaired	5,385,860	4,140,757
– Lifetime ECL – credit-impaired	<u>763,325</u>	<u>719,430</u>
	<u>293,888,141</u>	<u>310,322,079</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(v) Financial assets measured at amortised cost

	30 June 2025	31 December 2024
Gross balance of financial assets measured at amortised cost		
– ECL over the next 12 months	243,136,019	236,617,243
– Lifetime ECL – not credit-impaired	21,468,969	20,149,369
– Lifetime ECL – credit-impaired	<u>12,813,416</u>	<u>12,372,380</u>
	<u>277,418,404</u>	<u>269,138,992</u>
Add: Interest receivable		
– ECL over the next 12 months	<u>3,074,157</u>	<u>4,854,966</u>
Less: allowance for impairment losses		
– ECL over the next 12 months	(188,755)	(221,798)
– Lifetime ECL – not credit-impaired	(2,732,586)	(2,736,206)
– Lifetime ECL – credit-impaired	<u>(4,240,027)</u>	<u>(4,038,966)</u>
	<u>(7,161,368)</u>	<u>(6,996,970)</u>
Net balance		
– ECL over the next 12 months	246,021,421	241,250,411
– Lifetime ECL – not credit-impaired	18,736,383	17,413,163
– Lifetime ECL – credit-impaired	<u>8,573,389</u>	<u>8,333,414</u>
	<u>273,331,193</u>	<u>266,996,988</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's inside and outside the financial statements activities, arising from adverse movements in market rates including interest rates, exchange rates, commodity prices, stock prices and other prices. The market risk management aims to identify, measure, monitor and control market risk, control the potential losses associated with market risk within the acceptable limit and maximise the risk-adjusted income.

The Board is responsible for approving the market risk management strategies and policies, determining the acceptable level of market risk and authorising the Risk Control and Consumer Interest Protection Committee to supervise the market risk management conducted by the senior management. The Risk Management Department of the Bank is responsible for identifying, measuring, monitoring and reporting the market risk of the various business lines, providing various data on market risks and other technical support.

The Group employed sensitivity analysis, interest repricing gap analysis, foreign currency gap analysis, stress testing and effective duration analysis to measure and monitor the market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile with reference to the interest rate risks for different maturities.

Interest repricing gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

(i) Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of treasury position.

(1) Repricing risk

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movement in interest rates.

The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	Total	Non-interest bearing	30 June 2025			
			Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Assets						
Cash and deposits with central bank	65,997,802	688,487	65,309,315	–	–	–
Deposits with banks and other financial institutions	15,444,063	321	15,443,742	–	–	–
Placements with banks and other financial institutions	6,045,873	196,998	1,799,710	4,049,165	–	–
Financial assets held under resale agreements	21,962,378	3,065	21,959,313	–	–	–
Loans and advances to customers (Note (i))	553,704,756	60,530,650	259,046,914	129,036,092	49,341,463	55,749,637
Financial investments (Note (iii))	434,346,734	21,977,927	94,139,452	18,736,016	78,052,472	221,440,867
Others	30,679,702	30,524,508	94,593	57,477	3,124	–
Total assets	1,128,181,308	113,921,956	457,793,039	151,878,750	127,397,059	277,190,504

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	Total	Non-interest bearing	30 June 2025			
			Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Liabilities						
Borrowings from central bank	(1,237,310)	(40,032)	(47,200)	(1,150,078)	–	–
Deposits from banks and other financial institutions	(94,892,660)	(562,831)	(54,384,762)	(39,945,067)	–	–
Placements from banks and other financial institutions	(15,335,950)	(38,950)	(3,395,000)	(11,702,000)	(200,000)	–
Financial assets sold under repurchase agreements	(65,121,919)	(56,785)	(63,097,344)	(1,967,790)	–	–
Deposits from customers	(819,225,888)	(27,756,624)	(231,664,927)	(247,155,756)	(303,365,841)	(9,282,740)
Debt securities issued	(23,389,786)	–	(8,646,051)	(3,744,678)	–	(10,999,057)
Others	(28,529,299)	(6,729,209)	(76,621)	(21,664,196)	(59,273)	–
Total liabilities	(1,047,732,812)	(35,184,431)	(361,311,905)	(327,329,565)	(303,625,114)	(20,281,797)
Asset-liability gap	80,448,496	78,737,525	96,481,134	(175,450,815)	(176,228,055)	256,908,707

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	Total	Non-interest bearing	31 December 2024			
			Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Assets						
Cash and deposits with central bank	77,224,626	831,201	76,393,425	–	–	–
Deposits with banks and other financial institutions	12,441,622	346	12,441,276	–	–	–
Placements with banks and other financial institutions	5,290,756	191,780	2,399,560	2,699,416	–	–
Financial assets held under resale agreements	1,765,783	78	1,765,705	–	–	–
Loans and advances to customers (Note (i))	533,571,417	54,065,245	250,015,221	131,978,667	42,132,899	55,379,385
Financial investments (Note (iii))	462,467,835	23,649,305	93,331,887	22,623,111	82,675,620	240,187,912
Others	30,014,187	29,723,451	209,023	78,534	3,179	–
Total assets	1,122,776,226	108,461,406	436,556,097	157,379,728	124,811,698	295,567,297

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(1) Repricing risk (Continued)

	Total	Non-interest bearing	31 December 2024			
			Less than three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years
Liabilities						
Borrowings from central bank	(342,374)	(3,765)	(14,112)	(324,497)	-	-
Deposits from banks and other financial institutions	(91,269,976)	(278,105)	(63,456,871)	(27,435,000)	(100,000)	-
Placements from banks and other financial institutions	(12,085,561)	(53,134)	(6,398,427)	(5,634,000)	-	-
Financial assets sold under repurchase agreements	(94,688,474)	(125,360)	(94,563,114)	-	-	-
Deposits from customers	(805,890,759)	(25,301,558)	(256,922,103)	(187,048,621)	(323,554,621)	(13,063,856)
Debt securities issued	(18,737,289)	-	(6,967,538)	(770,694)	-	(10,999,057)
Others	(19,564,407)	(5,524,940)	(13,801,846)	(158,804)	(78,778)	(39)
Total liabilities	(1,042,578,840)	(31,286,862)	(442,124,011)	(221,371,616)	(323,733,399)	(24,062,952)
Asset-liability gap	80,197,386	77,174,544	(5,567,914)	(63,991,888)	(198,921,701)	271,504,345

Notes:

- (i) For the Group's loans and advances to customers, the category "Less than three months (inclusive)" as at 30 June 2025 included overdue amounts (net of provision for impairment losses) of RMB16,424 million (31 December 2024: RMB16,498 million).
- (ii) Financial investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(2) Interest rate sensitivity analysis

	30 June 2025 Increase/ (decrease)	31 December 2024 Increase/ (decrease)
Change in profit after taxation		
Up 100 bps parallel shift in yield curves	(1,103,736)	(1,485,920)
Down 100 bps parallel shift in yield curves	1,103,736	1,485,920
Change in equity		
Up 100 bps parallel shift in yield curves	(1,472,070)	(2,135,295)
Down 100 bps parallel shift in yield curves	1,482,127	2,153,477

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(i) Interest rate risk (Continued)

(2) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on simplified scenarios. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements apply to all financial instruments of the Group;
- An interest rate movement of one hundred basis points is based on the assumption of interest rates movement over the next 12 months;
- All assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the mid of the respective periods;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk

The Group's currency risk mainly arises from foreign currency loans and deposits from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies, setting limits on synthetic positions in the settlement and sale of foreign exchange, and setting country risk quota, etc.

The Group's currency exposures as at the end of the reporting period are as follows:

	30 June 2025			
	RMB	USD	Others	Total
	(RMB Equivalent) (RMB Equivalent) (RMB Equivalent)			
Assets				
Cash and deposits with central bank	65,851,798	98,054	47,950	65,997,802
Deposits with banks and other financial institutions	5,745,119	2,640,806	7,058,138	15,444,063
Placements with banks and other financial institutions	6,045,873	–	–	6,045,873
Financial assets held under resale agreements	21,962,378	–	–	21,962,378
Loans and advances to customers	552,839,046	865,710	–	553,704,756
Financial investments (Note (i))	414,098,596	20,248,138	–	434,346,734
Others	30,428,692	85,265	165,745	30,679,702
Total assets	1,096,971,502	23,937,973	7,271,833	1,128,181,308

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	30 June 2025			
	RMB	USD	Others	Total
	(RMB Equivalent) (RMB Equivalent) (RMB Equivalent)			
Liabilities				
Borrowings from central bank	(1,237,310)	–	–	(1,237,310)
Deposits from banks and other financial institutions	(94,892,660)	–	–	(94,892,660)
Placements from banks and other financial institutions	(15,335,950)	–	–	(15,335,950)
Financial assets sold under repurchase agreements	(60,102,020)	(5,019,899)	–	(65,121,919)
Deposits from customers	(817,420,699)	(1,216,614)	(588,575)	(819,225,888)
Debt securities issued	(23,389,786)	–	–	(23,389,786)
Others	(28,287,627)	(236,950)	(4,722)	(28,529,299)
Total liabilities	<u>(1,040,666,052)</u>	<u>(6,473,463)</u>	<u>(593,297)</u>	<u>(1,047,732,812)</u>
Net position	<u>56,305,450</u>	<u>17,464,510</u>	<u>6,678,536</u>	<u>80,448,496</u>
Off-balance sheet credit commitments	<u>49,878,767</u>	<u>54,322</u>	<u>–</u>	<u>49,933,089</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	31 December 2024			
	RMB (RMB Equivalent)	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Assets				
Cash and deposits with central bank	76,781,095	412,764	30,767	77,224,626
Deposits with banks and other				
financial institutions	7,193,131	1,398,439	3,850,052	12,441,622
Placements with banks and other				
financial institutions	5,290,756	–	–	5,290,756
Financial assets held under resale				
agreements	1,765,783	–	–	1,765,783
Loans and advances to customers	532,460,018	1,111,399	–	533,571,417
Financial investments (Note (i))	443,471,544	18,996,291	–	462,467,835
Others	29,472,226	538,200	3,761	30,014,187
Total assets	1,096,434,553	22,457,093	3,884,580	1,122,776,226

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	31 December 2024			
	RMB (RMB Equivalent)	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Liabilities				
Borrowings from central bank	(342,374)	–	–	(342,374)
Deposits from banks and other financial institutions	(91,269,976)	–	–	(91,269,976)
Placements from banks and other financial institutions	(12,071,184)	(14,377)	–	(12,085,561)
Financial assets sold under repurchase agreements	(90,191,067)	(4,497,407)	–	(94,688,474)
Deposits from customers	(803,997,731)	(1,203,489)	(689,539)	(805,890,759)
Debt securities issued	(18,737,289)	–	–	(18,737,289)
Others	(19,421,014)	(142,770)	(623)	(19,564,407)
Total liabilities	(1,036,030,635)	(5,858,043)	(690,162)	(1,042,578,840)
Net position	60,403,918	16,599,050	3,194,418	80,197,386
Off-balance sheet credit commitments	59,140,427	414,612	–	59,555,039

Note:

- (i) Financial investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

	30 June 2025 Increase/ (decrease)	31 December 2024 Increase/ (decrease)
Change in profit after taxation and equity		
Up 100 bps parallel shift in yield curves	241,430	197,935
Down 100 bps parallel shift in yield curves	(241,430)	(197,935)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points fluctuation in the foreign currency exchange rates against RMB;
- The fluctuation of exchange rates by one hundred basis points is based on the assumption of exchange rates movement over the next 12 months;
- The exchange rates against RMB for the US dollars and other foreign currencies change in the same direction simultaneously, and thus other foreign currencies are converted into US dollars through sensitivity analysis;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the Group.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(ii) Currency risk (Continued)

Due to the assumptions adopted, actual changes in the Group's profit or loss and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business. This risk exists even if a bank's solvency remains strong.

The Group centrally manages the Bank's liquidity risk at the head office through a liquidity risk governance structure consisting of Board of Directors, Board of Supervisors, senior management, as well as the liquidity risk management structure consisting of the Asset and Liability Management Committee, Planning and Financial Department and Risk Management Department at the head office:

- The Asset and Liability Management Committee is the Bank's liquidity risk management body that is responsible for developing, and regularly assessing and monitoring the implementation of liquidity risk management policies and measures;
- As the leading department in liquidity risk management, Planning and Financial Department is responsible for developing and implementing the relevant system; identifying, measuring and monitoring the liquidity risk and the implementation of limitations; performing stress testing, risk analysis and reporting; organising the daily management of the liquidity risk by business departments as well as the assessment and evaluation ; and

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

- The Group includes liquidity risk in a comprehensive risk management system. The Risk Management Department initiates ideas on limitation management of the liquidity risk, and arranges for performance evaluation.

The Group manages liquidity risk by managing the term structure of assets and liabilities, as well as dynamically monitoring liquidity indicators such as loan-to-deposit ratio, liquidity ratio, liquidity coverage ratio, excess reserves ratio, inter-bank loan to saving ratio, credit quality ratio, liquidity gap ratio, etc. The Group forecasts liquidity weekly, analyses liquidity monthly, and performs stress testing of liquidity risk quarterly.

The Group also formulates liquidity risk emergency plan to ensure sufficient liquidity under various market conditions.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a major source of funds.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

	30 June 2025							Total
	Indefinite (Note(iii))	Repayable on demand (Note(iii))	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
Assets								
Cash and deposits with central bank	42,286,692	23,711,110	–	–	–	–	–	65,997,802
Deposits with banks and other financial institutions	–	15,383,987	50,023	10,053	–	–	–	15,444,063
Placements with banks and other financial institutions	152,852	–	1,105,221	707,715	4,080,085	–	–	6,045,873
Financial assets held under resale agreements	–	–	21,962,378	–	–	–	–	21,962,378
Loans and advances to customers	13,753,202	17,719,009	202,188,500	41,370,999	148,462,743	59,942,986	70,267,317	553,704,756
Financial investments (Note (i))	45,433,359	–	24,108,203	44,937,935	19,018,002	79,013,938	221,835,297	434,346,734
Others	14,197,251	11,124,468	1,914,027	169,112	2,873,048	190,305	211,491	30,679,702
Total assets	115,823,356	67,938,574	251,328,352	87,195,814	174,433,878	139,147,229	292,314,105	1,128,181,308

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

	30 June 2025							Total
	Indefinite (Note(ii))	Repayable on demand (Note(ii))	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
Liabilities								
Borrowings from central bank	-	(39,495)	-	(47,199)	(1,150,616)	-	-	(1,237,310)
Deposits from banks and other financial institutions	-	(7,714,829)	(28,630,012)	(18,600,268)	(39,947,551)	-	-	(94,892,660)
Placements from banks and other financial institutions	-	-	(1,296,450)	(2,103,452)	(11,733,933)	(202,115)	-	(15,335,950)
Financial assets sold under repurchase agreements	-	-	(49,824,228)	(13,322,842)	(1,974,849)	-	-	(65,121,919)
Deposits from customers	-	(133,967,054)	(46,811,239)	(55,034,480)	(257,579,122)	(316,159,770)	(9,674,223)	(819,225,888)
Debt securities issued	-	-	(3,257,522)	(5,388,530)	(3,744,677)	-	(10,999,057)	(23,389,786)
Others	-	(6,005,729)	(41,202)	(35,418)	(21,830,358)	(482,527)	(134,065)	(28,529,299)
Total liabilities	-	(147,727,107)	(129,860,653)	(94,532,189)	(337,961,106)	(316,844,412)	(20,807,345)	(1,047,732,812)
Long/(short) position	115,823,356	(79,788,533)	121,467,699	(7,336,375)	(163,527,228)	(177,697,183)	271,506,760	80,448,496
Notional amount of derivatives	-	-	20,679,488	3,010,230	6,323,320	100,000	-	30,113,038

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

	31 December 2024							Total
	Indefinite (Note(iii))	Repayable on demand (Note(iii))	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
Assets								
Cash and deposits with central bank	46,562,014	30,662,612	–	–	–	–	–	77,224,626
Deposits with banks and other financial institutions	–	12,441,622	–	–	–	–	–	12,441,622
Placements with banks and other financial institutions	165,000	–	1,904,367	514,970	2,706,419	–	–	5,290,756
Financial assets held under resale agreements	–	–	1,765,783	–	–	–	–	1,765,783
Loans and advances to customers	13,456,021	17,607,836	197,208,605	48,140,734	147,889,681	47,212,488	62,056,052	533,571,417
Financial investments (Note (i))	42,128,755	–	22,732,847	47,924,314	23,365,170	83,839,844	242,476,905	462,467,835
Others	25,203,436	43,235	1,860,483	2,261,819	402,599	106,634	135,981	30,014,187
Total assets	<u>127,515,226</u>	<u>60,755,305</u>	<u>225,472,085</u>	<u>98,841,837</u>	<u>174,363,869</u>	<u>131,158,966</u>	<u>304,668,938</u>	<u>1,122,776,226</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

	31 December 2024							Total
	Indefinite (Note(ii))	Repayable on demand (Note(ii))	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years	
Liabilities								
Borrowings from central bank	-	(3,436)	-	(14,119)	(324,819)	-	-	(342,374)
Deposits from banks and other financial institutions	-	(16,956,840)	(22,271,172)	(24,362,217)	(27,573,291)	(106,456)	-	(91,269,976)
Placements from banks and other financial institutions	-	-	(4,375,250)	(2,047,879)	(5,662,432)	-	-	(12,085,561)
Financial assets sold under repurchase agreements	-	-	(57,750,867)	(36,937,607)	-	-	-	(94,688,474)
Deposits from customers	-	(158,642,209)	(49,018,103)	(53,299,738)	(194,643,769)	(336,692,623)	(13,594,317)	(805,890,759)
Debt securities issued	-	-	(1,818,366)	(5,149,172)	(770,694)	-	(10,999,057)	(18,737,289)
Others	(306)	(4,773,302)	(13,732,158)	(69,688)	(327,034)	(524,185)	(137,734)	(19,564,407)
Total liabilities	<u>(306)</u>	<u>(180,375,787)</u>	<u>(148,965,916)</u>	<u>(121,880,420)</u>	<u>(229,302,039)</u>	<u>(337,323,264)</u>	<u>(24,731,108)</u>	<u>(1,042,578,840)</u>
Long/(short) position	<u>127,514,920</u>	<u>(119,620,482)</u>	<u>76,506,169</u>	<u>(23,038,583)</u>	<u>(54,938,170)</u>	<u>(206,164,298)</u>	<u>279,937,830</u>	<u>80,197,386</u>
Notional amount of derivatives	<u>-</u>	<u>-</u>	<u>21,543,126</u>	<u>3,874,620</u>	<u>1,544,549</u>	<u>100,000</u>	<u>-</u>	<u>27,062,295</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(i) Maturity analysis (Continued)

Notes:

- (i) Financial investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income and financial investments measured at amortised cost. The “indefinite” period amount represents the balance being credit-impaired or overdue for more than one month, and the balance being overdue within one month (inclusive) but not credit-impaired is included in the “repayable on demand”. Equity investments are reported under indefinite period.
- (ii) For cash and deposits with central bank, the indefinite period amount represents statutory deposit reserves and fiscal deposits maintained with the PBOC. For loans and advances to customers, the “indefinite” period amount represents the balance being impaired or overdue for more than one month, and the balance being not impaired but overdue within one month is included in the “repayable on demand”.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(ii) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period:

	Contractual undiscounted cash flow	30 June 2025				
		Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Borrowings from central bank	(1,258,601)	(40,224)	(48,034)	(1,170,343)	-	-
Deposits from banks and other financial institutions	(95,397,973)	(36,425,654)	(18,681,310)	(40,291,009)	-	-
Placements from banks and other financial institutions	(15,509,834)	(1,302,923)	(2,118,865)	(11,876,488)	(211,558)	-
Financial assets sold under repurchase agreements	(65,161,105)	(49,845,499)	(13,338,086)	(1,977,520)	-	-
Deposits from customers	(856,237,217)	(181,349,232)	(57,261,406)	(267,456,546)	(338,402,296)	(11,767,737)
Debt securities issued	(26,855,784)	(3,268,589)	(5,421,593)	(3,794,572)	(2,054,774)	(12,316,256)
Other financial liabilities	(28,312,973)	(6,005,434)	-	(21,696,326)	(460,556)	(150,657)
Total non-derivative financial liabilities	(1,088,733,487)	(278,237,555)	(96,869,294)	(348,262,804)	(341,129,184)	(24,234,650)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(ii) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities (Continued)

	31 December 2024					
	Contractual undiscounted cash flow	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Borrowings from central bank	(348,128)	(3,527)	(14,362)	(330,239)	-	-
Deposits from banks and other financial institutions	(91,709,062)	(39,239,699)	(24,454,236)	(27,904,471)	(110,656)	-
Placements from banks and other financial institutions	(12,228,546)	(4,415,482)	(2,074,120)	(5,738,944)	-	-
Financial assets sold under repurchase agreements	(94,811,940)	(57,778,977)	(37,032,963)	-	-	-
Deposits from customers	(1,248,595,170)	(211,115,434)	(60,190,657)	(229,849,211)	(731,098,427)	(16,341,441)
Debt securities issued	(22,370,307)	(1,821,175)	(5,190,299)	(784,015)	(2,054,774)	(12,520,044)
Other financial liabilities	(19,170,131)	(18,342,815)	-	(185,047)	(486,855)	(155,414)
Total non-derivative financial liabilities	<u>(1,489,233,284)</u>	<u>(332,717,109)</u>	<u>(128,956,637)</u>	<u>(264,791,927)</u>	<u>(733,750,712)</u>	<u>(29,016,899)</u>

This analysis of the non-derivative financial assets and liabilities by contractual undiscounted cash flow might vary from actual results.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(iii) Analysis on contractual undiscounted cash flows of derivatives

The Group's derivatives that will be settled on a net basis include:

- Interest rate swaps

The Group's derivatives that will be settled on a gross basis include:

- Option contracts
- Precious metal derivatives
- Currency swaps

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(iii) Analysis on contractual undiscounted cash flows of derivatives (Continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivative financial instruments to be settled on a net and gross basis as at the end of the reporting period.

	30 June 2025					
	Contractual undiscounted cash flow	Within one month (inclusive)	Between one month and three months (inclusive)	Between three months and one year (inclusive)	Between one year and five years (inclusive)	More than five years and indefinite
Derivatives settled on gross basis						
Option contracts						
– cash outflow	(327,045)	(46,362)	(72,803)	(207,880)	–	–
– cash inflow	327,045	46,362	72,803	207,880	–	–
Precious metal derivatives						
– cash outflow	(5,686,967)	–	–	(5,686,967)	–	–
– cash inflow	6,115,440	–	–	6,115,440	–	–
Currency swaps						
– cash outflow	(22,898,361)	(20,633,125)	(2,265,236)	–	–	–
– cash inflow	22,943,163	20,670,613	2,272,550	–	–	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(iii) Analysis on contractual undiscounted cash flows of derivatives (Continued)

	31 December 2024					
	Contractual undiscounted cash flow	Within one month (inclusive)	Between one	Between	Between one	More than five years and indefinite
			month and	three months	year and	
			three months (inclusive)	and one year (inclusive)	five years (inclusive)	
Derivatives settled on gross basis						
Option contracts						
– cash outflow	(662,191)	(136,070)	(211,172)	(314,949)	–	–
– cash inflow	662,191	136,070	211,172	314,949	–	–
Precious metal derivatives						
– cash outflow	(3,757,061)	–	(2,504,919)	(1,252,142)	–	–
– cash inflow	4,303,600	–	3,074,000	1,229,600	–	–
Currency swaps						
– cash outflow	(15,871,987)	(15,311,292)	(560,695)	–	–	–
– cash inflow	15,905,441	15,340,793	564,648	–	–	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(d) Operational risk

Operational risk refers to the risk of losses associated with internal process deficiencies, personnel mistakes and information system failures, or impact from other external events.

The Group has built “Three Lines of Defense for Risk Management” mainly involving business departments, the Compliance Department and the Internal Audit Department in risk management, and established a reporting mechanism between the Compliance Department and business departments, as well as between the head office and branches.

The Group has formulated operational risk management policies and procedures, aiming to identify, assess, monitor, control and mitigate the operational risk, and reduce losses associated with the operational risk.

The Group’s measures to manage the operational risk mainly include:

- Establishing and improving the risk management system, strictly separating responsibilities of the front, middle and back office, and optimising business procedures and risk management procedures;
- Establishing a supervision system combining “on-site and off-site”, “regular and special”, “self and external” examinations, identifying, monitoring, collecting risk factors and risk signals in the course of business operations, using centralised operational risk management tools, supervising and evaluating the sufficiency and effectiveness of operational risk management;

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(d) Operational risk (Continued))

- Establishing an expertise grade appraisal system for all employees, and selecting qualified employees through strict qualification examination and professional evaluation in accordance with the expertise and skills required by the various positions; and
- Establishing a mechanism for emergency management and business continuity.

(e) Capital management

The Group manages capital mainly through capital adequacy ratio and return on equity ratio. Capital adequacy ratio is at the core of the Group's capital management, reflecting capacity of the Group for prudent operation and risk prevention. Return on equity ratio reflects the profitability of equity. The main objective of capital management is to maintain a balanced reasonable capital amount and structure in line with the business development and expected return on equity.

The Group follows the principles below with regard to capital management:

- Monitor levels of asset quality based on the Group's business strategy and maintain adequate capital to support the implementation of the Group's strategic development plan and meet the regulatory requirements; and
- Effectively identify, quantify, monitor, mitigate and control the major risks to which the Group is exposed, and maintain the appropriate level of capital after considering the Group's risk exposure and risk management needs.

The Group monitors the capital adequacy ratio periodically and adjusts the capital management plan when necessary to ensure the capital adequacy ratio meets both the regulatory requirements and business development demand.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

The Group calculates the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks (商業銀行資本管理辦法) issued by the NFRA in 2023 and relevant requirements promulgated by the NFRA as follows:

	Note	30 June 2025	31 December 2024
Total core tier-one capital			
– Share capital		8,796,680	8,796,680
– Qualifying portion of capital reserve		26,943,067	26,957,822
– Surplus reserve		7,577,198	7,537,771
– General reserve		14,890,179	14,846,802
– Fair value reserve		(2,610,850)	(2,561,420)
– Provision reserve		10,622	11,820
– Retained earnings		24,483,453	24,072,720
– Qualifying portions of non-controlling interests		164,197	133,883
– Others		(48,285)	(48,281)
Core tier-one capital		80,206,261	79,747,797
Core tier-one capital deductions		(1,409,065)	(1,740,338)
Net core tier-one capital		78,797,196	78,007,459
Other tier-one capital			
– Other tier-one capital instruments and premium		15,000,000	15,000,000
Net tier-one capital		93,797,196	93,007,459

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

36 RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

	Note	30 June 2025	31 December 2024
Tier-two capital			
– Qualifying portions of tier-two capital instruments issued		10,999,057	10,999,057
– Surplus provision for loan impairment		<u>7,881,934</u>	<u>7,659,608</u>
Net tier-two capital		<u>18,880,991</u>	<u>18,658,665</u>
Net capital base		<u>112,678,187</u>	<u>111,666,124</u>
Total risk weighted assets	36(e)(i)	<u>800,031,910</u>	<u>759,950,056</u>
Core tier-one capital adequacy ratio		9.85%	10.26%
Tier-one capital adequacy ratio		11.72%	12.24%
Capital adequacy ratio		14.08%	14.69%

Notes:

- (i) Both the on-balance and off-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 as well as any eligible collateral or guarantees.
- (ii) Pursuant to the Notification on Matters Related to the Regulation Governing Capital of Commercial Banks(《商業銀行資本管理辦法》), the NFRA requires that the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio for commercial banks shall not fall below 10.5%, 8.5% and 7.5%.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE

(a) Methods and assumptions for measurement of fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair values, which specified the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(a) Methods and assumptions for measurement of fair value (Continued)

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

(i) Debt securities investments

The fair values of debt securities that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period.

(ii) 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 the end of the reporting period.

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

Fair values of debt securities issued are based on their quoted market prices or the present value of estimated future cash flows. 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 the end of the reporting period.

(iv) Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign forward contracts, swaps and options, etc. The most frequently applied valuation techniques include discounted cash flow model and Black-Scholes model. The models incorporate various inputs including foreign exchange forward rates, foreign exchange rate volatility, CFETS middle rate and Shanghai interbank offered rate yield curves, etc.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	30 June 2025			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative financial assets				
– Currency swaps	–	64,514	–	64,514
– Interest rate swaps	–	3,124	–	3,124
– Option contracts	–	87,556	–	87,556
Financial assets at fair value through profit or loss				
– Debt instruments	–	2,471,465	–	2,471,465
– Investment funds	28,018,254	–	–	28,018,254
– Others	115,122	–	62,537,121	62,652,243
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	51,076,254	–	51,076,254
– Equity instruments	930,322	–	15,867,003	16,797,325
Loans and advances to customers at fair value through other comprehensive income				
– Corporate loans and advances	–	–	11,574,937	11,574,937
– Discounted bills	–	–	47,428,496	47,428,496
Total	29,063,698	53,702,913	137,407,557	220,174,168

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value (Continued)

	30 June 2025			Total
	Level 1	Level 2	Level 3	
Liabilities				
Financial liabilities at fair value through profit or loss	–	(21,517,291)	–	(21,517,291)
Derivative financial liabilities				
– Currency swaps	–	(4,144)	–	(4,144)
– Interest rate swaps	–	(3,124)	–	(3,124)
– Option contracts	–	(87,556)	–	(87,556)
– Precious metal derivatives	–	(43,102)	–	(43,102)
Total	–	(21,655,217)	–	(21,655,217)

During the six months ended 30 June 2025, there were no significant transfers between instruments in Level 1 and Level 2.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value (Continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial assets				
– Currency swaps	–	171,010	–	171,010
– Interest rate swaps	–	3,179	–	3,179
– Option contracts	–	113,069	–	113,069
– Precious metal derivatives	–	3,477	–	3,477
Financial assets at fair value through profit or loss				
– Debt instruments	–	5,541,914	–	5,541,914
– Investment funds	36,559,891	–	–	36,559,891
– Others	137,755	–	62,629,710	62,767,465
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	73,654,553	–	73,654,553
– Equity instruments	1,081,039	–	15,865,985	16,947,024
Loans and advances to customers at fair value through other comprehensive income				
– Corporate loans and advances	–	–	11,472,948	11,472,948
– Discounted bills	–	–	48,078,006	48,078,006
Total	37,778,685	79,487,202	138,046,649	255,312,536

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(b) Financial instruments recorded at fair value (Continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial liabilities at fair value through profit or loss	–	(13,569,581)	–	(13,569,581)
Derivative financial liabilities				
– Currency swaps	–	(97,316)	–	(97,316)
– Interest rate swaps	–	(3,179)	–	(3,179)
– Option contracts	–	(113,069)	–	(113,069)
– Precious metal derivatives	–	(12,349)	–	(12,349)
Total	–	(13,795,494)	–	(13,795,494)

For the year ended 31 December 2024, there were no significant transfers between instruments in Level 1 and Level 2.

(c) Level 2 fair value measurement

A majority of the debt instruments classified as level 2 are RMB bonds. The fair value of these bonds is determined based on the valuation results provided by China Central Depository & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data. This level also includes a majority of OTC derivative contracts, the most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. Input parameters like ChinaBond interbank yield curves, LIBOR yield curves or counterparty credit risk are sourced from Bloomberg and Reuters. Financial liabilities at fair value through profit or loss mainly includes the financial liabilities related to debt securities, of which the fair value is determined with reference to the available market value. If quoted market prices are not available, fair values are estimated on the basis of pricing models or discounted cash flows.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(d) Level 3 fair value measurement

As at 30 June 2025 and 31 December 2024, unobservable inputs such as discount rate and cash flow were used in the valuation of financial assets at fair value classified as Level 3, which were mainly wealth management plan, beneficial investment of trust, equity investments, corporate loans and advances and discounted bills. The fair value of these financial assets fluctuates according to the changes in the unobservable inputs. The higher the discount rate, the lower the fair value.

As at 30 June 2025 and 31 December 2024, the effects of changes in significant unobservable assumption to reasonably possible alternative assumptions were immaterial.

(e) Fair value of financial assets and liabilities not carried at fair value

(i) *Cash and deposits with central bank, deposits and placements with/from banks and other financial institutions, financial assets held under resale agreements and sold under repurchase agreements, borrowings from central bank and financial investments measured as amortised cost.*

Given that these financial assets and financial liabilities mainly mature within one year or adopt floating interest rates, their carrying amounts approximate their fair value.

(ii) *Loans and advances to customers*

The fair value of loans and advances to customers is estimated based on future cash flows expected to be received which is discounted at current market rates. Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate their fair values.

(iii) *Financial assets measured at amortised cost*

The fair values of financial assets measured at amortised cost are estimated on the basis of pricing models or discounted cash flows in the absence of any other relevant observable market data if the market value is not available.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (Continued)

(iv) Financial assets at fair value through other comprehensive income equity instruments

Financial assets at fair value through other comprehensive income equity instruments are unlisted shares. There is no active market for these investments and it is the Group's intention to dispose of them as opportunities arise.

(v) Deposits from customers

The fair value of checking, savings and short-term money market accounts is the amount payable on demand at the end of the reporting period. The fair value of fixed interest-bearing deposits without quoted market prices is estimated based on discounted cash flows using interest rates for new deposits with similar remaining maturities.

(vi) Debt securities issued

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (Continued)

(vi) Debt securities issued (Continued)

The following tables summarise the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised cost and debt securities issued:

	30 June 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	273,331,193	272,929,743	–	72,972,158	199,957,585
Financial liabilities					
Debt securities issued					
– tier two capital bonds and financial bonds	10,999,057	11,030,826	–	11,030,826	–
– certificates of interbank deposit	12,390,729	12,359,202	–	12,359,202	–
Total	23,389,786	23,390,028	–	23,390,028	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

37 FAIR VALUE (CONTINUED)

(e) Fair value of financial assets and liabilities not carried at fair value (Continued)

(vi) Debt securities issued (Continued)

31 December 2024					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	266,996,988	267,343,430	–	66,309,903	201,033,527
Financial liabilities					
Debt securities issued					
– tier two capital bonds and financial bonds	10,999,057	11,245,667	–	11,245,667	–
– certificates of interbank deposit	7,738,232	7,717,331	–	7,717,331	–
Total	18,737,289	18,962,998	–	18,962,998	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

38 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

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

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 its customers. The contractual amounts of credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

	30 June 2025	31 December 2024
Bank acceptances	20,845,550	27,928,425
Letters of guarantees	3,620,595	3,711,906
Unused credit card commitments	22,157,752	23,059,759
Letters of credit	3,309,192	4,854,949
Total	49,933,089	59,555,039

The Group may be exposed to credit risk in all the above credit businesses. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

38 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Credit risk-weighted amount

	30 June 2025	31 December 2024
Credit risk-weighted amount of contingent liabilities and commitments	11,644,923	14,584,898

The credit risk weighted amount represents the amount calculated with reference to the guidelines issued by the NFRA. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights range from 0% to 150% for credit commitments.

(c) Capital commitments

As at 30 June 2025 and 31 December 2024, the authorised capital commitments of the Group are as follows:

	30 June 2025	31 December 2024
Contracted but not paid for	109,282	113,871
Approved but not contracted for	64,053	69,328
Total	173,335	183,199

(d) Outstanding litigations and disputes

As at 30 June 2025 and 31 December 2024, there are no significant legal proceedings outstanding against the Bank and/or its subsidiaries.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

38 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(e) Pledged assets

	30 June 2025	31 December 2024
Investment securities	99,231,031	113,382,819
Discounted bills	37,599,778	40,129,782
Total	136,830,809	153,512,601

Some of the Group's assets are pledged as collateral under repurchase agreements and deposits from customers.

The Group maintains statutory deposit reserves with the PBOC as required (Note 14). These deposits are not available for the Group's daily operations.

The Group's pledged assets in relation to the purchase of bills under resale agreements can be sold or repledged. As at 30 June 2025 and 31 December 2024, the pledged assets were not sold or repledged, which it has an obligation to repurchase on due.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. Such structured entities include investment management products under trust scheme, investment management products managed by securities companies and wealth management products issued by financial institutions. The Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and financed through the issue of notes to investors.

The following tables set out an analysis of the carrying amounts of interests held by the Group as at 30 June 2025 and 31 December 2024 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

		30 June 2025	
	Financial investments	Carrying amount	Maximum exposure
Investment management products managed by securities companies	42,578,617	42,578,617	42,578,617
Investment management products under trust scheme	55,158,795	55,158,795	55,158,795
Total	97,737,412	97,737,412	97,737,412

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

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

	31 December 2024		
	Financial investments	Carrying amount	Maximum exposure
Investment management products managed by securities companies	42,603,267	42,603,267	42,603,267
Investment management products under trust scheme	<u>55,849,804</u>	<u>55,849,804</u>	<u>55,849,804</u>
Total	<u><u>98,453,071</u></u>	<u><u>98,453,071</u></u>	<u><u>98,453,071</u></u>

The maximum exposures to loss in the above investment management products and wealth management products are the carrying amounts of the assets held by the Group at the end of the reporting period in accordance with the line items of these assets recognised in the statement of financial position.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

39 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

(b) Structured entities sponsored by the Group in which the Group does not consolidate but holds an interest

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 notes to investors. Interest held by the Group includes fees charged by providing management services.

During the six months ended 30 June 2025, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB100.21 million (During the six months ended 30 June 2024: RMB102.00 million).

As at 30 June 2025, the amount of assets held by unconsolidated non-principal-guaranteed wealth management products which are sponsored by the Group is RMB38,746 million (31 December 2024: RMB38,877 million).

There were no guarantees or other commitments between the Group and any third parties that could increase the level of the Group's risk from wealth management products disclosed above during the six months ended 30 June 2025 and for the years ended 31 December 2024. The Group was not required to absorb any losses incurred by wealth management products.

During the six months ended 30 June 2025, there were no non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2025, but matured before 30 June 2025 (During the six months ended 30 June 2024: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

40 CONSOLIDATED STRUCTURED ENTITIES

The Group has consolidated certain structured entities which are principal-guaranteed wealth management products. When assessing whether to consolidate structured entities, the Group reviews all facts and circumstances to determine whether the Group, as manager, is acting as agent or principal. These factors considered include scope of the manager's decision-making authority, rights held by other parties. The Group does not hold any shares of the principal-guaranteed wealth management products; however, the Group has the authority to exercise the right of making investment decisions as a main administrator, and the proportion of the aggregate economic interests of the Group in the structured entities is high. The Group concludes that these structured entities shall be consolidated.

41 FIDUCIARY ACTIVITIES

The Group commonly acts as a manager, trustee or agent for clients in fiduciary acts. These assets and any gains or losses arising thereon are not included in these financial statements as they are not the Group's assets.

As at 30 June 2025, the entrusted loans balance of the Group is RMB733 million (31 December 2024: RMB777 million).

42 TRANSFERRED FINANCIAL ASSETS

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the Group recognises the assets on the consolidated statement of financial position in accordance with the Group's continuing involvement and the rest is derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards undertaken by the Group with value changes of the transferred financial assets. As at 30 June 2025 and 31 December 2024, the Group doesn't have continuing involvement through acquiring some tranches.

43 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 26 August 2025, Shenyang Shengjing Financial Holding Investment Group Co., Ltd. (the "Offeror") and the Bank jointly announced that, (i) China International Capital Corporation Hong Kong Securities Limited, on behalf of the Offeror, will make a voluntary conditional general cash offer to acquire all of the issued H Shares (other than those already held by the Offeror and its Concert Parties) at the H Share Offer Price of HK\$1.32 per H Share and, (ii) the Offeror will make a voluntary conditional general cash offer to acquire all of the issued Domestic Shares at the Domestic Share Offer Price of RMB1.20 per Domestic Share. For details, please refer to the announcement of the Bank dated 26 August 2025.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2025.

Up to the date of issue of these financial statements, a number of amendments, new standards and interpretations are issued which are not yet effective for the six months ended 30 June 2025 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

		Effective for accounting period beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS Accounting Standards 2024	1 January 2026
IFRS 18 and consequential amendments to other IFRSs	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 and subsequent amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been deferred indefinitely

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in thousands of RMB, 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

(a) Liquidity coverage ratio

	As at 30 June 2025	Average for the period ended 30 June 2025	As at 31 December 2024	Average for the year ended 31 December 2024
Liquidity coverage ratio (RMB and foreign currency)	105.67%	111.19%	116.71%	138.26%

The above liquidity coverage ratio is calculated in accordance with the formula promulgated by the China Banking Regulatory Commission the NFRA and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF").

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018.

The Hong Kong Banking (Disclosure) Rules (the "Rules") took effect on 1 January 2007. It requires the disclosure of an average liquidity coverage ratio, which is the arithmetic mean of the liquidity coverage ratio for each calendar quarter. The Group prepares the liquidity coverage ratio on a semi-annual basis and the disclosed average liquidity coverage ratio is the arithmetic mean of two consecutive liquidity coverage ratios as at 30 June and 31 December.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION
(CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

1 LIQUIDITY COVERAGE RATIO AND LEVERAGE RATIO
(CONTINUED)

(b) Leverage ratio

	30 June 2025	31 December 2024
Leverage ratio	8.12%	8.03%

Pursuant to the Regulation Governing the Capital of Commercial Banks issued by the NFRA and was effective since 1 January 2024, a minimum leverage ratio 4% is required.

The above liquidity coverage ratio and leverage ratio is calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the MOF.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

2 CURRENCY CONCENTRATIONS

	30 June 2025			
	US Dollars	HK Dollars	Others	Total
	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>
Spot assets	23,937,973	316,238	6,955,595	31,209,806
Spot liabilities	(6,473,463)	(187,905)	(405,392)	(7,066,760)
Net long position	<u>17,464,510</u>	<u>128,333</u>	<u>6,550,203</u>	<u>24,143,046</u>

	31 December 2024			
	US Dollars	HK Dollars	Others	Total
	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>	<i>(RMB Equivalent)</i>
Spot assets	22,457,093	305,434	3,579,146	26,341,673
Spot liabilities	(5,858,043)	(190,101)	(500,061)	(6,548,205)
Net long position	<u>16,599,050</u>	<u>115,333</u>	<u>3,079,085</u>	<u>19,793,468</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China and claims dominated in foreign currency on third parties in Mainland China as international claims.

International claims include loans and advances to customers, deposits with central bank, deposits and placements with banks and other financial institutions, and investments in debt securities.

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.

	As at 30 June 2025			Total
	Official sector	Banks and other financial institutions	Non-bank private sector	
Asia Pacific	146,005	9,694,393	865,710	10,706,108
North and South America	20,666,878	3,651	–	20,670,529
Europe	–	899	–	899
Total	<u>20,812,883</u>	<u>9,698,943</u>	<u>865,710</u>	<u>31,377,536</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

3 INTERNATIONAL CLAIMS (CONTINUED)

	As at 31 December 2024			Total
	Official sector	Banks and other financial institutions	Non-bank private sector	
Asia Pacific	443,531	5,245,908	1,474,485	7,163,923
North and South America	18,955,811	2,581	–	18,958,392
Europe	–	845	–	845
Total	<u>19,399,342</u>	<u>5,249,334</u>	<u>1,474,485</u>	<u>26,123,160</u>

4 OVERDUE LOANS AND ADVANCES BY GEOGRAPHICAL SEGMENTS

	30 June 2025	31 December 2024
Northeast China	23,482,876	22,928,483
North China	971,950	1,139,962
Others	<u>1,040,790</u>	<u>1,000,886</u>
Total	<u>25,495,616</u>	<u>25,069,331</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(Expressed in thousands of RMB, unless otherwise stated)

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

	30 June 2025	31 December 2024
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	1,244,475	914,945
– between 6 months and 1 year (inclusive)	1,179,653	927,628
– over 1 year	11,004,929	10,698,383
Total	13,429,057	12,540,956
As a percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.24%	0.18%
– between 6 months and 1 year (inclusive)	0.23%	0.19%
– over 1 year	2.14%	2.14%
Total	2.61%	2.51%

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

“Articles of Association”	the articles of association of the Bank, as amended from time to time
“Bank”, “our Bank”, “we” or “Shengjing Bank”	Shengjing Bank Co., Ltd. (盛京银行股份有限公司), a joint stock limited company incorporated in the PRC on 10 September 1997 in accordance with PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“NFRA”	National Financial Regulatory Administration (formerly known as China Banking and Insurance Regulatory Commission)
“Liaoning Financial Bureau”	Liaoning Bureau of the National Financial Regulatory Administration (formerly known as Liaoning Bureau of the China Banking and Insurance Regulatory Commission)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the 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 or credited as paid in full in Renminbi
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shares”	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITION (CONTINUED)

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	29 August 2025, being the latest practicable date prior to the publication for the purpose of ascertaining of certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”, “People’s Bank” or “Central Bank”	the People’s Bank of China
“PRC”	the People’s Republic of China, and for the purpose of this report only, excluding Hong Kong, Macau and Taiwan
“Reporting Period”	the six months ended 30 June 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 from time to time
“Shareholder(s)”	the shareholder(s) of the Bank
“Shares”	the Domestic Shares and the H Shares
“Shenyang Hengxin”	Shenyang Hengxin State-owned Asset Management Group Co., Ltd., whose predecessor was Shenyang Hengxin State-owned Assets Management Group Co., Ltd., was incorporated in China as at 10 April 2002.
“Shenyang SASAC”	State-owned Assets Supervision and Administration Commission of Shenyang Municipal People’s Government
“Supervisor(s)”	the supervisor(s) of the Bank
“%”	per cent.



盛京銀行
SHENGJING BANK