



宜宾市商业银行

Yibin City Commercial Bank

宜宾市商業銀行股份有限公司

YIBIN CITY COMMERCIAL BANK CO., LTD

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

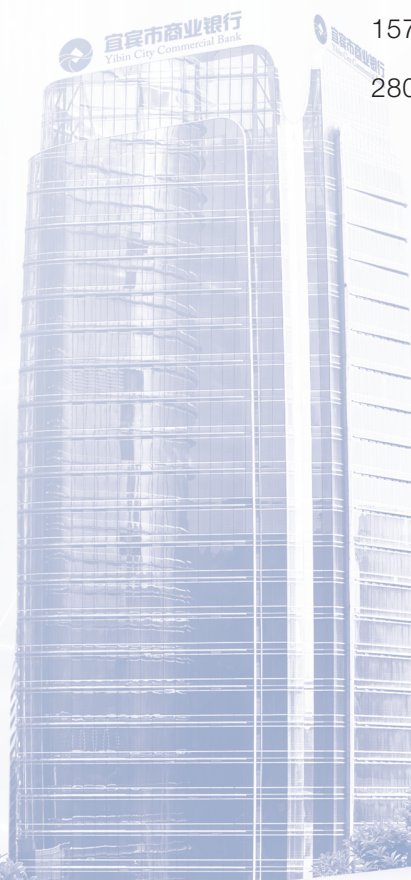
Stock Code: 2596

2025 ANNUAL REPORT



Contents

Company Profile	2
Chairman's Statement	4
Definition	7
Company Information	12
Financial Highlights	14
Management Discussion and Analysis	17
Report of the Board of Directors	76
Report of the Board of Supervisors	86
Changes in Share Capital and Particulars of Shareholders	88
Directors, Supervisors, Senior Management, Employees and Organizations	93
Corporate Governance Report	110
Independent Auditor's Report	149
Financial Report	157
Unaudited Supplementary Financial Information	280



Company Profile

BASIC INFORMATION OF THE COMPANY

Established on December 27, 2006 and headquartered in Yibin City, Sichuan Province, PRC, Yibin City Commercial Bank is a local corporate financial institution restructured from the former Yibin City Credit Cooperatives under the approval of the former CBRC Sichuan Office.

With registered address being No. 1 Nuxue Street, Cuiping District, Yibin, Sichuan, PRC and principal office address in No. 9, Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan, PRC, the Group has a total of 66 outlets, of which 42 are located in the districts and counties in Yibin City and 24 in Neijiang City. As at the end of the Reporting Period, the Bank had a registered capital of RMB4.588 billion and total assets of RMB123.5 billion (calculated at the Group calibre), making it the largest bank in Yibin in terms of total assets. The total loans and advances to customers amounted to RMB71.0 billion and total deposits were RMB89.0 billion.

STRATEGIC POSITIONING

The Bank is positioned to “contribute to local economy, support small and medium enterprises and serve urban residents”, and actively integrates into the booming regional economy and industrial clusters in Yibin and even Chengdu-Chongqing area. Based on a deep understanding of the local market, the Bank provides financial services to meet the needs of local businesses and residents, positioning itself as a strategic cooperative Bank to facilitate the development of industrial clusters, a characteristic Bank to serve the liquor industry chain, a trusted partner Bank to support small and micro enterprises, and a technology-enabled retail Bank. The Bank firmly captured the local high-quality development opportunities. Leveraging on Yibin’s strategic position in Sichuan Province and Chengdu-Chongqing Dual-city Economic Circle, the Bank made full use of regional resource advantages to deeply integrate into the local economy and deeply embed in the world’s first-class liquor industry, the world’s leading power battery industry, the national crystalline silicon photovoltaic industry and the national leading digital economy industry. Relying on deep integration with the local economy and industry, the Bank has achieved solid and sustainable growth. Furthermore, the Bank focuses on building digital systems, enhancing fintech capabilities, and continuously meeting the diversified and differentiated financial needs of customers through the innovation of the specialized digital services such as the “1+N” supply chain financial service model, mobile payment, fund custody, and online retail lending.

CORPORATE CULTURE

“Yibin City Commercial Bank precisely supports small and micro enterprises and promotes national, provincial and municipal development”, which is the Bank’s corporate culture. Guided by this philosophy, the Bank deeply integrates it into the corporate vision, infuses it into value proposition, and establishes it as the code of conduct, thereby shaping the unique and distinctive core principles.

“Yibin City Commercial Bank precisely supports small and micro enterprises”, meaning the Bank focuses on refining its expertise and executing with meticulous care, and is steadfast in empowering the real economy and serving its clients with excellence. The very foundation of the Bank’s existence lies in the precise prevention and control of risks, strict adherence to regulatory requirements, and the maintenance of standardized, compliant operations; while “Promoting national, provincial and municipal development” means that the Bank, with a broad vision and mind, has always been thinking of the “national development” and concerning about the development in localities. The Bank fulfills its responsibilities as a State-owned enterprise, stays true to its original aspiration of serving the public, and pursues mutually beneficial cooperation. Together, these two tenets carry forward the Bank’s mission: “to serve the real economy, benefit the public’s livelihood and well-being, and achieve sustainable development”.

Company Profile

Aimed to foster a virtuous cycle where “culture guides development, and development nurtures culture”, the Bank guides all employees to firmly embrace and consciously practice the core values of Integrity, Compliance, Responsibility, and Win-Win Cooperation. The Bank is committed to transforming culture into the endogenous driving force for high-quality development by deeply integrating the corporate culture with the goals of serving the local economy, the long-term operational objectives, and all regulatory requirements. In the principle of “Serving the greater good and forging ahead with steadfastness”, the Bank is to become a modern local financial enterprise that is regionally leading, trusted by the clients, and recognized by regulators, and grows hand in hand with the city by forging quality with a meticulous spirit and pursuing progress with a broad vision.

AWARDS

Awards and honors received by the Bank in 2025 mainly include:

No.	Name of Award	Awarding Party
1	Top 1,000 World Banks in 2025	The Banker
2	Top 100 Sichuan Service Industry in 2025	Sichuan Enterprise Confederation, Sichuan Entrepreneur Association
3	Outstanding Unit in the 9th Round of Security Assessment Work for Banking Financial Institutions in Sichuan Province	Sichuan Provincial Public Security Department, Sichuan Financial Regulatory Bureau
4	Excellent Organization Award in the 2025 Sichuan Provincial Deposit Insurance Professional Skills Competition	Sichuan Branch of the PBOC
5	2025 Model Outlets for Standardized Service in Sichuan's Banking Industry (Five-Star)	Sichuan Banking Association
6	2023-2024 Best Financial Institution for Fulfilling Consumer Protection Responsibilities in Sichuan's Banking Industry	Sichuan Banking Association
7	2025 Outstanding Publicity Unit	Sichuan Payment & Clearing Association
8	Caring Enterprise in Public Welfare Projects such as the “Aixing Project” for Disabled Children	Sichuan Foundation for Disabled Persons, Yibin Disabled Persons' Federation
9	Top 10 Service Enterprises for Outstanding Contribution to Industrial Development of Yibin City in 2024	The People's Government of Yibin Municipality
10	Outstanding Unit in the 9th Round of Security Assessment Work for Banking Financial Institutions in Yibin	Yibin Public Security Bureau, Yibin Financial Regulatory Branch
11	2025 Outstanding Unit in Anti-Money Laundering – Cooperation in Beneficial Owner Registration Publicity	Yibin Branch of the PBOC
12	Enterprise with Outstanding Contribution to the “Pillar Program” in 2024	Yibin “Pillar Program” Leading Group
13	Model Organization for Caring Public Welfare	Yibin Courageous Foundation
14	2025 Golden Inclusive Financial Institution	The 9th Boao Enterprise Forum
15	2025 Green Finance Product & Service Innovation Award	The 9th Boao Enterprise Forum
16	Inaugural “Green Glory Awards” – 2025 ESG Innovative Practice Award	China Chengxin Green Finance Technology (Beijing) Co., Ltd.
17	2025 Excellent Work Brand in the “Four Capacities” Building of China Financial Media Publicity	China Financial Media Co., Ltd.
18	Outstanding Contribution Award for Mobile Payment in 2025	China UnionPay Sichuan Branch

Chairman's Statement



2025 finished as a momentous and transformative chapter in the development history of Yibin City Commercial Bank. We wrapped up all tasks set forth in the “14th Five-Year Plan”, achieved our strategic goal of “being a listed company with assets exceeding RMB100 billion” one year ahead of schedule. Furthermore, we went public on the main board of the Hong Kong Stock Exchange, this marked the officially embarking on a new stage as a public bank with greater standardization, market orientation, and international reach. Standing at a new starting point, the Bank will stride along on the path towards high-quality development by taking a holistic approach to enhancing its operational quality and efficiency, corporate governance capabilities, and brand influence. On behalf of the Board, I would like to extend our most sincere gratitude to all shareholders, customers, employees, and friends from all walks of life!

Over the past year, we remained committed to embedding Party leadership through the entire process of corporate governance. To that end, we refreshed our efforts to refine a modern governance structure that features clear rights and responsibilities and effective checks and balances as a way to strictly safeguard the bottom lines of compliant operation and risk prevention and control. Fueled by its improving core regulatory indicators, the Bank's total assets have leapt to top of the banking industry in Yibin. Furthermore, the size of deposits has doubled from the beginning of the “14th Five-Year Plan” period, exceeding RMB160 billion, and the Bank has successfully ranked among the Global Top 1,000 Banks. For five consecutive years, we have topped the list of the banking players in Yibin City in the comprehensive evaluation in terms of serving local economic development through finance. Beyond that, we have also received multiple accolades, including being recognized as the Best Financial Institution for Fulfilling Consumer Protection Responsibilities among

Chairman's Statement

Sichuan banks (四川銀行業最佳履行消保責任金融機構) and one of the Top 10 Service Enterprises for Outstanding Contribution to Industrial Development in Yibin City (宜賓市產業發展突出貢獻企業服務業10強). These achievements have laid a solid foundation for the long-term, sound development of the listed bank.

Staying true to the origin of finance, we involved ourselves in the local modern industrial system and pooling financial resources precisely into key areas of the real economy. Prioritizing advantageous industries such as liquor, power batteries, crystalline silicon photovoltaics, and the digital economy, we continued to optimize comprehensive financial services to facilitate deep integration between industry and finance. During the “14th Five-Year Plan” period, total loans jumped by 159%. These came as sustained and robust financial support for us to contribute to local industrial upgrading and high-quality economic development.

As a strong champion of the philosophy of green development, we took proactive steps to serve the national “carbon peaking and carbon neutrality” strategy by fully supporting the construction of an ecological barrier in the upper reaches of the Yangtze River. In this way, we remained committed to improving the green finance service system and its long-term mechanisms. Staying focused on key areas such as clean energy, green infrastructure, ecological protection, and low-carbon transformation, we always increased credit supply and resource allocation to steer financial resources precisely towards green and low-carbon industries. As at the end of the year, the green credit balance achieved a year-on-year increase of 28.29%. The scale and assessment ranking of our green finance business continued its leadership in the region. Empowered by finance, we safeguarded the clear waters of the three rivers and enriched the city's ecological foundation.

Adhering to our original aspiration of “Finance for the People”, we always strive to expand the coverage and accessibility of inclusive finance, making financial services available in every corner of the city, and in rural villages. “Rural Financial Specialists” (鄉村金融師) now cover over 200 administrative villages as an ongoing effort to bridge the “last mile” of financial services. Targeting public concerns such as clothing, food, housing, and transportation, we continued to enrich financial services in scenarios like consumption and culture. To that end, we innovatively launched distinctive products such as “Qianhuahua” (錢嘩嘩) and “Easy Loan” (戎易貸), serving 34,000 merchants to consistently stimulate the economic vitality of both urban and rural areas. On top of that, we demonstrated our responsibility and commitment as a listed bank by solidly advance financial literacy education, consumer rights protection, and public welfare initiatives to convey the caring warmth of finance through concrete actions.

We spared no effort to work on digital transformation and the empowerment of financial technology. Core systems such as the new-generation credit management, fully digitalized electronic invoice, and customer relationship management systems were successively implemented. This contributed to the progress in AI computing power and intelligent risk control construction. As a result, our capabilities in online finance, mobile business development, and digital scenario services were enhanced across the board. Funds operations and interbank cooperation continued to deepen. The liability structure was continuously optimized, and the efficiency of fund operations steadily improved. The synergistic development of retail banking, corporate banking, and financial market businesses injected strong momentum into the Bank's high-quality development.

Chairman's Statement

2026 marks the commencement of the “15th Five-Year Plan” period and the 20th anniversary of the founding of Yibin City Commercial Bank. Underpinned by two decades of development, we will refresh our commitments to take root in Yibin, do more in the real economy, uphold integrity while pursuing innovation, and focus on key areas such as advanced manufacturing, green energy, technological innovation, and inclusive finance for public well-being. We will work harder to build ourselves into the “Green New Energy Bank, Liquor Supply Chain Bank, SME Partner Bank, and Best Bank for Government-Bank Cooperation”, contributing greater financial strength to Yibin's construction as a modern regional central city.

Riding the tidal waves of the three rivers, we are embarking on a new journey with two decades of unwavering commitment. Yibin City Commercial Bank will always grow in harmony with the city's pulse. and stride forward in tandem with the mission of the times. We will forge ahead with determination to shape the future with a strong sense of responsibility and write a new and even more glorious chapter in the journey of serving high-quality local development.

Yibin City Commercial Bank

XUE Feng

Chairman

Definition

In this annual report, unless the context otherwise requires, the following terms shall have the following meanings:

“Articles of Association” or “Articles of Association of the Bank”	the Bank’s articles of association, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board of Directors of the Bank
“Bank” or “Yibin City Commercial Bank”	Yibin City Commercial Bank Co., Ltd* (宜賓市商業銀行股份有限公司*), a joint stock company established on December 27, 2006 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, its H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2596) on January 13, 2025, and, if the context requires, includes its predecessors, branch and sub – branches, excluding subsidiaries
“Board” or “Board of Directors”	the board of directors of the Bank
“Board of Supervisors”	the board of supervisors of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a former regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018 and replaced by the NFRA according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2023] No. 5) issued by the State Council on March 16, 2023, and, if the context requires, includes its predecessors, namely the CBRC and CIRC
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), which was merged with the CIRC and formed the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018

Definition

“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region and Taiwan of the PRC
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Bank
“Domestic Share(s)”	ordinary Shares issued by the Bank, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB
“Domestic Shareholder(s)”	the holder(s) of Domestic Shares
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Green Finance”	financial products and/or services offered by the Bank which are to support the improvement of environment, cope with the change in climate, and finance or support energy saving business activities, which would cover the financing for various projects relating to green infrastructure upgrades, the ecological and environmental industry, and the energy-saving and environmental protection industry
“Group,” “we” or “us”	the Bank together with our subsidiaries, and, if the context requires, includes our predecessors, branch and sub-branches

Definition

“H Share(s)”	overseas listed foreign Shares with a nominal value of RMB1.00 each in the share capital of the Bank, which are listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025 and subscribed for and traded in Hong Kong Dollars
“H Shareholder(s)”	the holder(s) of H Shares
“HK\$” or “HKD” or “Hong Kong Dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards and International Accounting Standards, which include the related standards, amendments and interpretations issued by the International Accounting Standards Board
“Latest Practicable Date”	March 30, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its printing
“Listing”	the listing of the H Shares on the Hong Kong Stock Exchange
“Listing Date”	January 13, 2025, being the date of listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)

Definition

“NFRA”	National Financial Regulatory Administration (國家金融監督管理總局), which was officially established on the basis of the CBIRC with incorporation of certain functions of PBOC and the CSRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2023] No. 5) issued by the State Council on March 16, 2023, and, if the context requires, includes its predecessor, namely the CBIRC
“Neijiang Xinglong Rural Bank”	Neijiang Xinglong Rural Bank Co., Ltd. (內江興隆村鎮銀行股份有限公司), a company established on December 24, 2010 in the PRC with limited liability and a non-wholly owned subsidiary of the Bank
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Reporting Period”	for the twelve months ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Prospectus”	the Prospectus of the Bank dated December 30, 2024
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Bank with a nominal value of RMB1.00 each
“Shareholder(s)”	the holder(s) of the Shares
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the Supervisor(s) of the Bank
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules

Definition

“systematically important bank(s)”	pursuant to the Guiding Opinions on Improving Regulation of Systematically Important Financial Institutions issued by the PBOC, CBIRC and CSRC 《中國人民銀行、中國銀行保險監督管理委員會、中國證券監督管理委員會關於完善系統重要性金融機構監管的指導意見》, this refers to bank(s) that will cause significant adverse impact on the financial system and real economy and may even cause systemic risks if a major risk event occurs to them. These banks usually provide key services in the financial system and are difficult to replace and at the same time their business scale, structure and business operation are highly complex and have strong relevance to other financial institutions
“Yibin Xingyi Rural Bank”	Yibin Xingyi Rural Bank Co., Ltd. (宜賓興宜村鎮銀行有限責任公司), a company established on December 24, 2010 in the PRC with limited liability and a non-wholly owned subsidiary of the Bank
“%”	percentage

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an aggregation of the figures preceding them.

Company Information

Registered Name in Chinese:	宜賓市商業銀行股份有限公司(abbreviated as “宜賓銀行”)
Registered Name in English:	YIBIN CITY COMMERCIAL BANK CO., LTD* (abbreviated as “ YiBin City Commercial Bank ”)
Legal Representative:	XUE Feng
Authorized Representatives:	XUE Feng, NGAI Wai Fung
Secretary to the Board of Directors:	TANG Lin
Joint Company Secretaries:	TANG Lin, NGAI Wai Fung
Registered Address of the Bank:	No. 1 Nuxue Street, Cuiping District, Yibin, Sichuan Province, the PRC
Principal Office Address of the Bank:	No. 9 Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan Province, the PRC
Customer Service Hotline:	+86 (0831) 96578
Telephone:	+86 (0831) 5103546
Website of the Bank:	www.ybccb.com
Principal Place of Business in Hong Kong:	40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong
Websites for H Share Disclosure:	HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) Website of the Bank (www.ybccb.com)
Listing Place:	The Stock Exchange of Hong Kong Limited
Stock Abbreviation:	Yibin Bank
Stock Code:	2596

Company Information

H Share Registrar:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Hong Kong Legal Advisor:	Clifford Chance 27th Floor, Jardine House, One Connaught Place, Central, Hong Kong
Auditor:	Domestically: Pan-China Certified Public Accountants LLP No.1366, Qianjiang Road, Hangzhou, Zhejiang Province Overseas: Confucius International CPA Limited Rooms 1501-08, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
Compliance Advisor:	Maxa Capital Limited Unit 2602, 26/F, Golden Centre, 188 Des Voeux Road Central, Sheung Wan, Hong Kong

Financial Highlights

A summary of the results and the assets and liabilities of the Group for the historical five financial years is set out below:

FINANCIAL DATA FROM 2021 TO 2025

(Expressed in RMB million,
unless otherwise stated)

	2025	2024	2023	2022	2021
Interest income	4,028.1	3,691.3	3,563.4	3,201.6	2,545.7
Interest expense	(2,080.3)	(2,113.6)	(1,777.8)	(1,449.3)	(1,163.5)
Net interest income	1,947.8	1,577.7	1,785.6	1,752.3	1,382.2
Fee and commission income	55.7	101.1	75.3	65.8	53.2
Fee and commission expense	(39.8)	(36.0)	(31.4)	(26.5)	(20.5)
Net fee and commission income	15.9	65.1	43.9	39.4	32.7
Net gains/(losses) on trading activities	52.4	201.0	291.8	(35.0)	171.2
Net gains on financial investments	220.0	315.1	10.6	86.5	11.0
Other operating income	37.7	21.5	37.9	23.8	23.7
Operating income	2,273.8	2,180.4	2,169.8	1,867.0	1,620.8
Operating expenses	(729.8)	(725.2)	(698.2)	(655.4)	(606.8)
Expected credit losses	(888.8)	(888.7)	(928.6)	(728.3)	(644.7)
Impairment losses	(2.0)	–	(0.4)	(5.8)	(0.5)
Profit before tax	653.2	566.5	542.6	477.5	369.0
Income tax expense	(93.7)	(88.7)	(65.2)	(45.0)	(40.7)
Net profit	559.5	477.8	477.4	432.5	328.3
Net profit attribute to:					
Equity attributable to Shareholders of the Bank	560.3	513.4	468.5	437.7	352.5
Non-controlling interests	(0.8)	(35.6)	8.9	(5.2)	(24.2)
Basic and diluted earnings per Share (expressed in RMB per Share)	0.12	0.13	0.12	0.11	0.12

Financial Highlights

(Expressed in RMB million,
unless otherwise stated)

	2025	2024	2023	2022	2021
Major indicators of assets/liabilities					
Total assets	123,523.8	109,205.4	93,444.0	80,413.3	68,490.4
Of which: loans and advances to customers, net	68,181.5	58,443.8	49,374.9	42,310.9	33,965.8
Total liabilities	111,981.5	99,233.1	84,157.5	71,745.3	60,306.6
Of which: deposit taking	91,851.9	84,517.9	71,439.1	59,393.8	48,342.7
Total equity	11,542.3	9,972.3	9,286.5	8,668.0	8,183.7
Of which: total equity attributable to Shareholders of the Bank	11,268.4	9,697.6	8,976.2	8,366.6	7,877.2
Profitability indicators (%)					
Asset profit ratio ⁽¹⁾	0.48	0.47	0.55	0.58	0.52
Capital profit ratio ⁽²⁾	5.20	4.96	5.32	5.13	4.72
Net interest spread ⁽³⁾	1.71	1.57	2.08	2.45	2.46
Net interest margin ⁽⁴⁾	1.85	1.71	2.18	2.59	2.56
Cost-to-income ratio ⁽⁵⁾	30.85	32.06	31.17	33.99	36.27
Capital adequacy indicators (%)					
Core tier-one capital adequacy ratio ⁽⁶⁾	12.71	12.61	12.22	12.86	15.26
Tier-one capital adequacy ratio ⁽⁷⁾	12.74	12.64	12.26	12.89	15.30
Capital adequacy ratio ⁽⁸⁾	13.91	13.86	13.41	14.08	16.47
Assets quality indicators (%)					
Non-performing loan ratio ⁽⁹⁾	1.65	1.68	1.76	1.77	2.27
Provision coverage ratio ⁽¹⁰⁾	273.36	256.64	262.02	213.40	198.35
Provision to total loan ratio ⁽¹¹⁾	4.50	4.32	4.61	3.78	4.50
Other indicators (%)					
Loan to deposit ratio ⁽¹²⁾	79.81	73.93	73.64	75.02	74.71

Financial Highlights

Notes:

- (1) Calculated by dividing the net profit for a year by the average balance of total assets at the beginning and the end of that year.
- (2) Calculated by dividing the net profit for a year by the average balance of total equity at the beginning and the end of that year.
- (3) Represents the difference between the average yield on total interest-earning assets and the average cost on total interest-bearing liabilities.
- (4) Calculated by dividing net interest income by the average balance of interest-earning assets (based on the daily average of the interest-earning assets).
- (5) Calculated by dividing total operating expenses (net of tax and surcharges) by operating income.
- (6) Core tier-one capital adequacy ratio = (core tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.
- (7) Tier-one capital adequacy ratio = (tier-one capital – corresponding capital deductions)/risk-weighted assets*100%.
- (8) Capital adequacy ratio = (total capital – corresponding capital deductions)/risk-weighted assets*100%.
- (9) Non-performing loan ratio = total non-performing loans/total loans and advances to customers*100%.
- (10) Provision coverage ratio = total provision for impairment losses on loans and advances to customers/total non-performing loans*100%.
- (11) Provision to total loan ratio = total provision for impairment losses on loans and advances to customers/total loans and advances to customers*100%.
- (12) Loan to deposit ratio = total loans and advances to customers/total deposits*100%.

Management Discussion and Analysis

ENVIRONMENT AND PROSPECT

In 2025, the global economy demonstrated a degree of resilience against a highly uncertain landscape. However, persistently low investment, elevated uncertainty, and constrained fiscal space in many countries are collectively eroding the foundation of global growth. Under a complex and severe situation marked by increasing external pressures and growing internal challenges, China's economy pressed forward against the headwinds, pursuing higher-quality and more innovative development. Steady progress was made in advancing high-quality development and fostering new quality productive forces. The country's economic strength, scientific and technological capabilities, and national power continued to grow, marking new, solid strides towards Chinese modernization. Nevertheless, several challenges remain pronounced. These include, among other things, the deepening impact of changes in the external environment, a prominent imbalance between strong supply and weak demand, and a range of risks and hidden dangers in key areas.

At present, once-in-a-century transformations are accelerating, with the features of turbulence and change in the world becoming increasingly pronounced and uncertain and unpredictable factors multiplying. Looking ahead to 2026, unilateralism and protectionism remain unabated, the foundations of multilateralism are under attack, and policy uncertainty is rising across countries. Technological innovation is accelerating the reshaping of production models, supply chain risks for critical minerals are deepening, the international monetary system is evolving at a faster pace, the trend of a slowing global economy remains unchanged, and global governance may face a new round of shocks. China's fundamental strengths remain intact such as notable institutional advantages, huge market scale, complete industrial system, and abundant human resources. With an effective governance mechanism featuring long-term planning, sound regulation, and coordination between central and local authorities, there exists vast headroom for growth through demand upgrading, structural optimization, and driver transformation. The supporting conditions and underlying trend of the economy's long-term sound growth remain unchanged. The gross output value of the Sichuan-Chongqing region has surpassed RMB10 trillion, marking the "fourth growth pole" of China's regional development beginning to take shape. In close alignment with its development positioning as Sichuan Province's pilot zone for ecological priority and green, low-carbon development, a regional economic sub-center in southern Sichuan, and a gateway hub for southern Sichuan's openness, Yibin City is devoted to the primary task: high-quality development. It is fully committed to promoting economic growth and construction, making solid progress in advancing modernization, and maintaining a sound growth of the economy, with its annual GDP reaching RMB413.473 billion and ranking third in the province. Emerging industries including power batteries and intelligent connected new energy vehicles have grown rapidly, aligning with the rapid development of new energy industries across the country and the province, as well as the vitality and driving forces of development have continued to strengthen. The Bank, leveraging its resource endowments and the characteristics of regional economies, is intensively cultivating its efforts in the "five priorities" of finance. It is channeling financial resources toward the strategic directions, key areas, and weak links essential for high-quality development, and continuously exploring pathways for differentiated and distinctive growth.

Guided by the guiding principles of the 20th National Congress of the Communist Party of China, as well as all plenary sessions of the 20th Central Committee of the Communist Party of China, the Bank will comprehensively implement economic and financial policies, drive high-quality development through reform and innovation, deeply push forward with its business and digital transformation, enhance its risk management and internal control capabilities, continuously improve its modern operational management level, strengthen the quality and effectiveness of services to the real economy, and promote continued excellence across all business segments. By enhancing its brand value, the Bank aims to become a leading bank with a regional influence in Western China, achieving new brilliance from this new starting point.

Management Discussion and Analysis

DEVELOPMENT STRATEGIES

The strategic vision of the Group is to enhance our brand value and to become a leading bank with a regional influence in Western China. To that end, we will (1) build on our existing regional integrated business model and continue to advance the reform and transformation of corporate banking, retail banking and business channels for further consolidation in our regional advantages; (2) promote the online and intelligent transformation of marketing, trading, risk control, and operations by introducing cutting-edge technologies and driving ongoing innovation to raise the level of operational automation, effectively advancing our digital transformation; (3) further optimize risk management and internal control institutions, establish an effective risk management framework for the entire process, and leverage modern scientific technologies to enhance risk identification and assessment capabilities, thereby strengthening our risk resilience; and (4) further refine the top-level design of our talent system, actively promote differentiated assessment and refined performance evaluation systems, improve the market-based selection and hiring mechanism for highly skilled professionals, and explore the implementation of incentive measures.

OVERALL BUSINESS REVIEW

In 2025, the Group recorded a total operating income of RMB2,273.8 million, representing an increase of 4.3% compared to RMB2,180.4 million in 2024. The Group's net profit increased by 17.1% from RMB477.8 million in 2024 to RMB559.5 million in 2025. As at December 31, 2025, the Group's total assets amounted to RMB123,523.8 million, representing a year-on-year increase of 13.1%; the net loans and advances to customers amounted to RMB68,181.5 million, representing a year-on-year increase of 16.7%; the non-performing loan (NPL) ratio was 1.65%, representing a year-on-year decrease of 0.03 percentage point; the amount of customer deposits was RMB91,851.9 million, representing a year-on-year increase of 8.7%.

Management Discussion and Analysis

(a) Analysis of the consolidated statements of profit or loss

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Interest income	4,028.1	3,691.3	336.8	9.1
Interest expense	(2,080.3)	(2,113.6)	33.3	(1.6)
Net interest income	1,947.8	1,577.7	370.1	23.5
Fee and commission income	55.7	101.1	(45.4)	(44.9)
Fee and commission expense	(39.8)	(36.0)	(3.8)	10.6
Net fee and commission income	15.9	65.1	(49.2)	(75.6)
Net gains arising from trading activities	52.4	201.0	(148.6)	(73.9)
Net gains on financial investment	220.0	315.1	(95.1)	(30.2)
Other operating income	37.7	21.5	16.2	75.3
Operating income	2,273.8	2,180.4	93.4	4.3
Operating expenses	(729.8)	(725.2)	(4.6)	0.6
Expected credit losses	(888.8)	(888.7)	(0.1)	0.0
Impairment losses	(2.0)	–	(2.0)	–
Profit before tax	653.2	566.5	86.7	15.3
Income tax expense	(93.7)	(88.7)	(5.0)	5.6
Net profit	559.5	477.8	81.7	17.1
Net profit attribute to:				
Equity attributable to Shareholders of the Bank	560.3	513.4	46.9	9.1
Non-controlling interests	(0.8)	(35.6)	34.8	97.8
Basic and diluted earnings per Share (expressed in RMB per Share)	0.12	0.13	(0.01)	(7.7)

Management Discussion and Analysis

In 2025, the Group's profit before income tax amounted to RMB653.2 million, representing a year-on-year increase of 15.3%; net profit amounted to RMB559.5 million, representing a year-on-year increase of 17.1%, mainly due to the Group's increased marketing to high-quality customers, active loan disbursement, reasonable reduction of deposit interest rates, optimization of the asset and liability structure in 2025, resulting in the increase in the net interest income.

(i) **Net interest income**

Net interest income was the largest component of the Group's operating income, representing 85.7% and 72.4% of operating income in 2025 and 2024, respectively. The following table sets forth the interest income, interest expense and net interest income for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Interest income	4,028.1	3,691.3	336.8	9.1
Interest expense	(2,080.3)	(2,113.6)	33.3	(1.6)
Net interest income	1,947.8	1,577.7	370.1	23.5

Management Discussion and Analysis

The following table sets forth the average balances of the Group's interest-earning assets and interest-bearing liabilities, the related interest income or expense, and the average yield or average cost for the periods indicated. The average balance of interest-earning assets and interest-bearing liabilities is the average of the daily balances.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31, 2025			Year ended December 31, 2024		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Interest-earning asset						
Deposits with central bank ⁽¹⁾	5,892.0	77.5	1.32	5,440.6	68.9	1.27
Financial assets held under resale agreements, due from other banks and other financial institutions	4,344.9	69.4	1.60	5,145.3	98.2	1.91
Loans and advances to customers	65,161.8	3,158.6	4.85	53,935.6	2,777.2	5.15
Financial investments ⁽²⁾	29,978.8	722.6	2.41	27,779.1	747.0	2.69
Total interest-earning assets	105,377.5	4,028.1	3.82	92,300.6	3,691.3	4.00
(Expressed in RMB million, unless otherwise stated)	Year ended December 31, 2025			Year ended December 31, 2024		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Interest-bearing liabilities						
Borrowings from central bank	2,433.2	(40.9)	1.68	2,048.0	(34.8)	1.70
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	6,595.3	(119.2)	1.81	6,613.4	(148.5)	2.25
Customer deposits	87,900.8	(1,887.4)	2.15	76,902.6	(1,888.8)	2.46
Bonds issued ⁽³⁾	1,689.7	(32.8)	1.94	1,576.0	(41.5)	2.63
Total interest-bearing liabilities	98,619.0	(2,080.3)	2.11	87,140.0	(2,113.6)	2.43
Net interest income		1,947.8			1,577.7	
Net interest spread			1.71			1.57
Net interest margin			1.85			1.71

Notes:

- (1) Deposits with central bank primarily include statutory deposit reserves, surplus deposit reserves and fiscal deposit reserves.
- (2) Financial investments include financial assets at fair value through other comprehensive income and financial assets measured at amortized cost.
- (3) Bonds issued are interbank certificates of deposit.

Management Discussion and Analysis

The table below sets forth the changes in the Group's interest income and interest expense attributable to changes in volume and interest rate for the periods indicated. Changes in volume are measured by changes in the average balance, and changes in interest rate are measured by changes in the average interest rates.

	2025 vs 2024		
(Expressed in RMB million, unless otherwise stated)	Volume ⁽¹⁾	Interest rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
Interest-earning asset			
Deposits with central bank	5.9	2.7	8.6
Financial assets held under resale agreements, due from other banks and other financial institutions	(12.8)	(16.0)	(28.8)
Loans and advances to customers	543.2	(161.8)	381.4
Financial investments	53.4	(77.8)	(24.4)
Changes in interest income	589.7	(252.9)	336.8
Interest-bearing liabilities			
Borrowings from central bank	6.3	(0.2)	6.1
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	(0.2)	(29.1)	(29.3)
Customer deposits	237.0	(238.4)	(1.4)
Bonds issued	2.2	(10.9)	(8.7)
Changes in interest expense	245.3	(278.6)	(33.3)
Changes in net interest income	344.4	25.7	370.1

Notes:

- (1) Volume represents the average balance for the year minus the average balance for the previous year, multiplied by the average yield/cost for the year.
- (2) Interest rate represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the average balance for the previous year.
- (3) Net increase/(decrease) represents interest income/expense for the year minus interest income/expense for the previous year.

Management Discussion and Analysis

(ii) Interest income

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

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			
	2025		2024	
	Amount	% of total (%)	Amount	% of total (%)
Loans and advances to customers	3,158.6	78.5	2,777.2	75.2
Financial investments	722.6	17.9	747.0	20.2
Financial assets held under resale agreements, due from other banks and other financial institutions	69.4	1.7	98.2	2.7
Deposits with central bank	77.5	1.9	68.9	1.9
Total	4,028.1	100.0	3,691.3	100.0

The Group's interest income increased by 9.1% from RMB3,691.3 million in 2024 to RMB4,028.1 million in 2025, primarily due to an increase in the average balance of interest-earning assets from RMB92,300.6 million in 2024 to RMB105,377.5 million in 2025, which was partially offset by a decrease in the average yield on interest-earning assets from 4.00% in 2024 to 3.82% in 2025. The increase in the average balance of interest-earning assets was mainly due to an increase in the average balance of loans and advances and financial investments, which was partially offset by a decrease in the average balance of financial assets held under resale agreements, due from other banks and other financial institutions. The decrease in the average yield on interest-earning assets was primarily attributed to a decrease in the average yield on loans and advances, as well as financial investments as a result of the continuous optimization of the credit structure, enhanced marketing efforts targeting high-quality customers, coupled with the impact of the decline in the loan prime rate (LPR) and market interest rates.

Management Discussion and Analysis

(A) Interest income from loans and advances to customers

Interest income from loans and advances to customers represented 78.5% and 75.2% of total interest income in 2025 and 2024, respectively.

The following table sets forth the average balance, interest income and average yield of loans and advances to customers by product for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,					
	2025			2024		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	54,717.9	2,914.8	5.33	41,473.3	2,452.4	5.91
Retail loans	4,706.7	192.0	4.08	4,817.5	230.8	4.79
Discounted and rediscounted bills	5,737.2	51.8	0.90	7,644.8	94.0	1.23
Total	65,161.8	3,158.6	4.85	53,935.6	2,777.2	5.15

The interest income from loans and advances to customers is the largest component of the Group's interest income, increasing by 13.7% from RMB2,777.2 million in 2024 to RMB3,158.6 million in 2025. The increase was primarily due to an increase of 20.8% in the average balance of loans and advances to customers from RMB53,935.6 million in 2024 to RMB65,161.8 million in 2025, which was partially offset by a decrease in the average yield on these assets from 5.15% in 2024 to 4.85% in 2025. The increase in the average balance of such assets was mainly attributable to the Group's firm adherence to its primary responsibility and core business and the orderly increase in financial supply by, among other measures, deepening cultivation of the regional market, supporting industrial cluster development, promoting inclusive finance transformation, and serving urban development and rural revitalization. The decrease in the average yield on these assets was mainly due to the year-on-year decline in the Loan Prime Rate (LPR), as well as the Group's greater effort of marketing to high-quality customers, leading to the decrease in the average yield on loans and advances to customers.

Management Discussion and Analysis

(B) Interest income from financial investments

Interest income from financial investments reduced by 3.3% from RMB747.0 million in 2024 to RMB722.6 million in 2025, primarily due to a decrease in the average yield on financial investments from 2.69% in 2024 to 2.41% in 2025, partially offset by a 7.9% increase in the average balance of such asset from RMB27,779.1 million in 2024 to RMB29,978.8 million in 2025. The increase in the average balance of such assets was mainly due to the Group's reasonable increase in policy financial bond reserves in accordance with the needs of asset structure adjustment. The decrease in the average yield on such assets was primarily attributed to changes in market interest rates.

(C) Interest income from financial assets held under resale agreements, due from other banks and other financial institutions

The interest income from financial assets held under resale agreements, and due from other banks and other financial institutions decreased by 29.3% from RMB98.2 million in 2024 to RMB69.4 million in 2025, primarily due to the decrease of 15.6% in the average balance of financial assets held under resale agreements, and due from other banks and other financial institutions from RMB5,145.3 million in 2024 to RMB4,344.9 million in 2025. The decrease in the average balance of these assets was mainly due to the Group's reduction in the scale of relevant asset allocation in order to improve the efficiency of fund utilization.

(D) Interest income from deposits with central bank

The interest income from deposits with central bank increased by 12.5% from RMB68.9 million in 2024 to RMB77.5 million in 2025, primarily due to the increase of 8.3% in the average balance of deposits with central bank from RMB5,440.6 million in 2024 to RMB5,892.0 million in 2025. The increase in the average balance of these assets was mainly attributed to the growth in customer deposits scale.

Management Discussion and Analysis

(iii) Interest expense

The following table sets forth the principal components of interest expense of the Group for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			
	2025		2024	
	Amount	% of total (%)	Amount	% of total (%)
Customer deposits	1,887.4	90.7	1,888.8	89.4
Bonds issued	32.8	1.6	41.5	2.0
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	119.2	5.7	148.5	7.0
Borrowings from central bank	40.9	2.0	34.8	1.6
Total	2,080.3	100.0	2,113.6	100.0

(A) Interest expenses on customer deposits

The following table sets forth the average balance, interest expense and average cost for the components of customer deposits for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,					
	2025			2024		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	42,351.9	731.0	1.73	38,539.9	770.5	2.00
Personal deposits	45,548.9	1,156.4	2.54	38,362.7	1,118.3	2.92
Total	87,900.8	1,887.4	2.15	76,902.6	1,888.8	2.46

Management Discussion and Analysis

The interest expenses on customer deposits decreased by 0.1% from RMB1,888.8 million in 2024 to RMB1,887.4 million in 2025, primarily due to the decrease in the average cost of customer deposits from 2.46% in 2024 to 2.15% in 2025, partially offset by an increase of 14.3% in the average balance on such liability from RMB76,902.6 million in 2024 to RMB87,900.8 million in 2025. The increase in the average balance of these liabilities was mainly due to the stable increase in the total deposits resulting from the Group's focus on serving key customer segments and industries, precise marketing strategies, efforts to leverage its resource integration and product portfolio advantages and accelerate the transformation and upgrading of business outlets and digital construction to enhance customer acquisition capabilities and realize a steady growth in total deposits. The decrease in the average cost on these liabilities was primarily due to the lowering of deposit interest rate and the Bank's optimization of the FTP assessment mechanism.

(B) Interest expense on financial assets sold under repurchase agreements, due to other banks and other financial institutions

The interest expense on financial assets sold under repurchase agreements, due to other banks and other financial institutions decreased by 19.7% from RMB148.5 million in 2024 to RMB119.2 million in 2025, mainly due to a decrease in the average cost on these liabilities from 2.25% in 2024 to 1.81% in 2025. The decrease in the average balance of these liabilities was primarily due to the Group's timely adjustment of the liability structure and proactive efforts to reduce the scale of these liabilities based on changes in market interest rates. The decrease in the average cost on these liabilities was primarily attributable to a downward trend in the terminal interest rate.

(C) Interest expense on bonds issued

The interest expense on bonds issued decreased by 21.0% from RMB41.5 million in 2024 to RMB32.8 million in 2025, mainly due to the increase of 7.2% in the average balance of bonds issued from RMB1,576.0 million in 2024 to RMB1,689.7 million in 2025, as well as a decrease in the average cost on these liabilities from 2.63% in 2024 to 1.94% in 2025. The increase in the average balance of these liabilities was primarily due to an increase in the scale of interbank certificates of deposit issued. The decrease in the average cost on these liabilities was mainly as a result of a decrease in market interest rates.

(iv) Net interest spread and net interest margin

The net interest spread increased from 1.57% in 2024 to 1.71% in 2025, and the net interest margin increased from 1.71% in 2024 to 1.85% in 2025, primarily due to a decrease of 0.18 percentage points in the average yield on interest-earning assets compared to the same period last year, as well as a decrease of 0.32 percentage points in the average cost on interest-bearing liabilities compared to the same period last year. The decrease in the average yield on interest-bearing assets was primarily due to the continuous optimization of the credit structure and increased marketing efforts towards high-quality customers, coupled with the impact of the downward trend in the Loan Prime Rate (LPR) and market interest rates, resulting in a decline in the average yields on loans and advances as well as financial investments. The decrease in the average cost on interest-bearing liabilities was mainly attributable to lowering of the average interest rate on deposits by the Bank, resulting in reduced interest costs on deposits.

Management Discussion and Analysis

(v) **Non-interest income**

(A) *Net fee and commission income*

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Fee and commission income				
Commission income from settlement and agency services	16.6	23.1	(6.5)	(28.1)
Commission income from bank card services	1.1	1.1	0.0	0.0
Commission income from wealth management agency service	12.8	47.7	(34.9)	(73.2)
Other commission income ⁽¹⁾	25.2	29.2	(4.0)	(13.7)
Subtotal	55.7	101.1	(45.4)	(44.9)
Fee and commission expenses				
Commission expense from settlement and agency services	(36.6)	(32.2)	(4.4)	13.7
Other commission expense	(3.2)	(3.8)	0.6	(15.8)
Subtotal	(39.8)	(36.0)	(3.8)	10.6
Net fee and commission income	15.9	65.1	(49.2)	(75.6)

Note:

(1) Other commission income primarily consists of commission income from guarantees, commitments and syndicated business.

The net fee and commission income decreased by 75.6% from RMB65.1 million in 2024 to RMB15.9 million in 2025, mainly due to the decrease in the entrusted loan service fees and the commission income from wealth management agency services.

The commission income from settlement and agency services decreased by 28.1% from RMB23.1 million in 2024 to RMB16.6 million in 2025, primarily due to a decrease in the income from entrusted loan business.

Management Discussion and Analysis

The commission income from wealth management agency service decreased by 73.2% from RMB47.7 million in 2024 to RMB12.8 million in 2025, mainly due to a decrease in fee income recognized from non-principal-guaranteed wealth management products launched.

The other commission income decreased by 13.7% from RMB29.2 million in 2024 to RMB25.2 million in 2025, mainly due to a decrease in income from syndicated loans and guarantee commitments.

The fee and commission expense increased by 10.6% from RMB36.0 million in 2024 to RMB39.8 million in 2025, mainly attributable to the Group's ongoing optimization of mobile payment platform "Qianhuahua" and the expansion of associated mobile payment scenarios.

(B) Net gains on financial investments

Net gains on financial investments include the net gains from the sale of financial assets, as well as gains from reclassification of other comprehensive income to profit or loss due to asset sales. Net gains on financial investments decreased from RMB315.1 million in 2024 to RMB220.0 million in 2025, primarily due to the impact of the bond market conditions, resulting in the decrease in bond sell transactions by the Group.

(C) Net gains arising from trading activities

Net gains on trading activities decreased from RMB201.0 million in 2024 to RMB52.4 million in 2025, primarily due to a decrease in the fair value of financial assets held for trading as a result of market conditions.

(D) Other operating income

Other operating income mainly includes incidental income such as government subsidies after deducting incidental expenses such as charitable donations. Other operating income increased by 75.3% from RMB21.5 million in 2024 to RMB37.7 million in 2025, primarily due to an exchange gain of RMB17.4 million realized during the year.

Management Discussion and Analysis

(vi) Operating expenses

The operating expenses increased by 0.6% from RMB725.2 million in 2024 to RMB729.8 million in 2025, primarily due to an increase in general and administrative expenses, which was partially offset by a decrease in depreciation and expenses, professional fees as well as technology service fees.

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

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Staff costs	404.7	404.1	0.6	0.1
General and administrative expenses	211.3	197.0	14.3	7.3
Depreciation and expenses	55.0	57.8	(2.8)	(4.8)
Professional fees	5.8	11.6	(5.8)	(50.0)
Listing expenses	0.0	0.9	(0.9)	(100.0)
Tax and surcharges	28.3	26.2	2.1	8.0
Auditors' remuneration				
– Audit service	2.7	0.9	1.8	200.0
– Non-audit service	1.8	0.1	1.7	1,700.0
Technical service fees	20.2	26.6	(6.4)	(24.1)
Total	729.8	725.2	4.6	0.6

Management Discussion and Analysis

(A) Staff costs

The following table sets forth the components of staff costs for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Wages and salaries, bonus, allowance and subsidies	276.9	270.6	6.3	2.3
Social security contributions	54.1	51.9	2.2	4.2
Defined contribution benefits	48.7	47.1	1.6	3.4
Staff welfare	14.3	14.3	0.0	0.0
Labour union funds and employee education funds	6.2	7.5	(1.3)	(17.3)
Supplementary retirement benefits	4.5	12.7	(8.2)	(64.6)
Total staff costs	404.7	404.1	0.6	0.1

The staff costs increased by 0.1% from RMB404.1 million in 2024 to RMB404.7 million in 2025. The increase was primarily due to the increase in salary, social security contributions, defined contribution benefits, and other adjustments in accordance with relevant policy provisions.

(B) Depreciation and expenses

The depreciation and expenses decreased by 4.8% from RMB57.8 million in 2024 to RMB55.0 million in 2025, mainly due to the fact that some of the Group's fixed assets and intangible assets have fully realized their depreciation, resulting in reduced depreciation and amortization costs.

(C) General and administrative expenses

General and administrative expenses mainly include advertising and business promotion costs, cash transportation fees, and repair costs. The general and administrative expenses increased by 7.3% from RMB197.0 million in 2024 to RMB211.3 million in 2025, primarily due to the growth in business scale, resulting in higher collateral supervision fees.

(D) Professional fees

The professional fees decreased by 50.0% from RMB11.6 million in 2024 to RMB5.8 million in 2025, primarily attributed to the decrease in consultancy and intermediary fees upon the listing.

Management Discussion and Analysis

(vii) Expected credit impairment losses

The following table sets forth the major components of our expected credit impairment losses for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,			Percentage change (%)
	2025	2024	Increase or decrease	
Loans and advances to customers at amortized cost	838.4	770.8	67.6	8.8
Loans and advances to customers – fair value through other comprehensive income	(0.8)	(2.8)	2.0	(71.4)
Off-balance sheet items	16.1	61.4	(45.3)	(73.8)
Financial assets held under resale agreements, due from other banks and other financial institutions	62.4	(2.8)	65.2	(2,328.6)
Financial investments – amortised cost	(6.4)	9.2	(15.6)	(169.6)
Financial investments – fair value through other comprehensive income	(20.9)	20.2	(41.1)	(203.5)
Other financial assets	0.0	32.7	(32.7)	(100.0)
Total	888.8	888.7	0.1	0.0

The expected credit impairment losses were broadly flat year-on-year, with loans and advances to customers at amortized cost being the largest component of expected credit impairment losses. In 2025, the expected credit impairment losses on loans and advances to customers at amortized cost were RMB838.4 million, representing an increase of 8.8% over the previous year.

(viii) Income tax expense

Income tax expense increased by 5.6% from RMB88.7 million in 2024 to RMB93.7 million in 2025. The increase in income tax expenses was mainly due to the increase in profit before tax.

Management Discussion and Analysis

(b) Analysis of consolidated statements of financial position

(i) Assets

As of December 31, 2025 and 2024, the Group's total assets amounted to RMB123,523.8 million and RMB109,205.4 million, respectively. The total assets mainly include (i) net loans and advances to customers and (ii) net financial investments.

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Assets				
Gross loans and advances to customers	71,026.1	57.5	60,766.4	55.6
Accrued interest	354.0	0.3	303.6	0.3
Expected credit losses allowance	(3,198.6)	(2.6)	(2,626.2)	(2.4)
Net loans and advances to customers	68,181.5	55.2	58,443.8	53.5
Financial investments ⁽¹⁾	37,682.8	30.5	36,480.4	33.4
– Fair value through other comprehensive income	19,878.7	16.1	22,482.5	20.6
– Fair value through profit or loss	9,511.0	7.7	6,239.8	5.7
– Amortized cost	8,293.1	6.7	7,758.1	7.1
Financial assets held under resale agreements, due from other banks and other financial institutions	4,299.9	3.5	4,988.5	4.6
Cash and balances with central bank	10,817.6	8.8	7,318.5	6.7
Deferred tax assets	1,546.6	1.3	1,237.4	1.1
Property, plant and equipment	580.6	0.5	284.9	0.3
Right-of-use assets	27.0	0.0	31.4	0.0
Other assets ⁽²⁾	387.8	0.3	420.5	0.4
Total assets	123,523.8	100.0	109,205.4	100.0

Notes:

- (1) Financial investments consist of financial assets measured at amortized cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income.
- (2) Other assets primarily include other receivables and prepayments, interest receivable, and foreclosed assets.

Management Discussion and Analysis

(A) Loans and advances to customers

As of December 31, 2025, the gross loans and advances to customers issued by the Group amounted to RMB71,026.1 million, representing an increase of 16.9% compared to December 31, 2024. The net loans and advances to customers accounted for 55.2% of the Group's total assets, representing an increase of 1.7 percentage points from December 31, 2024.

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Corporate loans	58,328.7	82.1	48,558.4	79.9
Retail loans	4,757.7	6.7	4,882.0	8.0
Discounted bills	18.5	0.0	948.8	1.6
Rediscounted bills	7,921.2	11.2	6,377.2	10.5
Gross loans and advances to customers	71,026.1	100.0	60,766.4	100.0

The loans and advances to customers constitute the largest component of the Group's total assets. The Group offers a variety of loan products, all of which are denominated in RMB.

The Group's corporate loans increased by 20.1% from RMB48,558.4 million as of December 31, 2024, to RMB58,328.7 million as of December 31, 2025. This growth was primarily driven by the Group's alignment with national policy directives, its focus on regional development, and its ongoing efforts to expand service areas while effectively managing risks. These initiatives strengthened support for the real economy, met the effective credit demands of corporate loan customers, and resulted in an increase in credit disbursement.

The Group's retail loans primarily include personal business loans, personal consumption loans, and residential mortgage loans. Retail loans of the Group decreased by 2.6% from RMB4,882.0 million as of December 31, 2024 to RMB4,757.7 million as of December 31, 2025. This decline was mainly due to reduced effective credit demand from residential mortgage customers and the early repayment of some customers, leading to a contraction in the scale of residential mortgage loans.

Management Discussion and Analysis

Loans and advances by collateral

The table below presents the breakdown of loans and advances to customers by collateral type as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Collateralized loans	19,065.6	30.3	19,989.5	37.4
Pledged loans	15,025.6	23.8	10,723.6	20.1
Guaranteed loans	26,888.8	42.6	21,166.2	39.6
Unsecured loans	2,106.4	3.3	1,561.1	2.9
Gross corporate and retail loans	63,086.4	100.0	53,440.4	100.0

Guaranteed loans constitute the largest component of the Group's loans and advances to customers, accounting for 42.6% and 39.6% of the gross corporate and retail loans as of December 31, 2025 and December 31, 2024, respectively. The Group applies strict credit assessment standards when issuing guaranteed loans. The Group accepts guarantees from guarantors based on comprehensive considerations such as scale, creditworthiness, and risk resilience.

The Group provides unsecured loans to customers with relatively higher credit ratings. As of December 31, 2025 and 2024, unsecured loans accounted for 3.3% and 2.9%, respectively, of the gross corporate and retail loans to customers.

Movements of expected credit losses allowance on loans and advances to customers

(Expressed in RMB million, unless otherwise stated)	2025	2024
At the beginning of the year	2,626.2	2,368.3
Charge for the year	838.4	770.8
Amounts written off and transferred	(376.6)	(688.1)
Recovery of loans and advances written-off	110.6	175.2
Movements due to other reasons	—	—
As of December 31	3,198.6	2,626.2

The expected credit losses allowance on loans and advances increased by 21.8% from RMB2,626.2 million as of December 31, 2024 to RMB3,198.6 million as of December 31, 2025, primarily due to the Group's increase of the provision for loan impairment according to the changes in the scale of loans and advances to customers.

Management Discussion and Analysis

(B) Financial investments

Our financial investments primarily include bonds investment and SPV investment. Our SPV investment primarily includes our investments through asset management plans, funds and trust plans. The following table sets forth the components of the Group's financial investments as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Bonds investment	35,734.3	94.7	34,707.3	95.1
SPV investment				
– Asset management plans	59.4	0.2	133.1	0.4
– Funds	1,835.1	4.9	1,541.3	4.2
– Trust plans	19.4	0.1	63.3	0.2
Other financial investments	34.6	0.1	35.4	0.1
Net financial investments	37,682.8	100.0	36,480.4	100.0

Net financial investments increased by 3.3% from RMB36,480.4 million as of December 31, 2024 to RMB37,682.8 million as of December 31, 2025, primarily due to the Group's timely adjustment of its investment strategies and increase in investment in bonds and funds according to liquidity adequacy and market changes as well as actual operational conditions. However, the increase was partially offset by a decrease in investments in asset management plans and trust plans.

Management Discussion and Analysis

(ii) Liabilities

As of December 31, 2025 and 2024, the total liabilities amounted to RMB111,981.5 million and RMB99,233.1 million, respectively. The following table sets forth the components of our total liabilities as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Liabilities				
Deposit taking	91,851.9	82.1	84,517.9	85.2
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	11,350.9	10.1	9,340.7	9.4
Trading financial liabilities	57.1	0.1	–	–
Borrowings from central bank	3,191.6	2.9	2,266.2	2.3
Debts issued	4,301.2	3.8	2,028.1	2.0
Taxes payable	252.3	0.2	257.1	0.3
Lease liabilities	24.8	0.0	28.8	0.0
Other liabilities ⁽¹⁾	951.7	0.8	794.3	0.8
Total liabilities	111,981.5	100.0	99,233.1	100.0

Note:

- (1) Other liabilities consist primarily of employee benefits payable, accrued liabilities, deferred income, other current liabilities, etc.

Management Discussion and Analysis

(A) Customer deposits

The Group provides demand and time deposit products to corporate and retail customers. The table below sets forth the total customer deposits (excluding accrued interest) by product and customer type as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Corporate deposits				
– Demand	16,879.1	18.9	17,777.4	21.6
– Time	24,989.6	28.1	22,811.4	27.8
Subtotal	41,868.7	47.0	40,588.8	49.4
Personal deposits				
– Demand	5,927.0	6.7	5,430.3	6.6
– Time	41,200.8	46.3	36,171.8	44.0
Subtotal	47,127.8	53.0	41,602.1	50.6
Total customer deposits (excluding accrued interest)	88,996.5	100.0	82,190.9	100.0

Total customer deposits (excluding accrued interest) increased by 8.3% from RMB82,190.9 million as of December 31, 2024, to RMB88,996.5 million as of December 31, 2025. This growth was primarily driven by the Group's focus on serving key customer segments and industries, precise marketing strategies, leveraging the advantages of resource integration and product portfolio, accelerating the transformation and upgrading of branch networks, and advancing digital infrastructure, all of which enhanced customer acquisition capabilities and realized a steady growth in total deposits.

Management Discussion and Analysis

(B) Bonds issued

From January 1, 2024 to December 31, 2024, the Bank issued 9 tranches of zero-coupon interbank certificates of deposit with a total face value of RMB2,050.0 million. The terms of the interbank certificates of deposit ranged from 3 months to 1 year, with actual interest rates ranging from 1.85% to 2.15%.

From January 1, 2025 to December 31, 2025, the Bank issued 19 tranches of zero-coupon interbank certificates of deposit with a total face value of RMB4,330.0 million. The terms of the interbank certificates of deposit ranged from 1 month to 1 year, with actual interest rates ranging from 1.64% to 1.80%.

(iii) Shareholders' equity

The table below sets forth the changes in Shareholders' equity as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Share capital	4,588.4	39.8	3,900.0	39.1
Capital reserve	4,440.6	38.5	3,512.8	35.2
Other comprehensive income	21.1	0.2	397.4	4.0
Surplus reserve	236.5	2.0	180.1	1.8
General reserve	1,287.5	11.2	1,239.4	12.4
Retained earnings	694.4	6.0	467.9	4.7
Non-controlling interests	273.8	2.3	274.7	2.8
Total equity	11,542.3	100.0	9,972.3	100.0

Management Discussion and Analysis

(c) Asset quality analysis

(i) Breakdown of loans under five-level classification system

The Group's NPLs are classified as substandard, doubtful and loss. As of December 31, 2025, the Group's NPLs amounted to RMB1,170.1 million. The following table sets forth the issued loans and advances under the loan classification system as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Normal	69,247.8	97.49	59,240.4	97.49
Special attention	608.2	0.86	502.7	0.83
Substandard	404.1	0.57	587.4	0.97
Doubtful	144.5	0.20	371.1	0.60
Loss	621.5	0.88	64.8	0.11
Gross loans and advances to customers	71,026.1	100.0	60,766.4	100.0
NPL ratio		1.65		1.68

The Group's NPL ratio decreased from 1.68% as of December 31, 2024 to 1.65% as of December 31, 2025, primarily due to the Group's enhanced credit risk management that improved the quality of our assets.

Management Discussion and Analysis

(ii) Concentration of loans

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025				As of December 31, 2024			
	Loan amount	% of total (%)	Non-performing loan amount	NPL ratio (%)	Loan amount	% of total (%)	Non-performing loan amount	NPL ratio (%)
Corporate loans								
Wholesale and retail trade	19,975.7	31.7	64.8	0.32	12,881.5	24.1	256.3	1.99
Renting and business activities	6,610.7	10.5	29.9	0.45	5,951.1	11.1	21.4	0.36
Construction	9,035.8	14.3	220.3	2.44	8,435.7	15.8	12.9	0.15
Manufacturing	4,944.3	7.8	259.1	5.24	5,050.0	9.5	191.4	3.79
Agriculture, forestry, animal husbandry and fishery	3,420.2	5.4	13.3	0.39	3,086.1	5.8	1.7	0.06
Real estate	3,067.9	4.9	31.6	1.03	2,375.4	4.4	1.0	0.04
Scientific research, technology services, and geological prospecting	270.0	0.4	0.6	0.22	223.3	0.4	-	-
Transportation, warehousing and express service	1,069.5	1.7	6.4	0.60	947.3	1.8	15.2	1.60
Information transmission, computer service and software	589.2	0.9	30.5	5.18	423.3	0.8	10.5	2.48
Water, environment and public facilities management	2,214.4	3.5	-	-	2,630.4	4.9	-	-
Accommodation and catering	588.3	0.9	16.7	2.84	450.2	0.8	17.6	3.91
Education	2,987.7	4.7	114.8	3.84	2,894.9	5.4	117.0	4.04
Electricity, gas and water production and supply	2,345.9	3.7	-	-	1,982.1	3.7	-	-
Health, social security and social welfare	254.0	0.4	3.6	1.42	285.8	0.5	-	-
Residential services, repairs and other services	93.2	0.1	2.7	2.90	90.7	0.2	7.4	8.16
Culture, sports and entertainment	325.4	0.5	-	-	349.2	0.7	-	-
Mining	324.9	0.5	1.0	0.31	279.8	0.5	1.0	0.36
Financing	211.6	0.3	182.6	86.29	221.6	0.4	182.6	82.40
Retail loans	4,757.7	7.6	192.2	4.04	4,882.0	9.2	187.3	3.84
Total	63,086.4	100.0	1,170.1	1.85	53,440.4	100.0	1,023.3	1.91

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.

Management Discussion and Analysis

Loans to borrowers from the wholesale and retail trade, construction, renting and business operations, and manufacturing industries constitute the largest component of the Group's corporate loan portfolio. As of December 31, 2025 and 2024, loans to these industries accounted for 64.3% and 60.5% of the total corporate loans, respectively.

As of December 31, 2025, the Group's NPLs of corporate loans were primarily concentrated in manufacturing and construction, with NPL ratios of 5.24% and 2.44%, respectively.

(B) Borrower concentration

Loans to the top ten individual borrowers

The following table sets forth the balances of loans to the top ten individual borrowers (excluding group borrowers) as of December 31, 2025, prepared on a consolidated or combined basis, all of which are normal loans.

(Expressed in RMB million, unless otherwise stated)		As of December 31, 2025	
Customers	Industries involved	Amount	Percentage of total loans (%)
Borrower A	Wholesale and retail trade	980.1	1.4
Borrower B	Wholesale and retail trade	980.1	1.4
Borrower C	Construction	901.8	1.2
Borrower D	Wholesale and retail trade	809.7	1.1
Borrower E	Renting and business operations	746.7	1.1
Borrower F	Manufacturing	725.0	1.0
Borrower G	Renting and business operations	694.9	1.0
Borrower H	Renting and business operations	685.3	1.0
Borrower I	Renting and business operations	678.9	1.0
Borrower J	Construction	650.0	0.9
Total		7,852.5	11.1

Management Discussion and Analysis

(C) Non-performing loans by product type

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025			As of December 31, 2024		
	Loan amount	Non- performing loan amount	NPL ratio (%)	Loan amount	Non- performing loan amount	NPL ratio (%)
Corporate loans						
Working capital loans	35,405.1	801.8	2.26	27,878.2	674.1	2.42
Fixed asset loans	20,003.8	145.9	0.73	18,131.1	157.0	0.87
Others	2,919.8	30.2	1.03	2,549.1	4.9	0.19
Subtotal	58,328.7	977.9	1.68	48,558.4	836.0	1.72
Retail loans						
Personal business loans	1,790.0	94.5	5.28	1,966.6	109.9	5.59
Residential mortgage loans	1,571.0	79.5	5.06	1,763.9	68.1	3.86
Personal consumption loans	1,396.7	18.2	1.30	1,151.5	9.3	0.81
Subtotal	4,757.7	192.2	4.04	4,882.0	187.3	3.84
Total	63,086.4	1,170.1	1.85	53,440.4	1,023.3	1.91

The NPL ratio of the corporate loans decreased from 1.72% as of December 31, 2024 to 1.68% as of December 31, 2025, mainly due to the Group's strengthened efforts for credit risk management, which improved the Group's asset quality.

The NPL ratio of retail loans increased from 3.84% as of December 31, 2024 to 4.04% as of December 31, 2025, primarily due to the decrease in the scale of retail loans.

Management Discussion and Analysis

(D) *Loan aging schedule*

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
Current loans	69,748.3	98.1	59,351.0	97.7
Loans past due for				
– Up to 90 days	411.7	0.6	416.1	0.7
– Over 90 days up to 1 year	117.2	0.2	629.7	1.0
– Over 1 year up to 3 years	678.7	1.0	314.8	0.5
– Over 3 years	70.2	0.1	54.8	0.1
Gross loans and advances to customers	71,026.1	100.0	60,766.4	100.0

Management Discussion and Analysis

(d) Segment information

(i) *Summary of geographical segment*

When presenting data by geographical segments, operating income is allocated based on the place of registration of the institutions generating the income.

The operating income of the Group is in Sichuan Province, China.

(ii) *Summary of business segments*

The Group's principal operations include corporate banking business, retail banking and financial market business. The table below presents the operating income of each major business segment of the Group for the periods presented.

	Year ended December 31, 2025		Year ended December 31, 2024	
	Amount	% of total (%)	Amount	% of total (%)
(Expressed in RMB million, unless otherwise stated)				
Corporate banking	1,713.7	75.4	1,584.7	72.7
Retail banking	392.1	17.2	488.7	22.4
Financial market business	150.2	6.6	106.6	4.9
Others	17.8	0.8	0.4	–
Total	2,273.8	100.0	2,180.4	100.0

Management Discussion and Analysis

(e) Off-balance sheet commitments

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

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025	As of December 31, 2024
Financial guarantees and credit-related commitments		
Bank acceptances ⁽¹⁾	9,749.9	9,315.9
Letters of guarantees ⁽²⁾	49.7	67.8
Subtotal	9,799.6	9,383.7
Capital expenditure commitments⁽³⁾	72.7	403.4
Total	9,872.3	9,787.1

Notes:

- (1) Bank acceptances refer to the Group's undertakings to pay bank bills drawn on our customers.
- (2) The Group provides guarantees to third parties for the performance of its customers' contractual obligations.
- (3) As at June 6, 2024, the Bank entered into an acquisition agreement to purchase commercial properties as offices to accommodate business expansion at an aggregate consideration of RMB362.9 million, and RMB300.38 million had been prepaid as at December 31, 2025.

Off-balance sheet commitments increased by 0.9% from RMB9,787.1 million as of December 31, 2024 to RMB9,872.3 million as of December 31, 2025. The increase in off-balance sheet commitments was mainly due to the Group's increase in off-balance sheet business based on operational demand to meet customer financing and settlement needs.

Management Discussion and Analysis

BUSINESS REVIEW

(a) Corporate banking

The Group offers corporate customers a broad range of financial products and services, including loans, discounted bills, deposits and fee and commission-based products and services. As of December 31, 2025, the Group had issued corporate loans of RMB58,328.7 million to 2,313 corporate customers. For 2025 and 2024, the operating income from the Group's corporate banking business amounted to RMB1,713.7 million and RMB1,584.7 million, respectively, accounting for 75.4% and 72.7% of total operating income, respectively.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2025	2024	Change in percentage (%)
Net interest income/(expenses) from external customers	2,194.6	1,692.9	29.6
Inter-segment net interest (expenses)/income	(508.0)	(146.9)	245.8
Net interest income	1,686.6	1,546.0	9.1
Net fee and commission income	14.8	25.4	(41.7)
Net gains on trading activities	–	–	–
Net gains on financial investments	–	–	–
Other operating income	12.3	13.3	(7.5)
Operating income	1,713.7	1,584.7	8.1
Operating expenses	(446.7)	(448.2)	(0.3)
Expected credit losses	(797.3)	(734.5)	8.6
Impairment losses	(1.2)	0.0	–
Profit before tax	468.5	402.0	16.5

Management Discussion and Analysis

(i) Corporate loans

The Group provides loans to corporate customers to meet the capital needs of borrowers for the business cycle and the construction, purchase, and renovation of fixed assets. As of December 31, 2025, the Group's total corporate loans amounted to RMB58,328.7 million, accounting for 82.1% of the Group's gross loans and advances to customers.

(ii) Discounted bills

The Group purchases bank and commercial acceptance bills at the agreed prices from corporate customers to fund their working capital needs. These discounted bills generally have a remaining maturity of no more than six months. The Group may rediscount these bills to PBOC or other financial institutions. As of December 31, 2025, the Group had a balance of RMB18.5 million of discounted bills.

(iii) Corporate deposits

The Group accepts time and current deposits from corporate customers in Renminbi. The terms of corporate time deposits generally range from three months to five years. As of December 31, 2025, the Group's total corporate deposits amounted to RMB41,868.7 million, accounting for 47.0% of total customer deposits (excluding accrued interest).

(iv) Inclusive finance business

During the Reporting Period, the Bank thoroughly implemented the work arrangements of the Central Committee, the Provincial Party Committee and the Municipal Party Committee, prioritized the development of inclusive finance as a key task, and remained committed to placing service to the real economy and benefit to the public's livelihood, continuously enhanced the political and people-oriented nature of its financial services and made every effort to serve the real economy by optimizing mechanisms, innovating products and deepening its local presence. As of 31 December 2025, the Bank's balance of loans to small and micro enterprises was RMB39,914.13 million, in responding to 4,780 small and micro enterprise customers. The outstanding balance of inclusive loans to small and micro enterprises was RMB10,883.56 million, in responding to 4,548 customers, representing an increase of 19.73% from the end of the previous year. The average interest rate of newly granted inclusive loans to small and micro enterprises in 2025 was 4.52%, maintaining the downward trend in financing costs for small and micro enterprises. To enhance service coverage and accessibility, all 18 of the Bank's branches have established small and micro finance service teams, which are deeply integrated into the coordination mechanism for supporting small and micro enterprise financing. The Bank launched the "Grand Visit to Thousands of Enterprises and Tens of Thousands of Households" campaign to precisely meet the needs of small and micro enterprises. By leveraging the online "Rong Yi Dai" product system, the Bank has shortened business processes to a matter of minutes, significantly improving financing efficiency.

(v) Fee and commission-based products and services

The Group offers corporate customers a wide range of fee and commission-based products and services, primarily including bank acceptance, entrusted loans, letters of guarantee, settlement and clearing services, mobile payment services, agency services and wealth management services.

(A) Bank acceptance

The Group provides bank acceptance services to corporate clients. The bank acceptance service refers to the issuance of a bill by a drawer with the approval of a bank, according to which, the bank guarantees to pay a pre-determined amount to the payee or the holder of the bill unconditionally on a specified date.

Management Discussion and Analysis

(B) Entrusted loans

The Group, on behalf of corporate clients, issues entrusted loans to designated borrowers in accordance with the loan purpose, principal amount and interest rate determined by the clients. It also monitors the use of the loans and assists in loan recovery. The default risk of the loans is borne by the Group's corporate clients.

(C) Letters of guarantee

The Group provides letters of guarantee to corporate clients for non-financing purposes, including bidding and performance.

(D) Settlement and clearing services

The Group provides settlement services to corporate clients, including fund remittance and transfer, drafts, cheques and other negotiable instruments.

(E) Mobile payment services

Utilizing the mobile payment platform, Qianhuahua, the Group provides convenient payment collection services to corporate clients, including universities and enterprises, under campus payment and smart parking scenarios.

(F) Agency services

The Group provides agency fee-collection services to corporate clients (including enterprises and public institutions), including collection agency business and sales agency business. The Group agency services are conducive to maintaining close relationships with clients and enhancing brand awareness.

Collection agency business: The Group assists in the collection of gas bills, water bills, social insurance premiums and bus IC card recharge fees on behalf of gas companies, water supply companies and local government institutions, respectively. The Group's collection agency services secure stable corporate deposit intake and strengthen linkage with the retail business.

Sales agency business: The Group sells insurance products to its customers as an agent through its collaboration with leading insurance companies to provide customers with diversified financial product needs.

(G) Wealth management services

In accordance with relevant PRC laws and regulations, the Group offers wealth management products with flexible terms according to client's needs and risk tolerance. As of December 31, 2025, we have served a cumulative total of 114 corporate wealth management clients.

Management Discussion and Analysis

(b) Retail banking business

The Group provides a variety of products and services to retail customers, including loans, deposits, bank cards, and fee and commission-based products and services. As of December 31, 2025, the Group extended retail loans totaling RMB4,757.7 million to 25,587 retail loan customers. The following table sets forth the financial performance of the Group's retail banking business for the periods indicated.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2025	2024	Change in percentage (%)
Net interest income/(expenses) from external customers	(964.4)	(887.5)	8.7
Inter-segment net interest (expenses)/income	1,338.5	1,323.1	1.2
Net interest income	374.1	435.6	(14.1)
Net fee and commission income	11.4	46.3	(75.4)
Net gains on trading activities	—	—	—
Net gains on financial investments	—	—	—
Other operating income	6.6	6.8	(2.9)
Operating income	392.1	488.7	(19.8)
Operating expenses	(228.3)	(223.6)	2.1
Expected credit losses	(56.4)	(127.6)	(55.8)
Impairment losses	(0.6)	0.0	—
Profit before tax	106.8	137.5	(22.3)

(i) Retail loans

Retail loans consist primarily of personal business loans, personal consumption loans and residential mortgage loans. As of December 31, 2025 and 2024, the Group's total retail loans amounted to RMB4,757.7 million and RMB4,882.0 million, respectively, accounting for 6.7% and 8.0% of total loans and advances to customers, respectively.

Management Discussion and Analysis

(ii) Personal deposits

The Group offers a variety of time deposits and current deposits denominated in RMB to retail banking customers. The term of the Group's time deposits does not exceed six years. As of December 31, 2025 and 2024, the total amount of the Group's personal deposits was RMB47,127.8 million and RMB41,602.1 million, respectively, accounting for 53.0% and 50.6% of the total customer deposits (excluding accrued interest), respectively. To better attract and retain the Group's high-end non-institutional customers and capitalize on the market demand brought about by the liberalization of interest rates in China, the Group offers large-denomination certificates of deposit to, among others, individual customers with savings deposits exceeding RMB200,000.

(iii) Bank card services

The Group issues RMB debit cards to retail banking customers who have opened deposit accounts with the Bank. The services provided include deposit and withdrawal, consumption, transfer and remittance, and wealth management. As a member of China UnionPay, the Group's debit cards are accepted via the China UnionPay network both in China and around the world. To expand the service scope and enhance brand awareness, the Group issued debit cards with the function of a bus IC card, providing a convenient travel solution for residents in Yibin City; at the same time, in cooperation with local government agencies, Yibin City launched the "Ruyi Social Security IC Card", a two-in-one card in Yibin City. In addition to the general functions of a debit card, it also provides cardholders with social security services such as social security information inquiry, medical insurance settlement, and social security contribution. As of December 31, 2025, the Group had issued 1,134,754 debit cards in total.

(iv) Fee and commission-based products and services

The Group offers a variety of fee and commission-based products and services to retail customers, mainly including wealth management services, agency services, transfer and remittance services, etc. Regarding fee and commission-based products and services, the Group generally determines the prices of such products and services according to the government-guided prices. The Group also adjusts the Group's prices by referring to the current market conditions and service costs.

(A) Wealth management services

The Group has launched non-principal-guaranteed wealth management products, mainly providing wealth management products and services to retail banking customers. As of December 31, 2025, the Group had served a cumulative total of 33,916 individual wealth management customers.

(B) Other fee and commission-based products and services

The Group also provides other fee and commission-based products and services to retail customers, such as transfer and remittance, collection services, and bank drafts.

(C) Mobile payment services

Utilizing the mobile payment platform, Qianhuahua, the Group provide convenient payment collection services for merchants in various fields such as catering, supermarkets, and travel.

Management Discussion and Analysis

(c) Financial market business

The Group's financial market business mainly includes monetary market transactions, investments in securities and other financial assets. The Group actively adapted to the complex and ever-changing economic and financial landscape, aiming to optimize the asset-liability structure and boost returns. It seized investment opportunities, timely adjusted investment strategies, and conducted various financial market businesses in a compliant and prudent way. In 2025 and 2024, the operating income from the Group's financial market business was RMB150.2 million and RMB106.6 million, respectively, accounting for 6.6% and 4.9% of the total operating income respectively. The following table shows the financial performance of the Group's financial market business during the periods presented.

(Expressed in RMB million, unless otherwise stated)	Year ended December 31,		
	2025	2024	Change in percentage (%)
Net interest income/(expenses) from external customers	717.5	772.3	(7.1)
Inter-segment net interest (expenses)/income	(830.6)	(1,176.2)	(29.4)
Net interest income	(113.1)	(403.9)	(72.0)
Net fee and commission income	(10.1)	(6.6)	53.0
Net gains on trading activities	52.4	201.0	(73.9)
Net gains on financial investments	220.0	315.1	(30.2)
Other operating income	1.0	1.0	0.0
Operating income	150.2	106.6	40.9
Operating expenses	(41.7)	(40.2)	3.7
Expected credit losses	(35.1)	(26.7)	31.5
Impairment losses	(0.1)	0.0	0.0
Profit before tax	73.3	39.7	84.6

Management Discussion and Analysis

(i) Monetary market transactions

Monetary market transactions are important means of managing liquidity. The Group also earns interest income through monetary market transactions. Monetary market transactions mainly include (i) interbank deposits with other domestic banks and non-bank financial institutions; (ii) interbank lending; and (iii) interbank repo and reverse repo transactions.

(A) Interbank deposits

The Group accepts deposits from banks and other financial institutions and deposits funds in other financial institutions to adjust its asset and liability structure. As of December 31, 2025 and 2024, the Group's deposits from banks and other financial institutions totalled RMB1,473.2 million and RMB1,016.0 million, respectively, and the Group's deposits with banks and other financial institutions totalled RMB1,408.0 million and RMB1,853.7 million, respectively.

(B) Interbank placements

As of December 31, 2025 and 2024, the Group's placements with banks and other financial institutions totalled RMB1,516.7 million and RMB2,276.7 million, respectively, and the Group's placements from banks and other financial institutions totalled RMB2,970.0 million and RMB2,594.0 million, respectively.

(C) Interbank repo and reverse repo transactions

The securities involved in the Group's repo and reverse repo transactions are mainly RMB-denominated bonds. As of December 31, 2025 and 2024, the total amount of the Group's financial assets held under resale agreements was RMB1,690.6 million and RMB1,112.9 million, respectively, and the total amount of the Group's financial assets sold under repurchase agreements was RMB6,902.2 million and RMB5,719.0 million, respectively.

Management Discussion and Analysis

(ii) Investments in securities and other financial assets

(A) Securities investment by business model and characteristics of cash flow of assets of the Group

(Expressed in RMB million, unless otherwise stated)	As of December 31, 2025		As of December 31, 2024	
	Amount	of total (%)	Amount	of total (%)
Financial assets at fair value through profit or loss	9,511.0	25.2	6,239.8	17.1
Financial assets at fair value through other comprehensive income	19,878.7	52.8	22,482.5	61.6
Financial assets at amortised cost	8,293.1	22.0	7,758.1	21.3
Total	37,682.8	100.0	36,480.4	100.0

(B) Holding of government bonds

As of December 31, 2025, the balance of face value of government bonds held by the Group amounted to RMB11,829.84 million. The table below sets forth the top 10 government bonds with the highest face value held by the Group as of December 31, 2025.

Name of the bond	Carrying amount (RMB in millions)	Annual interest rate (%)	Maturity date
25 Jiangxi bond 05	620	2.12	February 24, 2045
25 Henan bond 115	500	1.69	November 27, 2030
22 Interest-bearing treasury bond 06	400	2.8	March 24, 2029
22 Henan bond 26	340	3.29	April 28, 2037
25 Zhejiang bond 38	300	1.58	July 22, 2030
25 Shandong bond 64	300	1.68	July 18, 2032
25 Interest-bearing treasury bond 03	300	1.43	January 25, 2030
21 Hebei bond 01	300	3.34	March 19, 2026
24 Tianjin 83	280	2.32	October 10, 2034
25 Ultra-long special treasury bond 05	240	1.9	July 15, 2055
Total	3,580.0		

Management Discussion and Analysis

(C) Holding of financial bonds

As of December 31, 2025, the balance of face value of the financial bonds (mainly the financial bonds issued by policy-oriented banks, banks and other financial institutions in China) held by the Group amounted to RMB15,745.0 million. The table below sets forth the top 10 financial bonds with the highest face value held by the Group as of December 31, 2025.

Name of the bond	Carrying amount (RMB in millions)	Annual interest rate (%)	Maturity date
24 ADBC bond 20	1,080.0	2.3	July 4, 2034
25 CDB 10	1,050.0	1.8	April 2, 2035
22 EIBC bond 11	930.0	2.9	August 19, 2032
22 ADBC bond 05	880.0	3.06	June 6, 2032
24 CDB 15	500.0	2.26	July 19, 2034
25 CDB 05	500.0	1.57	January 3, 2035
25 Huijin MTN001	420.0	1.88	February 24, 2030
25 ADBC bond 05	400.0	1.4	January 7, 2030
24 Huijin MTN004	360.0	2.08	June 25, 2027
21 CDB 10	320.0	3.41	June 7, 2031
Total	6,440.0		

(d) Distribution network

(i) Physical outlets

As of December 31, 2025, the Group had a total of 66 business outlets. Among them, 39 business outlets were operated by the Bank itself, and the remaining outlets were operated by the Group's subsidiaries in their own names.

The Group has steadily advanced the optimization of business outlets and the upgrading of channels, continuously enhancing the competitiveness of its outlets. On the one hand, focusing on cost reduction and efficiency improvement, the Group has continuously optimized the layout of its outlets to cut operating costs. Meanwhile, it has quickened the pace of transformation and upgrading, actively explored a characteristic development path for the outlets, and promoted differentiated operation. On the other hand, seizing opportunities for technological empowerment, the Group has widely equipped its outlets with intelligent counters. It has continuously enhanced the functionality of mobile banking, online banking, and WeChat banking, strengthened online service support, developed digital application scenarios, and promoted the in-depth integration of consumption and finance.

Management Discussion and Analysis

(ii) E-banking services

(A) Self-service banking

The Group offers customers convenient self-service banking services via self-service equipment at relatively low operating costs. The self-service equipment is placed in business outlets, self-service areas, and public places like hospitals and schools. The Group's self-service equipment includes CRSs (Cash Recycling Systems). They offer customers 7*24 self-service financial services, such as account inquiries, cash deposit and withdrawal, transfer and remittance, and utility bill payments, effectively reducing the Group's operating costs. As of December 31, 2025, the Group had 142 CRSs. In addition, the Group has installed intelligent devices in its business outlets. These intelligent devices have greatly improved the efficiency of business processing at the outlets and provided customers with convenient and efficient financial services. As of December 31, 2025, the Group had 133 non-cash intelligent devices and 47 cash intelligent devices.

(B) Online banking

The Group provides customers with 24-hour online banking services through its official website. The Group's corporate online banking products and services mainly include transfer and remittance, account inquiry, electronic remittance, order payment, tax withholding and payment, wealth management services, bank reconciliation, and current deposits. The Group's retail online banking services mainly include account management, transfer and remittance, time and current account deposits, wealth management services, loan services, and convenience services. As of December 31, 2025, the Group had nearly 100,000 online banking customers.

(C) Mobile banking

The Group provides mobile banking services to customers, mainly including account inquiry and management, transfer and remittance, conversion between time and current deposits, wealth management services, water bills and gas bills payment services, loan services, and other professional services. As of December 31, 2025, the Group had nearly 241,146 mobile banking customers.

(D) WeChat banking

The Group's customers can obtain information about the Group's products, services, and promotions through the WeChat official account. They can also manage their accounts, inquire about the locations of the Group's business outlets, and make appointments for counter services through the WeChat official account. As of December 31, 2025, the Group had 501,891 subscribers to the WeChat official account.

Management Discussion and Analysis

(e) Information about subsidiaries

(i) *Rural banks*

As of December 31, 2025, the Group had established two rural banks, namely Yibin Xingyi Rural Bank and Neijiang Xinglong Rural Bank.

As of December 31, 2025, these rural banks had total assets of RMB8,733.6 million, total deposits of RMB7,455.3 million and total loans of RMB5,379.9 million. In 2025 and 2024, the operating income of these rural banks was RMB212.4 million and RMB219.0 million, accounting for 9.3% and 10.0% of the Group's operating income, respectively.

The Group's rural banks provide a variety of financial products and services to local corporate and retail customers. These include commercial and consumer loans, bill discounting, customer deposits, as well as fee-based and commission-based products and services such as settlement services, remittance services, and bank card services.

(f) Information technology system operation and security

In 2025, guided by the operational principle of "strengthening management, ensuring security, and driving reform", the Bank's Information Technology department focused on the core objective of maintaining the secure and stable operation of production systems, proactively advanced key initiatives across the Bank, including cybersecurity assurance, system operational safety, and business development support.

- 1. Continuously strengthening production incident management.** We conducted prompt reviews and analyses of production incidents and issues, performing retrospective assessments of root causes, business impacts, and resolution processes. This has continuously enhanced our incident response capabilities and full-process management. As a result, we achieved zero major IT or cybersecurity incidents throughout the year.
- 2. Continuously enhancing system emergency drills.** According to schedule, we executed disaster recovery switchover drills in batches and across multiple scenarios for critical information systems, including the wealth management system, ATM front-end system, core banking system, and branch teller system. Achieving a 100% drill coverage rate, we consistently fortified our system emergency response capabilities.

Management Discussion and Analysis

3. **Continuously improving routine inspections and troubleshooting.** We normalized inspections for the Internet Banking Clearing system, Core Clusters, Encryption systems, Big Data platforms, and data center infrastructure. By combining internal daily checks with third-party professional inspections, we ensured the continuous stability of our production systems and data center.
4. **Continuously fortifying information security management.** We completed annual security assessments, classified protection evaluations, cryptographic evaluations, and simulated red-team attacks. In addition, we engaged third-party security firms for regular penetration tests and vulnerability scanning of our internet-facing systems, continuously enhancing the security protection capabilities of internet systems. We also introduced a specialized third-party monitoring platform to perform automated monitoring of our online banking and web portals, thereby reinforcing online banking security.
5. **Continuously advancing data security management.** We refined the Bank-wide data security management framework and organizational structure, optimized data security policies and workflows, and established robust full-lifecycle data control measures and a data security incident emergency response mechanism. Additionally, we completed the procurement and deployment of a new desktop management system, systematically tightening our endpoint data security controls.
6. **Continuously strengthening information system development.** This year, we successfully launched a suite of new platforms, including the new-generation credit management system, intelligent customer service system, mobile financial reimbursement system, and fully digitalized e-invoice management system. Concurrently, we achieved the on-premises deployment of our AI platform and will gradually roll out specific AI application scenarios. Actively responding to the national financial directive of the “Five Major Priorities”, we are committed to advancing the Bank’s digital transformation, driving the transition towards online, mobile, and intelligent business operations, and ultimately empowering business growth through technology.

Management Discussion and Analysis

RISK MANAGEMENT

(a) Risk management of the Bank

The Bank is committed to building a comprehensive risk management system to eliminate the impacts of various uncertainties on the Bank's achievement of strategic and operational goals. The Bank's comprehensive risk management work is implemented through a hierarchical management approach. The Board of Directors, as the highest decision-making body for risk management, is responsible for establishing and maintaining a fully effective comprehensive risk management system. By establishing a sound risk management system, implementing the risk management process in each management link, and cultivating a good risk management culture, the Bank aims to achieve the overall goal of risk management. The main components of the Bank's comprehensive risk management include credit risk, market risk, operational risk, liquidity risk, reputational risk, legal and compliance risk, information technology risk, anti-money laundering and counter-terrorist financing management.

(i) Credit risk management

The Bank has established and continuously improved a comprehensive credit risk management system to identify, measure, monitor, mitigate, and control risks arising in the credit business process. The Bank improves its overall credit risk management capabilities via multiple measures, such as optimizing the credit investment structure, upgrading the credit management system, improving the credit system framework, strengthening the credit review and supervision, training credit staff, and recovering and resolving non-performing loans. During the Reporting Period, the Bank focused on strengthening credit risk management in the following aspects:

1. Adhering to policy guidance and optimizing the credit investment structure. Based on local, domestic and international economic conditions as well as government policies and regulatory requirements, the Bank formulated annual loan orientation and lending plans, credit policies, and guidelines for key industries.
2. Strictly implementing the pre-loan review and credit approval work system. In line with the business development needs, the Bank implemented a hierarchical authorization review and approval system for credit business. In accordance with the requirement of separating loan approval from loan granting, a risk review center was independently established to carry out and guide the credit business risk review work of the Bank. The credit business risk review focuses on credit risk. Based on relevant information such as customer basic information, project details, collateral information submitted by operating institutions, the Bank strengthens credit risk review in terms of the completeness and effectiveness of credit documentation, the customer's qualification as a subject, creditworthiness, financing purpose, repayment ability, etc.
3. Establishing a risk early-warning mechanism. Using the data and information gathered from daily monitoring and post-loan inspections, the Bank performed quantitative and qualitative analysis to spot early warning signals endangering the safety of credit assets. It identifies the category, degree, cause, and development trend of loan risks and takes targeted actions following the specified procedures and requirements to promptly prevent, control, and resolve loan risks.

Management Discussion and Analysis

4. Strengthening risk investigations and improving risk classification management. The Bank enhanced risk monitoring, proactively conducted comprehensive credit risk reviews, prudently evaluated borrowers' operational capabilities, debt-servicing capacity, and willingness to repay, managed asset quality risk classification and, carried out monitoring and early-warning work effectively, and actively identified and promptly resolved credit risks.
5. Actively promoting the disposal of non-performing loans. Based on the actual circumstances of various non-performing loans, the Bank adopted effective measures such as negotiation for recovery, judicial disposal, and write-off of bad debts to step up the disposal of non-performing loans and set up a liability determination mechanism for non-performing asset disposal.
6. Strengthening the development of the credit team and enhancing employees' compliance awareness and professional capabilities. The Bank annually formulates training plans for various business lines, with a strong focus on providing training and guidance to credit line personnel. This enhances the professional competence and risk compliance awareness of all credit line employees, fostering a robust corporate risk control culture.

(ii) Market risk management

Market risk refers to the risk of losses to the Bank's on-balance-sheet or off-balance-sheet business due to adverse changes in market prices, namely interest rates, exchange rates, stock prices, and commodity prices. The primary market risk faced by the Bank is interest rate risk. Among these, the trading book interest rate risk refers to the risk of losses due to adverse changes in the interest rates of financial instruments in the trading book. The interest rate risk in the banking book refers to the risk of economic value and overall income losses in the banking book due to adverse changes in interest rate levels, term structure, etc., mainly including gap risk and basis risk. The Bank's market risk management system covers the Board of Directors, Board of Supervisors, senior management, the comprehensive risk management committee under the senior management, and various business departments, including the risk management department, planning and finance department, internal audit department, and other departments responsible for related business risk management.

The Bank has established fundamental systems for market risk and banking book interest rate risk management that align with its operations. In 2025, the Bank remained highly attentive to market developments, further enhanced its market risk management framework, implemented stringent market risk limit management, and continuously monitored trading limits, stop-loss limits, and risk limits. The Bank took proactive measures to ensure early warning and effective risk mitigation while categorizing and managing trading and banking book accounts to continuously enhance market risk management efficiency.

Management Discussion and Analysis

The tables below summarise the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing date or maturity date.

(Expressed in RMB million, unless otherwise stated)	Up to 1 month	1-3 months	3-12 months	1 year - 5 years	Over 5 years	Non - interest bearing	Total
As at December 31, 2025							
Assets							
Cash and balances with central bank	10,622.0	–	–	–	–	195.6	10,817.6
Financial assets held under resale agreements, due from other banks and other financial institutions	3,433.3	149.7	709.9	–	–	7.0	4,299.9
Loans and advances to customers	8,236.1	5,751.7	26,561.6	21,667.6	5,668.2	296.3	68,181.5
Financial investments – fair value through profit or loss	77.9	446.5	1,115.1	5,372.6	569.8	1,929.1	9,511.0
Financial investments – fair value through other comprehensive income	811.8	844.6	3,315.6	6,912.6	7,796.3	197.9	19,878.8
Financial investments – amortised cost	–	50.1	151.8	2,082.9	5,894.1	114.2	8,293.1
Other financial assets	–	–	–	–	–	74.3	74.3
Total financial assets	23,181.1	7,242.6	31,854.0	36,035.7	19,928.4	2,814.4	121,056.2
Liabilities							
Borrowings from central bank	111.4	167.5	2,908.8	–	–	3.8	3,191.5
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	7,425.4	200.0	3,720.0	–	–	5.5	11,350.9
Deposit taking	27,180.1	8,048.7	23,633.0	30,134.7	–	2,855.4	91,851.9
Financial liabilities at fair value through profit or loss	57.1	–	–	–	–	–	57.1
Bonds issued	499.7	2,163.1	1,638.4	–	–	–	4,301.2
Lease liabilities	–	–	0.3	15.2	9.3	–	24.8
Other financial liabilities	–	–	–	–	–	361.3	361.3
Total financial liabilities	35,273.7	10,579.3	31,900.5	30,149.9	9.3	3,226.0	111,138.7
Total interest sensitivity gap	(12,092.6)	(3,336.7)	(46.5)	5,885.8	19,919.1	(411.6)	9,917.5

Management Discussion and Analysis

(Expressed in RMB million, unless otherwise stated)	Up to 1 month	1-3 months	3-12 months	1 year - 5 years	Over 5 years	Non - interest bearing	Total
As at December 31, 2024							
Assets							
Cash and balances with central bank	7,083.5	–	–	–	–	235.0	7,318.5
Financial assets held under resale agreements, due from other banks and other financial institutions	3,449.6	786.9	746.8	–	–	5.2	4,988.5
Loans and advances to customers	7,577.9	5,620.1	22,099.5	17,508.6	5,349.3	288.4	58,443.8
Financial investments – fair value through profit or loss	81.2	50.2	557.8	3,455.9	326.1	1,768.6	6,239.8
Financial investments – fair value through other comprehensive income	818.9	2,043.3	5,216.1	3,813.4	10,410.4	180.4	22,482.5
Financial investments – amortised cost	44.3	–	–	2,148.5	5,474.6	90.7	7,758.1
Other financial assets	–	–	–	–	–	61.4	61.4
Total financial assets	19,055.4	8,500.5	28,620.2	26,926.4	21,560.4	2,629.7	107,292.6
Liabilities							
Borrowings from central bank	253.5	182.7	1,828.8	–	–	1.2	2,266.2
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	6,975.0	–	2,354.0	–	–	11.7	9,340.7
Customer deposits	26,054.8	5,812.6	16,491.7	33,831.8	–	2,327.0	84,517.9
Bonds issued	–	598.0	1,430.1	–	–	–	2,028.1
Lease liabilities	–	–	0.1	14.9	13.8	–	28.8
Other financial liabilities	–	–	–	–	–	247.9	247.9
Total financial liabilities	33,283.3	6,593.3	22,104.7	33,846.7	13.8	2,587.8	98,429.6
Total interest sensitivity gap	(14,227.9)	1,907.2	6,515.5	(6,920.3)	21,546.6	41.9	8,863.0

Management Discussion and Analysis

(iii) Operational risk management

Operational risk refers to the risk of loss resulting from deficiencies in internal procedures, employees, information technology systems, or external events. Operational risk events are incidents arising from operational risks that lead to actual or expected losses, including risks related to internal and external fraud, employment practices, workplace safety, damage to physical assets, customers, products and operations, as well as errors or failures in information technology systems.

The Bank integrates operational risk into its comprehensive risk management framework. The Board of Directors assumes ultimate responsibility for operational risk management, and is responsible for the approval of the Bank's operational risk management strategy and overall policies. The Board of Supervisors is responsible for supervising operational risk management, supervising and inspecting the fulfillment of duties and responsibilities of the Board of Directors and senior management. Senior management is responsible for implementing operational risk management, ensuring the effective functioning of the operational risk management framework. In 2025, the Bank advanced its operational risk management, anchored by the core principles of "institutional improvement, cultural guidance, and Bank-wide prevention".

1. Closely aligned with its development strategy, the Bank conducted continuous post-evaluation and refinement on a series of standardized policies and operational procedures in areas such as credit, operations, and internal control, and issued the Operational Risk Management Policy, embedding operational risk prevention and control into business processes.
2. Deepening the compliance culture, the Bank continuously established a comprehensive compliance education and training system, including the head office's compliance lecture hall for line-specific training and internal compliance education for branches. Compliance newsletters and risk alerts were regularly published to reinforce the compliance culture.
3. Continuously enhancing supervision, inspections, and accountability mechanisms to ensure effective policy implementation, the Bank conducted quarterly inspections covering key areas and important management aspects such as credit extension, cross-industry collaborations, self-service equipment management, wealth management, counter operations and accounting settlements, and interbank business. Simultaneously, routine risk prevention inspections were carried out at branches, and in-depth reviews at the frontline to assess operational risk controls in key processes were conducted, with an immediate rectification approach to promptly address identified vulnerabilities.
4. Strengthening personnel management through root-cause governance, the Bank conducted comprehensive screening of employees for abnormal behavior, utilizing multiple channels and perspectives to assess employees' daily performance during the service period. Additionally, rigid job constraints were enforced, including the separation of incompatible roles and control of critical positions, alongside strict adherence to job rotation policies.

Management Discussion and Analysis

(iv) Liquidity risk management

Liquidity risk refers to the risk of being unable to obtain sufficient funds at a reasonable cost in a timely manner to meet debt obligations. It is primarily influenced by external factors such as macroeconomic policies, changes in financial markets, and the competitive landscape of the banking industry, as well as internal factors such as the maturity structure of assets and liabilities, the stability of deposits, and financing capabilities. In extreme cases, insufficient liquidity may lead to solvency risks for commercial banks. The Bank's liquidity risk management objective is to establish and continuously improve liquidity risk management strategies, policies, and procedures, clarify the organizational structure and departmental responsibilities, fully identify, effectively measure, and continuously monitor the Bank's liquidity risk, effectively prevent and control liquidity risk, and achieve a coordinated balance among operational safety, liquidity, and profitability.

The Bank has established an effective liquidity management framework, decision-making processes, and systems. The Board of the Bank is ultimately responsible for liquidity risk management, reviewing and approving policies, strategies, procedures, and liquidity risk limits related to the Bank's liquidity management based on risk appetite, and regularly receiving liquidity risk reports on significant changes and potential shifts in the Bank's liquidity risk. The Asset and Liability Management Committee under senior management is responsible for implementing liquidity risk management strategies, policies, and procedures. The Planning and Finance Department is responsible for the daily management of liquidity risk, with relevant business departments collaborating to form a well-coordinated and efficiently operating organizational structure for liquidity risk management.

In 2025, the Bank adhered to the liquidity risk management principles of "unified management, safety and stability, forward-looking management, and comprehensive coverage", strengthening proactive and forward-looking liquidity management. By effectively integrating the Bank's various business activities with liquidity management, the Bank maintained liquidity stability through the following measures:

1. Strictly implementing the liquidity risk management policies and preferences set by the Board of Directors, the Bank balanced the relationship among safety, liquidity, and profitability.
2. Strengthening the foundations of daily position management, the Bank's high-frequency monitoring of reserve funds and large capital flows. For critical periods such as holidays, the Bank made accurate position forecasts and arrangements, strictly adhering to the bottom line of avoiding payment risks.
3. Conducting quarterly liquidity risk stress tests, the Bank promptly assessed its ability to withstand liquidity risk pressures and its risk mitigation capabilities.
4. Enhancing liquidity risk monitoring, management, and early warning analysis. While rigorously implementing regulatory requirements, the Bank closely monitored various indicators and limits based on its actual conditions. It conducted identification, assessment, and measurement tasks to promptly identify risks and proactively deploy prevention, control, and risk mitigation measures.

Management Discussion and Analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

(Expressed in RMB million, unless otherwise stated)	On demand	Up to 1 month	1-3 months	3-12 months	1 year - 5 years	Over 5 years	Indefinite	Overdue	Total
As at December 31, 2025									
Assets									
Cash and balances with central bank	6,266.3	-	3.0	-	-	-	4,548.4	-	10,817.7
Financial assets held under resale agreements, due from other banks and other financial institutions	1,079.6	2,252.4	150.3	712.2	-	-	-	105.4	4,299.9
Loans and advances to customers	-	2,982.0	6,022.0	27,160.6	23,912.0	7,680.6	-	424.2	68,181.4
Financial investments – fair value through profit or loss	-	71.8	446.5	1,621.4	5,454.9	569.8	1,340.5	6.1	9,511.0
Financial investments – fair value through other comprehensive income	-	799.5	853.1	3,320.2	7,010.2	7,883.4	-	12.3	19,878.7
Financial investments – amortised cost	-	-	51.3	152.9	2,131.2	5,957.7	-	-	8,293.1
Other financial assets	62.0	-	-	-	-	-	-	12.3	74.3
Financial assets held for managing liquidity risk (contractual maturity dates)	7,407.9	6,105.7	7,526.2	32,967.3	38,508.3	22,091.5	5,888.9	560.3	121,056.1
Liabilities									
Borrowings from central bank	-	111.5	167.6	2,912.5	-	-	-	-	3,191.6
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	23.2	7,403.3	200.1	3,724.2	-	-	-	-	11,350.8
Deposit taking	20,147.5	7,188.0	8,307.8	24,608.1	31,600.5	-	-	-	91,851.9
Financial liabilities at fair value through profit or loss	-	57.1	-	-	-	-	-	-	57.1
Bonds issued	-	499.7	2,163.1	1,638.4	-	-	-	-	4,301.2
Lease liabilities	-	-	-	0.3	15.2	9.3	-	-	24.8
Other financial liabilities	361.3	-	-	-	-	-	-	-	361.3
Total financial liabilities (contractual maturity dates)	20,532.0	15,259.6	10,838.6	32,883.5	31,615.7	9.3	-	-	111,138.7
Position	(13,124.1)	(9,153.9)	(3,312.4)	83.8	6,892.6	22,082.2	5,888.9	560.3	9,917.4

Management Discussion and Analysis

(Expressed in RMB million, unless otherwise stated)	On demand	Up to 1 month	1-3 months	3-12 months	1 year - 5 years	Over 5 years	Indefinite	Overdue	Total
As at December 31, 2024									
Assets									
Cash and balances with central bank	3,091.6	-	2.6	-	-	-	4,224.3	-	7,318.5
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290.2	1,994.3	788.0	747.7	-	-	-	168.3	4,988.5
Loans and advances to customers	-	2,933.3	5,543.4	22,749.3	19,468.4	7,244.8	-	504.6	58,443.8
Financial investments – fair value through profit or loss	-	84.6	51.4	1,748.4	2,648.8	970.6	736.0	-	6,239.8
Financial investments – fair value through other comprehensive income	-	799.2	2,043.3	5,232.9	3,876.9	10,507.4	-	22.8	22,482.5
Financial investments – amortised cost	-	-	-	-	2,178.1	5,535.7	-	44.3	7,758.1
Other financial assets	57.2	-	-	-	-	-	-	4.2	61.4
Financial assets held for managing liquidity risk (contractual maturity dates)	4,439.0	5,811.4	8,428.70	30,478.3	28,172.2	24,258.5	4,960.3	744.2	107,292.6
Liabilities									
Borrowings from central bank	-	253.7	182.7	1,829.8	-	-	-	-	2,266.2
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	56.0	6,922.0	-	2,362.7	-	-	-	-	9,340.7
Deposit taking	23,147.3	3,002.1	6,004.1	17,076.2	35,288.2	-	-	-	84,517.9
Bonds issued	-	-	598.0	1,430.1	-	-	-	-	2,028.1
Lease liabilities	-	-	-	0.1	14.9	13.8	-	-	28.8
Other financial liabilities	247.9	-	-	-	-	-	-	-	247.9
Total financial liabilities (contractual maturity dates)	23,451.2	10,177.8	6,784.8	22,698.9	35,303.1	13.8	-	-	98,429.6
Position	(19,012.2)	(4,366.4)	1,643.9	7,779.4	(7,130.9)	24,244.7	4,960.3	744.2	8,863.0

Management Discussion and Analysis

(v) Reputational risk management

Reputational risk refers to the risk of negative evaluations by stakeholders due to the Bank's operations, management, other actions, or external events. The primary objective of the Bank's reputational risk management is to establish a proactive, reasonable, and effective reputational risk management mechanism to identify, monitor, control, and mitigate reputational risks, thereby building and maintaining a positive image of the Bank and promoting its sustained, stable, and healthy development.

The Board of the Bank bears ultimate responsibility for reputational risk management. It is responsible for formulating reputational risk management strategies and overall objectives aligned with the Bank's strategic goals, overseeing senior management's fulfillment of reputational risk management responsibilities, regularly listening to reports on reputational risk management. Senior management, in accordance with the reputational risk management strategies set by the Board, establishes and improves reputational risk management systems tailored to the Bank, improving the reputational risk management mechanisms with clear responsibilities, collaborative division of labor, and participation from all relevant parties. In 2025, the Bank continued to refine its reputational risk management systems and mechanisms, consistently enhancing its reputational risk management capabilities.

1. Strengthening group management and mechanism development, the Bank guided its subsidiaries in formulating reputational risk management systems, thereby expanding the coverage of reputational risk management.
2. Implementing measures such as "24/7 monitoring, prevention before issues arise, strengthened guidance and control", the Bank comprehensively strengthened the proactive nature of its reputational risk management.
3. Enhancing public sentiment monitoring, the Bank conducted real-time, comprehensive monitoring of public sentiment across all platforms regarding issues of concern to customers and the media, such as business performance, product reputation, customer complaints, and key events. It ensured compliant information disclosure, continuously improving the comprehensiveness and transparency of such disclosures.
4. Diligently advancing various consumer rights protection initiatives, the Bank continuously improved its consumer protection systems and strengthened complaint management to promptly address reasonable consumer demands.
5. Strengthening employee training on reputational risk awareness, the Bank reinforced compliance as a bottom line and enhanced service quality.

Management Discussion and Analysis

(vi) Legal and compliance risk management

Legal and compliance risk refers to the risk of facing legal sanctions, regulatory penalties, significant financial losses, or reputational damage due to non-compliance with laws, regulations, regulatory requirements, rules, standards, as well as the Bank's internal policies and normative documents. The objective of the Bank's legal and compliance risk management is to establish and improve a compliance risk management system, enabling effective identification, prevention, and management of compliance risks, promoting the development of a comprehensive risk management framework, and ensuring lawful and compliant operations. The Bank has integrated legal and compliance risk management into its corporate culture development and comprehensive risk management framework, establishing a well-structured compliance risk management system that operates from the top down. In 2025, guided by the management philosophy of "strengthening internal controls, controlling risks, promoting development, and safeguarding rights and interests", the Bank continuously enhanced its legal and compliance risk management:

1. Issuing the Opinions on Case Prevention and Compliance Work in 2025 (《2025 年案防合规工作的意见》), the Bank aligned with both internal and external challenges and prioritized annual tasks for 2025, including enforcing accountability, refining policies and procedures, personnel management, risk screening, law-based bank governance, and consolidated management, to effectively ensure the deep integration of legal and compliance management with business development.
2. Continuously advancing special compliance management campaigns, the Bank steadily improved our organizational structure and operational mechanisms, building on the achievements of our 2024 legal and compliance management efforts. We conducted in-depth legal and compliance education, implemented an all-employee compliance pledge, and launched the "Management Taking the Lead in Compliance" initiative to continuously enhance the legal and compliance awareness of all staff.
3. Continuously conducting post-evaluations of policies, the Bank promptly identified gaps and loopholes in our internal management policies and strictly enforced the "internalization of external regulations". We revised and refined policies such as the Employee Compliance Manual, streamlined specific compliance policies, provided precise operational guidelines for key business processes, and solidified the foundation of internal controls.
4. Comprehensively enforcing strict compliance supervision, the Bank conducted quarterly inspections of case-related risks and compliance risks in critical areas, organizing specialized supervision and inspections for key businesses and institutions. Clear measures were implemented to achieve a virtuous cycle of "inspection-summary-rectification-improvement", ensuring the full implementation of all management policy requirements.

Management Discussion and Analysis

(vii) Information technology risk management

Information technology (IT) risk refers to potential threats arising from the application of information technology, such as business interruptions, data breaches, or system failures caused by natural factors, system defects, management loopholes, or human errors. These risks may lead to financial losses, reputational damage, or compliance issues. The Bank's objective in IT risk management is to establish an effective management mechanism to identify, assess, measure, monitor, and control IT risks, thereby ensuring the Bank's safe, continuous, and stable operations. By enhancing the level of information technology utilization, the Bank aims to strengthen its core competitiveness and support sustainable development. IT risk management is integrated into the Bank's comprehensive risk management framework.

In 2025, with the continuous advancement of digital transformation and against the backdrop of striving to build a digital and intelligent bank, the Bank closely focused on the core objectives of "building a secure foundation, empowering with innovation, and safeguarding through compliance". We comprehensively advanced the full-lifecycle management of information technology risks:

1. Enhancing the IT risk management policy framework. In accordance with regulatory requirements, we further refined the management policies, processes, and implementation guidelines covering eight major risk domains: IT governance, IT risk management, information security, information system development and testing, IT operations and maintenance, business continuity management, IT outsourcing management, and IT audit.
2. Strengthening information technology security foundations. The business and IT departments strengthened the management of IT risks at their source. We continuously enhanced system construction as well as network and data security controls, constantly upgrading our hardware and software security defense capabilities.
3. Continuously conducting IT risk assessments and monitoring. Through independent IT risk assessments and internal audits carried out as planned this year, we effectively identified IT risks and issues, while strengthening issue analysis and the implementation of remediation.
4. Enhancing bank-wide business continuity management. We established and continuously optimized the business continuity management system, and constantly expanded the scope and capabilities of business continuity drills. By strengthening the full-process management of drill planning, execution, and post-drill reviews, we established a long-term mechanism for bank-wide business continuity management.

Management Discussion and Analysis

(viii) Anti-money laundering and counter-terrorist financing management

The Bank strictly complies with the PRC Anti-money Laundering Law 《中華人民共和國反洗錢法》, the Notice of the People's Bank of China on Strengthening Identification of Anti-Money Laundering Customers 《中國人民銀行關於加強反洗錢客戶身份識別有關工作的通知》, the Administrative Measures for the Financial Institutions' Report of Large-Sum and Doubtful Transactions 《金融機構大額和可疑交易報告管理辦法》, and other relevant laws and regulations. Based on these regulatory requirements, the Bank has formulated and revised various policies, including the Internal Control Regulations on Anti-Money Laundering of Yibin City Commercial Bank 《宜賓市商業銀行反洗錢內部控制管理規定》, the Measures for the Management of Money Laundering, Terrorist Financing, and Proliferation Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行洗錢和恐怖融資及擴散融資風險管理辦法》, the Operational Procedures for Customer Identification, Customer Information, and Transaction Record Retention of Yibin City Commercial Bank 《宜賓市商業銀行客戶身份識別和客戶身份資料及交易記錄保存操作規程》, the Measures for the Risk Classification Management of Customer Money Laundering and Terrorist Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行客戶洗錢和恐怖融資風險等級分類管理辦法》, and the Measures for the Self-Assessment Management of Money Laundering and Terrorist Financing Risks of Yibin City Commercial Bank 《宜賓市商業銀行洗錢和恐怖融資風險自評估管理辦法》, thereby strengthening the Bank's anti-money laundering management framework.

The Board of Directors, the Board of Supervisors, senior management, departments of the head office, and branches of the Bank strictly adhere to the responsibilities defined in the Measures for the Management of Money Laundering, Terrorist Financing, and Proliferation Financing Risks of Yibin City Commercial Bank, ensuring that anti-money laundering duties are implemented at every level with rigorous accountability. Within their scope of authority, the Board of the Bank assumes ultimate responsibility for money laundering risk management, the Board of Supervisors is responsible for overseeing money laundering risk management, and senior management is accountable for the implementation of money laundering risk management measures. The head office has established a Leading Group for Anti-Money Laundering, which serves as the leading and coordinating body for the Bank's anti-money laundering efforts. The Leading Group's office is located within the accounting management department, which handles its daily operations and takes the lead in managing the Bank's anti-money laundering activities. Under the accounting management department, an Anti-money Laundering Monitoring Center has been established, staffed with dedicated personnel responsible for specific anti-money laundering tasks. Branches and first-tier sub-branches have also set up their own leading groups for anti-money laundering, and designated anti-money laundering officers to handle specific anti-money laundering work within their respective institutions.

Management Discussion and Analysis

In 2025, the Bank diligently fulfilled its responsibilities in anti-money laundering and counter-terrorist financing, continually enhancing its risk management practices in anti-money laundering.

1. Improving system development to enhance monitoring capabilities. In light of the evolving regulatory landscape for anti-money laundering and the changing characteristics of money laundering crimes, and through concentrating on key work modules such as data governance, suspicious transaction analysis, customer due diligence, and institutional money laundering risk assessment, it continued to optimize its money laundering risk self-assessment system and the suspicious transaction analysis system, and established a new dynamic management system for grading customer money laundering risks, providing robust support for its anti-money laundering initiatives.
2. Actively organizing and implementing anti-money laundering training programs. Utilizing a blend of online and offline learning methods, it regularly conducted targeted training sessions on anti-money laundering aimed at enhancing employees' awareness of anti-money laundering compliance, improving their professional skills, and strengthening their ability to perform effectively in their roles.
3. Enhancing policy enforcement through a combination of on-site and off-site inspections. Utilizing its anti-money laundering monitoring system, it conducted unscheduled checks on customer identity verification, risk grading, and re-due diligence, continually improving its internal control measures and its capacity to mitigate money laundering risks. This helped maintain stability in the economic and financial order. Moreover, it conducted thorough anti-money laundering investigations and data monitoring analysis to ensure effective governance of customer identity information and to effectively prevent money laundering activities.
4. Carrying out anti-money laundering awareness campaigns through various channels, the Bank expanded the reach of these campaigns to further boost public awareness and engagement in anti-money laundering efforts, thereby creating a positive social environment that supports anti-money laundering efforts.

(ix) Internal audit

The Bank's internal audit is risk-oriented and includes independent and objective supervision, assessment and consultancy. It reviews, assesses and supervises the improvement of business operations, risk management, internal control and compliance and effectiveness of corporate governance of the Bank through systemized and standardized methods in order to promote the sound development of the Bank and the realization of the strategic targets of the Board.

The objective of the Bank's internal audit is to promote the implementation of government's economic and financial laws and regulations, guidelines and policies, rules of regulatory authorities and various rules and regulations of the Bank, and to raise opinions and make suggestions on risk management, internal control and compliance and effectiveness of corporate governance of the Bank within the Bank's risk management framework so that risks can be controlled at an acceptable level. The internal audit is also aimed at the continuous improvement of the Bank's business operation and management, and the enhancement of values.

Management Discussion and Analysis

The Group's internal audit mainly consists of an internal audit organizational system and an internal audit policy system at both the Group and subsidiary levels. A relatively independent and vertically managed internal audit organization has been established under the organizational system, with audit supervision covering all businesses and organizations of the Group. The independent and vertical internal audit management system at the group level consists of the Board of Directors of the Bank, the Audit Committee under the Board of Directors, the Internal Audit Department and the audit staff, which are responsible for the corresponding responsibilities at the group level. The Internal Audit Department centrally manages the Group's audit work. The independent and vertical internal audit management system of subsidiary rural banks consists of the board of directors of the rural banks, the committees under the board of directors, the Internal Audit Department and the audit staff. The Internal Audit Department of rural banks is subject to the dual management of the Internal Audit Department of the group companies and the rural banks.

The Bank's internal audit is independent from its business operation, risk management and internal control and compliance, and does not bear the responsibility of designing and operating the business system, fulfilling operational functions, preparing financial statements, or initiating or approving business affairs. It focuses on evaluating the effectiveness of functions such as business operation, risk management, internal control and compliance and overseeing the rectification process in order to ensure the independence and effectiveness of audit.

The Bank's internal audit functions through a variety of methods, including on-site audits, off-site audits, scheduled audits, unscheduled audits, pre-notice audits, ad-hoc audits, comprehensive audits, special audits, and audit investigations, and focuses on audit supervision inspection, risk management review, case risk investigation, audit supervision evaluation, and audit supervision rectification, and other audit tasks. As a result, it achieved its annual work targets of promoting the standardization of operation and management activities, effectively preventing operational risks, ensuring the authenticity and effectiveness of internal control evaluation, and correcting violations in a timely manner.

Through auditing projects including routine chronological audits and economic responsibility audit, the Bank's internal audit conducts audit and evaluation of the Bank's operation management and operation practices, as well as the performance of key positions; the Bank strengthened the audits and supervision of the business practices and daily operations of its employees through various audit practices to prevent operational risks and ethical risks. The Bank also enhanced the implementation of rules and regulations and the audits fulfilled the functions to identify, remedy and prevent errors, deviations, faults and omissions.

Management Discussion and Analysis

(b) Risk management of the subsidiaries

As a separate legal entity, each subsidiary has established risk management and internal control systems in accordance with the applicable regulatory requirements. The Bank participates in formulating the risk management policies and strategies of each subsidiary through the board of directors and the management team of the subsidiaries. The management personnel shall be recommended by the Bank.

(i) Credit risk management

The subsidiaries of the Bank follow a prudent operation approach and continuously optimize asset quality through a variety of measures. These include enhancing whole-process credit management, standardizing operational procedures, conducting early identification and warning of potential risks, and improving mechanisms for the disposal of non-performing assets.

(ii) Market risk management

The subsidiaries of the Bank effectively manage account interest rate risks by dynamically adjusting interest rates for various products and developing innovative products. At the same time, they continuously monitor and evaluate market risks to ensure that risks are controlled within acceptable limits, guaranteeing stable business operations.

(iii) Operational risk management

The Bank's subsidiaries have established an operational risk management framework characterized by a sound governance structure, clear division of responsibilities, and a continuously refined internal control policy system. By strengthening case-based education and operational training, they have enhanced employees' capabilities in risk identification and compliant operations.

(iv) Liquidity risk management

The subsidiaries of the Bank managed the liquidity risk by (i) establishing a reporting system for large fund movement and ensuring a reasonable allocation of funds to increase returns on assets; (ii) closely monitoring movements in key liquidity indicators; (iii) adjusting the maturity profile of assets and liabilities; and (iv) conducting periodic liquidity stress tests.

(v) Reputational risk management

Each subsidiary establishes a clear framework with defined responsibilities in accordance with its own policies to ensure that accountability for reputational risk management is assigned to specific individuals. They implement a public opinion reporting mechanism to classify and manage reputation incidents, and apply graded controls based on the extent of public impact. Furthermore, they develop clear and well-defined emergency response plans concerning reputational risk incidents to ensure timely and effective handling of unforeseen events.

(vi) Legal and compliance risk management

Each subsidiary has established a comprehensive full-process management mechanism for legal and compliance affairs, which effectively identifies various legal and compliance risks. Their internal rules and policies substantially cover all key businesses, management domains, and critical processes. Through compliance training, supervisory inspections, remediation, and accountability, they have enhanced employees' ability to perform their duties in a lawful and compliant manner, while continuously strengthening resource support for legal and compliance functions.

Management Discussion and Analysis

(vii) Information technology risk management

Each subsidiary has established thorough procedures and policies for managing information technology risks and developed business continuity management and emergency response plans to address operational disruptions.

(viii) Anti-money laundering and counter-terrorist financing management

Each subsidiary has created a robust management system and procedures for anti-money laundering and counter-terrorist financing in compliance with the Anti-Money Laundering Law of the People's Republic of China and regulations issued by the PBOC, encompassing customer identification, the retention of identity information and transaction records, anti-money laundering training and awareness initiatives, as well as the management of block trading and suspicious transaction reports. Each subsidiary reports suspicious transactions to the China Anti-Money Laundering Monitoring and Analysis Center as an independent legal entity according to relevant regulatory requirements.

(ix) Internal audit

The internal audit department of each subsidiary is staffed with dedicated auditors who exercise audit supervision independently. By employing systematic and standardized methods, they review and evaluate and supervise the improvement of the Bank's business operations, risk management, internal control and compliance, and effectiveness of corporate governance, promoting its stable operations and value enhancement.

CAPITAL ADEQUACY RATIO ANALYSIS

All commercial banks in China are required to comply with the capital adequacy requirements issued by the former CBIRC. The Group calculated the capital adequacy ratio as at December 31, 2024 and 2025 in accordance with the Measures for the Administration of Capital of Commercial Banks issued by the NFRA, which has been effected from January 1, 2024. Commercial banks in China (excluding systematically important banks) are required to maintain: (i) capital adequacy ratios equal to or above 10.5% and 10.5% as at December 31, 2024 and 2025, respectively; (ii) tier-one capital adequacy ratios equal to or above 8.5% and 8.5% as at December 31, 2024 and 2025, respectively; and (iii) core tier-one capital adequacy ratios equal to or above 7.5% and 7.5% as at December 31, 2024 and 2025, respectively.

Management Discussion and Analysis

The table below presents the relevant information about the Group's capital adequacy ratio as of the dates indicated.

(Expressed in RMB million, unless otherwise stated)	December 31,	December 31,
	2025	2024
Core Tier-one Capital	11,465.0	9,878.7
Core Tier-one Capital deductions	(435.8)	(286.1)
Net Core Tier-one Capital	11,029.2	9,592.6
Other Tier-one Capital	26.2	24.1
Net Tier-one Capital	11,055.4	9,616.7
Tier-two Capital	1,020.2	927.3
Net Capital	12,075.6	10,544.0
Total risk-weighted assets	86,788.8	76,058.5
Core Tier-one Capital adequacy ratio	12.71%	12.61%
Tier-one Capital adequacy ratio	12.74%	12.64%
Capital adequacy ratio	13.91%	13.86%

MATERIAL INVESTMENT, ACQUISITIONS AND DISPOSALS

As of December 31, 2025, the Bank did not hold any significant investments required to be disclosed pursuant to paragraph 32(4A) of Appendix D2 to the Listing Rules.

During the Reporting Period, the Bank had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

PLEDGE OF ASSETS

Please refer to "Note 39 to the Consolidated Financial Statements" in this annual report for details of the pledge of assets of the Bank as at December 31, 2025.

CONTINGENT LIABILITIES

Please refer to "Note 38 to the Consolidated Financial Statements" in this annual report for details of the contingent liabilities of the Bank as at December 31, 2025.

Report of the Board of Directors

The Board of Directors is pleased to present the Report of the Board of Directors and the audited financial statements of the Group for the year ended December 31, 2025. The contents of the relevant sections of this annual report mentioned in the Report of the Board of Directors are part of the Report of the Board of Directors. Unless otherwise stated, the data disclosed in this annual report is prepared in accordance with IFRS.

LIST OF DIRECTORS

The Directors of the Bank during the Reporting Period and up to the Latest Practicable Date are as follows:

Current Directors

Mr. XUE Feng *(Executive Director and Chairman)*

Mr. ZHANG Xin *(Non-Executive Directors) (Appointment effective as of February 9, 2026)*

Ms. HUANG Chongying *(Non-Executive Directors) (Appointment effective as of February 9, 2026)*

Ms. TIAN Tian *(Non-Executive Director)*

Mr. ZHAO Gen *(Non-Executive Director)*

Mr. YAO Liming *(Independent Non-Executive Director)*

Ms. YU Xiaoran *(Independent Non-Executive Director)*

Mr. XING Huayu *(Independent Non-Executive Director)*

Ms. ZHAO Jingmei *(Independent Non-Executive Director)*

Resigned Directors

Mr. YANG Xingwang *(Executive Director and President) (Resigned on April 8, 2025)*

Mr. XU Yong *(Executive Director) (Resigned on February 10, 2026)*

Ms. JIANG Lin *(Non-Executive Director) (Resigned on June 4, 2025)*

Ms. XIAO Yufeng *(Non-Executive Director) (Resigned on August 15, 2025, effective from February 9, 2026)*

Details of the Directors' profiles as of the Latest Practicable Date are included in the section headed "Directors, Supervisors, Senior Management, Employees and Organizations" of the annual report.

BUSINESS REVIEW

The Bank is a joint-stock city commercial bank headquartered in Yibin, Sichuan Province, the PRC. The Bank's principal businesses include corporate banking, retail banking and financial markets. The business review information of the Bank for the year ended December 31, 2025 are included in the section headed "Management Discussion and Analysis" of the annual report.

Report of the Board of Directors

ISSUANCE OF H SHARES AND LISTING ON THE HONG KONG STOCK EXCHANGE

The Bank's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025. The Global Offering of the Bank comprised 688,400,000 H Shares, with offer price of HK\$2.59 per H Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%). The net proceeds from the Global Offering received by the Bank, after deduction of the underwriting commissions and estimated expenses in connection with the Global Offering, are approximately HK\$1,709.3 million.

All funds raised by the Bank from the Global Offering were used in accordance with the purposes disclosed in the Prospectus, i.e. reinforcing the Bank's capital base so as to support the sustained growth of the Group's business.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS, AND SUPPLIERS

The Bank regards suppliers as important stakeholders and has established a fair and reasonable procurement management system to establish good cooperative relationships with suppliers. Due to its business nature, the Bank did not have any major suppliers. The Bank has established long-term and good cooperative relationships with numerous high-quality enterprises, actively innovated financial products and services, and attached importance to and actively safeguarded the rights and interests of customers, aiming to enhance customer satisfaction.

For details of the Bank's employees and employment policies, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Organizations". For other details regarding the Bank's relationships with employees, customers, and suppliers, please refer to the "2025 Environmental, Social and Governance Report" separately published by the Bank.

MAJOR DEPOSITORS AND BORROWERS

As of the end of the Reporting Period, the deposits of the top five depositors in the Group accounted for less than 30% of the total customer deposits, and the loans and advances granted by the Group to the top five borrowers accounted for less than 30% of the total loans and advances to customers.

PROFITS AND DIVIDENDS

Pursuant to the resolutions of the 2024 annual general meeting held on June 26, 2025, the Bank, in accordance with the 2024 Profit Distribution Plan, distributed a cash dividend of RMB0.05 per share (tax inclusive) to all shareholders, amounting to a total cash dividend of approximately RMB229.42 million (tax inclusive). The 2024 final dividend was paid on August 26, 2025 to the Domestic Shareholders and H Shareholders whose names appeared on the register of members of the Bank on July 8, 2025. The cash dividends distributed are denominated in RMB and will be distributed to Domestic Shareholders and H Shareholders in RMB and HKD, respectively. For dividends distributed in HKD, the applicable exchange rate will be the average of the central parity rates of RMB against HKD published by the PBOC during the five business days prior to the date on which the dividend is declared at the 2024 annual general meeting (including the date of the 2024 annual general meeting) (HKD1 to RMB0.91304). The amount of final dividend per H Share is HK\$0.054762 (tax inclusive).

The Group's revenue for the year ended December 31, 2025 and financial position as of that date are included in the financial report section of this annual report.

Report of the Board of Directors

The Board of the Bank proposed to distribute a final cash dividend of RMB0.0356 (tax inclusive) per Share (the “**final dividend**”) for the year ended December 31, 2025 to all Shareholders, with the total amount of RMB163.35 million (tax inclusive). The Board will submit such proposal to the 2025 annual Shareholders’ meeting to be held on June 25, 2026 for approval. The final dividend, if approved at the 2025 annual Shareholders’ meeting, is expected to be paid on or before August 25, 2026 by the Bank.

Subject to the approval of the above proposal at the 2025 annual Shareholders’ meeting, the final dividend will be paid to the Domestic Shareholders and H Shareholders whose names appear on the register of members of the Bank on Tuesday, July 7, 2026. For the purpose of ascertaining the identity of Shareholders entitled to the final dividend, the registers of members of Domestic Shares and H Shares of the Bank will be closed from Thursday, July 2, 2026 to Tuesday, July 7, 2026 (both days inclusive). In order to be entitled to the final dividend distribution, the H Shareholders of the Bank are required to lodge all share certificates together with the transfer documents with the Bank’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, June 30, 2026.

The proposed dividends mentioned above are denominated in RMB and will be distributed to Domestic Shareholders and H Shareholders in RMB and HKD, respectively. For dividends distributed in HKD, the applicable exchange rate will be the average of the central parity rates of RMB against HKD published by the PBOC during the five business days prior to the date on which the dividend is declared at the 2025 annual Shareholders’ meeting (including the date of the 2025 annual Shareholders’ meeting).

The Bank will make a further announcement should there be any changes to the above arrangements for the distribution of final dividend.

TAX RELIEF

(1) Withholding and payment of enterprise income tax for overseas non-resident enterprise Shareholders

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China 《中華人民共和國企業所得稅法》 and its implementation rules and the relevant regulations, the Bank has the obligation to withhold and pay enterprise income tax at a tax rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the H Share register of members in the distribution of final dividend. As any Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups, will be treated as being held by non-resident enterprise Shareholders, the dividends received shall be subject to the withholding of enterprise income tax.

Upon receipt of such dividends, a non-resident enterprise Shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent, and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

Report of the Board of Directors

(2) Withholding and payment of individual income tax for individual overseas resident Shareholders

According to the Individual Income Tax Law of the People's Republic of China 《中華人民共和國個人所得稅法》 and its implementation rules and the Announcement of the State Taxation Administration on Issuing the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (STA Announcement 2019 No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》(國家稅務總局公告 2019 年第 35 號)) (the "Tax Convention Announcement"), the Bank has the obligation to withhold and pay individual income tax on behalf of the individual Shareholders whose names appear on the H Share register of members ("Individual H Shareholder(s)") in the distribution of final dividend. Individual H Shareholder(s) who is/are eligible for and entitled to treaty benefits is/are required to submit relevant filing materials to the Bank as required by the tax treaties announcement; then H Shareholder(s) shall be entitled to preferential tax treatment pursuant to the provisions of the tax arrangements between the countries where they reside and China and the tax arrangements between Chinese mainland and Hong Kong (Macau). Otherwise, the Bank will withhold and pay individual income tax at a tax rate of 20% in accordance with the requirements of domestic tax laws.

Within the period prescribed by Law of the People's Republic of China Concerning the Administration of Tax Collection, if the relevant individual H Shareholder(s) who shall be but not to be entitled to the treaty benefits would like to apply for a refund of the additional amount of tax withheld and paid, the Bank can assist the relevant Shareholder(s) to handle the application for the underlying preferential tax benefits pursuant to the tax treaties; Eligible H Shareholder(s) shall submit to the Bank in a timely manner a written letter of entrustment and relevant filing materials required by the tax treaty announcement which will be submitted by the Bank to competent tax authorities; Subsequently, if approved, the Bank will assist in refunding the excess amount of tax withheld and paid.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Bank. Shareholders of the Bank pay taxes and/or are entitled to tax relief in accordance with the aforementioned regulations.

DATE OF 2025 ANNUAL SHAREHOLDERS' MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2025 annual Shareholders' meeting will be held on Thursday, June 25, 2026. In order to determine the list of Shareholders who are entitled to attend and vote at the annual Shareholders' meeting, the H Share register of members of the Bank will be closed from Monday, June 22, 2026 to Thursday, June 25, 2026 (both days inclusive). Shareholders whose names appear on the H Share register of members of the Bank on Thursday, June 25, 2026 are entitled to attend the annual Shareholders' meeting. Shareholders who intend to attend the annual Shareholders' meeting shall lodge all the transfer documents together with the relevant share certificates with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited (Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) (for H Shareholders) or the Office of the Board of Directors of the Bank (Address: No. 9 Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan Province, the PRC; Postal code: 644000) (for Domestic Shareholders) no later than 4:30 p.m. on Thursday, June 18, 2026.

A Shareholder or his/her/its proxy shall present proof of identity when attending the annual Shareholders' meeting. If a Shareholder is a legal person, its legal representative or other person authorised by the board of directors or other governing body of such Shareholder may attend the annual Shareholders' meeting by providing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such person to attend the meeting.

Report of the Board of Directors

RESERVE MOVEMENTS

Details of reserve movements and distributable profit reserves for the year ended December 31, 2025 of the Group are included in the “Consolidated Statements of Changes in Equity” of the annual report. The Bank’s profit reserve available for distribution to Shareholders as at December 31, 2025 amounted to RMB735.9 million.

FINANCIAL INFORMATION SUMMARY

A summary of the Group’s operating performance and assets and liabilities for the year ended December 31, 2025 is set out in the “Financial Highlights” of the annual report.

DONATIONS

For the year ended December 31, 2025, the Group made donations totaling RMB1.80 million to rural revitalization, construction of buildings, education public welfare and others.

PROPERTY AND EQUIPMENT

Details of changes in property and equipment in the Group for the year ended December 31, 2025 are set out in the “Note 23 to the Consolidated Financial Statements” of the annual report.

RETIREMENT BENEFITS

Details of retirement benefits provided to employees in the Group are set out in the “Notes 2 and 33 to the Consolidated Financial Statements” of the annual report.

SUBSTANTIAL SHAREHOLDERS

Details of substantial Shareholders as of the Latest Practicable Date are set out in the annual report, under the section “Changes in Share Capital and Particulars of Shareholders – Particulars of Shareholders – Interests and Short Positions of Substantial Shareholders and Other Persons under Hong Kong Regulations”.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE BANK

The Bank’s H Shares were listed on the main board of the Hong Kong Stock Exchange on January 13, 2025. From the Listing Date to the December 31, 2025, the Bank and any of its subsidiaries have not purchased, sold, or redeemed any listed securities of the Bank (including sale of treasury shares).

As at the Latest Practicable Date, the Bank did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

There are no provisions in the Articles of Association or relevant PRC laws relating to granting Shareholders pre-emptive rights.

SHARE CAPITAL

For details regarding the Bank’s share capital, please refer to the “Changes in Share Capital and Particulars of Shareholders” section of the annual report.

Report of the Board of Directors

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Bank has received annual confirmation of independence from each independent non-executive Director and considers all of the independent non-executive Directors to be independent individuals as required by the independence guidelines set out in Rule 3.13 of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SHARES, UNDERLYING SHARES AND DEBENTURES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE BANK AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, none of the Directors, Supervisors or chief executive of the Bank had any interests and/or short positions (including those deemed or treated as interests or short positions owned under the relevant provisions of the SFO) in the Shares, underlying Shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the SFO) that were required to be notified to the Bank and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register referred to therein pursuant to Section 352 of the SFO, or required to be notified to the Bank and the Hong Kong Stock Exchange under the Model Code.

PURCHASE OF SHARES OR DEBENTURES ARRANGEMENTS

During the Reporting Period, the Bank or its subsidiaries have not entered into any arrangements that would enable the Bank's Directors and Supervisors (including their spouses and children under the age of eighteen) to benefit the purchase of Shares or debentures of the Bank or any other legal entities.

INTERESTS OF DIRECTORS AND SUPERVISORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, the Bank and its subsidiaries had no transactions, arrangements or significant contracts in which Directors or Supervisors (or entities connected with Directors or Supervisors) had a significant interest, either directly or indirectly.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Bank has entered into contracts with each of the Directors and Supervisors, which stipulate, among other things, compliance with relevant laws and regulations, compliance with the Articles of Association, and the provisions of the arbitration with the Bank. During the Reporting Period, none of the Directors and Supervisors of the Bank has entered into any service contract with the Bank which is subject to compensation (other than statutory compensation) in the event of termination by the Bank within one year.

MANAGEMENT CONTRACTS

Save as service contracts with Directors, Supervisors, and senior management of the Bank, there are no other management or administrative contracts with any individuals, companies, or legal entities that cover all or a substantial part of the Bank's businesses.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES

None of the Directors and Supervisors has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Bank which is required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Report of the Board of Directors

CORPORATE GOVERNANCE

The Bank is committed to maintaining a high level of corporate governance. Details of the Group's corporate governance are set out in the "Corporate Governance Report" of the annual report.

CONNECTED (RELATED PARTY) TRANSACTIONS

In 2025, the Bank continued to regulate related party transactions in accordance with regulations such as the Interim Measures for the Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》, the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions 《銀行保險機構關聯交易管理辦法》, ensuring the effective operation of the Bank's related party transaction mechanism and safeguarding the interests of the Bank and its Shareholders.

Credit Related Party Transactions

In 2025, the Bank had a total of 51 credit related party transactions, with a total amount of transactions of RMB1,512.5 million. Particularly, the amount of related party transactions conducted with substantial Shareholders and controlling Shareholders, the de facto controllers, related parties, persons acting-in-concert and ultimate beneficiaries was RMB1,512.5 million.

The Bank conducts various businesses with related parties in strict accordance with the regulatory rules, and the credit balance of a single related party, the total credit balance to single related legal persons or non-legal person entities within the group of customers, and the proportion of the credit balance of all related parties to the net capital at the end of 2025 are all in line with the regulatory requirements.

Services Related Party Transactions

In 2025, the Bank had a total of 27 services related party transactions, with a total amount of transactions of RMB1.2 million. Particularly, the amount of related party transactions conducted with substantial Shareholders and controlling Shareholders, the de facto controllers, related parties, persons acting-in-concert and ultimate beneficiaries was RMB1.2 million.

Asset Transfer Related Party Transactions

In 2025, the Bank had a total of 1 asset transfer related party transaction, with a total transaction amount of RMB9.6 million (tax inclusive). Particularly, the amount of related party transactions conducted with substantial Shareholders and controlling Shareholders, the de facto controllers, related parties, persons acting-in-concert and ultimate beneficiaries was RMB9.6 million (tax inclusive).

Connected Transactions under Hong Kong Listing Rules

The Bank, in the ordinary and usual course of business, provides banking services and products to the publics in the PRC, which include Shareholders, certain Directors and Supervisors, the President and/or their respective associates. Based on the Hong Kong Listing Rules, such individuals are connected persons of the Bank from the Listing Date. As these transactions are conducted on normal commercial terms or better in the ordinary and usual course of business, they are exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Report of the Board of Directors

The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules differs from the definition of related parties in International Accounting Standard No. 24 “Related Party Disclosures” and the interpretation thereof by the International Accounting Standards Board. The related party transactions in the Bank’s ordinary and usual course of business are set out in the “Note 41 to the Consolidated Financial Statements” of the annual report. The related party transactions set out in the “Note 41 to the Consolidated Financial Statements” also constitute connected transactions as defined under the Hong Kong Listing Rules, but none of the related party transactions specified in the Note 41 to the financial statements constitutes a discloseable connected transaction under the Hong Kong Listing Rules.

REMUNERATION POLICY

According to the Bank’s remuneration policy, the Nomination and Remuneration Committee takes into account a number of factors such as the salaries paid by comparable companies, as well as the tenure of office, obligations, responsibilities and performance of the Bank’s Directors and senior management, as the case may be, in evaluating the remuneration payable to the Directors and senior management of the Bank and the relevant employees.

PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, as of the Latest Practicable Date, the percentage of the Bank’s issued Shares held by the public was 15%, which is in compliance with the relevant requirements of Rule 19A.28B(1) of the Listing Rules.

AUDITOR

In accordance with the relevant regulations on the selection and appointment of accounting firms, following the fulfillment of the open selection procedures and based on the results of the evaluation and with reference to the recommendations by the Audit Committee, on February 10, 2025, the Board resolved to propose the appointment of Confucius International CPA Limited as the international auditor of the Bank for the Year 2024 to provide the Bank with financial report audit and other services for the Year 2024, and its term of service will end until the conclusion of the next annual general meeting of the Bank.

As approved at the 2025 first extraordinary general meeting of the Bank, the Bank has re-appointed Pan-China Certified Public Accountants LLP as the Bank’s domestic auditor for the Year 2024 and appointed Confucius International CPA Limited as the Bank’s international auditor for the Year 2024. PricewaterhouseCoopers retired upon the Listing of the Bank.

As approved at the 2024 annual general meeting of the Bank, the Bank re-appointed Pan China Certified Public Accountants LLP as the auditor of the 2025 financial statements prepared in accordance with China Accounting Standards for Business Enterprises and internal control of the Bank, and Confucius International CPA Limited as the auditor of the 2025 financial statements of the Bank prepared in accordance with International Financial Reporting Standards, who will provide annual and interim audit service for the Year 2025, and their terms of office will hold until the conclusion of the Bank’s 2025 annual Shareholders’ meeting.

Save as disclosed above, there have been no changes in the Bank’s auditors in the past three years.

For information on the auditors’ remuneration, please refer to the section headed “Corporate Governance Report – External Auditors and Their Remuneration” in the annual report.

Report of the Board of Directors

PERMITTED INDEMNITY PROVISIONS

The Bank has made appropriate insurance arrangements to cover the duties of Directors and senior management in respect of their potential exposure to legal liabilities to third parties arising from corporate activities.

MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Group include credit risk, market risk, operational risk, liquidity risk, reputational risk, legal and compliance risk, information technology risk and money laundering risk. The Group continuously improves its comprehensive risk management system, forming three lines of defense that are interconnected and balanced among business departments, risk management department, compliance management department, and internal audit department. Please refer to the section headed “Management Discussion and Analysis – Risk Management” of the annual report.

FUTURE DEVELOPMENT OF THE BUSINESS

Please refer to the sections headed “Management Discussion and Analysis – Environment and Prospect” and “Management Discussion and Analysis – Development Strategies” of the annual report for details.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Bank does not operate any manufacturing or logistics facilities. Therefore, the Bank believes that our business operations have no significant impact on the environment and climate change during the Reporting Period. The Bank is committed to raising environmental awareness and improving energy efficiency. To ensure compliance with applicable laws and regulations, if necessary, the Bank will make adjustments to our human resources policies in consultation with legal advisors of the Bank to comply with significant changes in labor and safety laws and regulations. During the Reporting Period and as of the Latest Practicable Date, the Bank was not incurred any significant fines or penalties for non-compliance with health, occupational safety, social, or environmental regulations.

The Bank has established a dedicated Green Finance sub-branch, and focused on credit in the green industry. In addition, the sub-branch has developed customized or specialized guidelines for product development and business positioning. Considering the regional industrial distribution and resource advantages, the green loans of the Bank mainly focus on green infrastructure upgrades, ecological and environmental protection industries, and energy conservation and environmental protection industries.

In addition, the Bank also has a designated department to handle matters related to Green Finance. Their responsibilities include: (i) formulating Green Finance management measures and establishing related policies; (ii) formulating management and operational procedures for different Green Finance products, continuously innovating products and services, promoting the development of Green Finance, and establishing long-term mechanisms for Green Finance; (iii) conducting compliance reviews of regulations and operational processes related to Green Finance, as well as reviewing legal documents such as Green Finance contracts; and (iv) handling marketing, collecting credit needs, conducting due diligence, processing credit applications, managing loans, post-loan supervision, and Green Finance statistics.

For details regarding our environmental policy and performance, please refer to the “2025 Environmental, Social, and Governance Report” separately published by the Bank.

Report of the Board of Directors

COMPLIANCE WITH LAWS AND REGULATIONS

The Bank has adopted internal control measures to ensure ongoing compliance with relevant laws and regulations, such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Hong Kong Listing Rules, and other regulations and laws enforced in relevant jurisdictions. During the Reporting Period, to the best knowledge of the Board, the Group has complied in all material respects with the relevant laws and regulations that are significant to the Group's business and operations.

LEGAL PROCEEDINGS

From time to time, in the ordinary course of business, the Bank may be involved in various claims and litigations, mainly relating to contractual disputes on financial loans, contractual disputes or corporate bond transactions initiated by the Bank against borrowers, guarantors and bond issuers. As at the Latest Practicable Date, the Bank was not a defendant or co-defendant in any material pending litigation.

EQUITY-LINKED AGREEMENTS

During the Reporting Period and as of the Latest Practicable Date, the Bank has not entered into any equity-linked agreements.

SUBSEQUENT EVENTS

Save as disclosed in the annual report, there have been no significant events in the Group as of the Latest Practicable Date.

OTHER MATTERS

As of the Latest Practicable Date, the Bank is not aware of any arrangements where Shareholders have waived or agreed to waive any dividends.

As of the Latest Practicable Date, the remuneration waived by the Directors and the specific details of the accrued remuneration of the Directors are set out in the "Note 11 to the Consolidated Financial Statements" of the annual report.

During the Reporting Period and as of the Latest Practicable Date, the Bank has not implemented any equity incentive plans or employee stock ownership plans.

By order of the Board
Chairman
XUE Feng

Report of the Board of Supervisors

During the Reporting Period, the Bank's Board of Supervisors strictly complied with relevant laws and regulations such as the Company Law, Commercial Banking Law 《商業銀行法》, and Corporate Governance Guidelines for Banking and Insurance Institutions 《銀行保險機構公司治理準則》, as well as requirements of the Articles of Association. Focusing on the key works of the Bank, the Bank's Board of Supervisors fulfilled its supervisory responsibilities in accordance with the law, conducted various supervision work in-depth, ensured the normal operation of the Board of Supervisors, faithfully protected the legitimate rights and interests of the Bank and its Shareholders, and effectively promoted the Bank's stable and healthy development.

BASIC INFORMATION OF THE BOARD OF SUPERVISORS

During the Reporting Period, the Bank's Board of Supervisors consists of 11 Supervisors, including 4 external Supervisors, 3 Shareholder Supervisors, and 4 employee Supervisors. The proportion of employee Supervisors and external Supervisors is not less than one-third. The Board of Supervisors has set up an office of Board of Supervisors, a nomination committee, and a supervision committee. The number and composition of the Board of Supervisors, as well as the heads of its professional committees are in accordance with the regulations, and there is no relationship between the external Supervisors and the Bank and its substantial Shareholders that could affect their independent judgment.

KEY WORK OF THE BOARD OF SUPERVISORS

(I) Convening Board of Supervisors Meetings According to Regulations and on Schedule

During the Reporting Period, the Board of Supervisors of the Bank convened a total of 8 meetings, mainly deliberating and approving the Board of Supervisors' work report for 2024, the Board of Supervisors' work recommendations for 2025, the evaluation report of the Board of Supervisors on the performance of Directors, Supervisors, and senior executives for 2024, the proposal on abolishing the Board of Supervisors of the Bank, the evaluation report of the Board of Supervisors on the performance of Supervisors for 2025, 2024 Annual Report, 2025 Interim Results and Interim Report, the profit distribution for 2024, and other related proposals, totaling 14 items.

(II) Legally Attending Shareholders' General Meetings, Attending Board of Directors Meetings and Other Meetings

Board of Supervisors members attended Shareholders' general meetings in accordance with the law and participated in various meetings. During the Reporting Period, they attended Shareholders' general meetings 4 times, employee representative meetings 1 time, and attended Board of Directors meetings and relevant operation and management meetings 43 times, effectively fulfilling the duties of the Board of Supervisors.

(III) Monitoring the Bank's Financial Operations

During the Reporting Period, the Board of Supervisors of the Bank analyzed and assessed the financial statements and reports to grasp and supervise the business operations and financial conditions in real time, analyze changes in operations, and pay attention to significant matters. Together with relevant departments of the Bank, they conducted supervision and inspections of the Bank's financial conditions, and rectified issues identified according to Supervisory opinions.

Report of the Board of Supervisors

(IV) Supervising the Performance of the Board of Directors, Senior Management, and Its Members

During the Reporting Period, the Board of Supervisors of the Bank continued to improve the performance evaluation mechanism and performance records, emphasized communication and coordination with all parties, conscientiously supervised the performance of the Board of Directors, senior management, and its members, standardized the performance evaluation work for Directors, Supervisors, and senior management in 2024, fully implemented self-evaluation, peer evaluation and other links, objectively and impartially issued performance evaluation opinions, and formed evaluation reports to report to the Shareholders' general meetings and regulatory authorities, effectively promoting the scientific balance of corporate governance and the effectiveness of the performance of the Directors, Supervisors, and senior management. It effectively ensured the compliance of the Bank's operational and managerial activities.

(V) Performance of the Board of Supervisors' Nomination Committee

During the Reporting Period, the Nomination Committee conscientiously performed its duties in accordance with its job functions. They held 2 meetings, deliberated and approved 2 proposals, such as the "Evaluation Report of the Board of Supervisors on the Performance of Directors, Supervisors, and Senior Executives for 2024", effectively fulfilling the functions of the Nomination Committee.

(VI) Performance of the Board of Supervisors' Supervision Committee

During the Reporting Period, the Supervision Committee conscientiously performed its duties in strict accordance with its job functions. They held 2 meetings, deliberated and approved 2 proposals, such as the "Announcement of 2024 Annual Results and Financial Statements", listened to reports from the Board of Directors and management, and provided recommendations and opinions. They carried out supervision according to the plan, effectively fulfilling the functions of the Supervision Committee.

Changes in Share Capital and Particulars of Shareholders

SHARE CAPITAL AND ITS CHANGES OF THE BANK DURING THE REPORTING PERIOD

(I) Share Structure Situation

As of December 31, 2025, the total number of Domestic Shareholders of the Bank was 430, among which there were 5 state-owned Shareholders, 33 legal person Shareholders and 392 individual Shareholders. The share capital of the Bank is as follows:

Type of Share Capital	Opening Balance (Shares)	Percentage of Total Share Capital (%)	Changes	Closing Balance (Shares)	Percentage of Total Share Capital (%)
State-owned Shares	2,239,030,856	57.41	0	2,239,030,856	48.80
Legal Person Shares	1,648,406,947	42.27	0	1,648,406,947	35.93
Including: State-owned Legal Person Shares	1,110,387,322	28.47	0	1,110,387,322	24.20
Individual Shares	12,562,197	0.32	0	12,562,197	0.27
H Shares	0	0	688,400,000	688,400,000	15.00
Total Shares	3,900,000,000	100.00	688,400,000	4,588,400,000	100.00

(II) Changes in Share Capital

The Bank's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on January 13, 2025. The Bank issued a total of 688,400,000 H Shares in the Global Offering, increasing its total share capital to 4,588,400,000 Shares.

Changes in Share Capital and Particulars of Shareholders

PARTICULARS OF SHAREHOLDERS

(I) Shareholding Details of the Top Ten Domestic Shareholders of the Bank

No.	Shareholder's Name	Number of Shares Held as at December 31, 2025 (Shares)	Percentage of Total Share Capital of the Bank as at December 31, 2025 (%)	Number of Pledged Shares (Shares)
1	Sichuan Yibin Wuliangye Group Co., Ltd. (四川省宜賓五糧液集團有限公司)	779,610,000	16.99	—
2	Yibin Municipal Finance Bureau (宜賓市財政局)	779,481,723	16.988	—
3	Yibin Cuiping District Finance Bureau (宜賓市翠屏區財政局)	779,220,000	16.98	—
4	Yibin Nanxi District Finance Bureau (宜賓市南溪區財政局)	660,699,908	14.40	—
5	Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	194,580,442	4.24	—
6	Jiaxing Jiayuan Information Technology Co., Ltd. (嘉興嘉源信息科技有限公司)	137,969,543	3.01	—
7	Chengdu Xinan Stone Co., Ltd. (成都西南石材城有限公司)	137,214,000	2.99	—
8	Sichuan Hydropower Investment Operation Group Co., Ltd. (四川省水電投資經營集團 有限公司)	128,759,400	2.81	—
9	Wuhan Tianying Investment Group Co., Ltd. (武漢天盈投資集團有限公司)	107,142,857	2.34	—
10	Chaoyu Group Co., Ltd. (超宇集團有限公司)	103,494,294	2.26	98,565,995
Total		3,808,172,167	82.996	

Note: The only substantial Shareholder of the Bank that has pledged its Shares in the Bank is Chaoyu Group Co., Ltd.

Changes in Share Capital and Particulars of Shareholders

(II) Interests and Short Positions of Substantial Shareholders and Other Persons Under Hong Kong Regulations

To the Bank's knowledge, as at December 31, 2025, the following persons (excluding the Bank's Directors, Supervisors and chief executive) had or be deemed or taken to have interests and/or short positions in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Bank pursuant to Section 336 of Part XV of the SFO and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO; or, directly or indirectly, were interested in 5% or more of the nominal value of any class of the Bank's share capital carrying rights to vote in all circumstances at the Shareholders' general meetings of any other member of the Bank:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares Directly or Indirectly Held (Shares) ⁽¹⁾	Approximate Percentage of the Bank's Issued Shares (%) ⁽²⁾	Approximate Percentage of the Relevant Class of the Bank's Shares (%) ⁽²⁾
Sichuan Yibin Wuliangye Group Co., Ltd.	Beneficial owner	Domestic Shares	779,610,000	16.99	19.99
Yibin Development Holding Group Co., Ltd.	Interest in controlled corporation ⁽³⁾	Domestic Shares	779,610,000	16.99	19.99
State-owned Assets Supervision and Administration Commission of Yibin	Interest in controlled corporation ⁽³⁾	Domestic Shares	779,610,000	16.99	19.99
Yibin Municipal Finance Bureau	Beneficial owner	Domestic Shares	779,481,723	16.988	19.987
Yibin Cuiping District Finance Bureau	Beneficial owner	Domestic Shares	779,220,000	16.98	19.98
Yibin Nanxi District Finance Bureau	Beneficial owner	Domestic Shares	660,699,908	14.40	16.94
VISION BEST HOLDINGS LIMITED	Beneficial owner ⁽⁴⁾	H Shares	50,064,000	1.09	7.27
Shenzhen Tinno Mobile Technology Corp.	Interest in controlled corporation ⁽⁴⁾	H Shares	50,064,000	1.09	7.27
Tinno Technology Group Co., Ltd.	Interest in controlled corporation ⁽⁴⁾	H Shares	50,064,000	1.09	7.27
Winsang Technologies Limited	Interest in controlled corporation ⁽⁴⁾	H Shares	50,064,000	1.09	7.27
Mr. Lin Man Hung	Interest in controlled corporation ⁽⁴⁾	H Shares	50,064,000	1.09	7.27
HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED	Beneficial owner ⁽⁵⁾	H Shares	81,583,000	1.78	11.85
Hainan Kanglicheng Trading Co., Ltd.	Interest in controlled corporation ⁽⁵⁾	H Shares	81,583,000	1.78	11.85
Chengdu Chengguangyu Trading Co., Ltd.	Interest in controlled corporation ⁽⁵⁾	H Shares	81,583,000	1.78	11.85

Changes in Share Capital and Particulars of Shareholders

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares Directly or Indirectly Held (Shares) ⁽¹⁾	Approximate Percentage of the Bank's Issued Shares (%) ⁽²⁾	Approximate Percentage of the Relevant Class of the Bank's Shares (%) ⁽²⁾
Mr. Wang Jie	Interest in controlled corporation ⁽⁵⁾	H Shares	81,583,000	1.78	11.85
Zhonghai Trust Co., Ltd.	Trustee ⁽⁶⁾	H Shares	61,585,000	1.34	8.95
Bank of China Investment Co., Ltd.	Asset manager ⁽⁷⁾	H Shares	56,266,000	1.23	8.17
Hangzhou Industrial & Commercial Trust Co., Ltd.	Trustee ⁽⁸⁾	H Shares	108,547,000	2.37	15.77
Tibet Trust	Trustee ⁽⁹⁾	H Shares	151,837,000	3.31	22.06
Hongkong Phoemay Investment Co., Limited	Beneficial owner	H Shares	81,627,000	1.78	11.86

(1) All the Shares held are long positions.

(2) As at December 31, 2025, the number of Domestic Shares of the Bank was 3,900,000,000, the number of H Shares was 688,400,000, and the total number of issued Shares was 4,588,400,000.

(3) Sichuan Yibin Wuliangye Group Co., Ltd. is wholly-owned by Yibin Development Holding Group Co., Ltd., which is held by the State-owned Assets Supervision and Administration Commission of Yibin as to 90%. Therefore, State-owned Assets Supervision and Administration Commission of Yibin and Yibin Development Holding Group Co., Ltd. are deemed to be interested in all the Shares held by Sichuan Yibin Wuliangye Group Co., Ltd. for the purpose of the SFO.

(4) VISION BEST HOLDINGS LIMITED is wholly owned by Shenzhen Tinno Mobile Technology Corp., which is in turn wholly owned by Tinno Technology Group Co., Ltd. Tinno Technology Group Co., Ltd. is 45.13% owned by Winsang Technologies Limited, which in turn is 44.51% owned by Mr. Lin Man Hung. Pursuant to the SFO, each of Shenzhen Tinno Mobile Technology Corp., Tinno Technology Group Co., Ltd., Winsang Technologies Limited and Mr. Lin Man Hung is deemed to be interested in all the Shares held by VISION BEST HOLDINGS LIMITED.

(5) HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED is wholly owned by Hainan Kanglicheng Trading Co., Ltd. (海南康利誠貿易有限公司), which is wholly owned by Chengdu Chengguangyu Trading Co., Ltd. (成都成廣宇商貿有限公司), which in turn is wholly owned by Mr. Wang Jie. Pursuant to the SFO, each of Hainan Kanglicheng Trading Co., Ltd., Chengdu Chengguangyu Trading Co., Ltd. and Mr. Wang Jie is deemed to have an interest in all the Shares held by HONGKONG AO SHENG INTERNATIONAL TRADE LIMITED.

Changes in Share Capital and Particulars of Shareholders

- (6) As the trustee of Zhonghai Trust Co., Ltd. - Overseas Investment Series No. 31 QDII Single Trust Scheme, Zhonghai Trust Co., Ltd. (as a Qualified Domestic Institutional Investor) subscribes for and holds the relevant offered Shares on behalf of the trust investor.
- (7) As the asset manager of Bank of China Investment Management – Zhonggang Investment No. 1 QDII Single Asset Management Plan, Bank of China Investment Management Co., Ltd. holds Shares of the listed corporation through the QDII asset management plan to achieve the investment plans of the fund investors.
- (8) Hangzhou Industrial & Commercial Trust Co., Ltd. is the trustee of Hangzhou Xinqi Hang No. 1 Collective Fund Trust Project.
- (9) Tibet Trust is the trustee of Zhuoao No. 8 Collective Fund Trust Plan.

Save as disclosed above, as at December 31, 2025, the Bank is not aware of any other person, other than the Directors, Supervisors and chief executive of the Bank, who had interests or short positions in the Shares and underlying Shares of the Bank, which were required to be kept in the register of interests recorded by the Bank pursuant to Section 336 of Part XV of the SFO, and which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the Divisions 2 and 3 of Part XV of the SFO.

(III) Substantial Shareholders

As of the Reporting Period, according to the PRC regulatory requirements, the Bank has 9 substantial Shareholders:

- 1. Shareholders holding more than 5% of Shares: Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau, and Yibin Nanxi District Finance Bureau.

During the Reporting Period, there was no change in the shareholding of more than 5% of Shares by Shareholders.

- 2. Shareholders holding less than 5% of Shares but having significant influence on the Bank (appointing Directors, Supervisors or senior management to the Bank): Jiaxing Jiayuan Information Technology Co., Ltd. (嘉興嘉源信息科技有限公司), Chaoyu Group Co., Ltd. (超宇集團有限公司), Junlian County Finance Bureau of Yibin City (宜賓市筠連縣財政局) and Nie Lei.
- 3. Shareholders holding less than 5% of Shares but having significant influence on the Bank (influencing the finance and business management decisions of the Bank through agreements or other means): LIANG Youtao. See section “Directors, Supervisors, Senior Management, Employees and Organizations” for details.

(IV) Particulars of Controlling Shareholder and De Facto Controller

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

Directors, Supervisors, Senior Management, Employees and Organizations

INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT MEMBERS

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

(I) Directors

Name	Age	Position	Time of joining the Bank	Date of appointment as a Director
XUE Feng (薛峰)	49	Executive Director and Chairman	October 2019	December 25, 2020
ZHANG Xin (章欣)	56	Non-executive Director (Shareholder Director)	February 2026	February 9, 2026
HUANG Chongying (黃崇穎)	37	Non-executive Director (Shareholder Director)	February 2026	February 9, 2026
TIAN Tian (田甜)	37	Non-executive Director (Shareholder Director)	March 2023	March 16, 2023
ZHAO Gen (趙根)	44	Non-executive Director (Shareholder Director)	October 2020	October 16, 2020
YAO Liming (姚黎明)	41	Independent Non-Executive Director	April 2021	April 9, 2021
YU Xiaoran (于瀟然)	46	Independent Non-Executive Director	September 2023	September 19, 2023
XING Huayu (邢華鈺)	47	Independent Non-Executive Director	October 2023	October 16, 2023
ZHAO Jingmei (趙靜梅)	52	Independent Non-Executive Director	August 2024	August 1, 2024

Directors, Supervisors, Senior Management, Employees and Organizations

(II) Senior Management Members

Name	Age	Position	Time of joining the Bank	Date of appointment as a senior management member
GUO Hua (郭華)	53	President	October 2025	October 30, 2025
GONG Yuchi (龔玉池)	56	Vice President	October 2016	October 10, 2020
LIANG Youtao (梁幼濤)	53	Vice President	December 2006	July 15, 2021
YUAN Kui (袁奎)	38	Vice President	March 2025	July 7, 2025
TANG Xudong (唐旭東)	53	Chief information officer	August 2013	April 21, 2014
TANG Lin (唐勰)	45	Secretary to the Board of Directors	June 2023	September 18, 2023
YU Kui (余奎)	41	Head of the internal audit department	April 2011	July 15, 2021
PU Bin (蒲斌)	53	Head of the planning and finance department	July 2020	November 16, 2022

Note: On October 30, 2025, GUO Hua was appointed as the President of the Bank and would perform the duties of the President on an acting basis before the qualification of Mr. Guo as the President was approved by the national financial regulatory institution. GUO Hua officially assumes office as the President of the Bank from January 13, 2026 with his qualification as the President approved by the Sichuan Financial Regulatory Bureau.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

(I) Changes in Directors

YANG Xingwang, a former executive Director, has submitted his resignation to the Board due to personal health reason on April 8, 2025, and resigned from his positions on April 8, 2025 as an executive Director, President, Chairman of the Risk Management Committee, and Member of each of the Strategy and Asset and Liability Management Committee and the Related Party Transactions Control Committee of the Board of the Bank and his resignation took effect on the same date.

JIANG Lin, a former non-executive Director, has submitted her resignation to the Board on June 4, 2025, and her resignation took effect on the same date.

At the Board meeting held on June 4, 2025, the Board considered and approved the proposal for the appointment of JIANG Lin as an executive Director, and JIANG Lin tendered her resignation from the position of executive Director to the Board on October 30, 2025, and her resignation took effect on the same day; as of the date of JIANG Lin's resignation, such proposal had not yet been submitted to the general meeting for consideration, and her qualification as a Director has not been approved by the national financial regulatory institution.

Directors, Supervisors, Senior Management, Employees and Organizations

XIAO Yufeng, a former non-executive Director, has submitted her resignation to the Board on August 15, 2025 due to work arrangement, and resigned from her positions as a non-executive Director and member of each of the Strategy and Asset and Liability Management Committee, the Nomination and Remuneration Committee and the Risk Management Committee of the Board of the Bank on February 9, 2026, and her resignation took effect on February 9, 2026.

On the 2025 second extraordinary general meeting held on September 12, 2025, ZHANG Xin was elected as a non-executive Director. His qualification has been approved on February 9, 2026. His term of office commenced from February 9, 2026 and ended upon the expiry of the fourth session of the Board.

On the 2025 second extraordinary general meeting held on September 12, 2025, HUANG Chongying was elected as a non-executive Director. Her qualification has been approved on February 9, 2026. Her term of office commenced from February 9, 2026 and ended upon the expiry of the fourth session of the Board.

At the meeting of the Board held on October 30, 2025, the Board considered and approved the resolution on the appointment of GUO Hua as the President and the proposal for the appointment of GUO Hua as an executive Director, which was required to be submitted to the general meeting of the Bank for consideration. After the resolution is considered and approved at the general meeting, his qualification as a director is still subject to the approval of the national financial regulatory institution.

At the meeting of the Board held on October 30, 2025, the Board considered and approved the resolution on the proposal for the appointment of LIU Kelin as a non-executive Director, which was required to be submitted to the general meeting of the Bank for consideration. After the resolution is considered and approved at the general meeting, his qualification as a director is still subject to the approval of the national financial regulatory institution.

XU Yong, an executive Director, has submitted his resignation to the Board on February 10, 2026 due to reaching the retirement age and resigned from his positions as an executive Director, member of each of the Strategy and Asset and Liability Management Committee and the Related Party Transactions Control Committee, and chairman of the Consumer Rights and Interests Protection Committee of the Bank on February 10, 2026, and his resignation took effect on the same date.

(II) Changes in Supervisors

At the 26th (extraordinary) meeting of the fourth session of the Board of Supervisors held on September 29, 2025 and the 2025 third extraordinary general meeting held on October 27, 2025, the Board of Supervisors and the general meeting considered and approved the Proposal on the Proposed Abolition of the Board of Supervisors. The Board of Supervisors was then abolished from the date (January 4, 2026) on which the Bank obtained the approval of the amendment to the Articles of Association from Sichuan Financial Regulatory Bureau, and the current members of the Board of Supervisors ceased to hold the positions of Supervisors.

Directors, Supervisors, Senior Management, Employees and Organizations

(III) Changes in Senior Management Members

YANG Xingwang, the former President, has submitted his resignation to the Board on April 8, 2025, and his resignation took effect on that day.

At the meeting of the Board held on June 4, 2025, the Board considered and approved the resolution on the appointment of JIANG Lin as the President of the Bank. Ms. Jiang performed the duties of the President before her qualification as the President was approved by the national financial regulatory institution. JIANG Lin has submitted her resignation as the President to the Board on October 30, 2025, and her resignation took effect on the same date.

At the meeting of the Board held on March 28, 2025, the Board considered and approved the resolution on the appointment of YUAN Kui as a vice President of the Bank. The qualification of Mr. Yuan as a vice President of the Bank has been approved by the national financial regulatory institution on July 4, 2025. The Bank has appointed YUAN Kui as a vice President on July 7, 2025.

ZHU Bo, the former vice President, has submitted his resignation to the Board on July 10, 2025, and his resignation took effect on the same date.

At the meeting of the Board held on October 30, 2025, the Board considered and approved the resolution on the appointment of GUO Hua as the President of the Bank. Mr. GUO Hua would perform the duties of the President before his qualification as the President was approved by the national financial regulatory institution. The qualification of Mr. GUO has been approved on January 12, 2026. The Bank has appointed GUO Hua as the President on January 13, 2026.

Save as disclosed in this annual report, there have been no changes to the information of Directors, Supervisors and chief executive required to be disclosed under Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the Latest Practicable Date.

III. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT MEMBERS

(I) Biographies of Directors

Mr. XUE Feng (薛峰), aged 49, is an executive Director and the Chairman of the Board of the Bank.

Mr. Xue worked as a staff member of Chengdu Minjiang Branch of China Construction Bank Corporation (中國建設銀行股份有限公司) (“China Construction Bank”) from July 1999 to April 2000; served as section chief of the international settlement section, credit section and treasury section of international business department of Sichuan Branch of China Construction Bank from April 2000 to July 2011; served as the deputy general manager of the investment banking department of Sichuan Branch of China Construction Bank from July 2011 to April 2013; afterwards, he served as the general manager of the corporate banking department of Chengdu Branch of China Minsheng Banking Co., Ltd. (中國民生銀行股份有限公司) from April 2013 to September 2013; and served as the general manager, director, and chairman of the investment decision committee of Glory Industrial Investment Fund Management Co., Ltd. (國辰產業投資基金管理公司) from September 2013 to October 2019. Mr. Xue served as the Deputy Secretary of the Party Committee of the Bank from October 2019 to October 2022, acted as the President of the Bank from December 2019 to May 2020, and served as the President from May 2020 to October 2020. Mr. Xue has been the Chairman of the Bank since December 2020 and the Secretary of the Party Committee of the Bank since October 2022.

Directors, Supervisors, Senior Management, Employees and Organizations

Mr. Xue obtained a bachelor's degree in economics, a master's degree in business administration, and a doctorate degree in economics (majoring in industrial economics) from Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC in July 1999, January 2005, and July 2010, respectively. Mr. Xue was awarded the honorary title of the third corporate and institutional business "Top 100 Account Managers" of China Construction Bank in August 2006; and was awarded the title of "Tianfu Qingcheng Plan Financial Talent (天府青城計劃金融英才)" by Sichuan Province Talent Work Leading Group Office (四川省人才工作領導小組辦公室) in 2021. Mr. Xue was awarded the title of senior economist by China Construction Bank in December 2008 and the title of senior economist by the Department of Human Resources and Social Security of Sichuan Province in July 2023.

Mr. ZHANG Xin (章欣), aged 56, is a non-executive Director of the Bank.

Mr. Zhang served as a senior staff member of the Finance Bureau of Yibin City (宜賓市財政局) from October 2001 to December 2002; served as a principal staff member of the Finance Bureau of Yibin City from December 2002 to September 2005; served as a deputy section chief of the Enterprise Division of the Finance Bureau of Yibin City (宜賓市財政局企業科) from September 2005 to June 2012; served as a full-time deputy secretary of the Party Committee and deputy section chief of the Enterprise Division of the Finance Bureau of Yibin City from June 2012 to November 2015; served as the section chief of the Asset Management Division of the Finance Bureau of Yibin City (宜賓市財政局資產管理科) from November 2015 to December 2020; served as a member of the Party Committee and deputy general manager of Yibin Development Holding Group Co., Ltd. (宜賓發展控股集團公司) from December 2020 to September 2023; served as a member of the Party Committee, director, and deputy general manager of Wuliangye Yibin Co., Ltd. (宜賓五糧液股份有限公司) from September 2023 to April 2024; served as a member of the Party Committee, director, secretary to the board of directors, and deputy general manager of Wuliangye Yibin Co., Ltd. from April 2024 to June 2024; and has been a member of the Party Committee, director, secretary to the board of directors, deputy general manager and chief financial officer of Wuliangye Yibin Co., Ltd. since June 2024. Mr. Zhang has served as a Director of the Bank since February 2026.

Mr. Zhang obtained his bachelor's degree in economics at Southwest University of Finance and Economics in Sichuan Province, the PRC, in July 1991, and a postgraduate degree in public administration from the Party School of Sichuan Committee of C.P.C (四川省委黨校) Sichuan Province, the PRC in July 2009.

Ms. HUANG Chongying (黃崇穎), aged 37, is a non-executive Director of the Bank.

Ms. Huang served as the deputy section chief of the Fiscal Supervision and Management Bureau (財政監督管理局) of Yibin Cuiping District Finance Bureau from February 2016 to April 2020; served as the deputy section chief of the Centralized Payment Section of the National Treasury Payment Center (國庫支付中心集中支付股) of Yibin Cuiping District Finance Bureau from April 2020 to December 2020; served as the section chief of the National Treasury Section (國庫股) of Yibin Cuiping District Finance Bureau from December 2020 to September 2024; and has been the section chief of the Administrative Institutions Financial Management Section (行政事業股) of Yibin Cuiping District Finance Bureau since September 2024. Ms. Huang has served as a Director of the Bank since February 2026.

Ms. Huang obtained her bachelor's degree in management from Tianfu College of Southwest University of Finance and Economics in Sichuan Province, the PRC, in June 2011.

Directors, Supervisors, Senior Management, Employees and Organizations

Ms. TIAN Tian (田甜), aged 37, is a non-executive Director of the Bank.

Ms. Tian served as a staff member of the Treasury Centralized Payment Center in Nanxi District, Yibin City (宜賓市南溪區國庫集中支付中心) in accordance with the Civil Service Law from August 2012 to October 2013; served as a staff member of the Treasury Centralized Payment Center in Nanxi District, Yibin City from October 2013 to March 2015; served as the deputy director of the Office of Yibin Nanxi Finance Bureau (宜賓市南溪區財政局) from March 2015 to March 2016; served as the director of the Office of Yibin Nanxi Finance Bureau from March 2016 to February 2017; served as the director of the State-owned Assets Supervision and Administration Office of Yibin Nanxi Finance Bureau from February 2017 to February 2018; served as the section chief of the economic construction section of Yibin Nanxi Finance Bureau from February 2018 to February 2021, during which, she was transferred to be a level 1 staff member in June 2019 and served as the deputy director of the Finance and Investment Approval Center (財政投資評審中心) from November 2019 to June 2020; responsible for work of the debt section from April 2020 to February 2021. She served as the section chief of the debt section of Yibin Nanxi Finance Bureau from February 2021 to February 2022, served as a member of the Party Group and the chief accountant of Yibin Nanxi Finance Bureau from February 2022 to August 2025 and has served as a member of the Party Group and the deputy director of Yibin Nanxi Finance Bureau since August 2025. Ms. Tian has served as a Director of the Bank since March 2023.

Ms. Tian obtained a bachelor's degree in management (majoring in financial management) from Sichuan Normal University in Sichuan Province, the PRC in June 2012. Ms. Tian obtained the qualification of a junior accountant from the Sichuan Provincial Department of Human Resources and Social Security (四川省人力資源和社會保障廳) in May 2011.

Mr. ZHAO Gen (趙根), aged 44, is a non-executive Director of the Bank.

Mr. ZHAO Gen served as an employee of the approval department of the Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) ("**Chengdu Rural Commercial Bank**") in April 2010; served as the deputy director of the Wuhou Approval Center of Chengdu Rural Commercial Bank from May 2013 to July 2013; served as the director of the approval center of the sales department of the head office of Chengdu Rural Commercial Bank from July 2013 to January 2015; and served as the assistant to the general manager of the credit approval department of Chengdu Rural Commercial Bank from January 2015 to June 2015. Mr. Zhao served as the assistant to the general manager and director of the fixed income committee of JZ Securities Co., Ltd. (九州證券股份有限公司) from November 2015 to March 2018. Mr. Zhao has served as the deputy general manager of Tongchuang Jiuding Investment Group Co., Ltd. (同創九鼎投資集團股份有限公司) and executive director of Jiuan-FT Life International Investment Holdings cl. (九安富通公司) since March 2018. He has served as the chief financial officer of Tongchuang Jiuding Investment Group Co., Ltd. from May 2019 to March 2026; has served as a director of Kunwu Jiuding Investment Holdings Co., Ltd., (昆吾九鼎投資控股股份有限公司) a company listed on the Shanghai Stock Exchange (stock code: 600053), since January 2021; and has served as a director of Tongchuang Jiuding Investment Management Group Co., Ltd. (同創九鼎投資管理集團股份有限公司) since December 2022. Mr. Zhao has served as a Director of the Bank since October 2020.

Mr. Zhao obtained a bachelor's degree in economics (majoring in financial accounting education) from Central China Normal University (華中師範大學) in Hubei Province, the PRC in June 2004 and obtained a doctorate degree in management (majoring in financial management) from Southwestern University of Finance and Economics in Sichuan Province, the PRC in June 2009.

Directors, Supervisors, Senior Management, Employees and Organizations

Mr. YAO Liming (姚黎明), aged 41, is an independent non-executive Director of the Bank.

Mr. Yao served as a lecturer at the School of Business of Sichuan University from February 2013 to September 2015; served as an associate professor and a doctoral supervisor at the School of Business of Sichuan University from September 2015 to December 2017; served as an associate professor, assistant to the dean and director of the Development Planning and Discipline Construction Office (發展規劃與學科建設辦公室) (Talent Introduction Office (人才引進辦公室) and Postdoctoral Management Office (博士後管理辦公室)) of the School of Business of Sichuan University from December 2017 to September 2018; served as a researcher (professor), assistant to the dean and director of the Development Planning and Discipline Construction Office (發展規劃與學科建設辦公室) (Talent Introduction Office (人才引進辦公室) and Postdoctoral Management Office (博士後管理辦公室)) of the School of Business of Sichuan University from September 2018 to January 2022; and has served as the vice dean and a researcher (professor) at the School of Business of Sichuan University since January 2022. Mr. Yao has served as an independent Director of the Bank since April 2021.

Mr. Yao obtained his bachelor's degree in science (majoring in mathematics) and doctorate degree in management (majoring in management science and engineering) from Sichuan University in Sichuan Province, the PRC in July 2006 and December 2012, respectively. Mr. Yao won the first prize of Science and Technology Progress Award in Sichuan Province (四川省科技進步獎一等獎) in 2012; was awarded the title of "2018 Outstanding Member of Jiusan Society Chengdu Municipal Committee" (九三學社成都市委二〇一八年度優秀社員) in 2018; was selected in the "Double Hundred Talent Project" (雙百人才工程) of Sichuan University in 2020; received the title of "Academic and Technology Leader" (學術和技術帶頭人) in Sichuan Province in 2021; received the title of "Top Young Talents in the National Ten Thousand Talents Program" (國家萬人計劃青年拔尖人才) in 2022; and served as a member of the 13th Sichuan Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議) in 2022.

Ms. YU Xiaoran (于瀟然), aged 46, is an independent non-executive Director of the Bank.

Ms. Yu worked at KPMG Huazhen LLP (畢馬威華振會計師事務所) (Special General Partnership) from August 2000 to February 2018, during which she served as an auditor of the audit department from August 2000 to June 2003; served as an assistant manager of the audit department from July 2003 to June 2006; served as a manager of the audit department from July 2006 to June 2008; served as a senior manager of the audit department from July 2008 to September 2012; and served as a partner of the audit department from October 2012 to February 2018, where she was assigned to the Office of the Chief Accountant of the CSRC (中國證監會首席會計師辦公室) as an audit technical advisor from February 2014 to February 2015; served as the chief financial officer of Everbright Anshi (Beijing) Investment Management Co., Ltd. (光控安石(北京)投資管理有限公司) from February 2018 to September 2018; served as the principal financial officer of Everbright Anshi (Beijing) Investment Management Co., Ltd. from September 2018 to March 2023; served concurrently as an investment decision-making committee member of Everbright Anshi (Beijing) Investment Management Co., Ltd. from September 2018 to December 2022; served as a vice president and management decision-making committee member of Everbright Jiabao Co., Ltd. (光大嘉寶股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600622) from January 2019 to April 2023; and served concurrently as an investment decision-making committee member of Everbright Jiabao Co., Ltd. from February 2019 to April 2023. Ms. Yu was elected as an independent Director of the Bank by the Shareholder's general meeting in May 2023.

Directors, Supervisors, Senior Management, Employees and Organizations

Ms. Yu obtained a bachelor's degree in economics from Beijing Technology and Business University (北京工商大學) in Beijing, the PRC in June 2000 and completed a postgraduate course of political economics from Peking University (北京大學) in Beijing, the PRC in December 2018. Ms. Yu holds the qualification of a Chinese Certified Public Accountant.

Mr. XING Huayu (邢華鈺), aged 47, is an independent non-executive Director of the Bank.

Mr. Xing worked at Shanghai Branch of Deutsche Bank (China) Co., Ltd. (德意志銀行(中國)有限公司) from June 2008 to April 2010; served as the director of the fixed income department of Credit Suisse AG, Shanghai Branch from April 2010 to October 2012; served as director of Barclays Bank, Shanghai Branch from June 2013 to July 2017 (also acting as the deputy branch manager in 2013) and director of Barclays Capital Asia Limited (also acting as the deputy branch manager in 2017) from July 2015 to March 2017; served as the vice general manager and director of China Huarong International Holdings Ltd. (中國華融國際控股有限公司) from August 2017 to May 2020 (also acting as the executive director of Huarong Holdings (Shenzhen) Equity Investment Fund Management Limited (華融控股(深圳)股權投資基金管理有限公司) and Shenzhen Huarong Zhicheng Investment Consulting Limited (深圳華融致誠投資諮詢有限公司)); has served as the general manager of China Chengtong (Hong Kong) Asset Management Company Ltd (中國誠通(香港)資產管理有限公司) from June 2020 to January 2025. Mr. Xing was elected as an independent Director of the Bank by the Shareholder's general meeting in May 2023.

Mr. Xing obtained a bachelor's degree in English from Ocean University of China (中國海洋大學) (formerly known as Qingdao Ocean University (青島海洋大學)) in Shandong Province, the PRC in July 2001.

Ms. ZHAO Jingmei (趙靜梅), aged 52, is an independent non-executive Director of the Bank.

Ms. Zhao served successively as a lecturer at the School of Finance of Southwestern University of Finance and Economics from October 2003 to December 2004; served as an associate professor at the School of Finance of Southwestern University of Finance and Economics from January 2005 to December 2006; served as an associate professor and the deputy dean at the School of Finance of Southwestern University of Finance and Economics from January 2007 to December 2008; served as a professor, a doctoral supervisor and the deputy dean at the School of Finance of Southwestern University of Finance and Economics from January 2009 to December 2016; served as a professor, a doctoral supervisor and the executive dean at the School of Finance of Southwestern University of Finance and Economics from January 2017 to May 2022; served as an independent director of Chengdu Rural Commercial Bank (成都農商銀行) since March 2022; served as a professor, a doctoral supervisor and the standing deputy dean (常務副院長) of the School of Finance of Southwestern University of Finance and Economics since June 2022; and served as an independent director of Sichuan Jule Food Co., Ltd. (四川菊樂食品股份有限公司) since June 2024. Ms. Zhao was elected as an independent Director of the Bank by the Shareholder's general meeting in April 2024.

Ms. Zhao obtained a bachelor's degree in international finance and a doctorate degree in finance from Southwestern University of Finance and Economics in Sichuan Province, the PRC in July 1996 and June 2003 successively. She also graduated from the post-doctoral program in Finance at the School of Finance of University of Mannheim (曼海姆大學金融學院) in Germany in June 2003.

Directors, Supervisors, Senior Management, Employees and Organizations

(II) Senior Management Members

Mr. GUO Hua (郭華), aged 53, is the President of the Bank.

Mr. Guo served successively as the vice president, member of the Party Branch Committee, and member of the General Party Branch Committee of China Construction Bank Bazhong Sub-branch (中國建設銀行巴中支行), and the vice president and member of the Party Committee of Bazhong Branch (巴中分行) from December 2009 to January 2016; served as the vice president and member of the Party Committee of China Construction Bank Dazhou Branch (中國建設銀行達州分行) from January 2016 to October 2017; served as the deputy general manager of the Personal Finance Department of China Construction Bank Sichuan Provincial Branch (中國建設銀行四川省分行) from October 2017 to September 2018; served as the vice president and member of the Party Committee of China Construction Bank Panzhihua Branch (中國建設銀行攀枝花分行) from September 2018 to May 2019; served successively as the deputy general manager of the Corporate Business Department and the deputy general manager of the Corporate Business Department (Group Client Department) of China Construction Bank Sichuan Provincial Branch (中國建設銀行四川省分行) from May 2019 to April 2022; served as the deputy secretary of the Party Committee of Sichuan Bank Panzhihua Branch (四川銀行攀枝花分行) from April 2022 to June 2022; served as the deputy secretary of the Party Committee and president of Sichuan Bank Panzhihua Branch (四川銀行攀枝花分行) from June 2022 to April 2024; served as the secretary of the Party Committee and president of Sichuan Bank Panzhihua Branch (四川銀行攀枝花分行) from April 2024 to October 2025; served as the deputy secretary and acting president of Yibin City Commercial Bank (宜賓市商業銀行) from October 2025 to January 2026; and has served as the deputy secretary of the Party Committee and president of Yibin City Commercial Bank since January 2026.

Mr. Guo obtained a bachelor's degree in Finance from Southwest University of Finance and Economics in Sichuan, the PRC, in July 2003. Mr. Guo obtained a professional qualification of intermediate level in finance issued by the Ministry of Personnel of the PRC in November 2001.

Mr. GONG Yuchi (龔玉池), aged 56, is a vice President of the Bank.

Mr. Gong served as a credit examiner in the credit management department of Huaxia Bank Co., Ltd. (華夏銀行股份有限公司) ("**Huaxia Bank**"), Chengdu Branch from April 2002 to September 2003; served as an assistant to the director of the credit management department of Huaxia Bank, Chengdu Branch from September 2003 to November 2004; served as the deputy general manager of the risk management department of Huaxia Bank, Chengdu Branch from November 2004 to July 2006; served as the general manager of the asset preservation department of Huaxia Bank, Chengdu Branch from July 2006 to July 2007; served as the head of Huaxia Bank, Chengdu Jinniu Branch from July 2007 to January 2009; served as the head and later deputy general manager of the risk management department of Chengdu Rural Credit Cooperative Co., Ltd. (成都市農村信用合作聯社股份有限公司) from January 2009 to April 2010; served as the general manager of the credit approval department of Chengdu Rural Commercial Bank from April 2010 to September 2012; served as the president of Chengdu Rural Commercial Bank, Liangli Branch from September 2012 to November 2014 (also acting Party Branch Secretary in December 2012); served as the leader of the preparatory

Directors, Supervisors, Senior Management, Employees and Organizations

team of San Nong Bank (Beijing) Co., Ltd. (新農銀行股份有限公司) from September 2015 to October 2016; served as the deputy general manager of the small enterprise business department of the Bank from October 2016 to March 2017; served as the general manager of the small enterprise business department of the Bank from March 2017 to December 2018; served as the general manager of the Bank's important customer department 2 from December 2018 to October 2020. Mr. Gong has been a member of the Party Committee of the Bank since January 2019 and a vice President of the Bank since October 2020.

Mr. Gong obtained a master's degree in economics from Sichuan University in Sichuan, the PRC in June 1999 and a doctorate degree in economics from Sichuan University in Sichuan, the PRC in December 2003.

Ms. LIANG Youtao (梁幼濤), aged 53, is a vice President of the Bank.

Ms. Liang worked in the Research Institute of Sichuan Changjiang Paper Mill (四川長江造紙廠研究所) from December 1992 to August 1995; served as a staff member in the office of Daguanlou Urban Credit Cooperative in Yibin City from August 1995 to August 2002; served as a staff member in the internal audit department of Yibin City Urban Credit Cooperative from August 2002 to December 2006; served as a staff member in the internal audit department of the Bank from December 2006 to November 2007; served as the deputy general manager of the internal audit department of the Bank from November 2007 to March 2010; served as the general manager of the internal audit department of the Bank from March 2010 to December 2020; concurrently served as the general manager of the compliance management department of the Bank from October 2012 to January 2014; and concurrently served as the general manager of the risk management department of the Bank from December 2020 to June 2021. Ms. Liang has been a member of the Party Committee of the Bank since December 2020 and a vice President of the Bank since July 2021.

Ms. Liang graduated from Sichuan Radio and TV University (四川廣播電視大學) in Sichuan Province, the PRC in July 2002, majoring in Chinese language and literature. Ms. Liang was awarded the qualification of certified internal auditor by the China Institute of Internal Auditors under the authorization of the Institute of Internal Auditors (IIA), in October 2013; and professional title of senior professor-level economist by the Sichuan Provincial Department of Human Resources and Social Security (四川省人力資源和社會保障廳) in April 2025. Ms. Liang was awarded the title of "Exemplary Individual of Internal Audit in Sichuan" (四川省內部審計先進工作者) from 2011 to 2013 and 2014 to 2016 and was selected for the "2024 Yibin Talent Plan" (2024年度宜賓英才計劃) by the Talent Working Leading Group of the Yibin Municipal Committee of the Communist Party of China in May 2025.

Directors, Supervisors, Senior Management, Employees and Organizations

Mr. YUAN Kui (袁奎), aged 38, is a vice President of the Bank.

Mr. Yuan successively served as a trainee salesman, first-class salesman, third-class manager, second-class manager, first-class manager and senior manager (deputy division level) of the second customer division of Xinjiang Branch of China Development Bank from May 2014 to August 2023; served as the deputy head of Investment and Development Department of Southwest Regional Headquarters of the China National Chemical Engineering Group (中國化學工程集團西南區域總部) from August 2023 to March 2025; and served as an employee of Yibin City Commercial Bank Co., Ltd. from March 2025 to July 2025. Mr. Yuan has served as a vice President of the Bank since July 2025.

Mr. Yuan obtained his bachelor's degree in engineering from Tongji University in Shanghai, the PRC in July 2011 and obtained his master's degree in engineering from Tianjin University, the PRC in January 2014. Mr. Yuan obtained the title of intermediate economist from the Ministry of Human Resources and Social Security of the PRC in August 2018. Mr. Yuan was awarded the title of intermediate engineer by the Personnel Bureau of China Development Bank in November 2019.

Mr. TANG Xudong (唐旭東), aged 53, is the chief information officer of the Bank.

Mr. Tang worked in the technology department of the PBOC, Yibin City Center Branch from October 1995 to March 1999; served as the deputy director of the technology department of the PBOC, Yibin City Center Branch from March 1999 to April 2002; served as the deputy director and director of the technology department of the PBOC, Yibin City Center Branch from April 2002 to August 2008; served as the president and Party secretary of the PBOC, Gao County Branch from August 2008 to August 2011; served as the director of the technology department of the PBOC, Yibin City Center Branch from August 2011 to August 2013; and was qualified as a senior engineer of the PBOC, Yibin City Center Branch in October 2012. Mr. Tang joined the Bank in August 2013 and has served as the chief information officer of the Bank since April 2014.

Mr. Tang obtained a bachelor's degree in engineering (majoring in computer science) from Chongqing University (重慶大學) in Chongqing, the PRC in June 1995 and obtained a master's degree in business administration from Southwestern University of Finance and Economics in Sichuan Province, the PRC in January 2005.

Directors, Supervisors, Senior Management, Employees and Organizations

Ms. TANG Lin (唐鄰), aged 45, is the secretary to the Board of Directors of the Bank.

Ms. Tang worked at China Construction Bank from July 2003 to July 2015, where her last position was a department deputy manager of Chengdu Tianfu New District Branch; served as a senior investment manager of Chengdu Chengyu Jianxin Equity Investment Fund Management Co., Ltd. (成都成渝建信股權投資基金管理有限公司) from June 2017 to July 2019; served as the chief investment officer of Chengdu Huateng Puyi Equity Investment Fund Management Co., Ltd. (成都華騰普益股權投資基金管理有限責任公司) from July 2019 to February 2022 and the deputy general manager from February 2022 to June 2023; concurrently served as the legal representative, executive director and general manager of Chengdu Dongguang Tengyue Trading Co., Ltd. (成都東廣騰悅貿易有限公司) from July 2020 to June 2023; concurrently served as a director of Aerospace Science and Industry Communication Technology Research Institute Co., Ltd. (航天科工通信技術研究院有限責任公司) from September 2020 to June 2023; concurrently served as a supervisor of Chengdu Puhui Financing Guarantee Co., Ltd. (成都市普惠融資擔保有限責任公司) from August 2021 to June 2023; concurrently served as a director of Sichuan Yuesheng Energy Group Co., Ltd. (四川越盛實業開發有限公司) from December 2021 to June 2023; concurrently served as a director of Chengdu Dongguang Energy Co., Ltd. (成都東廣能源有限公司) from December 2021 to June 2023; and concurrently served as the representative of the executive officer of Chengdu Chenghua Industrial Revitalization Equity Investment Fund Partnership (Limited Partnership) (成都成華產業振興股權投資基金合夥企業(有限合夥)) from March 2023 to June 2023. Ms. Tang was elected as the Secretary to the Board of Directors of the Bank by the Board in June 2023.

Ms. Tang obtained a bachelor's degree in economics (majoring in finance) from Southwestern University of Finance and Economics in Sichuan, the PRC in June 2003; a master's degree in business administration from Sichuan University (四川大學) in Sichuan, the PRC in June 2010; and a doctorate degree in economics (majoring in industrial economics) from Southwestern University of Finance and Economics in June 2021. Ms. Tang was awarded the title of senior economist by Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) in June 2022.

Mr. YU Kui (余奎), aged 41, is the head of the internal audit department of the Bank.

Mr. Yu served as a staff member of Junlian Branch of the Bank from April 2011 to February 2012; served as a staff member and director of the compliance management department and the internal audit department of the Bank from February 2012 to September 2016; served as a vice president of Yibin Xingyi Rural Bank from September 2016 to June 2018; served as the deputy general manager of the internal audit department of the Bank from June 2018 to July 2021, during which he was assigned to Yibin Xingyi Rural Bank as a risk monitor; and has served as a director of Yibin Xingyi Rural Bank since December 2021. Mr. Yu has been the head of the internal audit department of the Bank since July 2021.

Mr. Yu obtained a bachelor's degree in economics (majoring in international economics and trade) from Sichuan Normal University in Sichuan, the PRC in July 2008 and obtained a master's degree in finance from Southwestern University of Finance and Economics in Sichuan, the PRC in June 2011. Mr. Yu was awarded the qualification of a Chinese Certified Public Accountant by the Sichuan Institute of Certified Public Accountants in May 2019.

Directors, Supervisors, Senior Management, Employees and Organizations

Mr. PU Bin (蒲斌), aged 53, is the head of the planning and finance department of the Bank.

Mr. Pu served as a staff member in Zhiquan Branch of Industrial and Commercial Bank of China Limited (“**Industrial and Commercial Bank of China**”) from July 1994 to August 1999; served as the deputy director of Chengdu Dongdajie Branch Yongling Office of Industrial and Commercial Bank of China from September 1999 to March 2001; served as a staff member of capital finance department of Shanghai Pudong Development Bank Co., Ltd. (“**Pudong Development Bank**”), Chengdu Branch from September 2001 to March 2005; served as the assistant to the general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from March 2005 to April 2008; served as the deputy general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from April 2008 to September 2012; served as the deputy director of the business performance management division of the asset and liability management department of Pudong Development Bank from September 2014 to December 2015; served as the general manager of the retail banking business department of Pudong Development Bank, Chengdu Branch from December 2015 to April 2017; served as the general manager of the capital finance department of Pudong Development Bank, Chengdu Branch from April 2017 to October 2017; and served as the president of Pudong Development Bank, Deyang Branch from February 2018 to December 2019. Mr. Pu has worked in the planning and finance department of the Bank since July 2020 and has been the head of the planning and finance department of the Bank since November 2022.

Mr. Pu graduated from Xihua University (西華大學) in Sichuan Province, the PRC with a bachelor’s degree in engineering (majoring in packaging engineering) in July 1994. He obtained a bachelor’s degree in accounting from Sichuan University in Sichuan Province, the PRC in June 1999 and a master’s degree in business administration from the Business School of Sichuan University (四川省工商管理學院) in Sichuan Province, the PRC in July 2004. Mr. Pu was granted the title of senior economist by the Sichuan Provincial Department of Human Resources and Social Security in August 2025.

(IV) Biographies of Company Secretaries

Ms. TANG Lin (唐琳) is a joint company secretary of the Bank. Ms. Tang is also a member of the senior management of the Bank. Please refer to “—Senior Management” of this section for her detailed biography.

Mr. NGAI Wai Fung (魏偉峰) is a joint company secretary of the Bank. Mr. Ngai is currently a director and the chief executive officer of China Resources SWCS Holding Limited and SWCS Corporate Services Group (Hong Kong) Limited. Mr. Ngai possesses extensive company secretarial experience. Dr. Ngai is a fellow of the Hong Kong Chartered Governance Institute, a fellow of the Chartered Governance Institute, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chartered Institute of Arbitrators.

Mr. Ngai obtained a master’s degree in business administration from Andrews University in the United States, a bachelor’s degree (honours) in law from the University of Wolverhampton in the United Kingdom, a master’s degree in corporate finance from the Hong Kong Polytechnic University, and a doctoral degree in financial economics from the Shanghai University (上海財經大學) of Finance and Economics.

Directors, Supervisors, Senior Management, Employees and Organizations

REMUNERATION POLICIES FOR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT MEMBERS AND EMPLOYEES

Under the guidance of the relevant policies of the PRC, the Bank continues to improve the remuneration system for Directors, Supervisors, senior management members and employees. The Board is responsible for the design of the Bank's remuneration management system and policies. The Nomination and Remuneration Committee under the Board is responsible for the formulation of remuneration policies and systems, and is responsible for evaluating the performance of senior management and overseeing the implementation of the compensation system. The remuneration at each level of the Bank is linked to the operating performance and risk control assessment results, and the Board issues an operating target plan to the management every year. By setting the operating targets, the Board conveys the Board's strategic development guidance and risk appetite to the management to ensure sound development and stable operation. The management decomposes and implements the management targets to the business departments and branches, and links the remuneration to the management targets, and pays the remuneration according to the assessment results after level-by-level assessment. In accordance with the annual business plans, institutional construction and position establishment, remuneration standards, performance appraisal and other methods, the Bank prepares the remuneration budget, determines the annual total remuneration, and submits it to the Board of Directors for consideration and approval before implementation. In 2025, the Bank completed all the indicators issued by the Board of Directors, and the main regulatory indicators met the regulatory requirements.

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

The Bank offers its executive Directors, employee Supervisors and senior management members, who are the Bank's employees, compensation in the form of salaries, bonuses, social insurance, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors receive remuneration based on their responsibilities. For details of the remuneration of Directors and Supervisors, please refer to "Note 11 to the Consolidated Financial Statements" of this annual report, and for details of the remuneration of senior management, please refer to "Corporate Governance Report – Senior Management" of this annual report.

The Bank strictly adheres to relevant regulatory provisions when making remuneration payments. The Bank implements the management of deferred performance pay for senior management and employees in positions that have significant risk impact. The proportion of deferred payment of remuneration for the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors and the Secretary of the Party Committee is 50% of the performance remuneration in the year, and the proportion of deferred payment of performance remuneration for other employees is 40% of the performance remuneration in the year. The period of deferred payment of performance remuneration is generally three years. The deferred performance compensation is paid in 3-year of equal payment from the following year onwards. During the Reporting Period, in accordance with the Administrative Measures for Deferred Payment and Recovery and Clawback of Performance Compensation in Yibin City Commercial Bank 《宜賓市商業銀行績效薪酬延期支付及追索扣回管理辦法》 and other relevant systems, the Bank implemented deferred payment of performance remuneration of RMB20.6 million for relevant personnel, and withheld a total of RMB2,300 of deferred performance remuneration paid by relevant personnel. During the Reporting Period, non-cash compensation systems such as equity incentives were not implemented. During the Reporting Period, there were no exceptions to the original remuneration program.

Directors, Supervisors, Senior Management, Employees and Organizations

REMUNERATION FOR DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

For details of the remuneration of Directors, Supervisors and the five highest paid individuals, please refer to “Note 11 to the Consolidated Financial Statements” of this annual report.

EMPLOYEE, EMPLOYEE REMUNERATION POLICY AND EMPLOYEE TRAINING PROGRAM

(I) Employee Composition

As of December 31, 2025, the Group had 1,122 employees.

The following table sets forth the number of full-time employees by age as of December 31, 2025:

Age	Number of employees	% of total
Aged 30 or below	220	19.61%
Aged 31-40	557	49.64%
Aged 41-50	227	20.23%
Aged over 50	118	10.52%

The following table sets forth the number of full-time employees by education level as of December 31, 2025:

Education level	Number of employees	% of total
Master's degree and above	141	12.57%
Bachelor's degree	813	72.46%
Associate degree or below	168	14.97%

Directors, Supervisors, Senior Management, Employees and Organizations

The following table sets forth the number of full-time employees by gender as of December 31, 2025:

Gender	Number of employees	% of total
Male	484	43.14%
Female	638	56.86%

The Group respects each person's gender, religion, ethnicity and others. The Group gives each job applicant an equal opportunity, treats people with disabilities equally, and treats employees with different backgrounds equally. The Group considers that the gender ratio of its employees (including senior management) is relatively balanced at present, and expects to continue to maintain a reasonable level of gender diversity at the employees (including senior management) level. The Group provides employees with diversified training in marketing and risk control, counter services, compliance education and policies and regulations to enhance employees' professional ethics and skills, and continually reinforce the awareness of risks, rules and bottom lines among senior management and employees. The Group prioritizes employees' growth and development and provides job rotation programs to cultivate the comprehensive qualities of employees.

In accordance with regulatory requirements and the Articles of Association, the salaries of the employees of the Group are composed of four parts: basic salary, performance-based compensation, welfare income and medium – and long-term incentives. The Group has established a performance-based and value contribution-oriented differentiated performance pay assessment management system covering the whole Bank. The Group contributes to social insurance and other employee benefits, such as pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing provident funds and other miscellaneous benefits for the employees in accordance with applicable PRC laws, regulations and regulatory rules.

(II) Employee Remuneration

The Group conducts performance evaluations of employees annually to provide feedback on performance. Remuneration for the Group's full-time employees typically consists of a base salary and a discretionary bonus. The Group determines employee discretionary bonuses at the end of each year based on employee performance and its results of operations.

The Group's full-time employees participate in various employee benefit plans, such as pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing funds and corporate annuity funds. In addition, the Group also provides supplementary medical insurance to its employees.

According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated regularly on a certain percentage of the remuneration cost and paid to the relevant labor and social welfare authorities. The Group cannot withdraw or utilize its fund contribution made to the defined contribution schemes under any circumstance.

Directors, Supervisors, Senior Management, Employees and Organizations

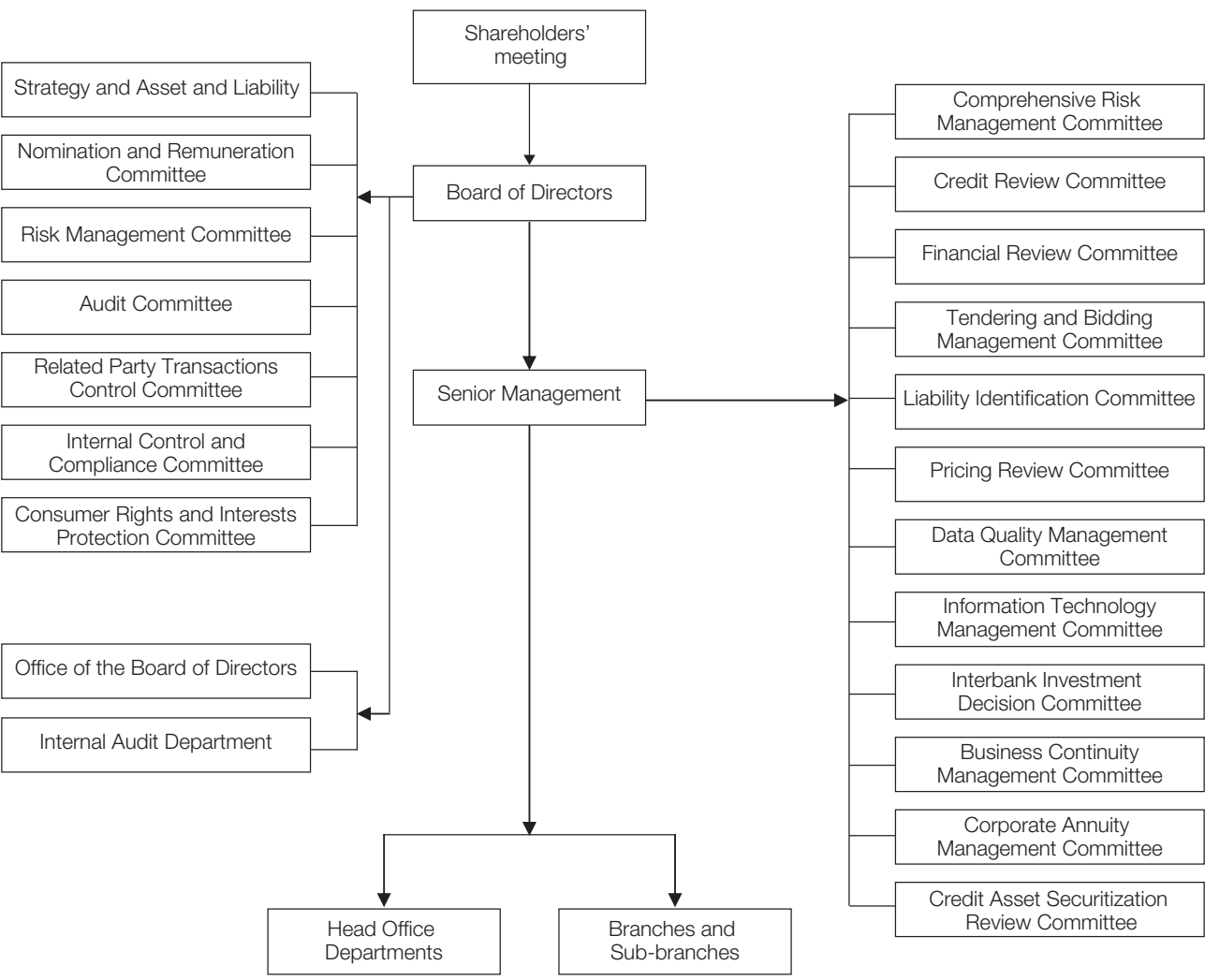
(III) Employee Training Program

The Bank adheres to the strategic concept of “talent-driven development” and focuses on the future demand for human resources in reform and development, as well as the new requirements for the quality of employees in current business operation. With the goal of enhancing the overall quality of employees, the Bank carries out comprehensive training through both online and offline training, focusing on building a training system that covers employees from all business lines. Firstly, the Bank continuously improves the employee training management mechanism and builds a comprehensive training and development system that covers all employees with different levels and categories, promoting talent development in line with strategic goals. Secondly, by coordinating online training resources, the Bank strengthens basic, routine, and regular training across various business lines such as new employee training, counter business, credit business, retail business, risk management, compliance management, information technology, and comprehensive management. It also enhances the application of training results and post-training evaluation to effectively improve the effectiveness of training. Thirdly, through “inviting experts in” and “sending employees out” and other methods, the Bank implements diversified training programs such as new employee induction training, professional skills training, management cadre training, and outbound study and exchange, and focuses on improving business capabilities and management qualities, strengthens practical guidance and effectiveness evaluation, and strives to enhance employees’ performance ability and comprehensive literacy, contributing to the cultivation of high-quality and professional financial talents.

Corporate Governance Report

CORPORATE GOVERNANCE STRUCTURE

(1) Governance Structure Diagram



Corporate Governance Report

(II) Department and Branch Establishment

At the end of the Reporting Period, the Bank's head office had 23 departments, including: Office of the Party Committee, Discipline Inspection and Supervision Office, Office of the Board of Directors, Strategic Management Department, Human Resources Department, General Administration Department, Planning and Finance Department, Business Development Department, Compliance Management Department, Accounting Management Department, Risk Management Department, Internal Audit Department, Asset Preservation Department, Safety Security Department, Retail Banking Business Management Department, Financial Markets, VIP I, VIP II, Internet Finance Division, Financial Services Department, Information Technology Department I, Information Technology Department II and Office of the Labor Union.

At the end of the Reporting Period, the Bank's branch network included 40 facilities (including 39 branches and sub-branches, and one head office), covering Yibin and Neijiang.

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (Including management institutions)
1	Direct sub-branch	No. 1-9 Nuxue's Street, Yibin, Sichuan Province	0831-8242720	1
2	Cuiping Sub-branch	No. 2, 1st Floor, Building 7, Block B, Zhenghe Binjiang International, No. 7 Zhengyi Street, Cuiping District, Yibin, Sichuan Province	0831-8215724	5
3	Jinshajiang Sub-branch	Building 13, Xinyuewan Phase 2, Nan'an, Cuiping District, Yibin, Sichuan Province	0831-5103531	4
4	Jiusheng Road Sub-branch	No. 145 Jiusheng Road, Jiuzhou Cluster E-02-01 Plot, Cuiping District, Yibin, Sichuan Province	0831-3556343	2
5	Sanjiang Sub-branch	Building 4, Gangteng Jinchuan Linlicheng Community, No. 290 Western Section of Changjiang North Road, Lingang Development Zone, Yibin, Sichuan Province	0831-3579837	2

Corporate Governance Report

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (Including management institutions)
6	Technology Sub-branch	No. 1, -1F; No. 1, -2F; No. 2, -2F; No. 1646 (Partial), -2F, Shengshi Lingang Basement, No. 42, Section 1, Bohou Road, Yibin, Sichuan Province	0831-8222591	1
7	Wuliangye Sub-branch	No. 42-1, Jiuxiangyuan Community, Guta Road, Jiangbei, Cuiping District, Yibin, Sichuan Province	0831-2303003	1
8	Xuzhou Sub-branch	1/F, Unit 1, Huaifu Commercial City, Xuzhou District, Yibin, Sichuan Province	0831-6610439	4
9	Xufu Road Sub-branch	No. 11-3 to 6, West Section of Xufu Road, Cuiping District, Yibin, Sichuan Province	0831-2335064	3
10	Gongxian Sub-branch	No. 217, Wenxin Road, Xunchang Town, Gong County, Yibin, Sichuan Province	0831-4311434	1
11	Nanxi Sub-branch	West Section of Changjiang Avenue, Nanxi District, Yibin, Sichuan Province	0831-3327128	2
12	Junlian Sub-branch	Corner junction of Junzhou Middle Road & Junzhou North Road, Chengguan Town, Junlian County, Yibin, Sichuan Province	0831-7726243	1
13	Jiang'an Sub-branch	Yingbin Building, Jiang'an County People's Armed Forces Department, West Section of Zhudu Avenue, Jiang'an Town, Jiang'an County, Yibin, Sichuan Province	0831-5551005	1

Corporate Governance Report

No.	Name of Institution	Addresses	Telephone	Number of Subordinate Outlets (Including management institutions)
14	Gaoxian Sub-branch	No. 367-369-371, Shuoxun Road, Qingfu Town, Gao County, Yibin, Sichuan Province	0831-5583698	2
15	Xingwen Sub-branch	No. 76, Xiangshan East Road, Gusong Town, Xingwen County, Yibin, Sichuan Province	0831-7058333	2
16	Ping Shan Sub-branch	Ground Floor, Comprehensive Building, Pingshan Branch of Xinhua Winshare Publishing & Media Co., Ltd, Minsheng West Road, New County Town, Pingshan County, Yibin, Sichuan Province	0831-5708086	1
17	Changning Sub-branch	No. 1, Section 1, Zhuhai Road, Changning Town, Changning County, Yibin, Sichuan Province	0831-5568013	1
18	Neijiang Branch	Building 21, "Shiji Binjiang", Binjiang East Road, Neijiang, Sichuan Province	0832-2229792	5
Total				39

Corporate Governance Report

CORPORATE GOVERNANCE

(I) Overview

The Bank is committed to high-level corporate governance and continuously enhances the transparency of corporate governance to safeguard Shareholders' interests and increase corporate value. In 2025, the Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the decision-making arrangements of important meetings of the national, provincial, and municipal governments, and strictly executed various economic and financial regulatory policies. The Bank continuously strengthened the overall leadership of the Party, coordinated reform and innovation with risk prevention and control, and continuously improved the corporate governance system, with governance decision-making being efficient and scientific, the quality and efficiency of equity management being enhanced, risk management and internal control being continuously optimized, and the resilience against risks being enhanced continually. The bank carried out information disclosure in accordance with laws and regulations, maintained good coordination and engagement with stakeholders, and actively fulfilled its social responsibilities. Overall, the Bank's corporate governance remained sound.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the PRC laws and regulations, the Listing Rules, and the Articles of Association. The Shareholders' meeting is the highest organ of authority of the Bank. The Board of Directors is accountable to the Shareholders' meeting, and bears ultimate responsibility for the operation and management of the Bank. It is responsible for formulating business development strategies and overseeing their implementation, deciding on business plans and investment proposals, formulating profit distribution plans, and deciding matters such as the establishment of internal management bodies. The Board of Directors has established committees to perform specific functions, including the Strategy and Asset and Liability Management Committee, Related Party Transactions Control Committee, Nomination and Remuneration Committee, Risk Management Committee, Internal Control and Compliance Committee, Audit Committee, and Consumer Rights and Interests Protection Committee. The senior management conducts business management activities in accordance with the Articles of Association and the authorization of the Board of Directors. It is accountable to the Board of Directors, actively implements the resolutions of the Shareholders' meeting and the Board of Directors, and reports information on the Bank's business management in a timely, accurate, and complete manner.

The Bank applies Part 2 of the Corporate Governance Code and the Corporate Governance Guidelines for Banking and Insurance Institutions (the "**Guidelines**") issued by the former CBIRC to its governance structure and policies. The Articles of Association, the Rules of Procedure for the Shareholders' Meeting, the Board of Directors, and its committees all fully reflect the Corporate Governance Code and the Guidelines. The Bank's Shareholders' meeting, Board of Directors, Board of Supervisors, and senior management perform their respective duties, forming a sound corporate governance structure. The Bank closely monitors business operations to ensure compliance with the relevant provisions of applicable laws, regulations, codes, guidelines, and the Bank's internal policies.

From the Listing Date to December 31, 2025, the Bank has fully complied with all applicable code provisions set out in the Corporate Governance Code. The Directors are not aware of any information indicating that the Bank has not complied with the code provisions set out in the Corporate Governance Code. The Bank has also strictly complied with applicable laws and regulations and the provisions of the Listing Rules regarding the management of inside information.

The Bank will continue to strengthen corporate governance to ensure compliance with the requirements of the Corporate Governance Code and the Guidelines, and to meet the higher expectations of Shareholders and potential investors.

Corporate Governance Report

(II) Director Nomination Policy and Board Diversity Policy

The Bank understands and believes that the diversity of the members of the Board of Directors could improve the performance of the Bank. The Bank holds that it is critical to have a diversified Board of Directors to achieve sustainable development and its strategic objectives and maintain good corporate governance. All Board appointments of the Bank are based on the principle of meritocracy. The selection of the members of the Board of Directors shall follow the Board diversity, when determining the composition of the Board, the Bank will consider the diversity of the members in various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, technical capabilities, business modes and specific needs, knowledge and service term, as well as backgrounds in finance, law, economics, accounting, management, and auditing. The final decision will be based on the merits of the selected candidates and their future contributions to the Board of Directors.

The Nomination and Remuneration Committee of the Board performs such duties as reviewing the staffing and composition of the Board of Directors (including skills, knowledge and experience); making recommendations to the Board of Directors on any proposed changes to the Board to align with the corporate strategies of the Bank; studying and formulating the procedures and criteria for the selection of Directors; and making recommendations to the Board of Directors on the appointment, removal and succession of Directors. The Nomination and Remuneration Committee will, when appropriate, review and assess the implementation of the Board diversity policy to ensure its effectiveness. The Nomination and Remuneration Committee will discuss amendments to the diversity policy when necessary and propose them to the Board of Directors for their consideration and approval.

The Board will set up measurable objectives as regards the Board diversity policy from time to time. To guarantee the effectiveness of the Board diversity policy, the Board has established the following measurable objectives: the Board shall ensure that there is no gender limitation in selecting Directors; at least one-third, and no less than three in total, of the Board members are independent non-executive Directors; Board members should possess knowledge and skills in different areas; at least one Board member is a professional in finance or accounting. As of the Latest Practicable Date, these measurable objectives have been accomplished.

The members of the Bank's fourth session of the Board have extensive experience in legal affairs and compliance, finance and audit, strategic management and risk prevention and control, financial innovation, and other aspects. As of the Latest Practicable Date, the diverse composition of the members of the Bank's fourth session of the Board is as follows:

Gender		Age	
Male	Female	Under 50	50 (inclusive) - 60
5	4	7	2

Executive Directors	Position		Tenure as the Bank's Director	
	Non-Executive Directors	Independent Non-Executive Directors	Less than one year	1 year - 6 years
1	4	4	2	7

Corporate Governance Report

The Board believes that the current composition of the Board conforms with the Bank's Board diversity policy and the requirement for gender diversity of the Board, i.e. 44% female representation. The Board values the importance and benefits of gender diversity at the Board level. The Board diversity policy of the Bank can ensure that there are candidates as potential successors to the Directors to sustain the existing gender diversity of the Board.

For details of the diversity of the Bank's employees, please refer to the section headed "Directors, Supervisors, Senior Management, Employees and Organizations – Employee, Employee Remuneration Policy and Employee Training Program" of this annual report.

SHAREHOLDERS' GENERAL MEETINGS

(I) Convening of Shareholders' General Meetings

During the Reporting Period, a total of four Shareholders' general meetings were held. The 2025 First, Second and Third Extraordinary General Meetings were held at the 3rd floor Conference Room, Kelton Hotel (formerly the Judges Training Center), Rongzhou Road East Section, Xuzhou District, Yibin, Sichuan Province, the PRC. The 2024 Annual General Meeting was held at the 2nd floor Conference Room, Kelton Hotel (formerly the Judges Training Center), Rongzhou Road East Section, Xuzhou District, Yibin, Sichuan Province, the PRC. The details are as follows:

1. The Bank convened the 2025 First Extraordinary General Meeting on March 6, 2025 and Shareholders jointly holding 72.52% of the Bank's Shares attended the meeting. The meeting considered and approved a total of two resolutions, i.e. the proposal on the Re-Appointment of the Domestic Accounting Firm for the Year 2024 《關於續聘2024年度境內會計師事務所的提案》 and the proposal on the Appointment of the International Auditor to Audit the Financial Statement and Internal Control for the Year 2024 《關於聘請國際核數師開展2024年度財務報表及內部控制審計的提案》.
2. The Bank convened the 2024 Annual General Meeting on June 26, 2025 and Shareholders jointly holding 78.45% of the Bank's Shares attended the meeting. The meeting considered and approved a total of 11 resolutions, i.e. the 2024 Annual Report of Yibin City Commercial Bank Co., Ltd 《宜賓市商業銀行股份有限公司2024年度報告》, the 2024 Work Report of the Board of Directors 《2024年度董事會工作報告》, the 2024 Work Report of the Board of Supervisors 《2024年度監事會工作報告》, the 2024 Financial Final Accounts and Budget Execution Report 《2024年度財務決算及預算執行情況報告》, the 2024 Profit Distribution Plan 《2024年度利潤分配方案》, the 2025 Work Plan of the Board of Directors 《2025年度董事會工作意見》, the 2025 Financial Budget Plan of Yibin City Commercial Bank Co., Ltd (Group) 《宜賓市商業銀行股份有限公司(集團)2025年度財務預算方案》, the Proposal on the Change of Registered Capital to RMB4,588,400,000 《關於註冊資本變更為4,588,400,000元的提案》, the Proposal on the Amendment to the Provisions Related to Registered Capital in the Articles of Association of Yibin City Commercial Bank Co., Ltd. 《關於修訂<宜賓市商業銀行股份有限公司章程>中涉及註冊資本相關條款的提案》, the Proposal on the Change of the Centralized Share Registration and Depository Institution 《關於變更股份集中登記託管機構的提案》 and the Proposal on the Appointment of the External Auditors for the Year 2025 《關於聘請2025年度外部核數師的提案》.

Corporate Governance Report

3. The Bank convened the 2025 Second Extraordinary General Meeting on September 12, 2025 and Shareholders jointly holding 73.54% of the Bank's Shares attended the meeting. The meeting considered and approved a total of two resolutions, i.e. the Proposal on the Appointment of Mr. ZHANG Xin as a Member of the Fourth Session of the Board of Yibin City Commercial Bank 《關於提名章欣同志為宜賓市商業銀行第四屆董事會董事人選的提案》 and the Proposal on the Appointment of Ms. HUANG Chongying as a Member of the Fourth Session of the Board of Yibin City Commercial Bank 《關於提名黃崇穎同志為宜賓市商業銀行第四屆董事會董事人選的提案》.
4. The Bank convened the 2025 Third Extraordinary General Meeting on October 27, 2025 and Shareholders jointly holding 77.79% of the Bank's Shares attended the meeting. The meeting considered and approved four resolutions in total, i.e. the Proposal on the Abolition of the Board of Supervisors 《關於建議撤銷監事會的提案》, the Proposal on the Amendments to the Articles of Association of Yibin City Commercial Bank Co., Ltd 《關於修訂<宜賓市商業銀行股份有限公司章程>的提案》, the Proposal on the Amendments to the Rules of Procedure for the General Meeting of Yibin City Commercial Bank Co., Ltd 《關於修訂<宜賓市商業銀行股份有限公司股東大會議事規則>的提案》 and the Proposal on the Amendments to the Rules of Procedure of the Board of Directors of Yibin City Commercial Bank 《關於修訂<宜賓市商業銀行董事會議事規則>的提案》.

(II) Duties and Responsibilities of Shareholders' Meetings

The Shareholders' meeting shall exercise the following functions and powers:

- (1) to elect and replace Directors who are not employee representatives; to decide on matters relating to the remuneration of Directors;
- (2) to consider and approve the work reports of the Board of Directors;
- (3) to consider and approve the Bank's annual financial budget plan, final accounting plan, profit distribution plan and loss recovery plan;
- (4) to resolve on the increase or reduction of the Bank's registered capital;
- (5) to resolve on the issuance of bonds or other securities by the Bank;
- (6) to listen to the report of the Audit Committee on the comprehensive evaluation of the performance of duties by the Directors and members of the senior management;
- (7) to resolve on the merger, division, dissolution, liquidation and change of corporate form of the Bank;
- (8) to amend the Articles of Association of the Bank;
- (9) to consider and approve the proposal(s) from Shareholders who individually or collectively hold more than 1% of the total voting Shares of the Bank;

Corporate Governance Report

- (10) to consider purchase and sale of major assets with a single transaction amount exceeding 10% of the Bank's most recent audited net assets (with cumulative calculations for multiple transactions involving the same or related assets within a consecutive twelve-month period), write-off of non-performing assets (with cumulative calculations within a consecutive twelve-month period), asset collateralization business, external equity investment business, and related party/connected transactions that shall be subject to approval at a general meeting. The aforementioned major asset purchases and sales refer to the investment in or disposal of fixed asset (intangible asset); and the "asset collateralization business" refers to the act of pledging the Bank's fixed assets externally;
- (11) to resolve on the listing of the Bank;
- (12) to consider and approve the rules of procedure of the general meeting and the Board of Directors;
- (13) to consider and approve the equity incentive plan and the employee shareholding plan;
- (14) to resolve on the acquisition of the Bank's Shares in accordance with the provisions of the law and the securities regulatory rules of the place where the Bank's securities are listed;
- (15) to resolve on the appointment or dismissal of the accounting firm that conducts the periodic statutory audits of the Bank's financial reports, as well as the remuneration of the accounting firm;
- (16) to consider and approve matters relating to guarantees which are subject to the approval of the general meeting;
- (17) to consider and approve matters relating to the change of use of proceeds;
- (18) to consider and approve other matters to be decided by the general meeting as stipulated by the laws and regulations, regulatory requirements, securities regulatory rules of the place where the Bank's securities are listed, the Articles of Association of the Bank or the Bank's internal system.

According to the Company Law and relevant laws and regulations, the powers and functions of the general meeting shall not be exercised by the Board of Directors or other institutions and individuals on behalf of the general meeting through authorization, and the relevant provisions shall be complied with.

Note: The above functions and powers are also set out in the Bank's current Articles of Association as disclosed on January 5, 2026.

Corporate Governance Report

BOARD OF DIRECTORS

(I) Composition of the Board of Directors

As of the Latest Practicable Date, the fourth session of the Board consists of 9 members, including:

- Mr. XUE Feng (Executive Director, Chairman)
- Mr. ZHANG Xin (Non-Executive Director)
- Ms. HUANG Chongying (Non-Executive Director)
- Ms. TIAN Tian (Non-Executive Director)
- Mr. ZHAO Gen (Non-Executive Director)
- Mr. YAO Liming (Independent Non-Executive Director)
- Ms. YU Xiaoran (Independent Non-Executive Director)
- Mr. XING Huayu (Independent Non-Executive Director)
- Ms. ZHAO Jingmei (Independent Non-Executive Director)

(II) Appointment, Re-election and Removal of Directors

According to the Articles of Association, Directors are elected or replaced by the Shareholders' meetings. Directors serve a term of three years and can be re-elected; among which, independent non-executive Directors can serve for a cumulative period of no more than six years. Under the premise of compliance with relevant laws and regulations, Shareholders may, by way of special resolution, elect and replace directors who are not employee representatives and remove independent non-executive Directors.

(III) Relationship among Directors, Supervisors and Senior Management Members

There are no relationships, including financial, business, family, or other significant/related relationships, among the Bank's Directors, Supervisors and senior management members.

Corporate Governance Report

(IV) Changes in Directors

For information on changes in Directors, please refer to the “Directors, Supervisors, Senior Management, Employees and Organizations – Changes in Directors, Supervisors and Senior Management Members” in the annual report.

(V) Operations of the Board of Directors

According to the Articles of Association, Board of Directors’ meetings are divided into regular meetings and extraordinary meetings. Regular meetings are held at least four times per year, approximately once per quarter. Board of Directors’ meetings are convened by the Chairman of the Board. Notice of regular meetings of the Board of Directors shall be given to the Directors at least 14 days prior to the meeting, and key meeting materials shall be delivered at least 10 days prior to the meeting, while notice of extraordinary meetings of the Board of Directors and key materials shall be given to the Directors 3 days prior to the meeting. Decisions at Board of Directors’ meetings are made by a one-share-one-vote system, and all attending Directors must express their support, opposition, or abstention. Voting at meetings is done by open ballot.

Board of Directors’ resolutions can be made through either on-site meeting voting or written circulation voting. If the written circulation voting is adopted, the information concerning the matter to be voted through circulation and signing of written resolutions and the relevant background materials shall be delivered to all Directors at least three days before voting. When written circulation voting method is adopted, the reasons must be stated. The conditions and procedures for written circulation voting are stipulated in the Articles of Association and rules of procedure of the Board of Directors.

The Board shall form minutes of the decisions on matters discussed at the on-site meeting, the Directors attending the on-site meeting and the person taking the minutes shall sign the minutes, and if the Directors have any different opinions on the minutes, they may provide explanations at the time of signing.

Other senior leaders of the Bank may be notified to be present at the meeting. Other relevant personnel may be temporarily invited to present Board of Directors’ meetings as needed. The Directors have the right to request comprehensive, timely, and accurate information from senior management that reflects the Bank’s operational management situation or to explain relevant issues. Directors who have a significant conflict of interest with regard to proposed resolutions cannot exercise their voting rights. A Board of Directors’ meeting can be held if a majority of Directors without significant conflicts of interest are attended.

The Board of Directors has established a dedicated office, staffed with full-time personnel, responsible for the preparation and information disclosure of Shareholders’ meetings, Board of Directors’ meetings, and special committee meetings, as well as other day-to-day affairs of the Board and special committees.

Corporate Governance Report

(VI) Duties of the Board of Directors

The Board of Directors shall exercise the following duties and powers:

- (1) to be responsible for the convening Shareholders' meetings and shall report on the work to the Shareholders' meetings;
- (2) to implement the resolutions passed at the Shareholders' meetings;
- (3) to formulate the Bank's business development strategy and oversee its implementation;
- (4) to determine the Bank's business plan and investment program;
- (5) to prepare the Bank's annual financial budget plan and final accounts plan;
- (6) to prepare the Bank's profit distribution plan and loss recovery plan;
- (7) to formulate the Bank's remuneration management system and policy design; and to formulate the senior management remuneration and performance management approach;
- (8) to formulate plans for the increase or reduction of the Bank's registered capital, the issuance of bonds or other securities, and the listing of the Bank;
- (9) to formulate proposals on major matters such as the merger, division, dissolution, liquidation and change of corporate form of the Bank, as well as the acquisition of the Bank's Shares;
- (10) to formulate the Bank's risk tolerance level, risk management and internal control policies, and to assume ultimate responsibility for overall risk management;
- (11) to approve the Bank's basic systems for credit management, capital management, financial management, labor and wage management, and safety and security management;
- (12) to formulate proposals for external equity investments; to decide on proposals for the establishment of the Bank's internal management organization structure, and to affirm the overall proposals for the establishment, merger and dissolution of the Bank's branches;
- (13) to decide on the appointment or dismissal of the president of the Bank, the secretary of the Board of Directors and other senior management members in accordance with the regulatory requirements, and to decide on matters of their remuneration, rewards and disciplinary actions; to decide on the appointment or dismissal of the vice presidents, the chief financial officer and other senior management members of the Bank upon the nomination by the president, and to decide on matters of their remuneration, rewards and disciplinary actions. To elect and replace the chairman and vice chairman of the Board of Directors;
- (14) to formulate proposals for amendments to the Articles of Association of the Bank, to formulate the rules of procedure for the Shareholders' meetings and the rules of procedure for the Board of Directors, and to consider and approve the rules of procedure for the specialized committees of the Board of Directors;

Corporate Governance Report

- (15) to receive reports on the work of the president of the Bank and to inspect the work of the president of the Bank;
- (16) to consider any matters exceeding the scope of authorization granted by the Board of Directors to the chairman of the Board of Directors and president of the Bank;
- (17) to formulate capital plans, and take the ultimate responsibility for the management of capital or solvency;
- (18) to be responsible for the Bank's information disclosure matters and is ultimately responsible for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;
- (19) to regularly assess and improve the Bank's corporate governance status;
- (20) to submit to the Shareholders' meetings the appointment or dismissal of the accounting firm that conducts the periodic statutory audits of the Bank's financial reports;
- (21) to finalize the system for the management of related party transactions; to make a special report to the Shareholders' meetings on the implementation of such system and on the status of related party transactions;
- (22) to perform IT management duties, establish a good IT governance structure and review and approve the Bank's IT strategy;
- (23) to determine the green credit development strategy, to approve the green credit objectives set by senior management and the green credit reports submitted, and to supervise and evaluate the implementation of the institutional green credit development strategy;
- (24) to safeguard the legitimate rights and interests of financial consumers and other stakeholders;
- (25) to establish mechanisms for identifying, reviewing and managing conflicts of interest between the Bank and its Shareholders, especially substantial Shareholders, etc.;
- (26) to receive supervisory comments on the Bank from the banking regulatory authorities and to be informed of the status of the Bank's corrective actions;
- (27) to consider and approve matters within the scope of authorization by the Shareholders' meetings, such as purchase and sale of major assets, write-off of non-performing assets, asset collateralization business, external equity investment, related party/connected transactions, data governance, etc., in accordance with the laws, regulations, regulatory requirements, rules of securities regulation of the place where the Bank's securities are listed and the Articles of Association of the Bank;
- (28) to assume responsibility for the management of the affairs of the Shareholders;
- (29) other matters authorized by laws, regulations, securities regulatory rules of the place where the Bank's securities are listed, provisions of the Articles of Association of the Bank and the Shareholders' meetings.

Corporate Governance Report

The Board of Directors is responsible for the establishment of sound corporate governance practice and procedures for the Bank. During the Reporting Period, the Board of Directors has performed the following corporate governance duties:

- (1) to develop and review the Bank's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Bank's policies and practices on compliance with laws and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual for employees and Directors; and
- (5) to review the Bank's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Directors thoroughly deliberate the matters of the Board of Directors, provide independent, professional, and objective opinions, and make independent decisions based on careful judgment. When fulfilling their responsibilities, the Board of Directors fully considers the opinions of external audit organizations. Directors may seek information necessary for decision-making from the convener of the meeting, the specialized committees of the Board of Directors, senior management, the Office of the Board of Directors, relevant departments of the Bank, and relevant personnel from intermediaries engaged by the Bank before the Board of Directors' meeting. They may also suggest the chairman of the meeting to invite the above personnel to attend the meeting to explain relevant matters during the meeting.

The participation of independent non-executive Directors ensures that the Board of Directors has strong and sufficient independent elements. The independent non-executive Directors of the Bank do not hold any positions other than Director and do not have any relationships that may affect their independent and objective judgment on the Bank's affairs with the Bank, its Shareholders, or its de facto controllers. Independent non-executive Directors must express objective and impartial independent opinions on matters discussed at Board of Directors' meetings. Independent non-executive Directors should fulfill their duties with integrity, independence, and diligence, effectively safeguarding the legitimate rights and interests of the Bank, minority Shareholders, and financial consumers, and not being influenced by Shareholders, de facto controllers, senior management, or any other units or individuals with significant interests related to the Bank.

The Board of Directors has reviewed the mechanism of obtaining independent viewpoints and opinions and its implementation, and believes that the mechanism is appropriate and effective.

Corporate Governance Report

(VII) Directors' Responsibilities

During the Reporting Period, all Directors exercised the rights granted by the Bank and domestic and foreign regulatory authorities with caution, diligence, and dedication. They devoted sufficient time and energy to handling the Bank's affairs, ensuring that the Bank's operations comply with laws, regulations and national economic policy requirements, and treating all Shareholders fairly. They timely understood the Bank's business operations and effectively fulfilled other duties of diligence as stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

Independent non-executive Directors fully utilize their professional advantages to provide professional and independent opinions on the Bank's corporate governance and operational management activities.

The Bank also emphasizes the continuous training of Directors to ensure that they have a proper understanding of the Bank's operations and business and are aware of the relevant laws and regulatory requirements and the responsibilities and obligations conferred by the Articles of Association. The Bank has also purchased Directors' liability insurance for all Directors.

(VIII) Directors' Responsibilities for the Preparation of Financial Statements

The responsibility statement of the Directors for preparing the financial statements below shall be read in conjunction with that of the auditor included in the auditor's report in this annual report, while both statements shall be comprehended separately.

The Directors acknowledge their responsibility for the preparation of the Bank's annual financial statements for the year ended December 31, 2025. The Directors are responsible for reviewing and confirming the financial statements for each accounting reporting period to ensure that the financial statements present a true and fair view of the Bank's financial position, operating performance, and cash flows. In preparing the consolidated financial statements of the Bank for the year ended December 31, 2025, the Directors have selected and applied appropriate accounting policies and made prudent and reasonable judgments. The Directors are not aware of any material uncertain events or circumstances that may significantly affect the Bank's ability to continue as a going concern.

Corporate Governance Report

(IX) Board of Directors' Meetings

During the Reporting Period, the Bank held a total of 9 Board of Directors' meetings. Attendance at the Bank's Board of Directors' meetings, Board committee meetings, and Shareholders' general meetings is detailed in the following table:

Actual Attendance/Attendance by Proxy/Number of Meetings to be Attended

Board Member									Shareholders'
									General
									Meetings
									(Number of Actual
		Strategy and				Related		Consumer	Attendance/
		Asset and	Nomination		Risk	Party	Internal	Rights and	Number of
		Liability	and					Interests	Meetings
	Board of	Management	Remuneration	Audit	Management	Control	Control and	Protection	to Be
	Directors	Committee	Committee	Committee	Committee	Committee	Committee	Committee	Attended)
Mr. XUE Feng	9/0/9	7/0/7	9/0/9						4/4
Mr. YANG Xingwang ⁽¹⁾	1/1/2	1/0/1				2/0/2			1/1
Mr. XU Yong ⁽²⁾	9/0/9	7/0/7				1/0/1		2/0/2	4/4
Ms. JIANG Lin ⁽³⁾	2/1/3	2/0/2	5/0/5						1/1
Ms. XIAO Yufeng ⁽⁴⁾	9/0/9	7/0/7	9/0/9		5/0/5				4/4
Ms. TIAN Tian	8/1/9			6/0/6			5/0/5	2/0/2	3/4
Mr. ZHAO Gen	9/0/9	7/0/7						2/0/2	3/4
Mr. YAO Liming	9/0/9		9/0/9			3/0/3	5/0/5		4/4
Ms. YU Xiaoran	9/0/9		9/0/9	6/0/6		3/0/3			4/4
Mr. XING Huayu	9/0/9	7/0/7	9/0/9		5/0/5				4/4
Ms. ZHAO Jingmei	9/0/9	6/0/6	9/0/9	6/0/6	5/0/5		5/0/5		4/4

- (1) YANG Xingwang, the former executive Director, has submitted his resignation to the Board on April 8, 2025, and his resignation became effective on the same date.
- (2) XU Yong, the former executive Director, has submitted his resignation to the Board on February 10, 2026, and his resignation became effective on the same date.
- (3) JIANG Lin, a former non-executive Director, has submitted her resignation to the Board on June 4, 2025, and her resignation became effective on the same date. At the Board meeting held on June 4, 2025, the Board considered and approved the proposal to appoint JIANG Lin as executive Director, and JIANG Lin tendered her resignation from the position of executive Director to the Board on October 30, 2025, and her resignation took effect from the same date; as of the date of JIANG Lin's resignation, such proposal had not yet been submitted to the Shareholders' meeting for consideration, and her qualification as a Director has not been approved by the national financial regulatory institution.
- (4) XIAO Yufeng, the former non-executive Director, has submitted her resignation to the Board on August 15, 2025, and her resignation became effective on February 9, 2026.

Corporate Governance Report

(X) Independent Non-executive Directors

The Board of Directors currently has four independent non-executive Directors. The qualification, number, and proportion of independent non-executive Directors are in compliance with the relevant regulations of the NFRA and the Hong Kong Listing Rules. None of the four independent non-executive Directors are subject to factors as described in Rule 3.13 of the Hong Kong Listing Rules that could bring their independence into question. The Bank has received annual confirmation letters from each independent non-executive Director regarding their independence. Therefore, the Bank confirms that all independent non-executive Directors comply with the independence requirements as set out in the Hong Kong Listing Rules.

In the Audit Committee, Related Party Transactions Control Committee, Internal Control and Compliance Committee, and Nomination and Remuneration Committee, independent non-executive Directors constitute the majority and serve as the chairpersons of the Audit Committee, Related Party Transactions Control Committee, Internal Control and Compliance Committee, and Nomination and Remuneration Committee.

Independent non-executive Directors maintain communication with the Bank's management through various means such as attending meetings, earnestly participating in the meetings of the Board of Directors and its committees, actively providing their opinions and emphasizing on the interests of minority Shareholders of the Bank, thereby playing their role to the fullest extent.

During the Reporting Period, the independent non-executive Directors of the Bank performed their duties conscientiously in strict accordance with relevant laws and regulations and expressed independent opinions on matters under consideration. Independent non-executive Directors were actively concerned about the development of the Bank in daily work, kept abreast of regulatory policies and industry trends, regularly consulted and analyzed various business data of the Bank, and put forward effective suggestions; actively participated in the meetings of the Board of Directors of the Bank, independently and prudently put forward opinions on corporate governance, risk control, incentives and constraints, and expressed independent opinions on the appointment and removal of Directors and senior management, major related-party transactions, profit distribution plans and other matters, which promoted the steady development of the Bank. The chairpersons of the Nomination and Remuneration Committee, the Internal Control and Compliance Committee, the Audit Committee and the Related Party Transactions Control Committee of the Bank were acted by independent non-executive Directors. When serving as the chairpersons of the committees, the independent non-executive Directors earnestly performed their duties as chairpersons, convened committee meetings on time, discussed major issues, and provided basis for scientific decision-making of the Board of Directors.

Corporate Governance Report

(XI) Directors' Continuous Professional Development Program

Upon their initial nomination, Directors receive comprehensive relevant materials to ensure they have a proper understanding of the Bank's operations and business and are fully aware of their duties and responsibilities under the Hong Kong Listing Rules and applicable laws and regulations.

The Bank encourages all Directors to participate in continuous professional development programs to develop and update their knowledge and skills. During the Reporting Period, the Bank organized for the Directors to participate in specialized training on topics such as "Key Points of Focus for Information Disclosure in Annual Reports of Commercial Banks", "Analysis of the New Corporate Governance Code and the Consultation Paper on Sustainable Public Float", and anti-money laundering. The Bank periodically provides updates on the latest developments in the Hong Kong Listing Rules and other applicable regulatory requirements to Directors, ensuring that they stay informed of the latest regulatory developments.

During the Reporting Period, the details of the Bank's Directors continuously sought professional development were as follows:

Directors	Information and Training Scope		
	Corporate Governance	Finance/ Business	Compliance/ Operation
Executive Directors			
XUE Feng	✓	✓	✓
XU Yong	✓	✓	✓
Non-Executive Directors			
XIAO Yufeng	✓	✓	✓
TIAN Tian	✓	✓	✓
ZHAO Gen	✓	✓	✓
Independent Non-Executive Directors			
YAO Liming	✓	✓	✓
YU Xiaoran	✓	✓	✓
XING Huayu	✓	✓	✓
ZHAO Jingmei	✓	✓	✓

Corporate Governance Report

(XII) Specialized Committees of the Board of Directors

The Board of Directors delegates certain responsibilities to various committees.

The Bank has established seven committees under the Board of Directors in accordance with the relevant laws and regulations of the PRC and the corporate governance practices stipulated in the Listing Rules, namely, the Strategy and Asset and Liability Management Committee, the Nomination and Remuneration Committee, the Internal Control and Compliance Committee, the Audit Committee, the Risk Management Committee, the Related Party Transactions Control Committee and the Consumer Rights and Interests Protection Committee. As of the end of the Reporting Period, the special committees of the Board of Directors of the Bank were as follows:

1. *Strategy and Asset and Liability Management Committee*

The Strategy and Asset and Liability Management Committee of the Bank consists of the following Directors, namely, Mr. XUE Feng (executive Director), Mr. XU Yong (executive Director), Ms. XIAO Yufeng (non-executive Director), Mr. ZHAO Gen (non-executive Director), Mr. XING Huayu (independent non-executive Director) and Ms. ZHAO Jingmei (independent non-executive Director). Mr. XUE Feng currently serves as the chairman of the Strategy and Asset and Liability Management Committee. The primary duties of the Strategy and Asset and Liability Management Committee include but are not limited to:

- (1) to study and formulate the Bank's long-term development strategies and medium to long-term development outline, and make recommendations to the Board of Directors;
- (2) to supervise and evaluate the implementation process of the strategies, including supervising and inspecting the implementation of annual business plans, investment plans, and green credit development strategies;
- (3) to propose strategic adjustment suggestions based on changes in the business environment;
- (4) to provide suggestions and proposals for the Bank's major investment decisions, including fixed asset investments and equity investments; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Strategy and Asset and Liability Management Committee held 7 meetings in total, during which it considered and approved 29 proposals, including the 2024 Annual Implementation Evaluation Report on the Planning Report of the IT Strategic Planning (Digital Transformation) (2022-2026) of Yibin City Commercial Bank 《〈宜賓市商業銀行 IT 戰略規劃(數字化轉型)規劃報告(2022-2026)〉2024 年度執行情況評估報告》, the Green Finance and Transformational Finance Development Strategic Plan (2025-2027) of Yibin City Commercial Bank 《宜賓市商業銀行綠色金融、轉型金融發展戰略規劃(2025-2027)》, and the Proposal on the Adjustment of Some Objectives for the Strategic Plans of Yibin City Commercial Bank during the Fourteen Five-Year Plan Period 《關於調整〈宜賓市商業銀行“十四五”時期(2021-2025)戰略規劃〉部分規劃目標的提案》.

Corporate Governance Report

2. ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee of the Bank consists of the following Directors, namely, Mr. XING Huayu (independent non-executive Director), Mr. XUE Feng (executive Director), Ms. XIAO Yufeng (non-executive Director), Mr. YAO Liming (independent non-executive Director), Ms. YU Xiaoran (independent non-executive Director), and Ms. ZHAO Jingmei (independent non-executive Director). Mr. XING Huayu currently serves as the chairman of the Nomination and Remuneration Committee. The primary duties of the Nomination and Remuneration Committee include but are not limited to:

- (1) based on the operational activities, asset size, and equity structure of the Bank, to conduct a review of the personnel and composition of the Board of Directors and senior management (including skills, knowledge, and experience) at least annually, assist the Board of Directors in compiling the board skills matrix and make recommendations to the Board of Directors on any changes proposed to be made to align with the Bank's corporate strategy;
- (2) to identify individuals with suitable qualifications to serve as Directors, conduct a preliminary review of the qualifications and criteria of the proposed candidates, and make recommendations to the Board of Directors;
- (3) to provide recommendations to the Board of Directors on the appointment or reappointment of Directors and the succession plan of Directors (especially the Chairman of the Board and the president of the head office);
- (4) to develop a compensation management system and structure for Directors and the senior management, formulate compensation policies by establishing formal and transparent procedures, make recommendations to the Board of Directors, and supervise their implementation;
- (5) to review the performance of duties by the Directors and senior management, to provide recommendations on appraisal and evaluation to the Board of Directors, and to support the Bank in periodically evaluating the performance of the Board of Directors;
- (6) to review and approve the compensation proposals of the management in response to the Bank's policies and objectives set by the Board of Directors, propose compensation and benefits packages for executive Directors and senior management, including non-monetary benefits, pension rights, and compensation amounts (including compensation for loss or termination of office or appointment), and submit the same to the Board of Directors for approval, and make recommendations on the compensation of non-executive Directors to the Board of Directors; and
- (7) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee held 9 meetings in total, during which it considered and approved 16 proposals, including the Remuneration Budget Implementation Report for 2024《2024年度薪酬預算執行情況報告》, the Remuneration Budget Plan for 2025《2025年度薪酬預算方案》, and the Proposal on the Amendments to the Management System for the Qualification of Directors and Senior Management of Yibin City Commercial Bank《關於修訂〈宜賓市商業銀行董事和高級管理人員任職資格管理制度〉的提案》.

Corporate Governance Report

3. Internal Control and Compliance Committee

The Internal Control and Compliance Committee of the Bank comprises the following Directors, namely, Ms. ZHAO Jingmei (independent non-executive Director), Ms. TIAN Tian (non-executive Director) and Mr. YAO Liming (independent non-executive Director). Ms. ZHAO Jingmei currently serves as the chairwoman of the Internal Control and Compliance Committee. The primary duties of the Internal Control and Compliance Committee include but are not limited to:

- (1) according to the authorization of the Board of Directors, to review and approve the compliance policies of the Bank, supervise the implementation of compliance policies, review and approve the compliance related report, and conduct daily supervision on the internal control risk and compliance risk management of the Bank;
- (2) to urge the Bank to operate prudently within the legal and policy framework in accordance with the requirements proposed by the Board of Directors for the Bank to establish and implement a sufficient and effective internal control and compliance risk management system;
- (3) according to the acceptable risk level determined by the Board of Directors, to urge the senior management to develop systematic systems, processes and methods, take corresponding risk control measures, establish and improve the internal organization, and ensure the effective performance of various responsibilities of internal control;
- (4) to organize the monitoring and evaluation of the adequacy and effectiveness of the internal control and compliance risk management system, and supervise the effective implementation of the internal control system and compliance policies; to review the annual internal control evaluation report and submit the same to the Board of Directors for approval; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Internal Control and Compliance Committee held 5 meetings in total, and 8 resolutions including the Internal Control Assessment Report for 2024《2024年度內部控制評估報告》, Compliance Case Prevention Suggestions for 2025《2025年案防合規工作意見》 and the Proposal on Formulating Measures for Effectiveness Evaluation of Compliance Management of Yibin Commercial Bank《關於制定〈宜賓市商業銀行合規管理有效性評價辦法〉的提案》 were considered and approved.

4. Audit Committee

The Audit Committee of the Bank consists of the following Directors, namely, Ms. YU Xiaoran (independent non-executive Director), Ms. TIAN Tian (non-executive Director), and Ms. ZHAO Jingmei (independent non-executive Director). Ms. YU Xiaoran currently serves as the chairwoman of the Audit Committee. The primary duties of the Audit Committee include but are not limited to:

- (1) to be responsible for preparing the plans for conducting examination on the Directors and senior management personnel when they resign, preparing the plans for the inspection and supervision of the Bank's financial activities, reviewing the financial and accounting policies and practices of the Bank and its subsidiaries, and preparing the plans for the examination of the Bank's business decisions, risk management and internal control;

Corporate Governance Report

- (2) to propose to employ, reappoint, dismiss or replace an external audit organization, approve the remuneration and employment terms of the external audit organization, and handle any issues related to the resignation or dismissal of the audit organization; to serve as the main representative between the Bank and external audit organizations, and be responsible for monitoring the relationship between the two;
- (3) to understand major financial matters and changes in accounting policies of the Bank in a timely manner;
- (4) to review and monitor the independence and objectivity of the external audit organization and the effectiveness of audit procedures in accordance with applicable standards; to discuss the external audit plan for the current year (including audit nature, scope, procedures, methods, and related reporting responsibilities) with the external audit organization before the start of the audit work, and review the opinions and suggestions of the external audit organization at the end of the audit;
- (5) to discuss the risk management and internal control system with the management to ensure that the management has fulfilled its responsibilities and established an effective system. The discussion should include whether the Bank's resources in accounting and financial reporting functions, employee qualifications and experience are sufficient, as well as whether the training courses received by employees and related budgets are sufficient;
- (6) to review the completeness of the Bank's financial statements, annual reports and accounts, and half-yearly reports and review the significant opinions on financial reporting included in the statements and reports; to consider any major or unusual matters reflected or required to be reflected in such reports and accounts, and give due consideration to any matters raised by the Bank's internal accounting and financial reporting personnel, internal audit department head or auditors; and
- (7) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Audit Committee held 6 meetings in total, during which it considered and approved 10 proposals, including the 2025 Annual Internal Audit Plan (《2025年度內部審計計劃》), the Proposal on the Appointment of International Auditor to Audit the Financial Statements and Internal Control for the Year 2024 (《關於聘請國際核數師開展2024年度財務報表及內部控制審計的提案》) and the 2024 Annual Results Announcement and Financial Statements (《2024年度業績公告及財務報表》).

5. Risk Management Committee

The Risk Management Committee of the Bank consists of the following Directors: Mr. XING Huayu (independent non-executive Director), Ms. XIAO Yufeng (non-executive Director) and Ms. ZHAO Jingmei (independent non-executive Director). Mr. XING Huayu currently serves as the chairman of the Risk Management Committee. The primary duties of the Risk Management Committee include but are not limited to:

- (1) to review the Bank's risk control strategies (including risk control strategic objectives and control strategies of credit risk, market risk and operational risk faced by business development, and strive to balance and unify the effectiveness, security and liquidity of operation and management) and the Bank's annual risk management objective plan for decision-making by the Board of Directors;

Corporate Governance Report

- (2) to regularly assess the Bank's risk and management status, risk tolerance and level, and put forward suggestions on improving risk management and internal control;
- (3) according to the requirements of the Board of Directors, to conduct investigations on major investment decisions and major asset disposal within the scope of their responsibilities, and have the right to hire external experts to assist in the work as they deem it appropriate; and
- (4) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Risk Management Committee held a total of 5 meetings and considered and approved 7 proposals, including the Risk Preference and Risk Policy for 2025 《2025年度風險偏好與風險政策》, the Risk Preference and Risk Policy for 2026 《2026年度風險偏好與風險政策》 and the Proposal on Updating Key Parameters of the ECL Method in June 2025 《關於更新2025年6月預期信用損失法關鍵參數的提案》.

6. Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Bank consists of the following Directors: Mr. YAO Liming (independent non-executive Director), Mr. XU Yong (executive Director, appointed as committee member on April 11, 2025) and Ms. YU Xiaoran (independent non-executive Director). Mr. YAO Liming currently serves as the chairman of the Related Party Transactions Control Committee. The primary duties of the Related Party Transactions Control Committee include but are not limited to:

- (1) to confirm the list of related parties and report to the Board of Directors;
- (2) to formulate the management system for related party transactions of the Bank, and to clarify the approval procedures for related party transactions of the Bank, and submit the same to the Board of Directors for consideration and approval before implementation;
- (3) to file the general related party transactions approved through the Bank's internal authorization procedures;
- (4) to be responsible for reviewing major related party transactions of the Bank, focusing on the compliance, fairness, and necessity of the related party transactions, proposing review opinions and submitting the same to the Board of Directors for approval;
- (5) to be responsible for reviewing the annual special report on the overall status of related party transactions, submitting the same to the Board of Directors for consideration and approval, and reporting to the Shareholders' meetings, and submitting the same to banking regulatory authorities; and
- (6) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

Corporate Governance Report

During the Reporting Period, the Related Party Transactions Control Committee held a total of 3 meetings, and considered and approved 3 proposals, including the Report on the Implementation of the Related Party Transaction Management System and Related Party Transactions for 2024 (《2024年度關聯交易管理制度執行情況及關聯交易情況報告》), the Proposal on Related Party Transactions between the Bank and its Related Party Sichuan Gangrong Meicheng Investment Development Group Co., Ltd. (四川港榮美成投資發展集團有限公司) (《關於本行與關聯方四川港榮美成投資發展集團有限公司關聯交易的提案》) and the Proposal on Related Party Transactions between the Bank and its Related Party Sichuan Chunzhixiu Supply Chain Management Co., Ltd. (四川春之秀供應鏈管理有限責任公司) (《關於本行與關聯方四川春之秀供應鏈管理有限責任公司關聯交易的提案》).

7. Consumer Rights and Interests Protection Committee

The Consumer Rights and Interests Protection Committee of the Bank consists of the following Directors: Mr. XU Yong (executive Director), Ms. TIAN Tian (non-executive Director), and Mr. ZHAO Gen (non-executive Director). Mr. XU Yong (Resigned on February 10, 2026) served as the chairman of the Consumer Rights and Interests Protection Committee. Mr. YAO Liming currently serves as chairman of the Consumer Rights and Interests Protection Committee. The primary duties of the Consumer Rights and Interests Protection Committee include but are not limited to:

- (1) to be responsible for formulating strategies, policies, and goals for the protection of consumer rights and interests of the Bank, and implementing the same after approval by the Board of Directors;
- (2) to urge senior management to develop, regularly review, and supervise the implementation of measures, procedures, and specific operating procedures for the protection of consumer rights and interests in the banking industry;
- (3) to understand the implementation status and existing problems of consumer rights and interests protection work, timely provide corresponding opinions and suggestions to the Board of Directors or senior management, and supervise the effective implementation of consumer rights and interests protection work;
- (4) to be responsible for supervising and evaluating the comprehensiveness, timeliness and effectiveness of the Bank's consumer rights and interests protection work, as well as the relevant performance of duties of the senior management; and
- (5) other functions stipulated in the relevant laws and regulations and the Articles of Association, and authorized by the Board of Directors.

During the Reporting Period, the Consumer Rights and Interests Protection Committee held a total of 2 meetings and listened to 3 reports, including the 2024 Work Report and the 2025 Work Plan of the Consumer Rights and Interests Protection Committee (《消費者權益保護工作委員會2024年度工作總結及2025年度工作計劃》), the Report on Financial Consumer Rights and Interests Protection Work for 2024 (《2024年度金融消費者權益保護工作情況報告》) and the Report on Consumer Rights and Interests Protection from January to November 2025 (《2025年1-11月消費者權益保護工作報告》).

Corporate Governance Report

THE BOARD OF SUPERVISORS

The Board of Supervisors, the Bank's internal oversight body, shall be accountable to the Shareholders' meetings and shall report on its work to the Shareholders' meetings. The Board of Supervisors aims to guarantee the legitimate interests of the Bank, Shareholders, employees, depositors and other stakeholders and has the obligation to oversee the Bank's financial activities, risk management and internal control, discharge of duties by the Board and its members and the senior management, and is accountable to the Shareholders as a whole.

The term of office of the Supervisors shall be three years. Upon expiry of the current term of office, a Supervisor is eligible for re-election and re-appointment. The term of office for an external Supervisor of the Bank shall be no more than six years. Shareholder Supervisors shall be nominated by the Board of Supervisors and Shareholders who individually or collectively hold more than 3% of the Bank's voting Shares; external Supervisors shall be nominated by the Board of Supervisors and Shareholders who individually or collectively hold more than 1% of the Bank's voting Shares; Shareholder Supervisors and external Supervisors shall be elected, removed and replaced by the Shareholders' meetings. Employee Supervisors shall be nominated by the Board of Supervisors and the Bank's labor union, and be elected, removed and replaced by the Bank's employees' representative meeting and other democratic procedures.

(I) Composition of the Board of Supervisors

According to the Articles of Association, the Board of Supervisors is composed of Shareholder Supervisors, employee Supervisors, and external Supervisors. The number of employee Supervisors and external Supervisors of the Bank shall not be less than one-third of the total number of Supervisors.

As of the end of the Reporting Period, the 11 members of the Board of Supervisors are as follows:

- Mr. KANG Yong (Chairman of the Board of Supervisors, Employee Supervisor)
- Mr. LIU Wanli (Employee Supervisor)
- Ms. JIA Yan (Employee Supervisor)
- Ms. MAO Fangqiong (Employee Supervisor)
- Ms. CHEN Qian (External Supervisor)
- Ms. ZHANG Jufang (External Supervisor)
- Mr. SHAN Chengge (External Supervisor)
- Mr. XU Jiagen (External Supervisor)
- Ms. HE Ling (Shareholder Supervisor)
- Mr. JIA Heng (Shareholder Supervisor)
- Mr. WANG Shuai (Shareholder Supervisor)

Corporate Governance Report

(II) Chairman of the Board of Supervisors

Mr. KANG Yong serves as the Chairman of the Board of Supervisors. The responsibilities and powers of the Chairman of the Board of Supervisors are as follows:

- Convening and presiding over the meetings of the Board of Supervisors in accordance with the rules of procedure of the Board of Supervisors;
- Organizing the fulfillment of the responsibilities of the Board of Supervisors;
- Signing reports of the Board of Supervisors and other important documents;
- Reporting the work to the Shareholders' meetings on behalf of the Board of Supervisors;
- Other powers stipulated in laws, regulations, and the Articles of Association.

(III) Changes in the Supervisors

At the 26th (extraordinary) meeting of the fourth session of the Board of Supervisors held on September 29, 2025 and the 40th (extraordinary) Shareholders' general meeting held on October 27, 2025, the Board of Supervisors and the Shareholders' general meeting considered and approved the Proposal on Recommending the Abolition of the Board of Supervisors. The Board of Supervisors was then abolished from the date (January 4, 2026) on which the Bank obtained the approval of the amendment to the Articles of Association of Sichuan Financial Regulatory Bureau, and the current members of the Board of Supervisors ceased to hold the positions of Supervisors.

(IV) Responsibilities of the Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank and is responsible for the overall supervision of the Shareholders. The Board of Supervisors exercises the following powers:

- (1) Supervising the performance of duties by the Board of Directors and senior management and its members;
- (2) Conducting comprehensive evaluations of the performance of Directors, Supervisors, and senior management members;
- (3) Monitoring the important financial decisions and their execution by the Board of Directors and senior management;
- (4) Monitoring the establishment, improvement, and performance of the internal control governance framework;
- (5) Monitoring the establishment, improvement, and performance of the comprehensive risk management governance framework;

Corporate Governance Report

- (6) Ensuring comprehensive, timely, objective, and detailed disclosure of relevant information by the Board of Supervisors;
- (7) Reviewing and providing written audit opinions on the regular reports prepared by the Board;
- (8) Examining the Bank's finances;
- (9) Supervising the conduct of duties by Directors and senior management members, and recommending the removal of Directors and senior management members who violate laws, administrative regulations, the Articles of Association, or resolutions of the Shareholders' meetings;
- (10) Requesting correction from Directors and senior management members when their actions harm the Bank's interests;
- (11) Proposing the convening extraordinary Shareholders' meetings, and convening and presiding over Shareholders' meetings when the Board of Directors fails to fulfill its obligation to convene and preside over the Shareholders' meetings as stipulated in the Company Law;
- (12) Proposing resolutions at the Shareholders' meetings;
- (13) Filing lawsuits against Directors and senior management members in accordance with relevant provisions of the Company Law;
- (14) Conducting investigations if abnormal business operations are discovered in the Bank; if necessary, hiring professional institutions such as accounting firms and law firms to assist in their work, with the costs borne by the Bank;
- (15) Exercising other powers of the Board of Supervisors prescribed by laws, regulations, regulatory requirements, and the Articles of Association, or delegated by the Shareholders' meetings.

The Board of Supervisors fulfills its supervisory responsibilities primarily through the following means:

- Regularly convening meetings of the Board of Supervisors;
- Attending Shareholders' meetings and meetings of the Board of Directors;
- Attending relevant meetings of senior management;
- Reviewing various documents and data provided by senior management and listening to their work reports;
- Conducting performance evaluations of Directors, Supervisors, and senior management members;
- Conducting inspections of the Bank's branches and subsidiaries.

Through these activities, the Board of Supervisors evaluates the Bank's operations and management, risk management, internal controls, and the performance of the Board of Directors and senior management.

Corporate Governance Report

(V) Meetings of the Board of Supervisors

During the Reporting Period, the Board of Supervisors held 8 meetings, and there were no objections to its supervisory matters. The table below shows the attendance of Supervisors at the meetings during the Reporting Period:

Name	In-Person Attendance	Attendance by Proxy	Number of Meetings to Be Attended
KANG Yong	8	0	8
LIU Wanli	8	0	8
JIA Yan	8	0	8
MAO Fangqiong	8	0	8
JIA Heng	8	0	8
HE Ling	7	1	8
LI Shuang			
WANG Shuai	8	0	8
ZHANG Jufang	8	0	8
CHEN Qian	8	0	8
XU Jiagen	8	0	8
SHAN Chengge	8	0	8

(VI) Attendance at Shareholders' General Meetings

During the Reporting Period, representatives appointed by the Board of Supervisors attended the Bank's annual general meeting. During the meeting, the Board of Supervisors presented the Performance Evaluation Report of the Board of Supervisors on the Directors, Supervisors, and Senior Management for the Year 2024 《監事會對董事、監事及高級管理人員2024年度履職評價報告》, Proposals for Revising the Rules of Procedure for the Board of Supervisors of Yibin City Commercial Bank Co., Ltd 《關於修訂〈宜賓市商業銀行股份有限公司監事會議事規則〉的提案》, Opinions of the Board of Supervisors on the Profit Distribution Plan for 2024 《監事會對2024年度利潤分配方案的意見》, and the Work Report of the Board of Supervisors of Yibin Commercial Bank in 2024 《宜賓市商業銀行監事會2024年工作情況報告》. These proposals were approved by the meeting. In addition, representatives appointed by the Board of Supervisors attended 4 Shareholders' general meetings in 2025, overseeing the convening and voting procedures of the meetings.

(VII) Attendance at the Meetings of the Board of Directors and Senior Management

During the Reporting Period, representatives appointed by the Board of Supervisors attended a total of 43 Board of Directors' meetings, important management meetings, and Party Committee meetings, ensuring that the meetings were conducted in accordance with legal provisions. The Board of Supervisors focused on supervising the implementation of resolutions of the Shareholders' general meetings, strategic development formulation, operational decision-making, important personnel appointments, and other matters of significance.

Corporate Governance Report

(VIII) Committees under the Board of Supervisors

The Board of Supervisors has established a Nomination Committee and a Supervision Committee, which operate within the scope of authority set forth in the “Working Rules of the Nomination Committee of the Board of Supervisors of Yibin City Commercial Bank Co., Ltd” 《宜賓市商業銀行監事會提名委員會工作細則》 and the “Working Rules of the Supervision Committee of the Board of Supervisors of Yibin City Commercial Bank Co., Ltd” 《宜賓市商業銀行監事會監督委員會工作細則》.

1. *Nomination Committee*

The Nomination Committee consists of 5 Supervisors (Ms. CHEN Qian, Mr. LIU Wanli, Mr. XU Jiagen, Ms. HE Ling, Mr. WANG Shuai), with Ms. CHEN Qian serving as the chairwoman of the Nomination Committee.

The main responsibilities of the Nomination Committee include:

- (1) Making recommendations to the Board of Supervisors on the size and composition of the Board;
- (2) Studying the selection criteria and procedures for Supervisors and making recommendations to the Board of Supervisors;
- (3) Conducting initial reviews of the qualifications of Supervisor candidates other than employee Supervisors and making recommendations to the Board of Supervisors;
- (4) Supervising the selection process for Directors;
- (5) Conducting comprehensive evaluations of the performance of Directors, Supervisors, and senior management members and reporting to the Board of Supervisors;
- (6) Overseeing the scientific and reasonable nature of the Bank’s overall remuneration management system, policies, and senior management remuneration plans;
- (7) Responsible for the daily work of the Nomination Committee and coordinating with committee members as instructed by the chairman of the Nomination Committee;
- (8) Responsible for preparing for the election of the Board of Supervisors;
- (9) Other matters authorized by the Board of Supervisors.

During the Reporting Period, the Nomination Committee held 2 meetings, reviewed and approved 2 proposals, including the “Performance Evaluation Report of the Board of Supervisors and Supervisors for the Year 2024” 《監事會及監事 2024 年度履職評價報告》.

Corporate Governance Report

2. *Supervision Committee*

The Supervision Committee consists of 5 Supervisors (Ms. ZHANG Jufang, Ms. JIA Yan, Ms. MAO Fangqiong, Mr. SHAN Chengge, Mr. JIA Heng), with Ms. ZHANG Jufang serving as the chairwoman of the Supervision Committee.

The main responsibilities of the Supervision Committee include:

- (1) Being responsible for formulating oversight plans for the Bank's financial activities and conducting related inspections;
- (2) Overseeing the establishment of sound business philosophies, value principles, and the development strategies that are in line with the Bank's actual situation by the Board of Directors;
- (3) Supervising the compliance of the Board and senior management with relevant laws, regulations, financial policies, and the Articles of Association in carrying out their duties;
- (4) Monitoring and inspecting the Bank's business decisions, risk management, and internal controls;
- (5) Exercising supervisory and auditing functions under the authorization of the Board of Supervisors.

During the Reporting Period, the Supervision Committee held 2 meetings, reviewed and approved 2 proposals, including the "2024 Annual Results Announcement and Financial Statements" 《2024 年度業績公告及財務報表》. The Supervision Committee listened to reports from the Board of Directors and Senior Management and provided advisory opinions. It conducted supervisory activities as planned and effectively fulfilled the functions of the Supervision Committee.

(IX) **Work of External Supervisors**

The chairpersons of the Nomination Committee and Supervision Committee are held by external Supervisors. This enhances the role of external Supervisors in evaluating, internal controls and performing other independent supervisory functions, which contribute to improving the Bank's management level and governance structure.

During the Reporting Period, the Bank's external Supervisors were able to fully supervise the performance of duties by the Board of Directors and senior management, financial decision-making and execution, internal control, risk management, incentives and constraints in accordance with relevant laws and regulations. External Supervisors took the lead in carrying out the performance evaluation of the Board of Directors, the Board of Supervisors and the senior management members, and formulated the performance evaluation report. They paid close attention to major matters that may affect the operation and management of the Bank as well as the overall financial position of the Bank, attached importance to the senior management in the implementation of the resolutions of the Board of Directors and the Shareholders' general meeting and the rectification of problems in the operation, and promoted the orderly operation of the operation and management. In performing duties, they were not influenced by the Bank's Shareholders, management or other units or individuals who had significant interests in the Bank, and expressed independent opinions on issues or matters to be concerned.

Corporate Governance Report

SENIOR MANAGEMENT

The Bank has a system in place where the President is held accountable under the leadership of the Board of Directors. According to the Articles of Association, the Bank appoints one President and a certain number of Vice Presidents. The President can be nominated by the Chairman of the Board, the Nomination and Remuneration Committee of the Board, or more than one-third of the Directors. The Vice Presidents are nominated by the President, after preliminary review by the Nomination and Remuneration Committee of the Board and consideration and approval by the Board of Directors, their qualifications are examined and approved by the banking supervision and regulatory authorities. They are appointed by the Board of Directors and their terms of office are the same as that of the Board of Directors.

The senior management carries out operational and management activities in accordance with the Articles of Association and the authorization of the Board of Directors, be responsible to the Board of Directors. The senior management shall, in accordance with the requirements of the Board of Directors, accurately and completely report the Company's business performance, material contracts, financial condition, risk exposure, and business prospects in a timely manner and provide relevant information. The senior management shall not be subject to interference as to the operation and management activities within the scope of authority according to law.

During the Reporting Period and as of the Latest Practicable Date, the Bank's senior management members are as follows:

- Mr. GUO Hua (President) (Performed duties as an acting President from October 30, 2025, and officially took office as the President on January 13, 2026)
- Mr. YANG Xingwang (Executive Director and President) (resigned on April 8, 2025)
- Ms. JIANG Lin (President) (Performed duties as an acting President from June 4, 2025, and resigned on October 30, 2025)
- Mr. GONG Yuchi (Vice President)
- Ms. LIANG Youtao (Vice President)
- Mr. ZHU Bo (Vice President) (Resigned on July 10, 2025)
- Mr. YUAN Kui (Vice President) (Appointed on July 7, 2025)
- Mr. TANG Xudong (Chief Information Officer)
- Ms. TANG Lin (Secretary to the Board of Directors and Joint Company Secretary)
- Mr. YU Kui (Head of the Internal Audit Department)
- Mr. PU Bin (Head of the Planning and Finance Department)

Corporate Governance Report

For the year ended December 31, 2025, the remuneration (including the statutory or supplementary benefits paid by the Bank, such as social insurance, provident funds and corporate annuity) paid to senior management members (excluding those who also serve as Directors) by the Bank is as follows:

Remuneration Range	Number
More than RMB1.0 million	0
RMB0 million to RMB1.0 million	10

Note: In accordance with the regulations of relevant national authorities, the total remuneration for the senior management members (excluding those concurrently serve as Directors) for 2025 has not yet been finalized, and the remuneration currently disclosed solely represents the accrued payment amount during the period.

CHAIRMAN OF THE BOARD AND PRESIDENT

During the Reporting Period, the positions of the Chairman of the Board and the President of the Bank are held by different individuals, with clear delineation of responsibilities in accordance with the requirements of the Hong Kong Listing Rules. The Chairman of the Board and the President shall perform their duties within the scope authorized by the Board of Directors in accordance with the Articles of Association.

During the Reporting Period and as of the Latest Practicable Date, Mr. XUE Feng serves as the Chairman of the Board, responsible for presiding over the Shareholders' meetings, convening and presiding over the meetings of the Board, and supervising and inspecting the implementation of the resolutions of the Board, among other duties. As of April 7, 2025, Mr. YANG Xingwang serves as the President of the Bank, responsible for overseeing the Bank's operational management, implementing Board of Directors resolutions, and reporting work to the Board, among other responsibilities. Mr. YANG Xingwang resigned from his positions as the President of the Bank on April 8, 2025. Ms. JIANG Lin served as the proposed President of the Bank (performed duties as acting President from June 4, 2025, and resigned on October 30, 2025), was responsible for overseeing the Bank's operational management, implementing Board of Directors resolutions, and reporting work to the Board, among other responsibilities. Mr. GUO Hua serves as the President of the Bank (performed duties as an acting President from October 30, 2025, and officially took office as the President of the Bank on January 13, 2026), was responsible for overseeing the Bank's operational management, implementing Board of Directors resolutions, and reporting work to the Board, among other responsibilities.

SECURITIES TRANSACTIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank has adopted the Model Code as the code for regulating securities transactions by its Directors, Supervisors and senior management members.

The Bank has conducted specific inquiries of all Directors, Supervisors and senior management members and complied with the Model Code from the Listing Date to December 31, 2025.

Corporate Governance Report

EXTERNAL AUDITORS AND THEIR REMUNERATION

As considered and approved by the 2024 annual general meeting of the Bank, the Bank appointed Pan-China Certified Public Accountants LLP as the auditor of the Bank's 2025 financial statements prepared in accordance with Chinese Accounting Standards for Business Enterprises and appointed Confucius International CPA Limited as the auditor of the Bank's 2025 financial statements prepared in accordance with IFRS.

The Group agrees to pay Pan-China Certified Public Accountants LLP and Confucius International CPA Limited an audit fee for the financial statement of RMB1.68 million for the year ended December 31, 2025. During the Reporting Period, the Bank also paid/payable non-audit fees of RMB1.39 million.

The Audit Committee of the Board of Directors believes that Pan-China Certified Public Accountants LLP and Confucius International CPA Limited are able to properly perform the types of work of the Bank, comply with principles of independence, objectivity, and fairness, and adhere to relevant accounting principles and professional ethics while conducting their auditing work prudently and flexibly. The responsibility statement of Confucius International CPA Limited regarding the financial statements is included in the Independent Auditor's Report of this annual report. During the Reporting Period, there were no instances in which the Board of Directors disagreed with the Audit Committee's opinions on the selection and appointment of external audit firms.

JOINT COMPANY SECRETARIES

The Bank has appointed Ms. TANG Lin as a Joint Company Secretary. Ms. TANG Lin has extensive experience in handling corporate, legal, regulatory compliance, and administrative matters for PRC financial institutions. Ms. TANG Lin was elected by the Board of Directors to serve as the Bank's Secretary to the Board of Directors, assisting the Chairman of the Board in managing the Office of the Board of Directors, and drafting documents for meetings of the Board of Directors and the Shareholders' meetings and relevant regulations and rules. Considering Ms. TANG Lin's past experience in handling administrative and corporate affairs, the Bank believes that she is capable of fulfilling the duties as a Joint Company Secretary and is suitable for the role. Furthermore, as the Bank's main business is located in China, the Bank believes that having Ms. TANG Lin, who has relevant background and experience in China, as the Joint Company Secretary is in the best interest of the Bank and meets corporate governance requirements.

At the same time, the Bank has appointed Mr. Ngai Wai Fung as another Joint Company Secretary. Mr. Ngai Wai Fung's primary contact person in the Bank is Ms. TANG Lin. During the Reporting Period, in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules, Ms. TANG Lin has participated in 15 hours of professional training. Mr. Ngai Wai Fung has participated in relevant professional training in accordance with the requirements of Rule 3.29 of the Hong Kong Listing Rules. Mr. Ngai Wai Fung will provide assistance to Ms. TANG Lin during the first three years from the Listing Date of the Bank.

For further details regarding the qualifications and experience of Ms. TANG Lin and Mr. Ngai Wai Fung, please refer to the "Directors, Supervisors, Senior Management, Employees and Organizations – Biographies of Directors, Supervisors and Senior Management Members" in this annual report.

CORPORATE CULTURE

For details of the corporate culture of the Bank, please refer to the section headed "Company Profile – CORPORATE CULTURE" in this Annual Report.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Bank highly values the opinions and suggestions of Shareholders and enhances mutual understanding and communication through various channels, including Shareholders' meetings, visitor receptions, on-site visits, and telephone inquiries. The primary channels for disseminating information to Shareholders and investors are HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the website of the Bank (www.ybccb.com), where financial reports (interim and annual reports), announcements, circulars, and other public materials are available for reference. Shareholders with inquiries regarding their shareholdings should contact the Office of the Board of Directors of the Bank or H Share Registrar. Following the implementation of these measures, the Bank considers that the Shareholders' communication policy is sufficient and effective as of the Latest Practicable Date.

GENERAL INQUIRIES

For enquiries made to the Board of Directors by the Shareholders and potential investors, please contact:

Office of the Board of Directors of Yibin City Commercial Bank Co., Ltd
No. 9, Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan, PRC
Tel: +86 (0831) 5103546

Principal Place of Business in Hong Kong: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

Investors may access this annual report via HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Bank (www.ybccb.com).

Enquiries on Matters Relating to the H Shares

Shareholders with inquiries regarding H Shares, including Share transfers, address changes, lost share certificates, or dividend vouchers, should contact:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2862 8555

Enquiries on Matters Relating to the Domestic Shares

Shareholders with inquiries regarding Domestic Shares, including Share transfers, address changes and dividend distribution, should contact:

Office of the Board of Directors of Yibin City Commercial Bank Co., Ltd
No. 9, Jinshajiang Avenue, Xuzhou District, Yibin, Sichuan, PRC
Tel: +86 (0831) 5103546

INFORMATION DISCLOSURE

The Board of Directors and senior management of the Bank place high importance on information disclosure, ensuring that investors receive timely, accurate, and equal access to information through robust corporate governance and internal controls.

Corporate Governance Report

The Bank continuously improves the timeliness, accuracy, and completeness of information disclosures in compliance with laws and regulations, including the Measures for the Information Disclosure of Commercial Banks (《商業銀行信息披露辦法》).

The Bank has established the Measures for the Management of Information Disclosure of Yibin City Commercial Bank (《宜賓市商業銀行信息披露管理辦法》), which defines disclosure principles, contents of periodic and interim reports, disclosure methods, review and release procedures. The Board of Directors is responsible for information disclosure matters and bears ultimate responsibility for the truthfulness, accuracy, completeness, timeliness, and legality of accounting and financial reports. The Secretary to the Board of Directors is responsible for organizing and coordinating the information disclosure matters, and the Office of the Board of Directors handles specific information disclosure matters.

INSIDER INFORMATION HANDLING PROCEDURES AND REGULATORY MEASURES

The Bank attaches great importance to insider information management. In order to promote the lawful and regulated operation, maintain information security and protect the legitimate rights and interests of investors, standardize the disclosure of information, and ensure that the information disclosure is true, accurate, complete, timely, and lawful, the Bank has formulated the Measures for the Management of Information Disclosure of Yibin City Commercial Bank (《宜賓市商業銀行信息披露管理辦法》), Work System for Confidentiality and Records Management of Overseas Securities Issuance and Listing of Yibin City Commercial Bank (《宜賓市商業銀行境外發行證券與上市相關保密和檔案管理工作制度》), the Measures for the Management of Confidentiality of Yibin City Commercial Bank (《宜賓市商業銀行保密管理辦法》) in accordance with relevant laws and regulations, the Hong Kong Listing Rules and other regulatory requirements.

The Measures for the Management of Information Disclosure of Yibin City Commercial Bank (《宜賓市商業銀行信息披露管理辦法》), Work System for Confidentiality and Records Management of Overseas Securities Issuance and Listing of Yibin City Commercial Bank (《宜賓市商業銀行境外發行證券與上市相關保密和檔案管理工作制度》), the Measures for the Management of Confidentiality of Yibin City Commercial Bank (《宜賓市商業銀行保密管理辦法》) of the Bank define the scope of insider information, the procedure for determining insider information, the management regulations for insider information and insiders, the confidentiality of such information, and measures to sanction the leakage of information.

AMENDMENT OF ARTICLES OF ASSOCIATION

During the Reporting Period, the Bank has amended the Articles of Association twice in accordance with the laws and regulations and regulatory requirements: i) The Bank's 2024 Annual General Meeting held on June 26, 2025 considered and approved the relevant resolutions on the change of registered capital and the amendment to the Articles of Association. On December 9, 2025, the revised Articles of Association of the Bank were approved by the National Financial Regulatory Administration Sichuan Office. For details, please refer to the announcements dated April 24, 2025, June 6, 2025, June 26, 2025 and December 10, 2025 and the circular dated June 6, 2025; ii) The Bank's 2025 third extraordinary general meeting held on October 27, 2025 considered and approved the relevant resolutions in relation to the abolition of the Board of Supervisors and the amendment to the Articles of Association. On January 4, 2026, the revised Articles of Association of the Bank were approved by the National Financial Regulatory Administration Sichuan Office. For details, please refer to the announcements dated September 29, 2025, October 10, 2025, October 27, 2025 and January 5, 2026 and the circular dated October 10, 2025.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for formulating risk management and internal control policies and assumes ultimate responsibility for comprehensive risk management. Considering that the purpose of risk management and internal control policies is to manage rather than eliminate risks that may prevent achieving business objectives, the Board of Directors can reasonably, but not absolutely, ensure that the above systems can prevent any material losses. The Board of Directors ensures that a review of the risk management and internal control policies of the Bank and its subsidiaries is conducted at least once a year. The review covers all major risks.

During the Reporting Period, the Board of Directors reviewed the risk management and internal control policies of the Bank and the implementation and effectiveness of such policies and deemed them effective and sufficient.

Risk Management

The Bank established a comprehensive and robust risk management framework to eliminate the impact of various uncertainties on the achievement of the Bank's strategic and operational objectives. Our comprehensive risk management work is managed in a hierarchical manner, with the Board of Directors as the highest decision-making body responsible for establishing and maintaining a full and effective comprehensive risk management system. The Bank implements the risk management process in various management stages, nurtures a good risk management culture, and strives to achieve the overall objectives of risk management by establishing a sound risk management system. Credit risk, market risk, operational risk, liquidity risk, reputation risk, legal and compliance risk, information technology risk, and anti-money laundering and counter-terrorism financing management are major components of our comprehensive risk management. For various types of risks, the Bank established clear and specific procedures for reporting and communication to ensure efficient and effective coordination among various departments.

Currently, the Bank has established risk management support systems such as the core business system, credit management system, impairment valuation system, credit risk early warning system, financial management system, comstar funds business system, liquidity risk management system, anti-money laundering system. These systems operated smoothly throughout the year, and effectively supported the Bank's management of major risks such as credit risk, market risk, operational risk and liquidity risk, to ensure the effective extraction of relevant risk information and data, monitoring of risk indicators, and systematic control of limit indicators.

Internal Control

The Bank has established an internal control governance and organizational structure comprising the Board of Directors and its committees, senior management, internal control management functional departments, Party Committee Office, discipline inspection and supervision department, internal audit department, management departments and business departments of various business lines at the head office, as well as the branches, with clear division of responsibilities, well-defined duties, and relatively clear reporting relationships, forming a mechanism for coordination and balances among the decision-making, supervisory and executive bodies.

The Bank's internal control has penetrated into all business and management processes, covering all institutions, departments and personnel, and has formed an internal control mechanism of risk prevention before occurrence, control during the process, and supervision and correction afterward.

During the Reporting Period, the Bank continued to strengthen the effectiveness of the performance of duties by the "Three Boards and One Management (三會一層)", with each governance body performing its respective duties and strictly implementing its functional responsibilities. The Bank continued to enhance its internal control management level by optimizing its management structure, improving its internal control and compliance culture, and the long-term mechanism for internal control management.

Corporate Governance Report

Internal Audit

Please refer to the “Management Discussion and Analysis – Risk Management” in this annual report for details of the internal audit of the Bank.

REVIEW THE ANNUAL RESULTS

The Board of Directors and its Audit Committee of the Bank have reviewed and recognized the Bank’s annual results for the year ended December 31, 2025.

DIVIDEND POLICY

The Bank has established the Dividend Distribution Management Measures 《股利分派管理辦法》 that stipulates the Bank’s dividend policy. The Bank does not have a fixed dividend payout ratio. The Board of Directors is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders’ meeting for approval. The determination of whether to pay dividends and the amount of such dividends is based on the Bank’s results of operations, cash flows, financial condition, capital adequacy ratios, future business prospects, statutory and regulatory restrictions on the payment of dividends by the Bank and other factors that the Board of Directors considers relevant.

Under PRC laws and the Articles of Association, the Bank may only pay dividends out of its distributable profits. Under relevant MOF regulations, the Bank is required to maintain a general reserve no less than 1.5% of the balance of its risk-bearing assets from the net profits after tax. Any distributable profit that is not distributed in a given year is retained and available for distribution in subsequent years. However, generally the Bank does not pay any dividends in a year in which the Bank does not have any distributable profit in respect of that year.

The Bank is prohibited from making any profit distributions to the Shareholders before recovering accumulated losses and making appropriations to the statutory surplus reserve, the general reserve, and any discretionary surplus reserve as approved by the Shareholders’ meeting. In addition, the NFRA has the authority to prohibit any Bank that fails to meet the relevant capital adequacy ratio requirements, or has violated other relevant PRC banking regulations, from paying dividends or making other forms of distributions.

SHAREHOLDERS’ RIGHTS

(I) Convening of Extraordinary Shareholders’ Meeting at the Request of Shareholders

Shareholders who individually or collectively hold more than 10% of the Shares of the Bank have the right to request the Board of Directors to convene an extraordinary Shareholders’ meeting, and such request should be submitted to the Board of Directors in writing. The Board of Directors shall, within 10 days after receiving the request, provide a written response indicating their agreement or disagreement with convening the extraordinary Shareholders’ meeting, in accordance with applicable laws, administrative regulations, and the Articles of Association.

If the Board of Directors agrees to convene the extraordinary Shareholders’ meeting, the notice for convening the Shareholders’ meeting shall be issued within 5 days after the Board of Directors resolution is made. Any changes to the original request in the notice should be agreed by the relevant Shareholders. If the Board of Directors disagrees to convene the extraordinary Shareholders’ meeting or fails to provide a response within 10 days after receiving the request, Shareholders who individually or collectively hold more than 10% of the Shares of the Bank have the right to propose the convening of the extraordinary Shareholders’ meeting to the Audit Committee, and such request should be submitted to the Audit Committee in writing.

Corporate Governance Report

If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after receiving the request. Any change to the original proposal in the notice shall be agreed by relevant Shareholders.

If the Audit Committee fails to issue the notice for the Shareholders' meeting within the specified period, it will be deemed that the Audit Committee did not convene and preside over the Shareholders' meeting. Shareholders who individually or collectively hold more than 10% of the Shares of the Bank for more than 90 consecutive days may convene and preside over the general meeting themselves.

The expenses necessary for the Shareholders' meeting convened by the Audit Committee or Shareholders themselves shall be borne by the Bank.

A Shareholders' meeting convened by the Shareholders on their own shall be presided over by a representative nominated by the convener.

When the Shareholders' meeting is convened, if the chairman of the meeting violates the rules of procedure which makes the Shareholders' meeting impossible to proceed, with the consent of more than half of the Shareholders with voting rights present at the Shareholders' meeting, the general meeting may elect one person to act as the chairman of the meeting and continue the meeting.

Shareholders who hold Shares of the Bank have the right to attend or appoint proxies to attend the Shareholders' meeting. Shareholders have various Shareholders' rights, such as the right to be informed, the right to speak, the right to question, and the right to vote, in accordance with laws, regulations, rules, normative documents, the Articles of Association of the Bank, and these rules. Shareholders may attend the Shareholders' meeting in person or appoint a proxy to attend and vote on their behalf, and the proxy does not have to be a Shareholder of the Bank.

(II) Proposal to the Shareholders' Meeting

Shareholders who individually or collectively hold more than 1% of the Bank's Shares have the right to submit proposals to the Bank. Shareholders who individually or collectively hold more than 1% of the Bank's Shares may submit ad hoc proposals in writing to the convener ten days prior to the Shareholders' meeting; the content of the ad hoc proposal shall fall within the authority of the Shareholders' meeting and have specific agenda items and resolutions. The convener shall issue a supplementary notice for the Shareholders' meeting within two days after receiving the proposal. The content of the ad hoc proposal shall be announced, and the proposal shall be submitted to the Shareholders' meeting for deliberation.

Shareholders who individually or collectively hold more than 1% of the total voting Shares issued by the Bank may nominate Director candidates to the Board of Directors. Shareholders who individually or collectively hold more than 1% of the total voting Shares issued by the Bank may nominate independent Director candidates to the Board of Directors. The nomination of Directors by Shareholders must comply with the provisions of the Articles of Association of the Bank and "Yibin Commercial Bank Director Nomination and Election Measures".

Corporate Governance Report

(III) Inquiry to the Board of Directors

Shareholders of the Bank have the right to supervise its operations and make suggestions or inquiries. Shareholders have the right to access the Articles of Association, Shareholders' registry, corporate bonds, minutes of Shareholders' meetings, resolutions of the Board of Directors, and financial accounting reports.

When Shareholders request to access or obtain information related to the Bank in this article, they should submit a written request to the Bank, stating the purpose and providing written documentation proving the type of Shares they hold and the number of Shares held. After verifying the Shareholder's identity, the Bank shall provide the requested information in accordance with legal regulations.

Independent Auditor's Report



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

香港灣仔莊士敦道181號大有大廈1501-08室
Rooms 1501-08, 15th Floor, Tai Yau Building,
181 Johnston Road, Wanchai, Hong Kong
電話 Tel: (852) 3103 6980
傳真 Fax: (852) 3104 0170
電郵 Email: info@pccpa.hk
官網 Web: www.pccpa.hk

TO THE SHAREHOLDERS OF YIBIN CITY COMMERCIAL BANK CO., LTD

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

OPINION

We have audited the consolidated financial statements of Yibin City Commercial Bank Co., Ltd (the "Bank") and its subsidiaries (the "Group") set out on pages 157 to 279, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (the "Code") issued by the HKICPA, as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Measurement of expected credit losses for loans and advances to customers and the debt instruments measured at amortised cost and measured at fair value through other comprehensive income
- Consolidation of structured entities

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matters

Measurement of expected credit losses for loans and advances to customers and the debt instruments measured at amortised cost and measured at fair value through other comprehensive income

Refer to notes 2. 3.4, 3. 1, 4(a), 12, 18, 20, 21 to the consolidated financial statements

As at 31 December 2025, gross loans and advances to customers amounted to RMB71.38 billion, and a loss allowance of RMB3,201 million was recognised in the Group's consolidated statement of financial position; debt instruments measured at amortised cost amounted to RMB8,296 million, for which a provision of RMB3 million was recognised; debt instruments measured at fair value through other comprehensive income amounted to RMB19,879 million, for which a provision of RMB234 million was recognised.

The expected credit losses ("ECL") recognised in the consolidated statement of comprehensive income for loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income for the year ended 31 December 2025 amounted to RMB810 million.

The loss allowances for loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income represent the management's best estimates of ECL under International Financial Reporting Standard 9: Financial Instruments at the balance sheet date.

Management assesses whether the credit risk of loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income have increased significantly since their initial recognition, or whether the credit has already been impaired, and applies an impairment model to calculate their ECL. Management assesses loss allowance using ECL model that incorporates key parameters and assumptions, including probability of default, loss given default, exposure at default and discount rates, economic indicators, the application of economic scenarios and their weightings for forward-looking measurement.

How our audit addressed the Key Audit Matters

We obtained an understanding of the management's internal control and assessment process of the measurement of ECL for loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income, and we assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.

We evaluated and tested the design and operating effectiveness of the internal controls relating to the measurement of ECL for loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income, primarily including:

- (1) Governance of ECL models include management systems, key policies, the selection, approval and application of model methodologies, as well as internal controls over on-going monitoring and optimisation of the models.
- (2) Internal controls over significant management judgments and assumptions, including the assessment and approval of portfolio segmentation, model selection, parameters estimation, identification of significant increase in credit risk, determination of defaults or credit impairment, and forward-looking measurement;
- (3) Internal controls over the accuracy and completeness of key data inputs used for model measurement;
- (4) Evaluation and approval of the measurement result of ECL for loans and advances to customers, debt instruments measured at amortised cost and measured at fair value through other comprehensive income.

Independent Auditor's Report

Key Audit Matters	How our audit addressed the Key Audit Matters
The measurement of ECL involves significant management judgments and assumptions, primarily including: (1) Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters; (2) Criteria for determining whether the credit risk has increased, significantly, defaulted, or credit has been impaired; (3) Economic indicators for forward-looking measurement, and the application of economic scenarios and their weightings The amount of loss allowances of loans and advances to customers and debt instruments measured at amortised cost and measured at fair value through other comprehensive income is significant, and the measurement has a high degree of estimation uncertainty. For measuring ECL, management adopted complex models, employed numerous parameters and data, and applied significant management judgments and assumptions, and involved significant inherent risks. In view of these reasons, we identified this as a key audit matter.	The substantive procedures we performed primarily included: (1) According to the risk characteristics of assets, we assessed the reasonableness of portfolio segmentation and evaluated the appropriateness of ECL model methodologies for each portfolio. (2) Using a risk-based sampling approach, we selected samples to perform credit review procedures. Based on post-lending investigation reports, borrowers' financial information, collateral valuation reports, and other available information, we analysed the borrowers' repayment capacity to evaluate the appropriateness of management's loan rating assessments and whether the credit risk has increased significantly, defaulted or credit has been impaired. (3) For forward-looking measurements, we understood from management the setup of economic scenarios and their weightings used in the ECL model, and assessed the reasonableness of the economic forecasts for macroeconomic factors used in the forward-looking adjustments. We performed sensitivity analysis on economic scenarios weightings. (4) We assessed the reasonableness of the key parameters in the ECL model and verified the computational accuracy in the impairment model by testing whether the measurement model appropriately reflects the modelling methodologies documented by management.

Independent Auditor's Report

Key Audit Matters

How our audit addressed the Key Audit Matters

- (5) We assessed the appropriateness of the modelling methodologies for ECL measurement by comparing with industry practices. We also performed back-testing of actual defaults against the expected defaults generated by the model at the end of the previous period. We evaluated the reasonableness of loss given default by analysing the Bank's historical losses experienced;
- (6) We examined data inputted to the ECL models such as credit risk exposures and maturity dates for selected samples, including historical data and data at the measurement date by checking against supporting documents such as loan contracts and borrowers' basic information.
- (7) We evaluated whether the relevant disclosures comply with the disclosure requirements of International Financial Reporting Standards (IFRS) and appropriately reflect the modelling methodologies, parameters, and assumptions used in the ECL measurement.

Independent Auditor's Report

Key Audit Matters

Consolidation of structured entities

Refer to Notes 2.3.1, 4(d) and 37 of the consolidated financial statements

Structured entities primarily included asset management plans, wealth management products and funds managed or invested by the Group. As at 31 December 2025, the carrying amount of the unconsolidated structured entities which were initiated by third-party institutions invested by the Group amounted to RMB1,937 million. In addition, as at 31 December 2025, the balance of unconsolidated wealth management products issued and managed by the Group was RMB1,467 million.

Management had determined whether the Group had control of certain structured entities based on the assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its variable returns from these structured entities.

The assessment of the Group's control over structured entities involves significant judgments on factors such as the purpose and design of structured entities, the Group's ability to direct relevant activities, direct and indirect beneficial interests and returns, performance fees, and returns earned or losses incurred from providing credit enhancement or liquidity support. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgments and estimates. In view of the significance and the complexity of management judgments, we consider consolidation assessment and disclosures of structured entities a key audit matter.

How our audit addressed the Key Audit Matters

We understood and evaluated the Group's relevant business process and internal controls over consolidation of structured entities. We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the degree of other inherent risk factors, and further tested consolidation of structured entities, including the following procedures:

- (1) We understood and evaluated the design and implementation of key financial reporting internal controls relating to the Group's assessment of its ability to control structured entities and consolidation of structured entities.
- (2) We inspected management's analysis over structured entities and, taking into consideration all relevant facts and circumstances, evaluated management's analysis and conclusion on whether the Group controls structured entities based on its power over structured entities, the magnitude and variability of the variable returns from its involvement with the structured entities, and the linkage between these two factors.
- (3) We selected samples to check the relevant contract and documents to understand the purpose of establishing structured entities, and examined the structural design of risk and reward allocation within structured entities, including any capital interests held, guarantees on returns, liquidity support arrangements, performance fees, commission payments, and profit distributions etc, to evaluate whether the Group has a legal or constructive obligation to ultimately bear the losses of structured entities
- (4) we assessed whether relevant disclosures comply with the disclosure requirements of the International Financial Reporting Standards for structured entities.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Bank are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Bank are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Bank either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Confucius International CPA Limited

Certified Public Accountants

Chan Lap Chi

Practising Certificate Number: P04084

Hong Kong

30 March 2026

Financial Report

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025 (In RMB thousands, unless otherwise stated)

	Note	2025	2024
Interest income		4,028,054	3,691,314
Interest expense		(2,080,328)	(2,113,627)
Net interest income	5	1,947,726	1,577,687
Fee and commission income		55,778	101,075
Fee and commission expense		(39,771)	(35,973)
Net fee and commission income	6	16,007	65,102
Net gains on trading activities	7	52,370	200,965
Net gains on financial investments	8	220,036	315,138
Other operating income	9	37,686	21,503
Operating income		2,273,825	2,180,395
Operating expenses	10	(729,791)	(725,165)
Expected credit losses	12	(888,802)	(888,737)
Impairment losses	13	(1,980)	–
Profit before income tax		653,252	566,493
Income tax expense	14	(93,703)	(88,681)
Net profit		559,549	477,812
Net profit attribute to:			
Equity attributable to shareholders of the Bank		560,338	513,430
Non-controlling interests		(789)	(35,618)
Basic and diluted earnings per Share (expressed in RMB per Share)	15	0.12	0.13

Financial Report

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025 (In RMB thousands, unless otherwise stated)

	Note	2025	2024
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		(407,067)	298,724
Credit impairment losses for financial assets at fair value through other comprehensive income		(93,552)	17,422
Impact on income tax on changes in fair value and credit impairment provision of financial assets at fair value through other comprehensive income		125,155	(79,037)
Items that will not be reclassified to profit or loss:			
Changes in remeasurement of defined benefit plans		(1,150)	(1,510)
Impact on income tax on changes in remeasurement of defined benefit plans		288	378
Other comprehensive income for the year, net of tax		(376,326)	235,977
Total comprehensive income		183,223	713,789
Total comprehensive income attributable to:			
Equity attributable to shareholders of the Bank		184,002	749,368
Non-controlling interests		(779)	(35,579)

The accompanying notes form an integral part of these consolidated financial statements.

Financial Report

Consolidated Statement of Financial Position

31 December 2025 (In RMB thousands, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Assets			
Cash and balances with central Bank	16	10,817,647	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	17	4,299,939	4,988,492
Loans and advances to customers	18	68,181,533	58,443,810
Financial investments			
– Fair value through profit or loss	19	9,511,000	6,239,805
– Fair value through other comprehensive income	20	19,878,725	22,482,542
– Amortised cost	21	8,293,079	7,758,074
Property, plant and equipment	23	580,600	284,911
Right-of-use assets	24	27,002	31,397
Deferred tax assets	25	1,546,580	1,237,353
Other assets	26	387,649	420,488
Total assets		123,523,754	109,205,393
LIABILITIES			
Borrowings from central Bank	27	3,191,599	2,266,246
Financial assets sold under repurchase agreements, due to other banks and financial institutions	28	11,350,863	9,340,672
Financial liabilities at fair value through profit or loss	29	57,127	–
Customer deposits	30	91,851,860	84,517,911
Debt securities issued	31	4,301,189	2,028,101
Taxes payable	32	252,337	257,144
Lease liabilities	24	24,829	28,766
Other liabilities	33	951,661	794,264
Total liabilities		111,981,465	99,233,104

Financial Report

Consolidated Statement of Financial Position

31 December 2025 (In RMB thousands, unless otherwise stated)

	Note	31 December 2025	31 December 2024
EQUITY			
Share capital	34	4,588,400	3,900,000
Capital reserve	34	4,440,581	3,512,784
Other comprehensive income	35	21,079	397,415
Surplus reserve	35	236,453	180,105
General reserve	35	1,287,506	1,239,400
Retained earnings		694,357	467,893
Equity attributable to shareholders of the Bank		11,268,376	9,697,597
Non-controlling interests		273,913	274,692
Total equity		11,542,289	9,972,289
Total liabilities and equity		123,523,754	109,205,393

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

DIRECTOR

CHIEF FINANCIAL OFFICER

Financial Report

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025 (In RMB thousands, unless otherwise stated)

	Equity attributable to shareholders of the Bank							Total
	Share capital (Note 34)	Capital reserve (Note 34)	Other reserves			Retained earnings	Non-controlling interests	
			Surplus reserve (Note 35)	General reserve (Note 35)	Other comprehensive income (Note 35)			
Balance at 1 January 2025	3,900,000	3,512,784	180,105	1,239,400	397,415	467,893	274,692	9,972,289
Profit for the period	-	-	-	-	-	560,338	(789)	559,549
Other comprehensive income	-	-	-	-	(376,336)	-	10	(376,326)
Total comprehensive income for the period	-	-	-	-	(376,336)	560,338	(779)	183,223
Shareholder's contribution (Note 34)	688,400	927,797	-	-	-	-	-	1,616,197
Transfer to surplus reserve (Note 35)	-	-	56,348	-	-	(56,348)	-	-
Transfer to general reserve (Note 35)	-	-	-	48,106	-	(48,106)	-	-
Cash dividends (Note 36)	-	-	-	-	-	(229,420)	-	(229,420)
Balance at 31 December 2025	4,588,400	4,440,581	236,453	1,287,506	21,079	694,357	273,913	11,542,289

	Equity attributable to shareholders of the Bank							Total
	Share capital (Note 34)	Capital reserve (Note 34)	Other reserves			Retained earnings	Non-controlling interests	
			Surplus reserve (Note 35)	General reserve (Note 35)	Other comprehensive income (Note 35)			
Balance at 1 January 2024	3,900,000	3,462,784	125,912	1,010,653	161,477	315,403	310,271	9,286,500
Profit for the year	-	-	-	-	-	513,430	(35,618)	477,812
Other comprehensive income	-	-	-	-	235,938	-	39	235,977
Total comprehensive income for the year	-	-	-	-	235,938	513,430	(35,579)	713,789
Shareholder's contribution (Note 34)	-	50,000	-	-	-	-	-	50,000
Transfer to surplus reserve (Note 35)	-	-	54,193	-	-	(54,193)	-	-
Transfer to general reserve (Note 35)	-	-	-	228,747	-	(228,747)	-	-
Cash dividends (Note 36)	-	-	-	-	-	(78,000)	-	(78,000)
Balance at 31 December 2024	3,900,000	3,512,784	180,105	1,239,400	397,415	467,893	274,692	9,972,289

The accompanying notes form an integral part of these consolidated financial statements.

Financial Report

Consolidated Statement of Cash Flows

For the year ended 31 December 2025 (In RMB thousands, unless otherwise stated)

	2025	2024
Cash flows from operating activities:		
Profit before income tax	653,252	566,493
Profit before income tax adjustments for:		
Depreciation and amortisation	58,446	61,276
Impairment losses	1,980	–
Expected credit losses	888,802	888,737
Net gains on disposal of property, plant and equipment and foreclosed assets	(699)	(979)
Net gains arising from financial investments	(220,036)	(315,138)
Changes in fair value of financial assets at fair value through profit or loss	43,277	3,133
Interest income from financial investments	(722,601)	(746,963)
Interest expenses on debt securities	32,845	41,542
Other benefits	(17,421)	–
Subtotal	<u>717,845</u>	<u>498,101</u>
Net change in operating assets:		
Net increase in balances with central Bank	(324,097)	(702,975)
Net increase in loans and advances to customers	(10,528,486)	(9,822,714)
Net increase in other operating assets	(3,159,170)	(438,563)
Subtotal	<u>(14,011,753)</u>	<u>(10,964,252)</u>
Net change in operating liabilities:		
Net increase in borrowings from central Bank	922,733	68,339
Net increase in due to banks and other financial institutions	2,016,429	3,077,586
Net increase in customer deposits	6,805,542	13,078,857
Net increase in other liabilities	706,453	34,359
Subtotal	<u>10,451,157</u>	<u>16,259,141</u>
Income tax paid	<u>(287,838)</u>	<u>(285,978)</u>
Net cash (used in)/generated from operating activities	<u>(3,130,589)</u>	<u>5,507,012</u>

Financial Report

Consolidated Statement of Cash Flows

For the year ended 31 December 2025 (In RMB thousands, unless otherwise stated)

	2025	2024
Cash flows from investing activities:		
Proceeds from disposal of property, equipment and other long-term assets	3,397	170,263
Purchase of property, equipment and other long-term assets	(337,166)	(44,824)
Interest income from financial investments	688,931	746,963
Purchase of investment securities	(18,890,423)	(40,409,572)
Proceeds from sale and redemption of investments	20,750,457	34,438,059
Net cash generated from/(used in) investing activities	2,215,196	(5,099,111)
Cash flows from financing activities:		
Proceeds from issuance of Shares	1,663,487	–
Proceeds from issuance of debt securities	4,290,243	2,017,537
Repayment for debt securities issued	(2,050,000)	(3,310,000)
Increase/(decrease) in other cash flow related to financing activities	(15,063)	35,293
Dividends paid to Shareholders	(216,677)	(74,299)
Net cash generated from/(used in) financing activities	3,671,990	(1,331,469)
Net increase/(decrease) in cash and cash equivalents	2,756,597	(923,568)
Cash and cash equivalents at the beginning of the year	6,925,632	7,849,200
Cash and cash equivalents at the end of the year (Note 40)	9,682,229	6,925,632
Net amount of operating cash flow:		
Interest received	3,398,655	3,116,018
Interest paid	(1,522,694)	(1,393,710)

The accompanying notes form an integral part of these consolidated financial statements.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

1 GENERAL INFORMATION

This bank is a joint-stock city commercial Bank headquartered in Yibin City, Sichuan Province, the PRC, and was incorporated on 27 December 2006. The Bank's predecessor was Yibin City Credit Cooperatives, which was established in 2000. As approved by the former China Banking and Insurance Regulatory Commission ("CBIRC") Sichuan Office, the Bank was jointly established by the shareholders of Yibin City Credit Cooperatives (including 44 non-individual shareholders and 386 individual shareholders). At the time of establishment, the registered capital of the Bank was RMB106,879,775, comprising 106,879,775 Domestic Unlisted Shares with a par value of RMB1.00 each. The Bank conducted a global offering of 688,400,000 H shares on 13 January 2025, with a par value of RMB1.00 per share, as of 31 December, 2025, the registered capital of the Bank was RMB4,588,400,000.

The approved business scope of the Bank and its subsidiaries, Yibin Xingyi Rural Bank Co., Ltd. (宜賓興宜村鎮銀行有限責任公司, "Xingyi Bank") and Neijiang Xinglong Rural Bank Co., Ltd. (內江興隆村鎮銀行股份有限公司, "Xinglong Bank") (collectively referred to as the "Group") consists of deposit taking; granting of short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discounting; issuing financial bonds; acting as agent to issue, settle and underwrite government bonds; trading of government bonds; engaging in inter-bank placement; Bank cards business; providing letter of credit services and guarantee; acting as agent on inward and outward payments, acting as insurance agent; providing safe-box service, and other businesses as approved by the banking regulatory authorities and other regulatory authorities (certain projects are subject to additional approval of authorities). Information relating to the Bank's subsidiaries is set out in Note 22.

2 SUMMARY OF ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at their fair values in the consolidated financial statements. Other accounting items are measured at their historical costs. Impairment allowance is recognised and measured in accordance with the relevant policy.

The preparation of the financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.2 Application of new and amendments to IFRS Accounting Standards

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to relevant periods presented unless otherwise stated.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Application of new and amendments to IFRS Accounting Standards *(Continued)*

(a) Application of new standard and amendments effective date on 1 January 2025

On 1 January 2025, the Group adopted the following new standards and amendments. The Group has not early adopted any other standards or amendments that have been issued but are not yet effective.

		Valid date
Amendments to IAS 21	Lack of Exchangeability	1 January, 2025

The adoption of the above standards and amendments does not have any significant impact on the operating results, comprehensive income and financial position of the Group for the year ended 31 December 2025.

(b) New standard and amendments but not yet effective

As of the reporting date, the Group has not adopted any newly issued IFRS Accounting Standards and amendments which are not yet effective.

		Valid date
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 21	Translation to a Hyperinflationary Presentation Currency	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

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.2 Application of new and amendments to IFRS Accounting Standards *(Continued)*

(b) New standard and amendments but not yet effective (Continued)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Group is assessing the impact of adopting the above standards and amendments. The adoption of the above standards and amendments is not expected to have a material impact on the Group's financial statements in terms of operating results, financial position and comprehensive income.

2.3 Material accounting policies

2.3.1 Consolidated financial statements

(a) Business combinations

The consideration transferred by the acquirer for the acquisition and the identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where the cost of a business combination exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of a business combination is less than the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss.

Acquisition date mentioned above is the date that the Group effectively obtains control of the acquiree.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.1 Consolidated financial statements *(Continued)*

(b) Subsidiaries and non-controlling interests

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has the power over the entity, and is exposed to, or has the rights to the variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which the Group obtains control over the subsidiaries. They are deconsolidated from the date when the Group ceases to control the subsidiaries. For the structured entities, the Group makes significant judgment on whether the Group controls and should consolidate these structured entities. The Group considers their contractual rights and obligations, the variable returns from the structured entities, the liquidity and other support and the roles acts as a principal or an agent. The judgment is further detailed in Note 4(d).

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

For the separate financial statements of the Group, investments in subsidiaries are accounted for at cost. At initial recognition, investment in subsidiaries is measured at the cost of acquisition determined at the acquisition date when the subsidiaries are acquired through business combination or the capital injected into the subsidiaries set up by the Group. Impairment losses on investments in subsidiaries are accounted for in accordance with the accounting policies as set out in Note 2.3.9.

The financial results and performance of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When preparing the consolidated financial statements, the Group makes necessary adjustments on the accounting period and accounting policies of subsidiaries to comply with those of the Group.

Significant intra-group balances and transactions, and any significant profits or losses arising from intra-group transactions are eliminated in full when preparing the consolidated financial statements.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.2 Interest income and expenses

Interest income and expenses of financial instruments are calculated using the effective interest method and included in the current profit or loss.

The Group uses the effective interest method to calculate the interest income and expenses of financial assets and liabilities measured at amortised cost and at FVOCI as well as financial liabilities at amortised cost, presented as “interest income” and interest expenses” respectively. For specific accounting policies, please refer to the Note 2.3.4 (d) Subsequent measurement of financial instruments for related accounting policies.

2.3.3 Fee and commission income

Fee and commission income is recognised when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service. For the performance obligations satisfied at a point in time, the Group recognises revenue when control is passed to the customer at a certain point in time. For the performance obligations satisfied over time, the Group recognises revenue according to the progress toward satisfaction of the obligation over the time, including wealth management agency service commission income, settlement and agency services commission income, etc.

2.3.4 Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(a) Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets

Financial assets are classified in the following types based on the Group's business model for managing the asset and the cash flow characteristics of the assets:

- (i) Amortised cost ("AC");*
- (ii) Fair value through other comprehensive income ("FVOCI"); or*
- (iii) Fair value through profit or loss ("FVTPL").*

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(a) Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

The classification requirements for debt instruments and equity instruments are described as below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and measurement of debt instruments depend on the Group's business models for managing the asset and the cash flow characteristics of asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost.
- (ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI.
- (iii) FVTPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL.

The Group may designate financial assets as financial assets measured at FVTPL at initial recognition if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(a) Initial recognition, classification and measurement of financial instruments (Continued)

(1) Financial assets (Continued)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity instruments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI.

(2) Financial liabilities

The Group's financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities measured at amortised cost on initial recognition. Financial liabilities at FVTPL are applied to derivatives and financial liabilities held for trading.

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expenses incurred on the financial liability.

(b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Reclassification date is the first day of the first Reporting Period following the change in business model.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(c) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of recent transaction prices, discounted cash flow analysis, option pricing models and others commonly used by market participants. These valuation techniques include the use of observable or unobservable inputs.

(d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on their classification:

(1) Amortised cost

The amortised cost is determined based on the amount of financial assets or financial liabilities at initial recognition after adjusting the followings: (i) deducting the principal repaid; (ii) adding or deducting the cumulative amortization of any difference between the amount at initial recognition and the amount at the maturity date using the effective interest method; (iii) deducting any loss allowance (solely for financial assets).

Interest income and expense of financial instruments are calculated using the effective interest method and included in "Interest income" and "interest expenses".

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(d) Subsequent measurement of financial instruments (Continued)

(1) Amortised cost (Continued)

The effective interest rate is the interest rate used to discount the estimated future cash flows of financial assets or financial liabilities over the estimated duration to the carrying amount (i.e., the amortised cost before any impairment allowance) of the financial assets or to the amortised cost of the financial liabilities. The expected credit losses are not considered in calculation, while the transaction costs, premiums or discounts, and fees paid or received that are integral to the effective interest rate are covered. For purchased or originated credit-impaired ("POCI") financial assets (assets that are credit-impaired at initial recognition) the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of ECL in estimated future cash flows.

The interest income is calculated by applying the effective interest rate to the carrying amount of a financial asset, with the following exceptions:

- i. a POCI financial asset, whose interest income is calculated since initial recognition by applying the credit-adjusted effective interest rate to its amortised cost; and
- ii. financial asset that is not a POCI but has subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to its amortised cost. (i.e. net of ECL provision). If, in a subsequent period, the financial asset improves its quality so that it is no longer credit-impaired and the improvement in credit quality can be related objectively to a certain event occurring after the application of the above-mentioned rule, then the interest income can be calculated by applying the effective interest rate to its gross carrying amount.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(d) Subsequent measurement of financial instruments (Continued)

(2) Fair value through other comprehensive income

Debt instruments

The Group subsequently measures the financial assets at fair value. Gains or losses on such financial assets are recognised in “other comprehensive income”, except for interest income calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in “interest income” using the effective interest rate method.

Equity instruments

Investments in equity instruments that are not held for trading are designated as FVOCI. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, are recognised in profit or loss as investment income when the Group's right to receive payment is established.

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

A gain or loss on a debt investment or an equity investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and, other than in the circumstance that such financial asset forms an integral part of a hedging relationship, presented in the current consolidated statement of comprehensive income.

(4) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL are measured at fair value. A gain or loss on a financial liability that is measured at fair value is recognised in profit or loss.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets measured at amortised cost and FVOCI and exposures arising from some off-balance sheet financial arrangements such as Bank acceptances and letters of guarantee.

ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows expected to be received by the Group discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), which is the present value of all cash shortfalls.

The Group measures ECL of a financial instrument in a way that reflects:

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

The description of inputs, assumptions and estimation techniques used in measuring the ECL are disclosed in Note 3.1.4.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognised in other comprehensive income and the impairment loss is recognised in profit or loss, and not reduce the carrying amount of such financial assets in the statement of financial position.

If the Group has measured the loss allowance for a financial instrument other than POCI at an amount equal to lifetime expected credit losses in the previous reporting period, but at the current financial reporting date, such financial instrument is no longer regarded as experiencing a significant increase in credit risk since its initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date, and the amount of the reversal of expected credit losses is recognised in profit or loss. For POCI financial assets, at the financial reporting date, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as ECL.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(f) Modification of loans

The Group will renegotiate or modify customer loan contracts due to certain special circumstances at times, resulting in the changes of cash flow. When this happens, the Group assesses whether or not the modified contractual terms are substantially different from the original terms. The Groups assesses by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to the expected amounts that the borrower is able to repay;
- Whether any substantial new terms are introduced, such as a profit sharing/ equity-based return that substantially affects the risk characteristics of the loan contract;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a “new” asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(g) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and, where applicable, the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss, except for those investments in equity instruments designated as FVOCI.

Financial liabilities are derecognised when the related obligation is discharged, canceled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

(h) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when both of the following conditions are satisfied: (i) the Group has a current legally enforceable right to offset the recognised amount (ii) the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(i) Redemption agreements and resale agreement

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognised. They continue to be recorded as investments classified as financial investments at amortised cost or financial investments at fair value through other comprehensive income as appropriate. The corresponding liability is included in financial assets sold under repurchase agreements. The items which are not derecognised are presented in Note 39 – Collaterals.

Consideration paid for financial assets held under agreements to resell are recorded as Financial assets held under resale agreements, the related collateral accepted is not recognised in the consolidated financial statements (Note 39 – Collaterals).

The price difference between sale and repurchase as well as the purchase and resale is recognised as "Interest expense" or "Interest income" over the life of the agreements using the effective interest method.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.4 Financial instruments *(Continued)*

(j) Financial guarantee contracts

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement less amortisation of guarantee fees calculated and the impairment allowance measured based on the expected credit loss model. Any increase in the liability relating to guarantees is recognised in the profit or loss.

2.3.5 Property, plant and equipment

The Group's property, plant and equipment mainly comprise buildings, motor vehicles, electronic equipment, office equipment and construction in progress.

All properties, plants and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and present value of expected future cash flows.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.5 Property, plant and equipment *(Continued)*

Buildings comprise primarily branch office premises and office premises. The estimated useful lives, depreciation rate and estimated residual value rate of buildings, motor vehicles, electronic equipment and office equipment are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	30 years	0.00%	3.33%
Motor vehicles	5 years	0.00%	20.00%
Electronic equipment	5 years	0.00%	20.00%
Office equipment	5 years	0.00%	20.00%

Construction in progress consists of assets under construction or being installed and is stated at cost. Cost includes equipment cost, cost of construction, installation and other direct costs. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use and begin to account for depreciation.

When a fixed asset is disposed or cannot generate economic benefits, it should be derecognised. Gains or losses caused by derecognition of the asset (disposal income minus its book value) are accounted for profit or loss of the current period when it is derecognised.

2.3.6 Investment properties

Investment property is property held to earn rental income or for capital appreciation, or both.

Investment properties are initially measured at cost, including costs directly attributable to the assets at the time of acquisition. The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives and depreciation rate (amortisation rate) are as follows:

Type of assets	Estimated useful lives	Depreciation rate
Buildings	30 years	3.33%

As at the balance sheet date, the Group reviews investment properties item by item. If the carrying amount of an asset is higher than the estimated recoverable amount, the carrying amount is reduced to its recoverable amount.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.7 Leases

Lease means a contract in which the lessor transfers the right to use the assets to the lessee within a certain period of time.

As a lessee

At the commencement date, the Group recognise the right-of-use asset and the lease liability at the present value of the lease payments that are not paid at that date. The lease payments include fixed Payments, payments expected to be made based on the guaranteed residual value and payments to be made when the lessee is reasonably certain to exercise the purchase option or option to terminate lease. Variable rent calculated at a certain proportion of the sales amount is not included in the lease payments and is recognised in profit or loss for the current period when it is incurred.

The Group's right-of-use assets include buildings and equipment held under lease. Right-of-use assets are initially measured at cost, which include the initial measurement amount of lease liabilities, lease payments paid on or before the commencement date, initial direct cost, etc., less any lease incentives received. When the Group can reasonably determine that the ownership of a leased asset will be transferred at the end of the lease term, it is depreciated over its estimated useful life; otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life. The carrying amounts of property and equipment are reduced to the recoverable amounts when the recoverable amounts are below the carrying amounts of the right-of-use asset.

For a short-term lease or low-value asset lease that has a lease term of 12 months or less or for leases of low-value assets, the Group selects not to recognise right-of-use assets and lease liabilities and the relevant rental expenses are recognised in profit or loss for the current period on a straight-line basis over each period of the lease.

As a lessor

The Group leases out self-owned buildings, machinery and equipment and motor vehicles, the rental income from an operating lease is recognised on a straight-line basis over the period of the lease. Variable rent calculated at a certain proportion of the sales amount is recognised in rental income when it is incurred.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.8 Foreclosed assets

The Group initially recognises the foreclosed financial assets at fair value. Non-financial foreclosed assets are initially recognised at the fair value of the rights given up by the Group and other costs such as taxes directly attributable to the asset.

When a debtor pays off the debts with multiple assets or in form of restructuring arrangement, the Group firstly recognises and measures the foreclosed financial assets and restructured rights according to provision illustrated in Note 2.3.4 (a) Initial recognition, classification and measurement of financial instruments. The net amount, of the fair value of the rights given up by the Group deducting the initial amount recognised for the transferred financial assets and restructured rights, should be distributed in accordance with the proportion of the fair value of each non-financial asset. The distributed amount should be recognised as the initial book value of each non-financial foreclosed asset.

The difference between the fair value and book value of the rights given up by the Group is recorded in profit or loss.

2.3.9 Impairment of assets

Asset impairment losses other than deferred tax assets and financial assets within the scope of IFRS 9 are determined as follows:

At the end of the Reporting Period or whenever there is an indication that the assets are impaired, the Group reviews the carrying amounts of its tangible assets with finite useful lives and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. The recoverable amount is the higher between the fair value minus the disposal cost and the present value of the expected future cash flow of the asset. Asset impairment loss is calculated and recognised on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined according to the asset group to which the asset belongs. Asset group is the smallest asset portfolio that can generate cash inflow independently.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.10 *Estimated liabilities*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the risks specific to the obligation, the uncertainties and the time value of money.

2.3.11 *Current and deferred income taxes*

Income taxes comprise current income tax and deferred income tax. Tax is recognised in the income statement except to the extent that it relates to items directly recognised in equity, in which case, tax is also directly recognised in equity.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Current income tax liabilities for the current and prior periods are measured at the amount expected to be paid to the taxation authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. As at the consolidated financial statements date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the related deferred tax asset is realised or the deferred tax liability is settled pursuant to tax laws.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax liabilities are the amounts of income tax payable in respect of taxable temporary differences, which are measured at the amount expected to be paid to the tax authorities in the future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.12 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Group in exchange for services rendered by employees or for termination of the employment contracts. These benefits include short-term employee benefits, retirement benefits and early retirement benefits.

(a) Short-term employee benefits

In the Reporting Period in which an employee has rendered services, the Group recognises the short-term employee benefits payable for those services as a liability with a corresponding increase in the operating expenses.

(b) Retirement benefits

The Group's retirement benefits include defined contribution plans and defined benefit plans. Under defined contribution plans, the Group makes fixed contributions into a separate fund and will have no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. All other retirement plans are classified as defined benefit plans.

The Group's retirement benefits are primarily the payments for basic pensions and unemployment insurance related to government mandated social welfare programs, annuity scheme and supplementary retirement benefits, among which, social welfare program and annuity scheme are defined contribution plans, while supplementary retirement benefits and early retirement benefits are defined benefit plans.

Basic pensions

Basic pensions refer to contributions to government-mandated social welfare programmes, including social insurance, medical insurance, housing funds and other social welfare contributions. The related expenses are recognised in operating expenses on an accrual basis when incurred.

Annuity Scheme

In addition to the statutory pension schemes, the Group's employees also participate in the annuity scheme set up by the Group under the "Annuity Scheme of Yibin City Commercial Bank Co., Ltd" (the "Annuity Scheme") in accordance with the state's corporate annuity regulations. The annuity contributions are paid by the Group in proportion to its employees' gross salaries, and are expensed in the consolidated statement of comprehensive income of the current period. Except for the fixed contributions into the Annuity Scheme, the Group has no further obligation if the Annuity Scheme does not have sufficient assets for the payment of any retirement benefits to employees funded by the Annuity Scheme. During the Reporting Period, the Group had no refunded contributions available to deduct its contributions payable in future years.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.12 Employee benefits *(Continued)*

(c) Supplementary retirement benefit

The supplementary retirement benefits include supplementary pensions and supplementary medical benefits. The retirement benefits plan attributed to defined benefit plan, and is usually determined by one or several factors such as age, length of service and compensation.

The liabilities recognised in relation to the above defined benefit pension plan in the consolidated statement of financial position are the present values of defined benefit liabilities at the end of Reporting Period. The present value of defined benefit liability is based on the expected future cash outflow which is discounted by the government debt interest rate similar to employee benefit liability. The estimate of future cash outflows is affected by various assumed conditions, including discount rate, annual growth rate of supplemental pension, annual growth rates of early-retiree benefits and other factors. Gains and losses adjusted in accordance with historical experience and assumed movements are included in other comprehensive income when incurred.

(d) Early retirement benefits

Early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date.

The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits in IAS 19 Employee Benefits. The liability is recognised for the early retirement benefit payments from the date of early retirement to the normal retirement date when the criteria for recognition as termination benefit is met with a corresponding charge in the consolidated statement of comprehensive income. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in the consolidated income statement when incurred.

2.3.13 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable and the amount can be reliably measured, it will then be recognised as a provision.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.3 Material accounting policies *(Continued)*

2.3.14 *Fiduciary activities*

Financial statement does not include assets generated and the commitment to return such assets to customers, when the Bank acts in a fiduciary capacity as (e.g. agent, trustee, or custodian manager)

The Group grants entrusted loans on behalf of third-party lenders. The Group grants loans to borrowers, as agent, at the direction of the third-party lenders, who provide funds for such loans. The Group has contracted with the third-party lenders to manage and collect these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans including their purposes, amounts, interest rates, and repayment schedule. The Group charges a commission related to its activities in connection with the entrusted loans which are recognised ratably over the period the service is provided. The risk of loss is borne by the third-party lenders, thus the principal amounts of the entrusted loans are not recorded on the balance sheet.

2.3.15 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the senior management team represented by the president as its chief operating decision maker.

An operating segment is a component of the Group with all of the following conditions satisfied: (1) that component can earn revenues and incur expenses from ordinary activities; (2) the component's operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (3) discrete financial statements for the component is available to the Group. If two or more operating segments have similar economic characteristics, and certain conditions are satisfied, they may be aggregated into a single operating segment.

Intra-segment revenue and costs are eliminated. Income and expenses directly associated with each segment are included in determining segment performance.

The classification of reporting segments is based on the operating segments, and the assets and expenses shared by all the segments are allocated according to their scales. The Group has the following segments: corporate banking, retail banking, financial markets and unallocated.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

2 SUMMARY OF ACCOUNTING POLICIES *(Continued)*

2.4 Other accounting policies

2.4.1 Dividend income

Dividends are recognised when the right to receive payment is established.

2.4.2 Government grants

Government grants are recognised when the Group is able to meet the conditions attached to the government grants and such amount will be received. Government grants are measured at the amount received or will be received when recognised as monetary assets. Government grants are measured at fair value when recognised as non-monetary assets.

2.4.3 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition and unrestricted balances including: cash, balances with central Bank and amounts due from banks and other financial institutions.

2.4.4 Share capital

Share capital comprises ordinary Shares issued.

2.4.5 Dividend

Dividends on ordinary Shares are recognised in the period in which they are declared and approved by the Bank's Shareholders.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's business activities are exposed to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of risks or combination of risks to a certain extent. Managing risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

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

The Board of Directors of the Group is the highest authority for the Bank's overall risk management, responsible for reviewing and approving risk management strategies and measures, supervising risk management and internal control system, and evaluating overall risks based on monitoring information and risk reports from senior management. The senior management of the Group is responsible for overall risk management and internal control, the formulation and implementation of risk management procedures and periodically reporting to the Board of Directors.

The Group is subject to a number of financial risks, primarily including credit risk, market risk and liquidity risk.

This section describes the Group's position with respect to the above risk exposures, and the Group's objectives, policies and procedures in managing those risk exposures, as well as the Group's capital management.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk

The Group is exposed to credit risk, which is the risk of losses that a customer or counterparty will be unable to or unwilling to meet their debt obligations, including default risk arising from a borrower's failure to repay its debt when it falls due and downgrading risk arising from a deterioration in a borrower's credit quality. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from loans and advances to customers, security investments and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as Bank acceptances and guarantees.

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

The Group implements the Measures for Management of Bad Debt Verification of Financial Enterprises issued by Ministry of Finance. When the Group determines that a loan has no reasonable prospect of recovery after the Group has taken all necessary actions and necessary proceedings, the loan is written off. If in a subsequent period the loan written off is recovered, the amount recovered will be recognised in expected credit losses.

3.1.1 Credit risk measurement

(a) Credit business

In compliance with the 'Measures for the Classification of Financial Assets Risk of Commercial Banks' issued by the former China Banking and Insurance Regulatory Commission (CBIRC) and the People's Bank of China (PBOC), the Group has established risk management system for loan classification and implemented a five-level loan classification management system. Loans are classified into five categories based on their risk levels, namely pass, special-mention, sub-standard, doubtful and loss, the latter three of which are regarded as impaired loans and advances. The primary factors considered in impairment assessment for loans include probability of loan repayment and recoverability of principal and interest, which reflect borrowers' repayment ability, repayment record and intention, profitability, guarantees or collateral and legal responsibility of repayment.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.1 Credit risk measurement *(Continued)*

(a) Credit business (Continued)

The five categories into which the Group classifies its loans and advances to customers are set out below:

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

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

Sub-standard: The borrower is unable to repay the principal, interest, or earnings in full, or the financial asset has incurred credit impairment.

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

Loss: After taking all possible measures, only limited amount or none of the financial asset could be recovered.

Risk Management Department coordinates the classification of loans. The classification of loans is performed monthly and adjusted timely. The classification of loans is monitored through credit management system.

(b) Financial market business

The Group manages the asset quality of financial assets held under resale agreements, due from banks and other financial institutions considering the size, financial position and the external credit rating of banks and financial institutions. The head office monitors and reviews the credit risk of financial assets held under resale agreements, due from banks and other financial institutions by reviewing counterparties periodically. Limits are placed on different counterparties. For debt securities and other financial market business, the Group manages the credit risk exposures by setting limits to the external ratings of its investments.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.2 Risk limit control and mitigation policies

(a) Credit business

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

The Group has established a mechanism of risk warning for credit business, mainly including single customer credit risk and systematic risk. Unified credit authorisation management is implemented for customers. Once the maximum exposure of credit limit of a single customer is determined, the customer's exposure limit should not exceed its credit limit in the Group at any time before it obtains new credit limit.

The Group takes action to strengthen controls over credit risk in relation to related party customers. The committee of related party transactions is set up under the Board of Directors to manage controls on related party transaction.

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

Except for few customers with excellent credit quality, the Group requires the borrowers to provide credit enhancements for loans. The type of credit enhancements mainly includes collateral, pledge and guarantee. The Group sets up internal valuation team or employs qualified valuation companies to value the collaterals. The detailed collateral type and amount is determined by credit risk of counterparty or customers.

(b) Financial market business

The Financial Markets Department implements centralized management of financial market operations, with a hierarchical authorization system in place.

The Group invests financial products with hierarchical authorisation under the guidelines of Board of Directors. The Group sets stop-loss point based on analysis of trend of macroeconomic situation and monetary policy.

The traders regularly review and monitor the changes of market interest and report the market value of financial products to Risk Management Department and Risk Management Committee. If there is any volatility of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for security investment will report to Risk Management Committee. Risk Management Committee convenes a meeting to propose a written processing decision. The debt trader will react according to the decision.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.3 Collateral and guarantee

The Group has a range of policies and practices intended to mitigate credit risk. The most common practice is to accept collaterals and pledges. The Group formulates Management Measures for Collateral and Pledges on the specific classes of collaterals and pledges, which specified the maximum loan-to-value ratio. The collateralized and pledged loan shall be handled by business department in accordance with the rules, and the follow-up management of the collaterals and pledges is carried out by the relevant business department. The principal types of collateral for corporate loans and personal loans are as follows:

Type of Collateral	Maximum loan-to-value ratio
Collaterals	
Real estate – residential	70.00%
Real estate – commercial	50.00%
Machineries	50.00%
Means of transportation	30.00%-50.00%
Type of Pledge	Maximum loan-to-value ratio
Pledges	
Bank acceptance bills	90.00%
Certificates of deposit	90.00%
Treasury bonds	90.00%
Inventories	50.00%-90.00%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised according to the nature of the loans. For loans guaranteed by a third party guarantor, the Group will assess the credit rating, financial condition, credit history and ability to meet obligations of the guarantor.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance

In accordance with IFRS 9, the Group classified the financial instruments into three stages. The key definitions of the three stages are summarised below:

Stage 1 includes financial instruments without significant increases in credit risk since initial recognition.

Stage 2 includes financial instruments that have had significant increase in credit risk since initial recognition but they are not considered to be credit-impaired.

Stage 3 includes credit-impaired financial instruments.

The loss allowance for the financial instruments at Stage 1 is determined at the amount of the ECL on the financial instrument over the next 12 months. The loss allowance for the financial instruments at Stage 2 and Stage 3 is determined at the amount of the ECL on the financial instrument within the entire remaining lifetime period.

Various factors, such as five-category classification, number of overdue days, will be taken into account when the credit risk increases significantly during assessment. Movements between stages are permitted based on changes in credit risk. However, financial instruments classified as Stage 3 are not permitted to be directly transferred back to Stage 1. For corporate portfolio, a minimum observation period of six months is required before such instruments may be reclassified to Stage 2. Where a financial instrument classified in Stage 1 is assessed to have experienced a significant increase in credit risk, it is transferred to Stage 2 accordingly.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance *(Continued)*

(a) Financial assets with significant increase in credit risk

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

- The maximum overdue period for principal or interest in corporate loans, letters of credit, bank acceptance bills, and guarantees ranges from 11 days (inclusive) to 90 days (inclusive).
- The maximum overdue period for principal or interest on retail loans ranges from 16 days (inclusive) to 90 days (inclusive).
- Any financial asset classified as “Special Mention” under the internal risk classification system.
- Financial assets that were classified in Stage 3 in the previous period, and have met the criteria for migration back, including at least six months of timely repayment of principal and interest and an expectation of continued normal repayment.
- For treasury operations, debt investments, bill discounting and forfaiting, where past due has occurred and the maximum number of days past due for principal or interest is between 1 day (inclusive) and 30 days (inclusive).
- Counterparties, issuers, acceptors or issuing banks involved in treasury operations, debt investments, bill discounting and forfaiting with a domestic credit rating below AA- (inclusive) but above CCC.
- The current external credit rating (domestic or international) of the counterparty has been downgraded by more than one notch (inclusive) compared with that at initial recognition.
- Identified by the risk early warning system as Stage 2.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance *(Continued)*

(b) Definition of Default and Credit-Impaired Financial Instruments

When a financial instrument meets one or more of the following conditions, the Group considers such financial asset as defaulted. The same set of criteria is consistent with the definition of loss incurred:

- For loans, letters of credit, bank acceptance bills and guarantee business, the maximum number of days past due for principal or interest is more than 90 days.
- Any financial asset classified as “Sub-standard”, “Doubtful” or “Loss”.
- Financial assets that were classified in Stage 3 in the previous period and have not met the criteria for upgrade, including at least six months of timely repayment and an expectation of continued normal repayment.
- For treasury operations, debt investments, bill discounting and forfaiting, where past due has occurred and the maximum number of days past due for principal or interest is more than 30 days.
- Counterparties, issuers, acceptors or issuing banks involved in the above businesses with a domestic credit rating of CCC or below (based on the most recent rating from rating agencies).
- Identified by the risk early warning system as Stage 3.

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

Where a financial instrument does not meet any default criteria for two consecutive repayment periods or six months (whichever is longer), the Group no longer considers such financial instruments as defaulted asset (i.e., upgrade). The Group determined the observation period based on analysis of the likelihood of re-default under various scenarios.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance *(Continued)*

(c) *Expected credit loss: explanation of parameters, assumptions and estimation techniques*

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

Probability of default (PD) refers to the possibility that the borrower will not be able to fulfil his obligations in the next 12 months or throughout the remaining period of existence. The Group builds the migration matrix based on historical data to calculate the 12-month probability of default, and derives the default probability of the entire duration from the 12-month probability of default through the Markov chain model.

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

Exposure at default (EAD) refers to the amount that the Group should pay when the default occurs in the next 12 months or throughout the remaining life.

The Group determines ECL on an individual exposure basis by estimating PD, LGD and EAD, multiplying these parameters, and applying duration adjustments and discounting (assuming no prepayment or earlier default). The ECL for each future period is then discounted back to the reporting date and aggregated. The discount rate used in the ECL calculation is the effective interest rate or its approximate value.

(d) *Establishment of impairment model*

The Group conducts forecasts regularly to establish three economic scenarios, optimistic, basic, and pessimistic. Basic scenario is defined as the most probable situation, which sets the benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than basic scenario respectively.

The impairment models are developed using a top-down approach. The Group has established multiple models for corporate and retail portfolios, including regression models incorporating different macroeconomic indicators. PD is adjusted on a forward-looking basis using Wilson model outputs and historical default data for forward-looking measurement.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance *(Continued)*

(d) Establishment of impairment model *(Continued)*

(i) Forward-looking information included in ECL model

The measurement of ECL incorporates forward-looking information. The Group considers both internal and external economic development, industry trends and statistical analysis to determine the relationship between forward-looking information and PD and LGD. Such forward-looking information is reviewed and updated at least semi-annually to make the best estimate, and the results are reviewed and evaluated regularly.

The Group establishes alternative scenarios and their respective weightings based on external data. Through analysis of each major portfolio and the number of scenarios, the Group ensures the coverage of nonlinear characteristics. The Group reassesses the number and characteristics of scenarios semi-annually. On 31 December, 2024 and 2025, the Group's three scenarios (basic, optimistic and pessimistic) can properly reflect the non-linear characteristics of each portfolio. The Group determines scenario weightings through statistical analysis and expert judgment, and also considers the possible range of outcomes represented by scenarios. The Group recognises the 12-month or lifetime ECL for financial instruments in stage 1, 2, and 3. The Group measures the weighted-average ECL allowance for 12-month (stage 1) and weighted-average ECL for life time (stage 2 and stage 3), which is calculated by multiplying the ECL under each scenario by their weightings respectively, rather than by weighting the parameters. On 31 December 2024 and 2025, the weightings allocated to each economic scenario were 50% basic, 30% optimism and 20% pessimism.

Similar to other economic forecasts, the predicted value and their likelihood of occurrence have a high degree of inherent uncertainty. Therefore, actual results may differ significantly from estimates. The Group considers that these forecasts reflect the best estimate of future possible outcomes.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.4 Policies for ECL allowance *(Continued)*

(d) Establishment of impairment model *(Continued)*

(ii) Assumptions relating to economic indicators

The Group identifies key economic indicators affecting credit risk and expected credit losses for each asset portfolio through historical data analysis, and these economic indicators include Gross Domestic Product, Consumer Price Index, Broad Money Supply, Producer Price Index, Per Capita Consumption Expenditure of Urban Residents etc.

The impact of these economic indicators on the probability of default varies across different financial instruments. The impact of these economic indicators on the probability of default is determined through Wilson model analysis to understand the impact of historical changes on PD, EAD and LGD.

During the reporting period, the Group refined the key macroeconomic indicators in its expected credit loss model in response to changes in the macroeconomic environment. Key macroeconomic indicators (annualized) under the baseline scenario for assessing expected credit losses as of 31 December 2025, are as follows: quarterly actual GDP year-on-year growth rate was 4.81%, and the broad money supply (M2) year-on-year growth rate was 7.61%.

(iii) Sensitivity Analysis

ECLs are sensitive to the parameters used in the model, the forward-looking macroeconomic variables, the weighted probabilities of three scenarios, and other factors considered in the application of expert judgment. Changes in these input parameters, assumptions, models, and judgments will have an impact on the determination of significant increase in credit risk and the measurement of ECL. The Group conducts sensitivity analysis on the core economic indicators used in forward-looking measurement. As at 31 December 2025, when the predicted value of the core economic indicators in the main scenarios increases or decreases by 10%, the respective decrease or increase in loan loss allowance will not exceed 10%.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements

	31 December 2025	31 December 2024
Assets		
Balances with central Bank	10,682,303	7,200,771
Financial assets held under resale agreements, due from other banks and other financial institutions	4,299,939	4,988,492
Loans and advances to customers	68,181,533	58,443,810
– Stage 1	65,979,786	56,876,284
– Stage 2	1,767,363	1,198,872
– Stage 3	434,384	368,654
Financial assets at fair value through profit or loss	7,581,929	4,663,178
Financial investments at fair value through other comprehensive income	19,878,725	22,482,542
Financial investments at amortised cost	8,293,079	7,758,074
Other financial assets	74,306	61,380
Subtotal	118,991,814	105,598,247
Credit risk exposures relating to off-balance sheet items are as follows:		
Bank acceptance	9,749,856	9,315,841
Letters of guarantee	49,734	67,827
Subtotal	9,799,590	9,383,668
Total	128,791,404	114,981,915

The above table represents a base case scenario of the maximum credit risk exposure to the Group as at 31 December 2024 and 2025, without taking account of any related collateral or other credit enhancements. For on-balance sheet assets, the exposures above are based on net carrying amounts as reported in the statement of financial position. As shown above, as at 31 December 2024 and 2025, the total on-balance sheet exposure derived from loans and advances to customers were 55.35% and 57.30% respectively.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.6 Loans and advances to customers

Loans and advances to customers are summarised as follows:

	As at 31 December 2025			Total
	Corporate loans	Personal loans	Discounted and rediscounted bills	
Stage 1	55,215,663	4,415,763	7,939,697	67,571,123
Stage 2	2,396,262	155,488	–	2,551,750
Stage 3	1,063,631	193,673	–	1,257,304
Total	58,675,556	4,764,924	7,939,697	71,380,177
Less: ECL allowance (i)	(3,010,964)	(187,680)	–	(3,198,644)
Net amount	55,664,592	4,577,244	7,939,697	68,181,533
	As at 31 December 2024			Total
	Corporate loans	Personal loans	Discounted and rediscounted bills	
Stage 1	46,402,319	4,602,206	7,321,024	58,325,549
Stage 2	1,467,764	98,942	4,996	1,571,702
Stage 3	983,775	188,966	–	1,172,741
Total	48,853,858	4,890,114	7,326,020	61,069,992
Less: ECL allowance (i)	(2,494,439)	(131,743)	–	(2,626,182)
Net amount	46,359,419	4,758,371	7,326,020	58,443,810

As of 31 December 2025 and 31 December 2024, the expected credit loss recognised by the Group for discounted and re-discounted bills measured at fair value through other comprehensive income were RMB2,391 thousand and RMB3,223 thousand, respectively.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.6 Loans and advances to customers *(Continued)*

(a) Restructured loans and advances to customers

Restructured loans are determined by the Group in accordance with the Measures for the Classification of Financial Asset Risks of Commercial Banks, issued by the National Financial Regulatory Administration and the People's Bank of China, which took effect on 1 July 2023.

	As at 31 December	
	2025	2024
Restructured loans and advances to customers	105,898	75,970

(b) Overdue loans and advances to customers by security and overdue date

	As at 31 December 2025				
	Overdue up to 90 days	Overdue 90 days– 1 year	Overdue 1-3 years	Overdue over 3 years	Total
Collateralised loans	357,492	82,111	384,447	60,605	884,655
Pledged loans	49	4,680	390	–	5,119
Guaranteed loans	33,822	19,677	281,035	7,817	342,351
Unsecured loans	20,304	10,777	12,817	1,794	45,692
Total	411,667	117,245	678,689	70,216	1,277,817
	As at 31 December 2024				
	Overdue up to 90 days	Overdue 90 days– 1 year	Overdue 1-3 years	Overdue over 3 years	Total
Collateralised loans	195,824	233,472	248,638	51,236	729,170
Pledged loans	37,148	210	2,700	–	40,058
Guaranteed loans	173,438	391,564	53,905	2,998	621,905
Unsecured loans	9,697	4,440	9,563	572	24,272
Total	416,107	629,686	314,806	54,806	1,415,405

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.6 Loans and advances to customers *(Continued)*

(c) Analysis of loans and advances to customers by industry

Concentration risks analysis for loans and advances to customers (gross) by economic sectors:

	As at 31 December			
	2025		2024	
	Amount	%	Amount	%
Corporate loans				
Wholesale and retail trade	19,975,876	34.25	12,881,491	26.53
Construction	9,035,834	15.49	8,435,743	17.37
Manufacturing	4,944,298	8.48	5,049,989	10.40
Renting and business activities	6,610,701	11.33	5,951,220	12.26
Agriculture, forestry, animal husbandry and fishery	3,420,168	5.86	3,086,084	6.36
Water, environment and public facilities management	2,214,410	3.80	2,630,390	5.42
Education	2,987,690	5.12	2,894,896	5.96
Real estate	3,067,945	5.26	2,375,420	4.89
Electricity, heat, gas and water production and supply	2,345,870	4.02	1,982,130	4.08
Culture, sport and entertainment	325,417	0.56	349,157	0.72
Accommodation and catering	588,254	1.01	450,206	0.93
Transportation, warehousing and express service	1,069,469	1.83	947,267	1.95
Information transmission, software and information technology services	589,212	1.01	423,288	0.87
Scientific research and technology services	270,016	0.46	223,262	0.46
Health, social security and social welfare	253,955	0.44	285,789	0.59
Mining	324,851	0.56	279,776	0.58
Financing	211,600	0.36	221,600	0.46
Residential services, repairs and other services	93,150	0.16	90,665	0.17
Total corporate loans	58,328,716	100.00	48,558,373	100.00

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.6 Loans and advances to customers *(Continued)*

(c) *Analysis of loans and advances to customers by industry (Continued)*

Concentration risks analysis for loans and advances to customers (gross) by economic sectors *(Continued)*:

	As at 31 December			
	2025		2024	
	Amount	%	Amount	%
Personal loans				
Personal business loans	1,789,991	37.62	1,966,659	40.28
Residential mortgage loans	1,571,009	33.02	1,763,865	36.13
Personal consumption loans	1,396,654	29.36	1,151,500	23.59
Total personal loans	4,757,654	100.00	4,882,024	100.00
Discounted bills	18,518	0.23	948,831	12.95
Rediscounted bills	7,921,179	99.77	6,377,189	87.05
Total loans and advances to customers	71,026,067		60,766,417	

The concentration risks analysis of loans and advances to customers is analysed based on industry classification of the borrowers.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.6 Loans and advances to customers *(Continued)*

(d) *Analysis of loans and advances to customers by geographical areas (excluding discounted and rediscounted)*

	As at 31 December			
	2025		2024	
	Amount	%	Amount	%
Loans and advances to customers at amortised cost				
Sichuan	61,237,471	97.07	50,977,956	95.39
Others	1,848,899	2.93	2,462,441	4.61
Total loans and advances to customers	63,086,370	100.00	53,440,397	100.00

(e) *Type of collateral analysis*

Analysis for loans and advances to customers (excluding discounted and rediscounted) by type of collateral:

	As at 31 December	
	2025	2024
Collateralised loans	19,065,548	19,989,511
Pledged loans	15,025,580	10,723,640
Guaranteed loans	26,888,819	21,166,240
Unsecured loans	2,106,423	1,561,006
Total	63,086,370	53,440,397

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.7 Investment securities

The table below presents an analysis of RMB investment securities rated by Dagong Global Credit Rating Co., Ltd. as at 31 December 2025 and 2024.

The rating results of investment securities as following:

As at 31 December 2025

	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Financial investments at fair value through profit or loss	Total
RMB securities (a)				
AA to AAA	-	682,446	237,018	919,464
A to AA-	-	-	-	-
A – and below	-	12,254	-	12,254
Unrated	8,273,692	19,184,025	7,344,911	34,802,628
Total	8,273,692	19,878,725	7,581,929	35,734,346

As at 31 December 2024

	Financial investments at amortised cost	Financial investments at fair value through other comprehensive income	Financial investments at fair value through profit or loss	Total
RMB securities (a)				
AA to AAA	-	453,281	43,726	497,007
A to AA-	-	-	-	-
A – and below	-	56,342	-	56,342
Unrated	7,694,693	21,972,919	4,486,316	34,153,928
Total	7,694,693	22,482,542	4,530,042	34,707,277

(a) The Group's unrated debt instrument investments comprise mainly of national debts and local government debts, financial debts issued by China Development Bank and policy banks, commercial Bank debts, interbank certificates of deposit, non-bank financial institutions bonds and corporate bonds.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.7 Investment securities *(Continued)*

Financial investments at amortised cost are summarised as follows:

	As at 31 December	
	2025	2024
Stage 1	8,275,846	7,697,300
Issued by:		
Government – National	689,743	542,479
Government – Provincial	4,322,433	4,280,745
Financial institutions – China Development Bank and policy banks	2,292,927	2,063,187
Financial institutions-Others	232,474	–
Corporates	738,269	810,889
Less: ECL allowance	(2,154)	(2,607)
Total	8,273,692	7,694,693

Financial investments at fair value through other comprehensive income are summarised as follows:

	As at 31 December	
	2025	2024
Stage 1	19,184,025	21,930,228
Issued by:		
Government – National	1,481,003	764,743
Government – Provincial	4,236,762	6,865,656
Financial institutions – China Development Bank and Policy banks	7,009,574	4,177,647
Financial institutions – Others	6,025,310	9,700,312
Corporates	431,376	421,870
Stage 2	–	42,691
Issued by:		
Corporates	–	42,691
Net amount	19,184,025	21,972,919

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Credit risk *(Continued)*

3.1.8 Foreclosed assets

Details of the Group's foreclosed assets acquired as a result of the debtor's default are set out in note 26(b).

3.1.9 Concentration risk analysis for financial assets with credit risk exposure

The Group's geographical risk is primarily concentrated in Sichuan Province, Mainland China.

3.2 Market risk

3.2.1 Overview

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates and prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and equity prices. The Group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are monitored by Risk Management Department and Financial Planning and Finance Department. Regular reports are submitted to the Board of Directors and senior management.

In accordance with the requirements of the National Financial Supervision and Administration Commission formerly the China Banking and Insurance Regulatory Commission the Group categorises its business into either the trading book or the banking book. The trading book consists of positions in financial instruments held with trading intent or the intention to economically hedge other elements of the trading book or the banking book. The banking book consists of the financial instruments purchased with surplus funds and other financial instruments that are not captured in trading book.

3.2.2 Interest rate risk

The Group's interest rate risk mainly includes cash flow interest rate risk and fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates.

The interest rate risk of the Group mainly comes from impact of interest rate changes on net interest income, which was caused by the mismatch of the interest-rate-sensitive assets and liabilities' maturity date or the re-pricing date. From 20 July 2013, commercial banks can independently determine the interest rate of RMB loans (except individual mortgage loans). From 24 October 2015, commercial banks can independently determine the interest rate of deposits. From 17 August 2019, the LPR system was officially announced. With the liberalization of interest rates, the interest rate volatility has gradually shifted from policy oriented to market oriented, and therefore faces more uncertainties.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Market risk *(Continued)*

3.2.2 Interest rate risk *(Continued)*

The Group has implemented a unified interest rate management policy to manage interest rate risk. The Group complies with relevant laws and regulations to determine price for deposits and loan products. The Group uses the PBOC's benchmark interest rate, capital cost, asset risk status and other indicators as the pricing benchmark, and takes into account customer needs and business operations, the prices of similar products in the industry and competitors, and the business relationship with the customers to determine the product price.

The Group regularly conducts sensitivity analysis on interest rates. The Group regularly analyses the interest rate gap between interest bearing assets and interest bearing liabilities in Bank accounts and transaction accounts, thereby guiding the development of business.

The Group pays close attention to the latest development of the government's economic policies, especially those that have a significant impact on market interest rates. The Group continuously monitors and conducts research on financial market conditions and macroeconomic conditions, thereby improving the ability to predict interest rate fluctuations. Based on the ever-changing trend of market interest rates, the Group dynamically adjusts the size and structure of assets to cope with changes in the market environment so as to match the maturity of assets and liabilities. For example, when predicting a downward trend in the bond market, the Group will keep bond assets at a low level to minimize the associated risks. The Group has formulated risk management policies for financial market operations.

The Group uses internal management system to monitor and manage the overall interest rate risk of the assets and liabilities under banking book. At the current stage, the Group manages the interest rate risk mainly through raising suggestion about the re-pricing date of assets and liabilities, setting market risk limit and other methods. The Group analyses the interest rate gap and assesses the difference between the interest-bearing assets and liabilities which would mature or re-price within certain time period, to provide instruction for the adjustment of interest-bearing assets and liabilities' re-pricing date. Meanwhile, the Group controls and manages interest risk by establishing the instruction and authorisation limit of investment portfolio. The Group's financial market management conducts real-time market value assessment to monitor the investment risk more accurately. In addition, the Group embranchments' interest rate risk for managing using the internal funding transfer-pricing system.

The tables below summarise the Group's exposures to interest rate risks. The tables show the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Market risk *(Continued)*

3.2.2 Interest rate risk *(Continued)*

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2025							
Assets							
Cash and balances with central Bank	10,622,034	-	-	-	-	195,613	10,817,647
Financial assets held under resale agreements, due from other banks and other financial institutions	3,433,271	149,688	709,936	-	-	7,044	4,299,939
Loans and advances to customers	8,236,080	5,751,723	26,561,588	21,667,584	5,668,241	296,317	68,181,533
Financial investments – fair value through profit or loss	77,881	446,538	1,115,097	5,372,627	569,786	1,929,071	9,511,000
Financial investments – fair value through other comprehensive income	811,772	844,574	3,315,641	6,912,611	7,796,255	197,872	19,878,725
Financial investments – amortised cost	-	50,091	151,768	2,082,894	5,894,108	114,218	8,293,079
Other financial assets	-	-	-	-	-	74,306	74,306
Total financial assets	23,181,038	7,242,614	31,854,030	36,035,716	19,928,390	2,814,441	121,056,229
Liabilities							
Borrowings from central Bank	111,417	167,530	2,908,840	-	-	3,812	3,191,599
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	7,425,392	200,000	3,720,000	-	-	5,471	11,350,863
Customer deposits	27,180,107	8,048,652	23,633,024	30,134,709	-	2,855,368	91,851,860
Financial liabilities at fair value through profit or loss	57,127	-	-	-	-	-	57,127
Bonds issued	499,675	2,163,076	1,638,438	-	-	-	4,301,189
Lease liabilities	-	-	297	15,224	9,308	-	24,829
Other financial liabilities	-	-	-	-	-	361,303	361,303
Total financial liabilities	35,273,718	10,579,258	31,900,599	30,149,933	9,308	3,225,954	111,138,770
Total interest sensitivity gap	(12,092,680)	(3,336,644)	(46,569)	5,885,783	19,919,082	(411,513)	9,917,459

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Market risk (Continued)

3.2.2 Interest rate risk (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
As at 31 December 2024							
Assets							
Cash and balances with central Bank	7,083,541	-	-	-	-	234,980	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	3,449,562	786,981	746,768	-	-	5,181	4,988,492
Loans and advances to customers	7,577,923	5,620,098	22,099,536	17,508,566	5,349,296	288,391	58,443,810
Financial investments – fair value through profit or loss	81,204	50,212	557,790	3,455,886	326,101	1,768,612	6,239,805
Financial investments – fair value through other comprehensive income	818,846	2,043,340	5,216,086	3,813,392	10,410,442	180,436	22,482,542
Financial investments – amortised cost	44,300	-	-	2,148,514	5,474,570	90,690	7,758,074
Other financial assets	-	-	-	-	-	61,380	61,380
Total financial assets	19,055,376	8,500,631	28,620,180	26,926,358	21,560,409	2,629,670	107,292,624
Liabilities							
Borrowings from central Bank	253,578	182,687	1,828,789	-	-	1,192	2,266,246
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	6,974,963	-	2,354,000	-	-	11,709	9,340,672
Customer deposits	26,054,765	5,812,608	16,491,678	33,831,839	1	2,327,020	84,517,911
Bonds issued	-	597,986	1,430,115	-	-	-	2,028,101
Lease liabilities	-	-	95	14,846	13,825	-	28,766
Other financial liabilities	-	-	-	-	-	247,953	247,953
Total financial liabilities	33,283,306	6,593,281	22,104,677	33,846,685	13,826	2,587,874	98,429,649
Total interest sensitivity gap	(14,227,930)	1,907,350	6,515,503	(6,920,327)	21,546,583	41,796	8,862,975

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Market risk *(Continued)*

3.2.3 Sensitivity tests

Interest rate sensitivity test

The result of the interest rate sensitivity tests set out in the table below is based on the following assumptions. The projections assume that yield curves move parallel to the change of interest rate; the assets and liabilities portfolio has a static structure of interest rate; all positions are held and renewed after maturity. But the Group has not considered the following: changes after the balance sheet date; the impact of interest rate fluctuations on the customers' behaviors; the complicated relationship between complex structured products and interest rate fluctuations; the impact of interest rate fluctuations on market prices; the impact of interest rate fluctuations on off-balance sheet products; and impact of risk management.

On the basis of the above gap analysis on the interest rate, the Group implemented sensitivity test to analyses the sensitivity of bank's net interest income against change in interest rate. The table below illustrates the analysis of potential impact on the Group's net interest income at 31 December 2025 and 2024 on the assumption of a 100 basis point parallel move of the yield curves on each balance sheet date.

	Expected changes of net interest income	
	As at 31 December	
	2025	2024
+ 100 basis point parallel move in all yield curves	(143,868)	(96,023)
– 100 basis point parallel move in all yield curves	143,868	96,023

3.3 Foreign exchange risk

The proportion of funds currently exposed to foreign exchange risk within the Group is relatively low; therefore, the impact of exchange rate fluctuations on the Group as a whole remains within a manageable range.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.4 Liquidity Risk

3.4.1 Overview

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Group's objective in liquidity management is to ensure the availability of adequate funding to meet its needs to fund deposit withdrawals and other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments and to take advantage of new investment opportunities.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, matured deposits, loan draw downs, guarantees and cash deposit held as collateral. The Board of Directors sets the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2025 and 2024, 5% and 5% of the Bank's total RMB-denominated deposits must be deposited with the PBOC (Note 16), respectively. As at 31 December 2025 and 2024, 5%, 5%, 5% and 5% of Xinglong Bank and Xingyi Bank's total RMB-denominated deposits must be deposited with the PBOC, respectively.

3.4.2 Liquidity risk management process

The Board of Directors formulates the risk preference and the planning and finance department formulates the policies, strategies, procedures, limits and contingency plans related to the overall management of liquidity risk according to risk preference.

The Group applies information technology to enhance the capacity of liquidity risk management. The application of information technology monitors the liquidity metrics and exposure, which completes automatically liquidity risk assessment in a timely manner, and forms the follow-up fund utilization plan according to liquidity exposure. The Group modifies the assets and liabilities maturity structure by applying internal fund transfer pricing, while taking control of the limit of the liquidity risk by carrying out performance assessment. The Group pays constant attention to its liquidity risk management process, enhances and improves liquidity risk related policy timely, to achieve its goal in liquidity risk management.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.4 Liquidity Risk *(Continued)*

3.4.3 Non-derivative financial liabilities and assets held for managing liquidity risk

The table below presents the undiscounted cash flows of the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2025									
Assets									
Cash and balances with central Bank	6,266,291	-	2,959	-	-	-	4,548,397	-	10,817,647
Financial assets held under resale agreements, due from other banks and other financial institutions	1,079,613	2,252,392	150,887	719,263	-	-	-	105,377	4,307,532
Loans and advances to customers	-	3,216,098	6,565,549	29,071,301	28,022,117	8,876,133	-	424,440	76,175,638
Financial investments – fair value through profit or loss	-	71,814	450,899	1,688,254	5,679,348	586,974	1,340,478	6,091	9,823,858
Financial investments – fair value through other comprehensive income	-	800,943	867,915	3,473,711	8,217,418	8,853,067	-	12,254	22,225,308
Financial investments – amortised cost	-	807	74,242	218,089	2,977,052	8,083,512	-	-	11,353,702
Other financial assets	62,044	-	-	-	-	-	-	12,262	74,306
Financial assets held for managing liquidity risk (contractual maturity dates)	7,407,948	6,342,054	8,112,451	35,170,618	44,895,935	26,399,686	5,888,875	560,424	134,777,991
Liabilities									
Borrowings from central Bank	-	115,596	175,306	2,931,948	-	-	-	-	3,222,850
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	23,211	7,405,644	200,757	3,771,921	-	-	-	-	11,401,533
Customer deposits	20,177,691	7,326,912	8,576,727	25,909,090	34,569,007	-	-	-	96,559,427
Financial liabilities at fair value through profit or loss	-	60,000	-	-	-	-	-	-	60,000
Bonds issued	-	500,000	2,170,000	1,660,000	-	-	-	-	4,330,000
Lease liabilities	-	-	-	299	15,415	9,456	-	-	25,170
Other financial liabilities	361,303	-	-	-	-	-	-	-	361,303
Total financial liabilities (contractual maturity dates)	20,562,205	15,408,152	11,122,790	34,273,258	34,584,422	9,456	-	-	115,960,283
Position	(13,154,257)	(9,066,098)	(3,010,339)	897,360	10,311,513	26,390,230	5,888,875	560,424	18,817,708

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Liquidity Risk (Continued)

3.4.3 Non-derivative financial liabilities and assets held for managing liquidity risk (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with central Bank	3,091,576	-	2,645	-	-	-	4,224,300	-	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290,155	1,994,600	791,001	756,631	-	-	-	168,277	5,000,664
Loans and advances to customers	-	3,134,818	6,019,383	24,381,887	23,026,467	8,459,208	-	526,394	65,548,157
Financial investments – fair value through profit or loss	-	84,839	55,299	1,789,519	2,786,969	993,047	736,013	-	6,445,686
Financial investments – fair value through other comprehensive income	-	801,044	2,055,966	5,440,223	5,165,561	11,967,577	-	22,786	25,453,157
Financial investments – amortised cost	-	1,016	15,816	119,882	3,046,430	7,839,679	-	44,300	11,067,123
Other financial assets	57,171	-	-	-	-	-	-	4,209	61,380
Financial assets held for managing liquidity risk (contractual maturity dates)	4,438,902	6,016,317	8,940,110	32,488,142	34,025,427	29,259,511	4,960,313	765,966	120,894,688
Liabilities									
Borrowings from central Bank	-	257,050	188,478	1,843,730	-	-	-	-	2,289,258
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	55,983	6,924,228	-	2,391,226	-	-	-	-	9,371,437
Customer deposits	23,237,980	3,073,096	6,211,295	17,958,828	39,211,778	2	-	-	89,692,979
Bonds issued	-	-	600,000	1,450,000	-	-	-	-	2,050,000
Lease liabilities	-	-	-	109	15,221	15,374	-	-	30,704
Other financial liabilities	247,953	-	-	-	-	-	-	-	247,953
Total financial liabilities (contractual maturity dates)	23,541,916	10,254,374	6,999,773	23,643,893	39,226,999	15,376	-	-	103,682,331
Position	(19,103,014)	(4,238,057)	1,940,337	8,844,249	(5,201,572)	29,244,135	4,960,313	765,966	17,212,357

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.4 Liquidity Risk *(Continued)*

3.4.4 Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2025									
Assets									
Cash and balances with central Bank	6,266,291	-	2,959	-	-	-	4,548,397	-	10,817,647
Financial assets held under resale agreements, due from other banks and other financial institutions	1,079,613	2,252,377	150,349	712,223	-	-	-	105,377	4,299,939
Loans and advances to customers	-	2,982,041	6,021,965	27,160,616	23,912,036	7,680,648	-	424,227	68,181,533
Financial investments – fair value through profit or loss	-	71,789	446,538	1,621,374	5,454,944	569,786	1,340,478	6,091	9,511,000
Financial investments – fair value through other comprehensive income	-	799,518	853,130	3,320,241	7,010,161	7,883,421	-	12,254	19,878,725
Financial investments – amortised cost	-	-	51,307	152,903	2,131,201	5,957,668	-	-	8,293,079
Other financial assets	62,044	-	-	-	-	-	-	12,262	74,306
Financial assets held for managing liquidity risk (contractual maturity dates)	7,407,948	6,105,725	7,526,248	32,967,357	38,508,342	22,091,523	5,888,875	560,211	121,056,229
Liabilities									
Borrowings from central Bank	-	111,477	167,619	2,912,503	-	-	-	-	3,191,599
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	23,211	7,403,299	200,123	3,724,230	-	-	-	-	11,350,863
Customer deposits	20,147,488	7,188,013	8,307,824	24,608,052	31,600,483	-	-	-	91,851,860
Financial liabilities at fair value through profit or loss	-	57,127	-	-	-	-	-	-	57,127
Bonds issued	-	499,675	2,163,076	1,638,438	-	-	-	-	4,301,189
Lease liabilities	-	-	-	297	15,224	9,308	-	-	24,829
Other financial liabilities	361,303	-	-	-	-	-	-	-	361,303
Total financial liabilities (contractual maturity dates)	20,532,002	15,259,591	10,838,642	32,883,520	31,615,707	9,308	-	-	111,138,770
Position	(13,124,054)	(9,153,866)	(3,312,394)	83,837	6,892,635	22,082,215	5,888,875	560,211	9,917,459

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.4 Liquidity Risk (Continued)

3.4.4 Maturity analysis (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Indefinite	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with central Bank	3,091,576	-	2,645	-	-	-	4,224,300	-	7,318,521
Financial assets held under resale agreements, due from other banks and other financial institutions	1,290,155	1,994,361	788,017	747,682	-	-	-	168,277	4,988,492
Loans and advances to customers	-	2,933,256	5,543,399	22,749,317	19,468,456	7,244,807	-	504,575	58,443,810
Financial investments – fair value through profit or loss	-	84,607	51,441	1,748,366	2,648,742	970,636	736,013	-	6,239,805
Financial investments – fair value through other comprehensive income	-	799,168	2,043,340	5,232,916	3,876,910	10,507,422	-	22,786	22,482,542
Financial investments – amortised cost	-	-	-	-	2,178,119	5,535,655	-	44,300	7,758,074
Other financial assets	57,171	-	-	-	-	-	-	4,209	61,380
Financial assets held for managing liquidity risk (contractual maturity dates)	4,438,902	5,811,392	8,428,842	30,478,281	28,172,227	24,258,520	4,960,313	744,147	107,292,624
Liabilities									
Borrowings from central Bank	-	253,713	182,782	1,829,751	-	-	-	-	2,266,246
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	55,983	6,922,006	-	2,362,683	-	-	-	-	9,340,672
Customer deposits	23,147,319	3,002,078	6,004,078	17,076,193	35,288,242	1	-	-	84,517,911
Bonds issued	-	-	597,986	1,430,115	-	-	-	-	2,028,101
Lease liabilities	-	-	-	95	14,845	13,826	-	-	28,766
Other financial liabilities	247,953	-	-	-	-	-	-	-	247,953
Total financial liabilities (contractual maturity dates)	23,451,255	10,177,797	6,784,846	22,698,837	35,303,087	13,827	-	-	98,429,649
Position	(19,012,353)	(4,366,405)	1,643,996	7,779,444	(7,130,860)	24,244,693	4,960,313	744,147	8,862,975

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.4 Liquidity Risk *(Continued)*

3.4.5 Off-balance-sheet items

The table below lists the off-balance-sheet items of the Group according to the remaining term of contract. The financial commitments are listed by the earliest maturity date in its notional principal.

As at 31 December 2025

	Within 1 year	1-5 years	Over 5 years	Total
Bank acceptances	9,749,786	20	50	9,749,856
Letters of guarantee	48,744	990	–	49,734
Total	9,798,530	1,010	50	9,799,590

As at 31 December 2024

	Within 1 year	1-5 years	Over 5 years	Total
Bank acceptances	9,315,841	–	–	9,315,841
Letters of guarantee	67,337	490	–	67,827
Total	9,383,178	490	–	9,383,668

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair values of financial assets and liabilities

(a) *Financial instruments not measured at fair value*

The Group's financial assets and liabilities not measured at fair value mainly include cash and balances with central Bank, financial assets held under resale agreements, due from other banks and other financial institutions, loans and advances to customers, financial investments – amortised cost, other financial assets, borrowings from central Bank, financial assets sold under repurchase agreements, due to other banks and other financial institutions, customer deposits, lease liabilities, bonds issued and other financial liabilities. Except for the specified financial assets and liabilities, other financial assets and liabilities not measured at fair value are primarily interest-bearing at market rates with short-term maturities. As a result, the difference between the carrying amounts and fair values was not significant.

Cash and balances with central Bank, financial assets held under resale agreements, due from other banks and other financial institutions are mainly priced at market interest rates and mature within one year. Accordingly, the carrying values approximate the fair values.

Majority of the loans and advances to customers are repriced at least annually to the market rate. Accordingly, their carrying values approximate the fair values.

The table below summarises the financial assets and liabilities that have difference between carrying amounts (include accrued interest) and fair value as at 31 December 2024 and 2025.

As at 31 December 2025					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial investments – amortised cost	8,293,079	–	9,006,260	19,386	9,025,646
Financial liabilities					
Bonds issued	4,301,189	–	4,300,329	–	4,300,329
As at 31 December 2024					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial investments – amortised cost	7,758,074	–	7,789,571	63,381	7,852,952
Financial liabilities					
Bonds issued	2,028,101	–	2,029,257	–	2,029,257

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair values of financial assets and liabilities *(Continued)*

(b) Financial instruments not measured at fair value

Financial assets – amortised cost

It is determined by the selling price quoted in the reference market for investment securities traded on active markets, which are subject to standard terms and conditions.

If not traded in active markets, investment securities are determined by using valuation techniques. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models.

Bonds issued

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

Other than the above, the carrying values of those financial assets and liabilities not presented at their fair value on the statement of financial position are a reasonable approximation of their fair values. Fair value is measured using a discounted future cash flow model.

(c) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs). The Group determines the fair value of the financial instrument by valuation techniques when it is difficult to obtain quotations from the open market.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair values of financial assets and liabilities *(Continued)*

(c) Fair value hierarchy (Continued)

The main parameters of valuation techniques used in financial instruments include the bond price, interest rate, stock and equity price, volatility level, prepayment rates, and the credits spreads of counterparty. All of these parameters can be observed and obtained from the open market.

The measurement of the fair value of those equity investments held by the Group adopts unobservable parameters that may have significant impact on the valuations. Thus, the Group would better classify these financial instruments to the third level. Management evaluated the impact of macroeconomic factors and valuation from external valuations to assess the reasonableness of the fair value of level 3 financial instruments. The Group has established an internal control system to monitor the exposure of these financial instruments.

For certain unlisted equity (private equity), asset management plans and defaulted bonds held by the Group, the management obtains valuation quotation from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have a significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3. As at 31 December 2025 and 2024, the Group's significant unobservable inputs include liquidity discounts, comparable company price-to-book ratio, recovery rate and book value per Share. Management determines whether to make necessary adjustments to the fair value for the Group's Level 3 financial instruments by assessing the impact of changes in macro-economic factors, and valuations by external valuation agencies. The Group has established internal control to control the Group's exposure to such financial instruments.

As at 31 December 2025 and 2024, a 5% increase or decrease in the liquidity discount, price-to-book ratio of comparable companies, recovery rate, and book value per share applied in valuation techniques would not have material impact on fair value measurement results.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair values of financial assets and liabilities *(Continued)*

(c) Fair value hierarchy (Continued)

Fair values of assets and liabilities are as below:

As at 31 December 2025	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– fair value through other comprehensive income	–	7,939,697	–	7,939,697
Financial investments – fair value through profit or loss				
– Asset management plans	–	–	59,423	59,423
– Debt securities	–	7,581,929	–	7,581,929
– Wealth management products	–	–	–	–
– Unlisted stocks	–	–	34,589	34,589
– Funds	–	1,835,059	–	1,835,059
Financial investments – fair value through other comprehensive income				
– Debt securities	–	15,684,931	12,254	15,697,185
– Interbank certificates of deposit	–	4,181,540	–	4,181,540
Total	–	37,223,156	106,266	37,329,422
As at 31 December 2024	Level 1	Level 2	Level 3	Total
Loans and advances to customers				
– fair value through other comprehensive income	–	7,326,020	–	7,326,020
Financial investments – fair value through profit or loss				
– Asset management plans	–	–	133,136	133,136
– Debt securities	–	4,530,042	–	4,530,042
– Wealth management products	–	–	–	–
– Unlisted stocks	–	–	35,375	35,375
– Funds	–	1,541,252	–	1,541,252
Financial investments – fair value through other comprehensive income				
– Debt securities	–	14,642,218	56,342	14,698,560
– Interbank certificates of deposit	–	7,783,982	–	7,783,982
Total	–	35,823,514	224,853	36,048,367

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.5 Fair values of financial assets and liabilities *(Continued)*

(c) Fair value hierarchy (Continued)

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

Movement of Level-3 valuation

	Financial investments
Balance at 1 January 2025	224,853
Total gains or losses	
– Gains or losses	(80,498)
– Other comprehensive income	(41,089)
Increase of level 3	–
Decrease of level 3	3,000
Balance at 31 December 2025	106,266
	Financial investments
Balance at 1 January 2024	328,984
Total gains or losses	
– Gains or losses	(80,228)
– Other comprehensive income	(10,794)
Increase of level 3	19,081
Decrease of level 3	(32,190)
Balance at 31 December 2024	224,853

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.6 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are to comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the development of its business.

Capital adequacy ratio and the use of regulatory capital are monitored by the Group's management based on the NFRA issued guidelines for supervisory purposes. The required information is filed with the former CBIRC on a quarterly basis.

The Group calculated the capital adequacy ratio as at 31 December 2024 and 2025 in accordance with the Capital Adequacy Regulation for Commercial Banks issued by the NFRA, which has been applied from 1 January 2024. According to the regulation, the Group calculates credit risk-weighted assets using weighted-average method, market risk-weighted assets using simplified standard method, and operation risk-weighted assets using basic indicator method. As a second-tier commercial Bank, the Group's capital adequacy ratios are required to meet the lowest requirement of the National Financial Regulatory Administration, that is, the core tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio should be no less than 7.50%, 8.50% and 10.50%, respectively.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.6 Capital management *(Continued)*

The capital adequacy ratio as at 31 December 2025 and 2024 is as follows:

	As at 31 December	
	2025	2024
Core tier 1 capital	11,464,987	9,878,698
Core tier 1 capital deductions	(435,821)	(286,138)
Net core tier 1 capital	11,029,166	9,592,561
Other tier 1 capital	26,215	24,147
Net tier 1 capital	11,055,381	9,616,708
Tier 2 capital	1,020,236	927,273
Net capital	12,075,617	10,543,981
Total risk-weighted assets	86,788,828	76,058,456
Core tier 1 capital adequacy ratio	12.71%	12.61%
Tier 1 capital adequacy ratio	12.74%	12.64%
Capital adequacy ratio	13.91%	13.86%

3.7 Fiduciary activities

The capitals are provided by the principal, and the Bank issues loans on behalf of the principal, assists in supervising the use and assists in recovering the loans according to the borrower, purpose and amount determined by the principal.

	As at 31 December	
	2025	2024
Entrusted loans	23,257,395	21,048,321

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and judgments are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Measurement of expected credit loss

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI and for exposures arising from some loan commitments and financial guarantee contracts, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1 Credit risk.

The measurement of expected credit losses, according to the relevant accounting standard involves many significant judgments such as:

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key parameters;
- Criteria for determining a significant increase in credit risk, default and credit impairments;
- The use of economic scenario, economic indicator and weight for forward-looking measurement;
- The management's accumulated adjustment for significant uncertainties that are not included in the model;
- Future cash flows forecast on corporate loans and debt investments at stage 3.

Detailed information on the above judgments and estimates is set out in Note 3.1.

(b) Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and generally accepted pricing models. To the extent practical, market observable inputs and data, such as interest rate yield curves, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, liquidity and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES *(Continued)*

(c) Taxes

There are certain transactions and activities in the ordinary course of the Group's business for which the ultimate tax effect is uncertain. The Group made certain estimations and judgments for items of uncertainty in the application of tax legislation, taking into account existing tax legislation and past practice of tax authorities. Where the final tax outcome of these matters is different from the amounts that were initially estimated, based on management's assessment, such differences will affect the current income tax and deferred income tax during the period in which such a determination is made.

(d) Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgment on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

(e) Actuarial valuation of early retirement benefits and supplementary retirement benefits liabilities

The Group has recognised early retirement benefits and supplementary retirement benefits as liabilities and performed actuarial valuation of the amounts of expenses and liabilities in connection with the early retirement benefits and supplementary retirement benefits using various assumptions. The assumptions include discount rates, growth rates of expenses, and mortality rates, etc. Any differences between the actual results and assumptions are accounted for in the current period in accordance with relevant accounting policies. The assumptions used are reasonable to the best knowledge of the Group's management, but the actual experience or changes in assumptions will affect the amounts of expenses and liabilities in connection with the early retirement benefits and supplementary retirement benefits.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

5 NET INTEREST INCOME

	2025	2024
Interest income		
Deposits with central Bank	77,460	68,885
Financial assets held under resale agreements, due from other banks and other financial institutions	69,387	98,184
Loans and advances to customers	3,158,606	2,777,282
Financial investments	722,601	746,963
Subtotal	4,028,054	3,691,314
Interest expense		
Borrowings from central Bank	(40,956)	(34,760)
Financial assets sold under repurchase agreements, due to other banks and other financial institutions	(119,155)	(148,525)
Customer deposits	(1,887,372)	(1,888,800)
Bonds issued	(32,845)	(41,542)
Subtotal	(2,080,328)	(2,113,627)
Net interest income	1,947,726	1,577,687

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

6 NET FEE AND COMMISSION INCOME

	2025	2024
Fee and commission income		
Commission income from settlement and agency services	16,610	23,060
Commission income from Bank card services	1,126	1,137
Commission income from wealth management agency service (Note 37(a)(i))	12,832	47,691
Other commission income	25,210	29,187
Subtotal	55,778	101,075
Fee and commission expense		
Commission expense from settlement and agency services	(36,633)	(32,211)
Other commission expense	(3,138)	(3,762)
Subtotal	(39,771)	(35,973)
Net fee and commission income	16,007	65,102

7 NET GAINS/(LOSSES) ON TRADING ACTIVITIES

	2025	2024
Debt securities	121,618	209,215
Funds	5,251	540
Asset management plans	(73,713)	(8,767)
Unlisted stocks	(786)	–
Wealth management products	–	(23)
Total	52,370	200,965

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

8 NET GAINS ON FINANCIAL INVESTMENTS

	2025	2024
Net gains arising from financial assets at amortised cost	57,843	–
Net gains arising from financial assets at fair value through other comprehensive income	162,193	315,138
Total	220,036	315,138

9 OTHER OPERATING INCOME

	2025	2024
Rental income	5,863	6,911
Net gains on disposal of property, plant and equipment	703	979
Government grants	22,168	17,347
Net foreign exchange gains	17,421	–
Net amount of other miscellaneous items	(8,469)	(3,734)
Total	37,686	21,503

10 OPERATING EXPENSES

	2025	2024
Staff costs (i)	404,671	404,137
General and administrative expenses	211,348	196,936
Professional fees	5,825	11,635
Listing expenses	–	872
Auditors' remuneration		
– Audit service	2,694	858
– Non-audit service	1,761	91
Depreciation and expenses	55,030	57,772
Technical service fees	20,181	26,615
Tax and surcharges	28,281	26,249
Total	729,791	725,165

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

10 OPERATING EXPENSES *(Continued)*

(i) Staff costs

	2025	2024
Wages and salaries, bonus, allowance and subsidies	276,881	270,629
Staff welfare	14,271	14,302
Social security contributions	54,145	51,870
Labour union funds and employee education funds	6,234	7,545
Defined contribution benefits	48,661	47,086
Supplementary retirement benefits (Note 33(a)(iii))	4,479	12,705
Total	404,671	404,137

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The emoluments payable to the Bank's five highest paid employees for the years ended 31 December 2025 and 2024 are shown as below:

	2025	2024
Salaries	2,462	2,233
Discretionary bonuses	2,785	3,471
Contribution to pension schemes	64	66
	5,311	5,770

The emoluments of such person fell within the following bands:

	2025	2024
HK\$0 – HK\$1,000,000	–	–
HK\$1,000,001 – HK\$1,500,000	5	5
HK\$1,500,001 – HK\$2,000,000	–	–
	5	5

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the Directors' and Supervisors' emoluments as of 31 December 2025 are as follows:

Name	Salaries	Allowances and benefits	Discretionary Bonuses	Contribution to pension schemes	Total
Executive Directors					
Xue Feng	418	124	418	18	978
Xu Yong	312	115	234	21	682
Non-executive Directors					
Xiao Yufeng	30	27	–	–	57
Zhao Gen	30	27	–	–	57
Tian Tian	30	24	–	–	54
Independent Non-executive Directors					
Yao Liming	120	27	–	–	147
Xing Huayu	118	27	–	–	145
Yu Xiaoran	120	27	–	–	147
Zhao Jingmei	120	27	–	–	147
Supervisors					
Kang Yong	376	148	376	20	920
He Ling	–	–	–	–	–
Jia Heng	54	–	–	–	54
Wang Shuai	54	–	–	–	54
Jia Yan	217	132	175	18	542
Mao Fangqiong	217	134	368	15	734
Liu Wanli	217	14	365	–	596
Chen Qian	114	–	–	–	114
Zhang Jufang	114	–	–	–	114
Xu Jiagen	114	–	–	–	114
Shan Chengge	114	–	–	–	114
Executive Directors who resigned					
Yang Xingwang ⁽¹⁾	124	34	109	8	275
Jiang Lin ⁽²⁾	168	57	99	–	324
	3,181	944	2,144	100	6,369

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the Directors' and Supervisors' emoluments for the year ended 31 December 2024 are as follows:

Name	Salaries	Allowances and benefits	Discretionary bonuses	Contribution to pension schemes	Total
Executive Directors					
Xue Feng	372	121	673	18	1,184
Yang Xingwang	372	121	672	18	1,183
Xu Yong	372	113	604	21	1,110
Non-executive Directors					
Xiao Yufeng	30	15	–	–	45
Zhao Gen	30	15	–	–	45
Tian Tian	30	12	–	–	42
Jiang Lin	30	15	–	–	45
Independent Non-executive Directors					
Yao Liming	120	15	–	–	135
Xing Huayu	120	15	–	–	135
Yu Xiaoran	120	12	–	–	132
Zhao Jingmei ⁽³⁾	50	9	–	–	59
Supervisors					
Kang Yong	335	145	605	20	1,105
He Ling ⁽⁴⁾	–	–	–	–	–
Jia Heng	45	–	–	–	45
Wang Shuai	45	–	–	–	45
Jia Yan	193	135	418	18	764
Mao Fangqiong	193	131	488	15	827
Liu Wanli	193	72	424	9	698
Chen Qian	105	–	–	–	105
Zhang Jufang	105	–	–	–	105
Xu Jiagen	105	–	–	–	105
Shan Chengge	105	–	–	–	105
Non-executive Directors who resigned					
Wang Qing ⁽⁵⁾	70	6	–	–	76
Liu Rong ⁽⁶⁾	23	6	–	–	29
Li Siliang ⁽⁷⁾	88	6	–	–	94
	3,251	964	3,884	119	8,218

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

- (1) Executive Director Yang Xingwang submitted his resignation to the Board on 8 April 2025, and his resignation took effect from that day.
- (2) Executive Director Jiang Lin submitted her resignation to the Board on 4 June 2025, and her resignation took effect from that day.
- (3) In the thirty-fifth meeting of the Shareholders in April 2024, ZHAO Jingmei was elected as independent non-executive Director, and the qualification was approved in July 2024.
- (4) In the thirty-fifth meeting of the Shareholders in April 2024, He Ling was elected as Shareholder Supervisor, and the qualification was approved in April 2024.
- (5) Independent Non-Executive Director Wang Qing submitted his resignation to the board of Directors on 28 March 2025, which took effect from 1 August 2024.
- (6) Non-executive Directors Liu Rong submitted her resignation to the Board of Directors on 14 October 2024, and her resignation took effect from that day.
- (7) Independent non-executive Director Li Siliang submitted his resignation to the Board of Directors on 26 September 2024, and his resignation took effect from that day.
- (8) The emoluments of the Directors, Supervisors and five highest paid employees included social insurance, provident fund, corporate annuity, and other statutory or supplementary benefits paid by the Bank.

In accordance with regulations authorised by relevant authorities in the PRC, the compensation package for executive directors and certain supervisors for the year 2025 have not yet been finalised, The remuneration disclosed above represents the amount accrued and paid during the reporting period, and the final total remuneration will be disclosed upon confirmation. And the management of the Bank believes that difference in emoluments will not have significant impact on the financial statements of the Bank for the year ended 31 December 2025.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

11 DIRECTORS AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Emolument waived by Directors for the years ended 31 December 2025 and 2024:

	2025	2024
Xiao Yufeng	57	45
Jiang Lin	19	45
Liu Rong	NA	29
Tian Tian	54	42
Xing Huayu	2	135
Total	132	296

No emoluments were paid by the Bank to the Directors as an inducement to join the Bank, or as compensation for departure for the years ended 31 December 2025 and 2024.

(a) Directors' retirement benefits

No retirement benefits were paid to the Directors of the Group by a defined contribution plan operated by the Group for the years ended 31 December 2025 and 2024 in respect of their services as Directors of the Group. Save for the retirement benefits paid to certain Directors in respect of their other services in connection with the management of the affairs of the Group disclosed above, no other retirement benefits were paid to the Directors in respect of their other services of the Group for the years ended 31 December 2025 and 2024.

None of the Directors received or will receive any termination benefits for the years ended 31 December 2025 and 2024.

(b) Consideration provided to third parties for making available Directors services

For the years ended 31 December 2025 and 2024, the Group did not pay any consideration to any third parties for making available the services of themselves as Directors of the Group.

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Group was a party and in which a Director of the Group has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

12 EXPECTED CREDIT LOSSES

	2025	2024
Loans and advances to customers at amortised cost (Note 18(b))	838,436	770,802
Loans and advances to customers – fair value through other comprehensive income (Note 18(a))	(832)	(2,832)
Off-balance-sheet items (Note 33)	16,104	61,408
Financial assets held under resale agreements, due from other banks and other financial institutions (Note 17)	62,419	(2,759)
Financial investments – amortised cost (Note 21(c))	(6,410)	9,173
Financial investments – fair value through other comprehensive income (Note 20(b))	(20,896)	20,253
Other financial assets (Note 26)	(19)	32,692
Total	888,802	888,737

13 IMPAIRMENT LOSSES

	2025	2024
Foreclosed assets (Note 26(c))	1,980	–
Total	1,980	–

14 INCOME TAX EXPENSE

	2025	2024
Current income tax	277,488	290,093
Deferred income tax (Note 25)	(183,785)	(201,412)
Total	93,703	88,681

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

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

14 INCOME TAX EXPENSE *(Continued)*

The reconciliation between the income tax expense and the amounts which would result from applying the enacted tax rate of 25% to profit before income tax can be reconciled as follows:

	2025	2024
Profit before income tax	653,252	566,493
Tax calculated at a tax rate of 25%	163,313	141,623
Tax effect arising from non-taxable income (a)	(98,388)	(94,980)
Tax effect of expenses that are not deductible for tax purposes (b)	10,952	28,911
Tax effect of recovery of loans that were deducted in previous years	12,441	13,127
Tax effect of undistributed profits adjustment	5,385	—
Income tax expense	93,703	88,681

(a) The Group's non-taxable income mainly represents income arising from government bonds and monetary funds which is non-taxable in accordance with the PRC tax laws.

(b) The Group's expenses that are not tax deductible for tax purposes mainly represent asset impairment losses that do not meet the requirements for pre-tax deduction under applicable income tax regulations, non-public welfare donation expenses, staff cost and entertainment expenses, which exceed the tax deductible limits pursuant to the PRC tax laws.

15 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per Share

Basic earnings per Share are calculated by dividing the net profit for the year attributable to Shareholders of the Bank by the weighted average number of ordinary Shares in issue during the year.

	2025	2024
Net profit attributable to Shareholders of the Bank (RMB'000)	560,338	513,430
Weighted average number of ordinary Shares issued (thousand Shares)	4,565,768	3,900,000
Basic earnings per Share (in RMB)	0.12	0.13

Ordinary shares newly issued on 13 January 2025 were included in the calculation of the weighted average number of shares from the month of their issuance.

(b) Diluted earnings per Share

For the years ended 31 December 2025 and 2024, there were no potential diluted ordinary Shares, so the diluted earnings per Share were the same as the basic earnings per Share.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

16 CASH AND BALANCES WITH CENTRAL BANK

	As at 31 December	
	2025	2024
Cash	135,344	117,750
Mandatory reserve deposits with central Bank	4,491,087	4,109,715
Surplus reserve deposits with central Bank	6,130,947	2,973,826
Fiscal deposits with central Bank	57,310	114,585
Accrued interest	2,959	2,645
Total	10,817,647	7,318,521

The Group is required to place mandatory reserve deposits with central Bank. The deposits are calculated based on the amount of deposits placed with the Group by its customers.

	As at 31 December	
	2025	2024
	%	%
Mandatory reserve rate for deposits denominated in RMB		
– The Bank	5	5
– Xinglong Bank and Xingyi Bank	5	5

Mandatory reserve deposits with central Bank are not available for use by the Group in its day-to-day operations.

Surplus reserve deposits are maintained with central Bank mainly for liquidity purpose.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

17 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS, DUE FROM OTHER BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2025	2024
Deposits with domestic banks and other financial institutions	1,408,039	1,853,710
Placements with domestic banks and other financial institutions	1,516,667	2,276,667
Financial assets held under resale agreements	1,690,595	1,112,921
Accrued interest	7,044	5,181
Less: ECL allowance	(322,406)	(259,987)
Total	4,299,939	4,988,492

As at 31 December 2025 and 2024, the Group's collateral for financial assets held under resale agreements are all debt securities.

As at 31 December 2025 and 2024, the Group did not use financial assets held under resale agreements as pledged assets for repurchase agreements with other financial institutions. The collateral received by the Group under resale agreements is presented in Note 39.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysis of loans and advances to customers by measurement category

	As at 31 December	
	2025	2024
Loans and advances to customers at amortised cost		
– Corporate loans	58,328,716	48,558,373
– Personal loans	4,757,654	4,882,024
Accrued interest	354,110	303,575
Total loans and advances to customers at amortised cost	63,440,480	53,743,972
Less: ECL allowance	(3,198,644)	(2,626,182)
Net loans and advances to customers at amortised cost	60,241,836	51,117,790
Loans and advances to customers at fair value through other comprehensive income		
– Discounted bills	18,518	948,831
– Rediscounted bills	7,921,179	6,377,189
Net loans and advances to customers	68,181,533	58,443,810

The ECL allowance of loans and advances to customers at fair value through other comprehensive income of the Group are shown as follows, and were credited to other comprehensive income.

	As at 31 December	
	2025	2024
ECL allowance of loans and advances to customers at fair value through other comprehensive income	2,391	3,223

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Movements of ECL allowance

Loans and advances to customers at amortised cost

Corporate Loans	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance as at				
1 January 2025	1,427,251	352,731	714,457	2,494,439
Financial assets transferred out or settled during the year	(572,768)	(105,093)	(59,170)	(737,031)
New financial assets originated or purchased	809,715	–	–	809,715
Remeasurement	(1,827)	464,694	246,507	709,374
Written-off and transferred	–	–	(361,133)	(361,133)
Recovery of loans and advances written-off	–	–	95,600	95,600
Changes of ECL arising from transfer of stages:				–
– Transfer to Stage 1	51,716	(51,716)	–	–
– Transfer to Stage 2	(130,656)	131,048	(392)	–
– Transfer to Stage 3	(21,173)	(41,299)	62,472	–
Loss allowance as at				
31 December 2025	1,562,258	750,365	698,341	3,010,964
Personal Loans	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Loss allowance as at				
1 January 2025	22,014	20,099	89,630	131,743
Financial assets transferred out or settled during the year	(13,705)	(9,111)	(32,757)	(55,573)
New financial assets originated or purchased	28,228	–	–	28,228
Remeasurement	2,441	20,293	60,989	83,723
Written-off and transferred	–	–	(15,484)	(15,484)
Recovery of loans and advances written-off	–	–	15,043	15,043
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	1,502	(1,104)	(398)	–
– Transfer to Stage 2	(8,075)	8,298	(223)	–
– Transfer to Stage 3	(3,326)	(4,453)	7,779	–
Loss allowance as at				
31 December 2025	29,079	34,022	124,579	187,680

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(b) Movements of ECL allowance *(Continued)*

Loans and advances to customers at amortised cost *(Continued)*

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at				
1 January 2024	1,134,209	280,010	772,623	2,186,842
Financial assets transferred out or settled during the year	(395,186)	(50,987)	(103,481)	(549,654)
New financial assets originated or purchased	714,340	–	–	714,340
Remeasurement	60,791	219,790	323,117	603,698
Written-off and transferred	–	–	(604,069)	(604,069)
Recovery of loans and advances written-off	–	–	143,282	143,282
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	5,797	(5,797)	–	–
– Transfer to Stage 2	(75,976)	88,854	(12,878)	–
– Transfer to Stage 3	(16,724)	(179,139)	195,863	–
Loss allowance as at				
31 December 2024	1,427,251	352,731	714,457	2,494,439
Personal Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at				
1 January 2024	28,284	20,088	133,103	181,475
Financial assets transferred out or settled during the year	(13,814)	(6,123)	(24,507)	(44,444)
New financial assets originated or purchased	14,669	–	–	14,669
Remeasurement	(7,571)	15,760	24,004	32,193
Written-off and transferred	–	–	(84,051)	(84,051)
Recovery of loans and advances written-off	–	–	31,901	31,901
Changes of ECL arising from transfer of stages:				
– Transfer to Stage 1	4,964	(4,196)	(768)	–
– Transfer to Stage 2	(1,148)	1,255	(107)	–
– Transfer to Stage 3	(3,370)	(6,685)	10,055	–
Loss allowance as at				
31 December 2024	22,014	20,099	89,630	131,743

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(c) Movements of carrying amount

The following table further illustrates the changes in the total book value of the corporate and personal loan portfolio to explain the impact of these changes on the portfolio's ECL.

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at				
1 January 2025	46,402,319	1,467,764	983,775	48,853,858
Financial assets transferred out or settled during the year	(19,934,949)	(501,924)	(131,518)	(20,568,391)
New financial assets originated or purchased	30,751,222	–	–	30,751,222
Written-off and transferred	–	–	(361,133)	(361,133)
Carrying amount transfer of stages:				
– Transfer to Stage 1	296,012	(296,012)	–	–
– Transfer to Stage 2	(1,901,362)	1,902,342	(980)	–
– Transfer to Stage 3	(397,579)	(175,908)	573,487	–
Total carrying amount as at 31 December 2025	55,215,663	2,396,262	1,063,631	58,675,556
Personal Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at				
1 January 2025	4,602,206	98,942	188,966	4,890,114
Financial assets transferred out or settled during the year	(1,980,863)	(58,428)	(44,986)	(2,084,277)
New financial assets originated or purchased	1,974,571	–	–	1,974,571
Written-off and transferred	–	–	(15,484)	(15,484)
Carrying amount transfer of stages:				
– Transfer to Stage 1	8,003	(7,120)	(883)	–
– Transfer to Stage 2	(142,007)	142,507	(500)	–
– Transfer to Stage 3	(46,147)	(20,413)	66,560	–
Total carrying amount as at 31 December 2025	4,415,763	155,488	193,673	4,764,924

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(c) Movements of carrying amount *(Continued)*

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at				
1 January 2024	37,187,363	1,208,922	1,098,294	39,494,579
Financial assets transferred out or settled during the year	(15,932,376)	(154,408)	(223,300)	(16,310,084)
New financial assets originated or purchased	26,273,432	–	–	26,273,432
Written-off and transferred	–	–	(604,069)	(604,069)
Carrying amount transfer of stages:				
– Transfer to Stage 1	66,181	(66,181)	–	–
– Transfer to Stage 2	(902,457)	923,942	(21,485)	–
– Transfer to Stage 3	(289,824)	(444,511)	734,335	–
Total carrying amount as at 31 December 2024	46,402,319	1,467,764	983,775	48,853,858
Personal Loans	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Total carrying amount as at				
1 January 2024	4,615,483	90,888	230,070	4,936,441
Financial assets transferred out or settled during the year	(1,919,002)	(16,772)	(52,658)	(1,988,432)
New financial assets originated or purchased	2,026,156	–	–	2,026,156
Written-off and transferred	–	–	(84,051)	(84,051)
Carrying amount transfer of stages:				
– Transfer to Stage 1	12,001	(10,435)	(1,566)	–
– Transfer to Stage 2	(63,601)	63,828	(227)	–
– Transfer to Stage 3	(68,831)	(28,567)	97,398	–
Total carrying amount as at 31 December 2024	4,602,206	98,942	188,966	4,890,114

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

18 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(d) Loans listed by assessment method for allowance

As at 31 December 2025

	ECL allowance			Total
	Stage 1	Stage 2	Stage 3	
Total loans and advances to customers	59,631,426	2,551,750	1,257,304	63,440,480
– Corporate loans	55,215,663	2,396,262	1,063,631	58,675,556
– Personal loans	4,415,763	155,488	193,673	4,764,924
Less: ECL allowance	(1,591,337)	(784,387)	(822,920)	(3,198,644)
Net Loans and advances to customers	58,040,089	1,767,363	434,384	60,241,836

As at 31 December 2024

	ECL allowance			Total
	Stage 1	Stage 2	Stage 3	
Total loans and advances to customers	51,004,525	1,566,706	1,172,741	53,743,972
– Corporate loans	46,402,319	1,467,764	983,775	48,853,858
– Personal loans	4,602,206	98,942	188,966	4,890,114
Less: ECL allowance	(1,449,265)	(372,830)	(804,087)	(2,626,182)
Net Loans and advances to customers	49,555,260	1,193,876	368,654	51,117,790

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

19 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
Financial assets – fair value through profit or loss		
– Asset management plans	59,423	133,136
– Debt securities (a)	7,581,929	4,530,042
– Unlisted stocks	34,589	35,375
– Funds	1,835,059	1,541,252
Total	9,511,000	6,239,805

(a) Debt securities

	As at 31 December	
	2025	2024
Governments	788,881	641,066
Financial institutions	5,061,051	1,848,979
Corporates	1,731,997	2,039,997
Total	7,581,929	4,530,042

(b) Debt securities by listing location

	As at 31 December	
	2025	2024
Listed in Hong Kong	–	–
Listed outside Hong Kong	7,581,929	4,530,042
Unlisted	–	–
Total	7,581,929	4,530,042

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2025	2024
Debt securities issued by:		
– Governments	6,258,393	7,943,792
– Financial institutions	8,811,121	6,089,214
– Corporates	429,799	484,800
Interbank certificates of deposit	4,181,540	7,783,982
Accrued interest	197,872	180,754
Total	19,878,725	22,482,542

(a) Debt securities analysed by listing location

	As at 31 December	
	2025	2024
Listed in Hong Kong	–	–
Listed outside Hong Kong	19,663,899	22,284,511
Unlisted	16,954	17,277
Total	19,680,853	22,301,788

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

(b) Movements of ECL allowance

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at 1 January 2025	6,151	153	320,048	326,352
Originated or purchased	2,360	–	–	2,360
Repayment and transfer out	(4,505)	(153)	(6,108)	(10,766)
Remeasurement	(235)	–	(12,255)	(12,490)
Write-offs and transfers	–	–	(71,825)	(71,825)
Net transfers in:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2025	3,771	–	229,860	233,631
As at 1 January 2024	3,892	12,268	289,939	306,099
Originated or purchased	5,058	–	–	5,058
Repayment and transfer out	(3,353)	(5,971)	–	(9,324)
Remeasurement	(5,163)	(427)	30,109	24,519
Net transfers in:				
– Stage 1	5,717	(5,717)	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2024	6,151	153	320,048	326,352

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

20 FINANCIAL INVESTMENTS – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

(c) Movements of carrying amount:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at 1 January 2025	22,383,508	42,691	56,343	22,482,542
Originated or purchased	11,739,307	–	–	11,739,307
Repayment and transfer out and changes in fair value	(14,154,489)	(144,545)	(44,090)	(14,343,124)
Net transfers in:				
– Stage 1	(101,854)	101,854	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2025	19,866,472	–	12,253	19,878,725
As at 1 January 2024	15,192,869	680,486	72,535	15,945,890
Originated or purchased	19,117,421	–	–	19,117,421
Repayment and transfer out and changes in fair value	(12,197,809)	(366,768)	(16,192)	(12,580,769)
Net transfers in:				
– Stage 1	271,027	(271,027)	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2024	22,383,508	42,691	56,343	22,482,542

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST

	As at 31 December	
	2025	2024
Debt securities (a)		
– Listed outside Hong Kong	8,161,664	7,584,851
Trust plans	20,000	69,952
Accrued interest	114,218	112,484
Less: ECL allowance (c)	(2,803)	(9,213)
Total	8,293,079	7,758,074

(a) Debt securities

	As at 31 December	
	2025	2024
Issued by:		
– Governments	4,945,475	4,757,964
– Financial institutions	2,494,234	2,034,204
– Corporates	721,955	792,683
Total	8,161,664	7,584,851

(b) Debt securities analysed by listing location

	As at 31 December	
	2025	2024
Listed in Hong Kong	–	–
Listed outside Hong Kong	8,161,664	7,584,851
Unlisted	–	–
Total	8,161,664	7,584,851

The debt securities that the Group invested were all government bonds, provincial government debts, China Development Bank and policy Bank debts.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST *(Continued)*

(c) Movements of ECL allowance:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at 1 January 2025	3,561	5,652	–	9,213
Originated or purchased	124	–	–	124
Repayment and transfer out	(64)	(5,652)	–	(5,716)
Remeasurement	(818)	–	–	(818)
Net transfers in:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2025	2,803	–	–	2,803
As at 1 January 2024	40	–	–	40
Originated or purchased	6,606	–	–	6,606
Repayment and transfer out	–	–	–	–
Remeasurement	2,567	–	–	2,567
Net transfers in:				
– Stage 1	(5,652)	5,652	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2024	3,561	5,652	–	9,213

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

21 FINANCIAL INVESTMENTS – AMORTISED COST *(Continued)*

(d) Movements of carrying amount:

	12-month ECL for stage 1	Lifetime ECL for stage 2	Lifetime ECL for stage 3	Total
As at 1 January 2025	7,717,335	49,952	–	7,767,287
Originated or purchased	1,073,396	–	–	1,073,396
Repayment and transfer out	(494,849)	(49,952)	–	(544,801)
Net transfers in:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2025	8,295,882	–	–	8,295,882
As at 1 January 2024	7,783,669	–	–	7,783,669
Originated or purchased	69,952	–	–	69,952
Repayment and transfer out	(86,334)	–	–	(86,334)
Net transfers in:				
– Stage 1	(49,952)	49,952	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
As at 31 December 2024	7,717,335	49,952	–	7,767,287

22 INVESTMENT IN SUBSIDIARIES BY PARENT BANK

	As at 31 December	
	2025	2024
Investment cost	259,956	259,956

On 24 December 2010, the Bank, together with other investors jointly sponsored the establishment of Xingyi Bank, registered in Yibin City Sichuan Province China with a registered capital of RMB62.30 million, and the company type is a limited liability company. Xingyi Bank mainly engages in corporate and individual deposits, loans and advances, payment and settlement, treasury and other banking business approved by the former CBIRC, and its business is entirely within China. On 5 August 2014, the registered capital of Xingyi Bank was increased by RMB62.30 million to RMB124.60 million. On 31 May 2021, the registered capital of Xingyi Bank was increased by RMB175.40 million to RMB300.00 million. As at 31 December 2025 and 2024, the Bank owned 53.15% in the equity interest and the Shareholders meeting voting rights of Xingyi Bank.

On 24 December 2010, the Bank, together with other investors jointly sponsored the establishment of Xinglong Bank, registered in Neijiang City Sichuan Province China with a registered capital of RMB250 million, and the company type is a joint stock limited company. Xinglong Bank mainly engages in corporate and individual deposits, loans and advances, payment and settlement, treasury and other banking business approved by the former CBIRC, and its business is entirely within China. As at 31 December 2025 and 2024, the Bank owned 51.00% in the equity interest and voting rights of Xinglong Bank.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

23 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2025	340,928	11,148	174,949	35,589	33,091	595,705
Addition	47,546	218	14,307	1,331	303,776	367,178
Disposal and transfer out	—	(214)	(5,037)	(3,080)	(36,489)	(44,820)
As at 31 December 2025	388,474	11,152	184,219	33,840	300,378	918,063
Accumulated depreciation						
As at 1 January 2025	(129,980)	(9,414)	(139,929)	(31,203)	—	(310,526)
Charge for the year	(20,060)	(740)	(12,293)	(1,902)	—	(34,995)
Disposal and transfer out	—	209	5,037	3,080	—	8,326
As at 31 December 2025	(150,040)	(9,945)	(147,185)	(30,025)	—	(337,195)
Impairment losses						
As at 1 January 2025	(268)	—	—	—	—	(268)
Charge for the year	—	—	—	—	—	—
Disposal and transfer out	—	—	—	—	—	—
As at 31 December 2025	(268)	—	—	—	—	(268)
Net book value						
As at 31 December 2025	238,166	1,207	37,034	3,815	300,378	580,600

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

23 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2024	400,356	11,188	157,920	31,756	26,285	627,505
Addition	766	540	18,216	5,509	6,806	31,837
Disposal and transfer out	(60,194)	(580)	(1,187)	(1,676)	–	(63,637)
As at 31 December 2024	340,928	11,148	174,949	35,589	33,091	595,705
Accumulated depreciation						
As at 1 January 2024	(122,624)	(9,305)	(130,980)	(28,295)	–	(291,204)
Charge for the year	(17,950)	(689)	(10,134)	(4,347)	–	(33,120)
Disposal and transfer out	10,594	580	1,185	1,439	–	13,798
As at 31 December 2024	(129,980)	(9,414)	(139,929)	(31,203)	–	(310,526)
Impairment losses						
As at 1 January 2024	(1,069)	–	–	–	–	(1,069)
Charge for the year	–	–	–	–	–	–
Disposal and transfer out	801	–	–	–	–	801
As at 31 December 2024	(268)	–	–	–	–	(268)
Net book value						
As at 31 December 2024	210,680	1,734	35,020	4,386	33,091	284,911

As at 31 December 2025 and 2024, the net amount of buildings, for which registrations for the property ownership certificates had not been completed, were RMB9,226 thousand and RMB8,444 thousand respectively. However, such registration process does not have material effect on the rights of the Group to these assets. None of the land or property the Group owned is located in Hong Kong.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

24 LEASE

	Property	Equipment	Total
Right-of-use assets			
Cost			
As at 1 January 2025	53,963	–	53,963
Increase	6,473	–	6,473
Decrease	(6,428)	–	(6,428)
As at 31 December 2025	54,008	–	54,008
Accumulated depreciation			
As at 1 January 2025	(22,566)	–	(22,566)
Increase	(10,868)	–	(10,868)
Decrease	6,428	–	6,428
As at 31 December 2025	(27,006)	–	(27,006)
Net book value			
As at 31 December 2025	27,002	–	27,002
Lease liabilities			
Net book value			
As at 31 December 2025	(24,829)	–	(24,829)

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

24 LEASE (Continued)

	Property	Equipment	Total
Right-of-use assets			
Cost			
As at 1 January 2024	95,775	129	95,904
Increase	14,048	–	14,048
Decrease	(55,860)	(129)	(55,989)
As at 31 December 2024	53,963	–	53,963
Accumulated depreciation			
As at 1 January 2024	(63,601)	(129)	(63,730)
Increase	(11,043)	–	(11,043)
Decrease	52,078	129	52,207
As at 31 December 2024	(22,566)	–	(22,566)
Net book value			
As at 31 December 2024	31,397	–	31,397
Lease liabilities			
Net book value			
As at 31 December 2024	(28,766)	–	(28,766)

25 DEFERRED TAX ASSETS

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using an effective tax rate of 25% for the years ended 31 December 2025 and 2024 for transactions in the PRC. Movements in the deferred income tax account are as follows:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	1,237,353	1,114,600
Charge to profit or loss (Note 14)	183,785	201,412
Fair value changes of financial investments measured at FVOCI (Note 35(c))	101,766	(74,682)
Changes in ECL allowance for debt instrument investments measured at FVOCI (Note 35(c))	23,388	(4,355)
Remeasurement of retirement benefit obligations (Note 35(c))	288	378
Balance at the end of the year	1,546,580	1,237,353

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

25 DEFERRED TAX ASSETS *(Continued)*

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

	As at 31 December			
	2025		2024	
	Temporary differences	Deferred income tax assets/(liabilities)	Temporary differences	Deferred income tax assets/(liabilities)
Deferred tax assets				
Fair value changes of financial assets measured at fair value through other comprehensive income	203,104	50,776	–	–
ECL allowance of loans and advances to customers and financial investments	5,110,962	1,277,740	4,376,154	1,094,039
ECL allowance of financial assets held under resale agreements, due from other banks and other financial institutions (Note 17)	321,359	80,340	259,987	64,997
Employee benefits payable	38,129	9,532	80,502	20,126
Fair value changes of financial investments – FVTPL	151,819	37,955	59,292	14,823
Allowance for impairment losses of foreclosed assets (Note 26(c))	16,345	4,086	14,482	3,620
Lease liabilities	24,829	6,207	29,264	7,316
Allowance for impairment on credit commitments	147,283	36,821	131,179	32,795
Others	199,506	49,876	234,404	58,600
Subtotal	6,213,336	1,553,333	5,185,264	1,296,316
Deferred tax liabilities				
Fair value changes of financial assets measured at fair value through other comprehensive income	–	–	(203,963)	(50,991)
Right-of-use assets	(27,013)	(6,753)	(31,889)	(7,972)
Subtotal	(27,013)	(6,753)	(235,852)	(58,963)
Total	6,186,323	1,546,580	4,949,412	1,237,353

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

26 OTHER ASSETS

	As at 31 December	
	2025	2024
Interest receivable (a)	12,262	4,209
Intangible assets	32,490	33,322
Other receivables	103,054	92,133
Less: ECL allowance	(41,010)	(34,962)
Listing expenses to be capitalized	–	26,000
Foreclosed assets (b)	225,919	220,693
Less: Impairment (c)	(16,345)	(14,482)
Long-term deferred expenses	14,147	13,088
Investment properties (d)	46,049	52,158
Others	11,083	28,329
Total	387,649	420,488

(a) Interest receivable

	As at 31 December	
	2025	2024
Loans and advances to customers	26,281	24,257
Less: ECL allowance	(14,019)	(20,048)
Total	12,262	4,209

(b) Foreclosed assets

	Properties and plants	Land use rights	Others	Total
As at 1 January 2025	220,358	–	335	220,693
Increase	5,226	–	–	5,226
Disposal	–	–	–	–
As at 31 December 2025	225,584	–	335	225,919
As at 1 January 2024	83,681	–	335	84,016
Increase	136,677	–	–	136,677
Disposal	–	–	–	–
As at 31 December 2024	220,358	–	335	220,693

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

26 OTHER ASSETS *(Continued)*

(c) Impairment

	Properties and plants	Land use rights	Others	Total
As at 1 January 2025	14,472	–	10	14,482
Addition	1,980	–	–	1,980
Reversal	–	–	–	–
Disposal	(117)	–	–	(117)
As at 31 December 2025	16,335	–	10	16,345
As at 1 January 2024	14,472	–	10	14,482
Addition	–	–	–	–
Reversal	–	–	–	–
Disposal	–	–	–	–
As at 31 December 2024	14,472	–	10	14,482

As of 31 December 2025 and 2024, the net amount of foreclosed assets for which the property title registration has not been completed was RMB137,269 thousand and RMB105,487 thousand, respectively. However, the registration process does not significantly affect the Group's rights to these assets. Neither the land nor the properties owned by the Group are located in Hong Kong.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

26 OTHER ASSETS *(Continued)*

(d) Investment properties

	As at 31 December	
	2025	2024
Cost		
Opening balance	107,610	251,484
Addition	–	–
Disposal	(9,437)	(143,874)
Ending balance	98,173	107,610
Accumulated depreciation		
Opening balance	(55,372)	(69,051)
Depreciation	(3,416)	(3,504)
Disposal	6,744	17,183
Ending balance	(52,044)	(55,372)
Impairment losses		
Opening balance	(80)	(4,556)
Addition	–	–
Disposal	–	4,476
Ending balance	(80)	(80)
Net book value		
Ending balance	46,049	52,158

As of 31 December 2025 and 2024, the net amount of investment properties for which the property title registration has not been completed was RMB660 thousand and RMB705 thousand, respectively. However, the registration process does not significantly affect the Group's rights to these assets. The remaining lease terms of the land or properties owned by the Group are short-term leases, and none of such land or properties are located in Hong Kong.

27 BORROWINGS FROM CENTRAL BANK

	As at 31 December	
	2025	2024
Borrowings from central Bank	3,187,787	2,265,054
Accrued interest	3,812	1,192
Total	3,191,599	2,266,246

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

28 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS, DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	As at 31 December	
	2025	2024
Deposits from other banks and financial institutions	1,473,211	1,015,983
Placements from other banks and financial institutions	2,970,000	2,594,000
Financial assets sold under repurchase agreements	6,902,181	5,718,980
Accrued interest	5,471	11,709
Total	11,350,863	9,340,672

29 TRADING FINANCIAL LIABILITIES

	As at 31 December	
	2025	2024
Liability	57,127	–
Total	57,127	–

As at 31 December 2025, the Group's trading financial liabilities mainly represented short positions in bonds.

30 CUSTOMER DEPOSITS

	As at 31 December	
	2025	2024
Corporate deposits		
– Demand	16,879,100	17,777,390
– Time	24,989,585	22,811,433
Subtotal	41,868,685	40,588,823
Personal deposits		
– Demand	5,927,052	5,430,277
– Time	41,200,755	36,171,850
Subtotal	47,127,807	41,602,127
Accrued interest	2,855,368	2,326,961
Total	91,851,860	84,517,911

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

31 BONDS ISSUED

	As at 31 December	
	2025	2024
Interbank certificates of deposit	4,301,189	2,028,101

Interbank certificates of deposit are as follows:

	As at 31 December	
	2025	2024
Reference annualized rates of return	1.64%-1.80%	1.85%-2.15%
Original maturity	1 to 12 months	3 to 12 months

As at 31 December 2025 and 2024, the Group and the Bank did not have any overdue principal and interest on interbank certificates of deposit or other defaults.

32 TAXES PAYABLE

	As at 31 December	
	2025	2024
Income tax	192,871	201,433
VAT and others	59,466	55,711
Total	252,337	257,144

33 OTHER LIABILITIES

	As at 31 December	
	2025	2024
Employee benefits payable (a)	218,131	197,000
Dividends payables	28,461	15,718
Settlement and clearance payables	255,519	157,092
Other payables	105,784	90,861
Accrued liabilities	147,521	131,564
Others	196,245	202,029
Total	951,661	794,264

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

33 OTHER LIABILITIES *(Continued)*

(a) Employee benefits payable

	As at 31 December	
	2025	2024
Short-term employee benefits <i>(i)</i>	167,625	149,167
Defined contribution benefits <i>(ii)</i>	400	100
Supplementary retirement benefits <i>(iii)</i>	50,106	47,733
Total	218,131	197,000

(i) Short-term employee benefits

	31 December 2025			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Wages and salaries, bonus, allowance and subsidies	147,923	276,881	(269,267)	155,537
Staff welfare	–	14,271	(14,271)	–
Social security contributions	–	54,145	(43,295)	10,850
– Medical insurance	–	28,035	(17,185)	10,850
– Work injury insurance	–	468	(468)	–
– Maternity insurance	–	2	(2)	–
– Housing funds	–	25,640	(25,640)	–
Labour union funds and employee education funds	1,244	6,234	(6,240)	1,238
Total	149,167	351,531	(333,073)	167,625

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

33 OTHER LIABILITIES *(Continued)*

(a) Employee benefits payable *(Continued)*

(i) Short-term employee benefits *(Continued)*

	31 December 2024			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Wages and salaries, bonus, allowance and subsidies	138,111	270,629	(260,816)	147,924
Staff welfare	–	14,302	(14,302)	–
Social security contributions	–	51,870	(51,870)	–
– Medical insurance	–	27,246	(27,246)	–
– Work injury insurance	–	370	(370)	–
– Maternity insurance	–	2	(2)	–
– Housing funds	–	24,252	(24,252)	–
Labour union funds and employee education funds	1,176	7,545	(7,478)	1,243
Total	139,287	344,346	(334,466)	149,167

(ii) Defined contribution benefits

	31 December 2025			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Basic pensions	100	34,840	(34,940)	–
Unemployment insurance	–	1,371	(1,371)	–
Annuity scheme	–	12,450	(12,050)	400
Total	100	48,661	(48,361)	400

	31 December 2024			Balance at the end of the year
	Balance at the beginning of the year	Increase in current year	Decrease in current year	
Basic pensions	200	33,527	(33,627)	100
Unemployment insurance	–	1,289	(1,289)	–
Annuity scheme	745	12,270	(13,015)	–
Total	945	47,086	(47,931)	100

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

33 OTHER LIABILITIES *(Continued)*

(a) Employee benefits payable *(Continued)*

(iii) **Supplementary retirement benefits**

The retirement benefit obligations of the Group refer to supplementary benefits for retirees and early-retirees recognised in the consolidated statement of comprehensive income. The Group's obligations regarding these supplementary retirement benefits were assessed by an external independent actuary, Wu Haichuan (a Fellow of the Society of Actuaries and a Fellow of the Institute of Actuaries of China), using the projected unit credit method. As of 31 December 2025, there were no plan assets under the defined benefit plan. Details are as follows:

	As at 31 December	
	2025	2024
Balance at the beginning of year	47,733	37,045
Gain or loss from actuarial calculation		
– Charge to profit or losses (Note 10(i))	4,479	12,705
– Charge to other comprehensive income (Note 35(c))	1,150	1,510
Benefits paid	(3,256)	(3,527)
Balance at the end of year	50,106	47,733

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at 31 December	
	2025	2024
	%	%
Discount rate – retirement benefit plan	2.00	2.25
Discount rate – early retirement benefit plan	1.50	2.00
Annual increase rate of medical examination	2.00	2.00
Annual increase rate of basic salary and housing fund contributions for internal retirees	2.00	2.00
Annual increase rate of social security contributions	6.00	6.00
Annual increase rate of employee benefit plan contributions	6.00	6.00
Annual increase rate of supplemental medical insurance contributions	6.00	6.00
Retirement ages	Statutory retirement age	Statutory retirement age

Assumptions for future mortality rates as at 31 December 2025 and 2024 are all based on the China Life Insurance Mortality Table (2010-2013), which is the statistical information published on 28 December 2016 and publicly available in China. The statutory retirement age shall be implemented in accordance with the provisions of the “Decision of the Standing Committee of the National People’s Congress on Gradually Raising the Statutory Retirement Age.”

As at 31 December 2025 and 2024, the Group has no default on the staff costs payable above.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

34 SHARE CAPITAL AND CAPITAL RESERVE

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

	As at 31 December	
	2025	2024
Number of Shares (Thousands of shares)	4,588,400	3,900,000

The movement of Share capital is as follows:

	As at 31 December	
	2025	2024
Balance at the beginning of the year	3,900,000	3,900,000
Contribution of Shareholders	688,400	–
Share dividends	–	–
Balance at the end of the year	4,588,400	3,900,000

Transactions of the following nature are recorded in the capital reserve:

- (a) Share premium arising from the issue of Shares at prices in excess of their par value;
- (b) Deemed contributions received from the Shareholders;
- (c) Amount in excess of the book value of non-performing assets purchased by the Shareholders;
- (d) Any other items required by the PRC regulations to be so treated.

Capital reserve can be utilised for the issuance of bonus Shares or for increasing paid-in capital as approved by the Shareholders.

As at 31 December 2025 and 2024, the Group's capital reserve is shown as follows:

	As at 31 December	
	2025	2024
Capital reserve	4,440,581	3,512,784

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

34 SHARE CAPITAL AND CAPITAL RESERVE *(Continued)*

The Bank's H shares were listed on the Main Board of the Hong Kong Stock Exchange on 13 January 2025. A total of 688,400 thousand H shares were issued through the global offering. The funds raised from this issuance amounted to RMB1,645,811 thousand. Net proceeds from the fund raised after deducting issuance expenses amounted to RMB1,586,197 thousand. Additional share capital increased by RMB688,400, and additional capital reserve increased by RMB897,797 thousand.

In 2020, the Bank, together with five shareholders, namely Sichuan Yibin Wuliangye Group Co., Ltd., Yibin Municipal Finance Bureau, Yibin Cuiping District Finance Bureau, Yibin Nanxi District Finance Bureau and Wuhan Tianying Investment Group Co.Ltd. (the "Five Shareholders"), jointly disposed of certain non-performing assets. In 2024 and 2025, the Five Shareholders received net recoveries from the disposal of the non-performing assets amounting to RMB50,000 thousand and RMB30,000 thousand, respectively.

35 OTHER RESERVES

	Surplus reserve (a)	General reserve (b)	Other comprehensive income (c)	Total
As at 1 January 2025	180,105	1,239,400	397,415	1,816,920
Addition	56,348	48,106	(376,336)	(271,882)
As at 31 December 2025	236,453	1,287,506	21,079	1,545,038
As at 1 January 2024	125,912	1,010,653	161,477	1,298,042
Addition	54,193	228,747	235,938	518,878
As at 31 December 2024	180,105	1,239,400	397,415	1,816,920

(a) Surplus reserve

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

(b) General reserve

The Group follows the Administrative Measures for the Provisioning for Reserves of Financial Enterprises (Financial [2012]20) issued by the Ministry of Finance. According to the requirements, the general reserve should not be lower than 1.5% of the period end risk assets.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

35 OTHER RESERVES *(Continued)*

(c) Other comprehensive income

	Gross amount	Taxation effect	Net carrying amount
As at 1 January 2025	529,886	(132,471)	397,415
Items that may not be reclassified subsequently to profit or loss:			
Changes in remeasurement of defined benefit plans (Note 33(a)(iii))	(1,150)	288	(862)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instrument investments at FVOCI	(407,107)	101,777	(305,330)
Changes in credit impairment losses for debt instrument investments at FVOCI	(93,525)	23,381	(70,144)
As at 31 December 2025	28,104	(7,025)	21,079
	Gross amount	Taxation effect	Net carrying amount
As at 1 January 2024	215,302	(53,825)	161,477
Items that may not be reclassified subsequently to profit or loss:			
Changes in remeasurement of defined benefit plans (Note 33(a)(iii))	(1,510)	378	(1,132)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instrument investments at FVOCI	298,758	(74,690)	224,068
Changes in credit impairment losses for debt instrument investments at FVOCI	17,336	(4,334)	13,002
As at 31 December 2024	529,886	(132,471)	397,415

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

36 DIVIDENDS

The Group and the Bank

	As at 31 December	
	2025	2024
Dividend declared during the year	229,420	78,000
Dividend per Share (in RMB)	0.0500	0.0200

Under the PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up prior year's cumulative losses, if any;
- (2) Allocations to the non-distributable statutory accumulation reserve of 10% of the net profit of the Group.

The Annual Shareholders Meeting on 29 April 2024 approved the Bank's 2023 profit distribution plan, which will distribute RMB78,000 thousand from retained earnings as cash dividends to Shareholders. By 31 December 2024, the unpaid dividend distribution was recorded as dividend payable. (RMB0.0200 per Share including tax, and the Shares below RMB1 are rounded).

The Bank approved its profit distribution plan for 2024 at its 38th annual general meeting held on 26 June 2025, based on 4,588,400 thousand ordinary shares, with a distribution of RMB0.05 per share (including tax) accordingly, The Bank will distribute a total of RMB229,420 thousand (including tax) in cash dividends to ordinary shareholders from retained earnings. As of 31 December 2025, dividends that have not been paid have been recognised as dividends payable. (RMB0.0500 per Share including tax, and the Shares below RMB1 are rounded)

The Board of the Bank proposed to distribute a final cash dividend of RMB0.0356 (tax inclusive) per Share (the "final dividend") for the year ended 31 December 2025 to all Shareholders, with the total amount of RMB163.35 million (tax inclusive). The Board will submit such proposal to the 2025 annual Shareholders' meeting to be held on 25 June 2026 for approval. The final dividend, if approved at the 2025 annual Shareholders' meeting, is expected to be paid on or before 25 August 2026 by the Bank.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

37 STRUCTURED ENTITY

(a) Unconsolidated structured entity

(i) *Unconsolidated structured entities managed by the Group*

The unconsolidated structure entities managed by the Group are mainly wealth management products issued and managed by the Group acting as an agent. Based on the analysis and research on the potential targeted clients, the Group designs and sells wealth management products to specific targeted clients, and the raised funds are then put into related financial market or invested in related financial products according to the product contracts. The Group receives corresponding fee and commission income as the asset manager. The amount is RMB12,832 thousand for the year ended 31 December 2025, the amount is RMB47,691 thousand for the year ended 31 December 2024 (Note 6). The Group has not provided any liquidity support to the wealth management products for the years ended 31 December 2025 and 2024.

The Group issues and manages unsecured wealth management products to investors. The funds raised from the investors are mainly invested in the open market bonds and money market instruments.

The Group assesses its control on the unsecured wealth management products. The Group takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interest. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market and money market performance. The risk of loss is borne by the investors. The Group earns fees and commission income from the products.

As at 31 December 2025 and 2024, the balance of unconsolidated wealth management products managed by the Group was RMB1,466,805 thousand and RMB3,074,190 thousand, respectively.

(ii) *Unconsolidated structured entities invested by the Group*

In order to increase the return of excessive funds, the Group invested in structured entities, including funds and asset management plans issued and managed by independent third parties. The Group classified the unconsolidated structured entities as financial investments-FVTPL and financial investments – amortised cost.

The table below lists the book value and maximum loss risk exposure of the assets due to the holdings of profits from unconsolidated structured entities.

As at 31 December 2025	Maximum	
	Book value	risk exposure
Financial investments – fair value through profit or loss	1,917,364	1,917,364
Financial investments – amortised cost	19,386	19,386

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

37 STRUCTURED ENTITY *(Continued)*

(a) Unconsolidated structured entity *(Continued)*

(ii) *Unconsolidated structured entities invested by the Group (Continued)*

As at 31 December 2024	Book value	Maximum risk exposure
Financial investments – fair value through profit or loss	1,674,388	1,674,388
Financial investments – amortised cost	63,381	63,381

For the years ended 31 December 2025 and 2024, the Group had not provided any financial or other support plan to unconsolidated structured entities.

The income from the above unconsolidated structured entities was:

	2025	2024
Net gains/(losses) on trading activities	(68,462)	(8,250)
Interest income	1,281	283

(b) Consolidated structured entity

The consolidated structured entities are mainly asset management plans controlled by the Group.

38 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

(a) Financial guarantees and credit related commitments

The following tables indicate the financial guarantee amounts which the Group commits to extend to customers:

	As at 31 December	
	2025	2024
Bank acceptance	9,749,856	9,315,841
Letters of guarantees	49,734	67,827
Total	9,799,590	9,383,668

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

38 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

(b) Capital expenditure commitments

	As at 31 December	
	2025	2024
Properties and equipment		
Contracted but not paid	<u>72,663</u>	<u>403,368</u>

(c) Legal proceedings

The Bank may from time to time be involved in various claims and litigations in the ordinary course of its business, mainly including disputes over financial loan contracts, contractual disputes or bond transactions disputes initiated by the Bank against borrowers, guarantors and bond issuers. During the reporting period up to the last practicable date, the Bank has not been a defendant or co – defendant in any material pending litigation.

39 COLLATERALS

(a) Assets pledged

As at 31 December 2025 and 2024, the carrying amounts of assets pledged as collateral under repurchase agreements and borrowings from central Bank are as follows:

	As at 31 December	
	2025	2024
Debt securities	<u>10,535,092</u>	<u>8,382,700</u>

(b) Collateral accepted

The Group received debt securities as collateral for financial assets held under resale agreements as set out in Note 17. Under the terms of these agreements, the Group could not resell or re-pledge certain parts of such collateral unless in the event of default by the counterparties.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

40 NOTES TO STATEMENTS OF CASH FLOWS

(a) Cash and cash equivalents

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

	As at 31 December	
	2025	2024
Cash and balances with central Bank	6,266,290	3,091,576
Financial assets held under resale agreements, due from other banks and other financial institutions	3,415,939	3,834,056
Total	9,682,229	6,925,632

(b) Reconciliation of liabilities arising from financing activities

	2025							31 December
	1 January	Cash inflows from financing activities	Cash outflows from financing activities	Interest expense	Interest paid	New leases	Others	
Lease liabilities (Note 24)	(28,766)	-	10,207	(740)	-	(5,530)	-	(24,829)
Bonds issued (Note 31)	(2,028,101)	(4,290,243)	2,050,000	(32,845)	-	-	-	(4,301,189)
Total	(2,056,867)	(4,290,243)	2,060,207	(33,585)	-	(5,530)	-	(4,326,018)

	2024							31 December
	1 January	Cash inflows from financing activities	Cash outflows from financing activities	Interest expense	Interest paid	New leases	Others	
Lease liabilities (Note 24)	(26,496)	-	12,186	(940)	-	(13,986)	470	(28,766)
Bonds issued (Note 31)	(3,279,022)	(2,017,537)	3,310,000	(41,542)	-	-	-	(2,028,101)
Total	(3,305,518)	(2,017,537)	3,322,186	(42,482)	-	(13,986)	470	(2,056,867)

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

41 RELATED PARTY TRANSACTIONS

(a) Related parties of the Group

(i) Major Shareholders

Major Shareholders include Shareholders with 5% or more interest in the Bank.

As at 31 December 2025, the major Shareholders of the Bank are as follows:

Name of Shareholders	Amount (thousand Shares)	Ratio (%)
Sichuan Yibin Wuliangye Group Co., Ltd.	779,610	16.991
Yibin Municipal Finance Bureau	779,482	16.988
Yibin Cuiping District Finance Bureau	779,220	16.982
Yibin Nanxi District Finance Bureau	660,700	14.399
Total	2,999,012	65.360

As at 31 December 2024, the major Shareholders of the Bank are as follows:

Name of Shareholders	Amount (thousand Shares)	Ratio (%)
Sichuan Yibin Wuliangye Group Co., Ltd.	779,610	19.990
Yibin Municipal Finance Bureau	779,482	19.987
Yibin Cuiping District Finance Bureau	779,220	19.980
Yibin Nanxi District Finance Bureau	660,700	16.940
Total	2,999,012	76.897

(ii) Other related parties

Other related parties mainly include: shareholders holding less than 5% of the shares but having significant influence over the Bank's management and operations; Directors, Supervisors, senior management of the Bank and their close family members; entities controlled or jointly controlled by Directors, Supervisors, senior management of the Group and their close family members; and entities controlled or jointly controlled by the major Shareholders of the Group as set out in Note 41(a)(i), as well as the Bank's subsidiaries; and other natural persons, legal persons, or non-legal person organizations that should be recognized as related parties in accordance with the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions.

There are various related party transactions that occur between the Bank and its subsidiaries. These transactions are conducted under normal commercial terms and conditions. The material balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements. In the opinion of management, the transactions between the Bank and its subsidiaries have no significant impact on profit or loss.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

41 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions and balances

(i) Transactions and balances with major Shareholders

	As at 31 December	
	2025	2024
Deposits from customers	6,367,021	5,871,722
Interest expense	113,529	113,866

(ii) Transaction and balances with other related parties

	As at 31 December	
	2025	2024
Loans and advances to customers	929,851	770,484
Financial investments – Fair value through profit or loss	42,727	20,000
Other assets	8,768	–
Deposits from customers	16,004,532	15,539,758
Bank acceptances	306,881	313,389
Letter of guarantee	2,582	–
Entrusted loans	14,335,497	11,248,997
Entrusted deposits	16,687,201	10,668,718
	2025	2024
Interest income	42,866	80,429
Fee and commission income	1,891	1,968
Other operating income	–	–
Interest expense	397,705	387,591
Net gains on financial investments	–	283
Net gains on trading activities	852	–

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

41 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Remuneration of key management personnel

Key management personnel refer to those persons who have the authority and responsibility to plan, conduct and control the Group's activities.

The remuneration of key management personnel in each of the reporting years was as follows:

	As at 31 December	
	2025	2024
Remuneration, salary, allowances and benefits	7,997	7,209
Discretionary bonuses	5,187	8,042
Contribution to pension schemes	236	252
Total	13,420	15,503

(d) Capital expenditure commitments

	As at 31 December	
	2025	2024
Properties and equipment		
Contracted but not paid for	36,290	362,903

On 6 June 2024, the Bank entered into an acquisition agreement with a related party, namely Yibin OCT Sanjiang Real Estate Co., Ltd., (the enterprise in which the controlling shareholder of Sichuan Yibin Wuliangye Group Co., Ltd. indirectly holds a 25% stake) to purchase commercial properties at an aggregate consideration of RMB362,903 thousand. The Bank intended to use such commercial properties as offices to accommodate the Bank's business expansion. The Group has prepaid consideration of RMB326,613 thousand as of 31 December 2025.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

41 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Government related entities

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

42 SEGMENT ANALYSIS

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

The Group has 4 operating segments: corporate banking, retail banking, financial markets, and unallocated classes.

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

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

Financial markets mainly perform inter-financial institution lending and borrowing, financial investment businesses.

Unallocated classes of business perform the businesses not included in the above three segments or cannot be allocated with appropriate basis.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

42 SEGMENT ANALYSIS *(Continued)*

	2025				
	Corporate Banking	Retail Banking	Financial Markets	Unallocated	Total
Net interest income/(expenses) from external customers	2,194,602	(964,313)	717,437	–	1,947,726
Inter-segment net interest (expenses)/ income	(507,963)	1,338,524	(830,561)	–	–
Net interest income	1,686,639	374,211	(113,124)	–	1,947,726
Net fee and commission income	14,763	11,368	(10,124)	–	16,007
Net gains on trading activities	–	–	52,370	–	52,370
Net gains on financial investments	–	–	220,036	–	220,036
Other operating income	12,318	6,556	1,011	17,801	37,686
Operating income	1,713,720	392,135	150,169	17,801	2,273,825
Operating expenses	(446,646)	(228,369)	(41,646)	(13,130)	(729,791)
– Depreciation and expenses	(33,450)	(17,804)	(2,747)	(1,029)	(55,030)
– Others	(413,196)	(210,565)	(38,899)	(12,101)	(674,761)
Expected credit losses	(797,311)	(56,378)	(35,113)	–	(888,802)
Impairment losses	(1,204)	(641)	(99)	(36)	(1,980)
Profit before income tax	468,559	106,747	73,311	4,635	653,252
Capital expenditure	(204,944)	(109,083)	(16,828)	(6,311)	(337,166)
Segment assets	62,910,838	5,465,503	55,126,575	20,838	123,523,754
Segment liabilities	45,657,399	49,053,035	17,255,516	15,515	111,981,465

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

42 SEGMENT ANALYSIS *(Continued)*

	2024				
	Corporate Banking	Retail Banking	Financial Markets	Unallocated	Total
Net interest income/(expenses) from external customers	1,692,850	(887,464)	772,301	–	1,577,687
Inter-segment net interest (expenses)/income	(146,917)	1,323,092	(1,176,175)	–	–
Net interest income	1,545,933	435,628	(403,874)	–	1,577,687
Net fee and commission income	25,444	46,263	(6,605)	–	65,102
Net gains on trading activities	–	–	200,965	–	200,965
Net gains on financial investments	–	–	315,138	–	315,138
Other operating income	13,284	6,824	994	401	21,503
Operating income	1,584,661	488,715	106,618	401	2,180,395
Operating expenses	(448,242)	(223,631)	(40,246)	(13,046)	(725,165)
– Depreciation and expenses	(35,691)	(18,333)	(2,670)	(1,078)	(57,772)
– Others	(412,551)	(205,298)	(37,576)	(11,968)	(667,393)
Expected credit losses	(734,460)	(127,610)	(26,667)	–	(888,737)
Impairment losses	–	–	–	–	–
Profit before income tax	401,959	137,474	39,705	(12,645)	566,493
Capital expenditure	(30,466)	(15,650)	(2,279)	(921)	(49,316)
Segment assets	52,242,596	5,470,627	51,475,518	16,652	109,205,393
Segment liabilities	43,531,253	43,125,163	12,563,781	12,907	99,233,104

There is no high reliance of the Group on any of the main external customers.

43 SUBSEQUENT EVENTS

The Board of the Bank proposed to distribute a final cash dividend of RMB0.0356 (tax inclusive) per Share (the “final dividend”) for the year ended 31 December 2025 to all Shareholders, with the total amount of RMB163.35 million (tax inclusive). The Board will submit such proposal to the 2025 annual Shareholders’ meeting to be held on 25 June 2026 for approval. The final dividend, if approved at the 2025 annual Shareholders’ meeting, is expected to be paid on or before 25 August 2026 by the Bank.

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

44 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK

		As at 31 December	
	Note	2025	2024
Assets			
Cash and balances with central Bank		9,627,030	6,329,352
Financial assets held under resale agreements, due from other banks and other financial institutions		3,001,475	3,826,584
Loans and advances to customers		62,991,162	53,343,833
Financial investments			
– Fair value through profit or loss		10,131,348	7,012,429
– Fair value through other comprehensive income		19,878,725	22,482,542
– Amortised cost		6,807,086	6,672,084
Long-term equity investment	22	259,956	259,956
Property, plant and equipment		452,852	159,095
Right-of-use assets		10,924	13,176
Deferred tax assets		1,411,291	1,098,757
Other assets		316,692	335,332
Total assets		114,888,541	101,533,140
Liabilities			
Borrowings from central Bank		3,005,835	2,210,838
Financial assets sold under repurchase agreements, due to other banks and financial institutions		11,249,050	9,563,471
Customer deposits		84,076,042	77,264,159
Bonds issued		4,301,189	2,028,101
Taxes payable		246,759	227,085
Lease liabilities		9,716	11,517
Other liabilities		764,073	566,005
Total liabilities		103,652,664	91,871,176
Equity			
Share capital		4,588,400	3,900,000
Capital reserve		4,416,898	3,489,101
Other comprehensive income		21,028	397,375
Surplus reserve		236,453	180,105
General reserve		1,237,242	1,189,136
Retained earnings		735,856	506,247
Total equity		11,235,877	9,661,964
Total liabilities and equity		114,888,541	101,533,140

Financial Report

Notes to the Consolidated Financial Statements

For 2025 (In RMB thousands, unless otherwise stated)

44 STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE BANK *(Continued)*

	Equity attributable to shareholders of the Bank						
			Other reserves				
	Share capital	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total
Balance at 1 January 2025	3,900,000	3,489,101	180,105	1,189,136	397,375	506,247	9,661,964
Profit for the year	-	-	-	-	-	563,483	563,483
Other comprehensive income	-	-	-	-	(376,347)	-	(376,347)
Total comprehensive income for the year	-	-	-	-	(376,347)	563,483	187,136
Shareholders' deemed contribution	688,400	927,797	-	-	-	-	1,616,197
Transfer to surplus reserve	-	-	56,348	-	-	(56,348)	-
Transfer to general reserve	-	-	-	48,106	-	(48,106)	-
Cash dividends	-	-	-	-	-	(229,420)	(229,420)
Balance at 31 December 2025	4,588,400	4,416,898	236,453	1,237,242	21,028	735,856	11,235,877

	Equity attributable to shareholders of the Bank						
			Other reserves				
	Share capital	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total
Balance at 1 January 2024	3,900,000	3,439,101	125,912	965,263	161,477	320,383	8,912,136
Profit for the year	-	-	-	-	-	541,930	541,930
Other comprehensive income	-	-	-	-	235,898	-	235,898
Total comprehensive income for the year	-	-	-	-	235,898	541,930	777,828
Shareholders' deemed contribution	-	50,000	-	-	-	-	50,000
Transfer to surplus reserve	-	-	54,193	-	-	(54,193)	-
Transfer to general reserve	-	-	-	223,873	-	(223,873)	-
Cash dividends	-	-	-	-	-	(78,000)	(78,000)
Balance at 31 December 2024	3,900,000	3,489,101	180,105	1,189,136	397,375	506,247	9,661,964

Unaudited supplementary financial information

(Expressed in thousands of Renminbi, unless otherwise stated)

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

1 LIQUIDITY RATIOS AND LEVERAGE RATIO

(1) Liquidity ratios

	As of 31 December 2025	As of 31 December 2024
RMB current assets to RMB current liabilities	84.10%	80.20%
Foreign currency current assets to foreign currency current liabilities	N/A	N/A

(2) Leverage ratio

	As of 31 December 2025	As of 31 December 2024
Leverage ratio	8.33%	8.14%

The above liquidity ratios and leverage ratio were calculated in accordance with the relevant regulations promulgated by the NFRA.

2 CURRENCY CONCENTRATIONS

The Bank is principally engaged in business operations within Yibin City and Neijiang City, the PRC, and all business activities are conducted in RMB. The Bank has no structural position during the Track Record Period.

3 INTERNATIONAL CLAIMS

The Bank is principally engaged in business operations within Yibin City and Neijiang City, the PRC, and regards all claims on third parties outside Chinese Mainland as international claims. The Bank has no international claims during the Track Record Period.



宜宾市商业银行
Yibin City Commercial Bank