鄭州銀行
BANK OF ZHENGZHOU

鄭州銀行股份有限公司
BANK OF ZHENGZHOU CO., LTD.

（於中華人民共和國註冊成立的股份有限公司）
(A joint stock company incorporated in the People's Republic of China with limited liability)

股份代號 Stock Code: 6196

2025
年度報告
ANNUAL REPORT

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* This Report is prepared in both Chinese and English. If there are any discrepancies between the Chinese and English versions, the Chinese shall prevail.

IMPORTANT NOTICE

The Board of Directors and Directors, and senior management of the Bank hereby warrant the truthfulness, accuracy and completeness of the contents of this annual report and that there are no false representations, misleading statements or material omissions, and jointly and severally assume liability for the information hereof.

The full text and the summary of the 2025 annual report (the "Report") were reviewed and approved at the Bank's 5th meeting of the eighth session of the Board of Directors held on 30 March 2026. Eight Directors were eligible to attend the meeting, and 8 of them attended in person.

Unless otherwise specified, the financial information set out in this Report represents data from the consolidated financial statements of the Bank and its subsidiaries, namely Henan Jiuding Financial Leasing Co., Ltd., Fugou Zhengyin County Bank Co., Ltd., Xinmi Zhengyin County Bank Co., Ltd., Xunxian Zhengyin County Bank Co., Ltd., Queshan Zhengyin County Bank Co., Ltd. and Xinzheng Zhengyin County Bank Co., Ltd.

The Bank prepared the 2025 annual financial report in accordance with Chinese Accounting Standards for Business Enterprises and International Financial Reporting Standards, which was audited by ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited under the PRC and Hong Kong standards on auditing, respectively. The two firms issued, respectively, an audit report and an independent auditor's report, which were both standard and unqualified.

Mr. ZHAO Fei, the legal representative and the chairman of the Bank, Mr. ZHANG Houlin, the person-in-charge of accounting of the Bank, and Mr. FU Qiang, the head of accounting department of the Bank, hereby declare and warrant the truthfulness, accuracy and completeness of the financial statements in this Report.

The Board of the Bank recommended that no cash dividends will be distributed, and no bonus Shares or new Shares will be issued by way of capitalization issue for 2025. The profit distribution proposal will be proposed at the shareholders' meeting of the Bank for approval.

Forward-looking statements such as future plans mentioned in this Report do not constitute actual commitments of the Bank to investors. Investors and parties concerned should be fully aware of the risks, and understand the differences among plans, estimates and commitments.

During the Reporting Period, the Bank was not aware of any material risk that would adversely affect its future development strategies and business targets. The major risks to which the Bank was exposed in its operations and management and the corresponding measures adopted by the Bank are detailed in this Report. For details, please refer to the relevant information in the sections headed "Risk Management" and "Outlook" in the chapter headed "Management Discussion and Analysis" of this Report.

DEFINITIONS

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

2024 AGM	the annual general meeting of the Bank convened on 27 June 2025
Articles of Association	the articles of association of the Bank, as amended from time to time
A Share(s)	ordinary shares with a nominal value of RMB1.00 each in the share capital of the Bank, which are listed and traded on the SZSE (stock code: 002936)
A Shareholder(s)	holder(s) of A Share(s)
Bank, Bank of Zhengzhou, or We	Bank of Zhengzhou Co., Ltd.* (鄭州銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability on 16 November 1996 in accordance with the PRC laws, and, if the context requires, includes its predecessors, subsidiaries, branches and sub-branches
Board or Board of Directors	the board of Directors of the Bank
Company Law	the Company Law of the People's Republic of China
Corporate Governance Code	the Corporate Governance Code set out in Appendix C1 to the Stock Exchange Listing Rules
CSRC	China Securities Regulatory Commission
Director(s)	the director(s) of the Bank
Fugou Zhengyin County Bank	Fugou Zhengyin County Bank Co., Ltd. (扶溝鄭銀村鎮銀行股份有限公司)

DEFINITIONS

Group	the Bank and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HK$	Hong Kong dollars, the lawful currency of Hong Kong
H Share(s)	overseas-listed shares in the share capital of the Bank, with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange (stock code: 6196)
H Shareholder(s)	holder(s) of H Share(s)
Jiuding Financial Leasing Company	Henan Jiuding Financial Leasing Co., Ltd. (河南九鼎金融租賃股份有限公司)
Latest Practicable Date	30 March 2026, being the latest practicable date prior to the publishment of this Report for the purpose of ascertaining certain information contained hereof
Queshan Zhengyin County Bank	Queshan Zhengyin County Bank Co., Ltd. (確山鄭銀村鎮銀行股份有限公司)
Reporting Period	the year from 1 January 2025 to 31 December 2025
RMB or Renminbi	Renminbi, the lawful currency of the PRC
Securities Law	the Securities Law of the People's Republic of China
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
Share(s) or Ordinary Share(s)	the A Shares and the H Shares
Shareholder(s) or Ordinary Shareholder(s)	holder(s) of the Ordinary Share(s)
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

SZSE	the Shenzhen Stock Exchange
SZSE Listing Rules	the Rules Governing the Listing of Stocks on SZSE
Xinmi Zhengyin County Bank	Xinmi Zhengyin County Bank Co., Ltd. (新密鄭銀村鎮銀行股份有限公司)
Xinzheng Zhengyin County Bank	Xinzheng Zhengyin County Bank Co., Ltd. (新鄭鄭銀村鎮銀行股份有限公司)
Xunxian Zhengyin County Bank	Xunxian Zhengyin County Bank Co., Ltd. (浚縣鄭銀村鎮銀行股份有限公司)
Yanling Zhengyin County Bank	Yanling Zhengyin County Bank Co., Ltd. (鄢陵鄭銀村鎮銀行股份有限公司)
Zhongmu Zhengyin County Bank	Zhongmu Zhengyin County Bank Co., Ltd. (中牟鄭銀村鎮銀行股份有限公司)

* *The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), and not subject to the supervision of the Hong Kong Monetary Authority, nor being authorized to carry out banking and/or deposit-taking business in Hong Kong.*

CHAIRMAN'S STATEMENT

In 2025, amidst a complex and volatile external environment, the Bank of Zhengzhou, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, actively upheld the political and people-centered nature of financial work. We comprehensively advanced the rigorous governance of the Party with reform and development, systematically conducted business transformation and institutional restructuring, and maintained steady operations while forging ahead. This enabled us to achieve stable growth in scale while sustaining positive trends in operational efficiency and asset quality. This achievement stems from the dedicated efforts of all Bank of Zhengzhou employees and is made possible by the steadfast support of our Shareholders and partners across society.

IN THIS YEAR, WE PURSUED PROGRESS WHILE MAINTAINING STABILITY, ACHIEVING CONTINUOUS IMPROVEMENT IN OPERATIONAL QUALITY AND EFFICIENCY

Adhering to the general principle of seeking progress while maintaining stability, Bank of Zhengzhou upheld the philosophy of "prioritizing customer experience externally and efficiency enhancement internally". We deepened business transformation, strengthened risk management and internal control systems, promoted synergistic development across all business lines, and consistently elevated the quality and efficiency of our operations. By the end of 2025, the Bank of Zhengzhou (Group) reached total assets of RMB743,674 million, an increase of RMB67,309 million or 9.95% from the beginning of the year. Total loans reached RMB410,264 million, an increase of RMB22,573 million or 5.82% from the beginning of the year. Total deposits reached RMB463,075 million, an increase of RMB58,537 million or 14.47% from the beginning of the year. Net profit for 2025 amounted to RMB1,909 million, a year-on-year increase of 2.44%; operating revenue reached RMB12,941 million, a year-on-year increase of 0.39%. The non-performing loan ratio was 1.71%, a decrease of 0.08 percentage point from the beginning of the year; provision coverage ratio was 185.81%, an increase of 2.82 percentage points from the beginning of the year. We were honored on the 2025 Fortune China 500 list and received multiple accolades at the 5th Puyi Standard Golden Reputation Awards, including "Outstanding Transformation and Development Bank" (卓越轉型發展銀行), "Outstanding Bank Wealth Brand" (卓越銀行財富品牌) and "Outstanding Investment Return Bank" (卓越投資回報銀行), further enhancing our brand recognition and influence.

THIS YEAR, WE DEEPENED OUR LOCAL ROOTS AND VIGOROUSLY ADVANCED "FIVE MAJOR FINANCIAL INITIATIVES"

As a locally-rooted legal person bank, Bank of Zhengzhou adheres to its market positioning of "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents". We closely aligned with Henan Province's "1+2+4+N" target task system and Zhengzhou City's "1+7+7+7" work deployment, focusing on core areas such as the "Three Batches" major projects, high-quality development of advanced manufacturing, and urban organic renewal, while increasing the allocation of credit resources. Meanwhile, we are fully committed to advancing the "Five Major Financial Initiatives" to enhance financial services for the real economy. In technology finance, we have established seven specialized technology branches, strengthened cooperation with provincial research institutions, and genuinely invested in early-stage, small-scale, long-term, and hard technology ventures. By the end of 2025, the balance of technology loans reached RMB33,237 million, a 25.57% increase from the beginning of the year. In green finance, we established the first two green-focused branches, opened a "green approval channel", and allocated dedicated credit quotas to guide credit resources toward green sectors. In inclusive finance, we accelerated the development of a full-lifecycle, multi-scenario inclusive loan product system, implemented dedicated credit plans and special pricing incentives, and continuously improved the accessibility, coverage, and convenience of inclusive financial services. By the end of 2025, the balance of micro – and small inclusive loans reached RMB57,326 million, a 6.78%

CHAIRMAN'S STATEMENT

increase from the beginning of the year. In pension finance, we actively supported enterprises in the elderly care industry chain, including pension facility construction and geriatric healthcare services. We intensified efforts to standardize age-friendly services to meet the distinctive financial needs of the elderly. In digital finance, we adhered to technology-driven empowerment business development, systematically advancing the digitalization and intelligence of business operations and management, and accelerating the construction of a "smart bank". We actively support the development of the digital economy, and by the end of 2025, the balance of loans to the digital economy reached RMB6,747 million, a 27.78% increase from the beginning of the year.

THIS YEAR, WE DEEPENED OUR RETAIL TRANSFORMATION AND STRIVED TO BUILD DISTINCTIVE COMPETITIVE ADVANTAGES

Amid narrowing net interest margins and intensifying industry competition, Bank of Zhengzhou positioned retail transformation as a breakthrough for high-quality development. We established four management service systems, namely "Citizen Management", "Financing Management", "Wealth Management", and "Rural Management", striving to build our distinctive competitive advantages. By establishing community volunteer service stations and participating in community grid-based governance, we embedded financial services into daily life scenarios, effectively extending our service reach. To date, over 400 community volunteer service stations have been established, hosting more than 18,000 community events in 2025 and reaching over 250,000 residents. By establishing agricultural service stations, we bridged the "last mile" of rural financial services, building a three-tiered financial service network spanning counties, townships, and villages, extending financial services to farmlands, comprehensively meeting diverse financial needs for county-level economic development. Currently, contracted rural service stations cover 15 prefecture-level cities and over 2,000 villages and towns across the province. By the end of 2025, savings deposits balances reached RMB271,847 million, a 24.60% increase from the end of last year; personal loan balances reached RMB97,014 million, a 6.66% increase from the end of last year; and wealth management financial assets reached RMB57,252 million, a 11.57% increase from the end of last year, with key retail indicators showing robust growth.

2026 marks the inaugural year of the 15th Five-Year Plan and represents a pivotal year for Bank of Zhengzhou to concentrate efforts on high-quality development. Standing at this new starting point, Bank of Zhengzhou will fully leverage the guiding role of Party building to drive high-quality business development with high-quality Party building, deepen business transformation and upgrading, strive to ensure sustained positive operational growth, continuously enhance value creation capabilities. All staff and management of Bank of Zhengzhou will move forward with confidence, prioritizing action, striving with determination, and advancing courageously. We will repay the trust and support of our Shareholders and society at large with tangible development achievements.

With unwavering dedication and resolute determination, Bank of Zhengzhou will remain steadfast in its confidence and seize the momentum in the process of reform and development, making new and greater contributions to writing a new chapter in advancing Chinese modernization on the Central Plains.

ZHAO Fei
Chairman

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

1 BASIC INFORMATION

Legal name in Chinese:	鄭州銀行股份有限公司(Abbreviation: 鄭州銀行)
Legal name in English:	Bank of Zhengzhou Co., Ltd. (Abbreviation: ZHENGZHOU BANK)
Legal representative:	Mr. ZHAO Fei
Authorized representatives:	Mr. ZHAO Fei, Ms. HAN Huili
Board secretary and contact details:	Ms. HAN Huili Contact address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China Tel: +86-371-6700 9199 Fax: +86-371-6700 9898 E-mail: ir@zzbank.cn
Joint company secretaries:	Ms. HAN Huili, Dr. NGAI Wai Fung
Securities affairs representative and contact details:	Mr. SHUANG Hongyang Contact address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China Tel: +86-371-6700 9199 Fax: +86-371-6700 9898 E-mail: ir@zzbank.cn
Places of listing, stock abbreviations and codes:	A Shares: SZSE BANK OF ZHENGZHOU 002936 H Shares: Hong Kong Stock Exchange BANK OF ZHENGZHOU 6196
Unified Social Credit Code:	914100001699995779
Financial licence number:	B1036H241010001
Registered address and office address:	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China
Postal code of the registered address and office address:	450018

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

Historical change of registered address:	The registered address of the Bank was changed from "55 Mianfang Road, Erqi District, Zhengzhou" to "Hezhong Zonghe Building, 1 Yousheng North Road, Zhengzhou" on 17 December 2000, and from "Hezhong Zonghe Building, 1 Yousheng North Road, Zhengzhou" to "22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou" on 28 December 2010.
Principal place of business in Hong Kong:	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Contact address:	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province, China
Tel:	+86-371-6700 9199
Fax:	+86-371-6700 9898
E-mail:	ir@zzbank.cn
Website:	www.zzbank.cn
Newspapers for information disclosure:	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily
Websites for information disclosure:	Website for publishing the annual report of A Shares: www.szse.cn, www.cninfo.com.cn Website for publishing the annual report of H Shares: www.hkexnews.hk
Place where the annual report can be obtained:	The general office of the Board of the Bank
Domestic auditor:	ShineWing Certified Public Accountants LLP
Address of domestic auditor:	8/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing
Undersigned accountants:	Ms. LI Yan, Ms. CHEN Wei
International auditor:	SHINEWING (HK) CPA Limited
Address of international auditor:	17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong
Undersigned accountant:	Mr. Wong Chuen Fai
PRC legal advisor:	King & Wood
Hong Kong legal advisor:	DLA Piper Hong Kong
Registrar for A Shares:	China Securities Depository and Clearing Corporation Limited, Shenzhen Branch
Registrar for H Shares:	Computershare Hong Kong Investor Services Limited

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

2 MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

The financial data and indicators set forth in this Report are prepared in accordance with the International Financial Reporting Standards. Unless otherwise specified, such information represents the data of the Group stated in RMB.

Unit: RMB'000

Major accounting data	2025	2024	Year-on-year increase/ decrease *(%)*	2023	2022	2021
Operating results						
Operating income [(1)]	12,941,239	12,890,323	0.39	13,699,410	15,225,843	14,810,905
Total profit	1,900,057	1,786,431	6.36	1,739,636	2,807,230	3,988,138
Net profit attributable to Shareholders of the Bank	1,895,005	1,875,762	1.03	1,850,117	2,422,304	3,226,192
Net cash flow generated from operating activities	21,853,909	8,765,356	149.32	1,648,102	(31,350,017)	(42,619,059)
Calculated on a per Share basis *(RMB/Share)*						
Basic earnings per Share [(2)]	0.16	0.15	6.67	0.15	0.16	0.33
Diluted earnings per Share [(2)]	0.16	0.15	6.67	0.15	0.16	0.33
Net assets per Share attributable to Ordinary Shareholders of the Bank [(3)]	4.96	4.89	1.43	4.67	4.93	4.83

Scale indicators	As at the end of 2025	As at the end of 2024	Year-on-year increase/ decrease *(%)*	As at the end of 2023	As at the end of 2022	As at the end of 2021
Total assets	743,674,299	676,365,240	9.95	630,709,429	591,513,618	574,979,662
Gross loans and advance principals to customers (excluding accrued interest)	410,263,572	387,690,452	5.82	360,608,206	330,921,097	289,027,668
Provision for impairment losses on loans and advances to customers [(4)]	13,061,117	12,668,553	3.10	11,815,080	10,311,525	8,369,541
Total liabilities	686,822,729	620,070,469	10.77	576,394,573	538,888,382	515,568,122
Gross principal of deposits from customers (excluding accrued interest)	463,074,941	404,537,898	14.47	360,961,439	337,708,162	318,813,450
Share capital	9,092,091	9,092,091	-	9,092,091	8,265,538	8,265,538
Shareholders' equity	56,851,570	56,294,771	0.99	54,314,856	52,625,236	59,411,540
Including: equity attributable to Shareholders of the Bank	55,061,252	54,445,031	1.13	52,452,824	50,772,566	57,766,182
Net capital base [(5)]	60,337,874	60,173,707	0.27	56,372,605	55,291,681	63,166,634
Including: net tier-one capital [(5)]	53,794,192	53,937,488	(0.27)	50,718,655	50,566,245	57,931,340
Total risk-weighted assets [(5)]	515,405,180	498,780,953	3.33	455,490,556	434,769,547	421,013,820

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

Major financial indicators	2025	2024	Year-on-year Change	2023	2022	2021
Capital adequacy ratio *(%)*						
Core tier-one capital adequacy ratio (5)	8.45	8.76	(0.31)	8.90	9.29	9.49
Tier-one capital adequacy ratio (5)	10.44	10.81	(0.37)	11.13	11.63	13.76
Capital adequacy ratio (5)	11.71	12.06	(0.35)	12.38	12.72	15.00
Asset quality indicators *(%)*						
Non-performing loan ratio (6)	1.71	1.79	(0.08)	1.87	1.88	1.85
Allowance to non-performing loans (6)	185.81	182.99	2.82	174.87	165.73	156.58
Allowance to total loans (6)	3.18	3.27	(0.09)	3.28	3.12	2.90
Profitability indicators *(%)*						
Weighted average return on net assets (2)	3.16	3.21	(0.05)	3.29	3.53	7.17
Return on total assets (7)	0.27	0.29	(0.02)	0.30	0.45	0.61
Cost-to-income ratio (8)	27.62	29.00	(1.38)	27.05	22.98	23.06
Net interest spread (9)	1.54	1.63	(0.09)	2.00	2.18	2.24
Net interest margin (10)	1.61	1.72	(0.11)	2.08	2.27	2.31
Other financial indicators *(%)*						
Leverage ratio (11)	6.56	7.19	(0.63)	7.60	7.69	8.72
Liquidity ratio (11)	94.27	83.07	11.20	59.10	72.34	63.72
Liquidity coverage ratio (11)	226.73	305.04	(78.31)	265.83	300.13	339.61
Loan-to-deposit ratio (11)	88.60	95.84	(7.24)	99.90	97.99	90.66
Percentage of loans to the single largest customer (11)	4.80	4.89	(0.09)	5.32	5.18	4.75
Percentage of loans to the top ten single customers (11)	39.72	38.24	1.48	35.36	34.06	27.66
Percentage of credit granted to the single largest group customer (11)	11.66	11.44	0.22	9.32	5.63	4.93
Normal loan migration ratio (11)	2.92	3.69	(0.77)	1.98	1.33	4.58
Special mention loan migration ratio (11)	16.93	15.65	1.28	11.38	16.92	48.26
Substandard loan migration ratio (11)	15.98	81.18	(65.20)	85.59	25.19	1.35
Doubtful loan migration ratio (11)	15.44	73.34	(57.90)	47.40	9.33	4.27

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

Notes:

1. Operating income includes net interest income, net fee and commission income, net gains arising from investments, net trading gains and other operating income.

2. Basic earnings per Share, diluted earnings per Share and weighted average return on net assets were calculated according to Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No.9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision).

   The Bank distributed interest on indefinite-term capital bonds in November 2025. In calculating basic earnings per Share, diluted earnings per Share and weighted average return on net assets, the distributed interest on indefinite-term capital bonds for the period have been deducted from the "net profit attributable to Ordinary Shareholders of the Bank", and the indefinite-term capital bonds have been deducted from the "weighted average net assets".

3. Representing the equity attributable to Ordinary Shareholders of the Bank after deducting other equity instruments divided by the number of Ordinary Shares at the end of the period.

4. Including the provision for impairment losses on the loans and advances to customers measured at amortized costs and the loans and advances to customers at fair value through other comprehensive income.

5. Starting from 2024, the capital adequacy ratio are calculated in accordance with the relevant requirements of the Administrative Measures for the Capital of Commercial Banks (商業銀行資本管理辦法) of the National Financial Regulatory Administration. Previously, the capital adequacy ratio were calculated in accordance with relevant requirements of the Regulation Governing Capital of Commercial Banks (Provisional) (商業銀行資本管理辦法(試行)) of the Former CBIRC.

6. Non-performing loan ratio was calculated by dividing total non-performing loan principal (excluding accrued interests) by gross loans and advance principals to customers (excluding accrued interest); the allowance to non-performing loans was calculated by dividing allowance for impairment losses on loans and advances to customers by the total non-performing loan principal (excluding accrued interest); and the allowance to total loans was calculated by dividing allowance for impairment losses on loans and advances to customers by gross loans and advance principals to customers (excluding accrued interest).

7. Representing the percentage of net profit for the Reporting Period to the average balance of total assets at the beginning and the end of the period.

8. Calculated by dividing operating expenses (excluding tax and surcharges) by operating income.

9. Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities based on daily average of the interest-earning assets and the interest-bearing liabilities.

10. Calculated by dividing net interest income by the average interest-earning assets based on daily average interest-earning assets.

11. Percentage of loans to the single largest customer and percentage of loans to the top ten single customers were recalculated in accordance with regulatory criteria based on audited data. Loan-to-deposit ratio was recalculated as per audited total loan principal divided by total deposit principal. Other indicators represented data reported to regulatory authorities. Loan migration ratio was based on the criteria of the parent of the Bank.

CHAPTER I CORPORATE INFORMATION AND MAJOR FINANCIAL INDICATORS

3 DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

The Bank's net assets as at the end of the Reporting Period and the net profit during the Reporting Period as calculated in accordance with Chinese Accounting Standards for Business Enterprises are the same as that calculated in accordance with International Financial Reporting Standards.

4 MAJOR FINANCIAL INDICATORS BY QUARTER

Unit: RMB'000

Item	Fourth quarter of 2025	Third quarter of 2025	Second quarter of 2025	First quarter of 2025
Operating income	3,534,826	2,709,260	3,218,051	3,479,102
Net profit attributable to Shareholders of the Bank	(384,046)	651,692	611,768	1,015,591
Net cash flow generated from operating activities	4,667,157	9,429,296	7,895,712	(138,256)

Note: There is no substantial difference between the aforesaid financial indicators or their sum and the relevant financial indicators disclosed in the quarterly reports and interim report of the Bank.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

1 REVIEW OF THE ECONOMIC ENVIRONMENT AND THE INDUSTRY

In 2025, facing a complex and challenging domestic and international environment, China's economy advanced under pressure, moving toward new and higher-quality development, achieving new results in high-quality growth. First, economic scale reached a new level. In 2025, the gross domestic product (GDP) reached RMB140,187.9 billion, exceeding RMB140 trillion for the first time, with a year-on-year increase of 5.0%. The added value of the primary, secondary, and tertiary industries increased by 3.9%, 4.5%, and 5.4% year-on-year, respectively. Second, industrial production grew relatively rapidly. In 2025, the added value of industrial enterprises above the designated size nationwide increased by 5.9% year-on-year. Among them, the equipment manufacturing and high-tech manufacturing industries showed strong growth, with the added value increasing by 9.2% and 9.4% year-on-year, respectively. Third, the service industry maintained steady growth. In 2025, the added value of the service industry increased by 5.4% year-on-year. Among them, the information transmission, software and information technology services, and leasing and business services industries saw added value increase by 11.1% and 10.3% year-on-year, respectively. Fourth, market sales scale expanded. In 2025, total retail sales of consumer goods increased by 3.7% year-on-year, while retail sales of services increased by 5.5% year-on-year. Among them, retail sales in cultural, sports, and leisure services; communication and information services; tourism consulting and leasing services; and transportation services grew relatively rapidly. Fifth, fixed asset investment declined year-on-year. In 2025, national fixed asset investment (excluding rural households) decreased by 3.8% year-on-year. Among them, infrastructure investment decreased by 2.2% year-on-year, manufacturing investment increased by 0.6% year-on-year, and real estate development investment decreased by 17.2% year-on-year. Sixth, goods imports and exports maintained stable growth. In 2025, the total value of goods imports and exports increased by 3.8% year-on-year, with exports increasing by 6.1% and imports increasing by 0.5% year-on-year. Imports and exports by private enterprises increased by 7.1% year-on-year, accounting for 57.3% of the total import and export value.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, Henan Province focused on the "1+2+4+N" target task system and introduced a series of policy measures. The economic performance showed a positive trend of stability, innovation, optimization, and enhanced resilience. First, the growth rate of local GDP exceeded the national average. In 2025, the provincial GDP reached RMB6,663,279 million, a year-on-year increase of 5.6%, 0.6 percentage point higher than the national average. The added value of the primary, secondary, and tertiary industries increased by 3.6%, 5.5%, and 6.0% year-on-year, respectively. Second, industrial production grew relatively rapidly. In 2025, the added value of industrial enterprises above the designated size in the province increased by 8.4% year-on-year, 2.5 percentage points higher than the national average. The added value of the "7+28+N" industrial chains and clusters in the province increased by 9.5% year-on-year, contributing 70.4% to the growth of industrial enterprises above the designated size. Among them, the optoelectronics, aerospace, and new energy vehicle industrial chains increased by 29.3%, 26.7%, and 22.6% year-on-year, respectively. Third, the service industry showed positive development. From January to November 2025, the operating revenue of service enterprises above the designated size in the province increased by 8.4% year-on-year, with eight out of ten major industry categories seeing year-on-year growth in operating revenue. Fourth, investment scale maintained steady growth. In 2025, fixed asset investment in the province increased by 4.0% year-on-year, 7.8 percentage points higher than the national average. Among them, investment in projects of RMB100 million and above increased by 8.0% year-on-year, driving provincial investment growth by 5.2 percentage points. Fifth, the consumer market continued to grow. In 2025, total retail sales of consumer goods in the province increased by 5.6% year-on-year, 1.9 percentage points higher than the national average. Zhengzhou and Luoyang were selected as pilot cities for new consumer formats, models, and scenarios nationwide. Sixth, foreign trade scale reached a historical high. In 2025, the total import and export value of the province increased by 14.1% year-on-year. Among them, exports increased by 18.0% year-on-year, while imports increased by 7.2% year-on-year. Twelve categories of goods, including hair products, buses, and silver, ranked first in the country in export scale.

Since 2025, the People's Bank of China has implemented a moderately accommodative monetary policy, strengthened counter-cyclical adjustments, and employed a combination of monetary policy tools to serve high-quality development of the real economy. First, the financial aggregate grew relatively rapidly. At the end of 2025, the stock of social financing scale increased by 8.3% year-on-year, and the broad money supply (M2) increased by 8.5% year-on-year, significantly higher than the nominal GDP growth rate. After deducting the effect of local debt restructuring, RMB loans increased by approximately 7%. Second, the credit structure continued to optimize. At the end of 2025, technology loans, green loans, inclusive loans, elderly care industry loans, and digital economy industry loans all maintained double-digit growth, consistently outpacing the overall loan growth rate. Third, the overall financing cost for society further decreased. At the end of 2025, the weighted average interest rate for newly issued corporate loans and newly issued individual housing loans was around 3.1%, representing a decline of 2.5 and 2.6 percentage points, respectively, since the second half of 2018.

In 2025, in the midst of a challenging and complex internal and external environment, China's banking sector adhered to the principle of seeking progress while maintaining stability, remained committed to serving the real economy, and continued to deepen reforms, resulting in overall steady industry performance. Firstly, the total assets continued to grow. At the end of 2025, the total domestic and foreign currency assets of banking and financial institutions amounted to RMB480 trillion, a year-on-year increase of 8.0%. Secondly, financial services continued to strengthen. At the end of 2025, the balance of inclusive small and micro enterprise loans from banking and financial institutions was RMB37 trillion, a year-on-year increase of 11.0%. The balance of inclusive agricultural loans was RMB14.2 trillion, a year-on-year increase of 10.3% Thirdly, the overall quality of credit assets was stable. At the end of 2025, the balance of non-performing loans in commercial banks was RMB3.5 trillion, with a non-performing loan ratio of 1.50%. Fourthly, the overall risk offsetting ability was sufficient. In 2025, commercial banks achieved a cumulative net profit of RMB2.4 trillion. At the end of 2025, the provision coverage ratio of commercial banks was 205.21%, and the loan provision ratio was 3.07%. Fifthly, the liquidity indicators of commercial banks remained stable. At the end of 2025, the liquidity coverage ratio of commercial banks was 157.99%, the net stable funds ratio was 127.83%, the liquidity ratio was 80.95%, the RMB excess reserve ratio was 1.64%, and the loan-to-deposit ratio was 80.08%.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

2 BUSINESS REVIEW

2.1 Principal Business

Bank of Zhengzhou was established in November 1996. It was listed on the Hong Kong Stock Exchange in December 2015 and on the SZSE in September 2018, becoming the first domestic city commercial bank to be listed on both the A-share and H-share markets. Bank of Zhengzhou consistently adheres to its positioning of "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents". With deep roots in Zhengzhou and a focused presence across Henan Province, the Bank is committed to building itself into a top-tier city commercial bank. By transforming its operational mechanisms and enhancing operational efficiency and effectiveness, Bank of Zhengzhou continues to develop distinctive, differentiated, and professional competitive advantages. It provides customers with high-quality, convenient, and efficient comprehensive financial services, constantly improving its capability to serve the real economy through financial means.

The Bank is primarily engaged in corporate banking, retail banking and financial market business. The Bank provides corporate banking customers with diversified financial products and services, including corporate loans (including trade finance), international business and services, corporate deposits, and products and services involving handling fees and commissions. The Bank provides retail banking customers with a wide range of products and services, including loans, deposits, wealth management, bank cards and products and services involving handling fees and commissions. The Bank's financial market business seeks to maximize the return on capital while meeting its liquidity needs, including money market transactions, investment in securities and other financial assets, bond underwriting and distribution, inter-bank discounting and rediscounting of bills, and treasury business conducted on behalf of customers.

2.2 Operational Performance

As at the end of the Reporting Period, the Bank had total assets of RMB743,674 million, representing an increase of 9.95% from the end of the previous year; gross principal of deposits from customers of RMB463,075 million, representing an increase of 14.47% from the end of the previous year; and gross loans and advance principals to customers of RMB410,264 million, representing an increase of 5.82% from the end of the previous year. During the Reporting Period, the Bank recorded an operating income of RMB12,941 million, representing a year-on-year increase of 0.39%; a net profit of RMB1,909 million, representing a year-on-year increase of 2.44%, a net interest margin of 1.61% and a cost-to-income ratio of 27.62%. The Bank's capital adequacy ratio, NPL ratio and allowance to NPL ratio were 11.71%, 1.71% and 185.81% respectively, major regulatory indicators meeting the regulatory requirements.

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Bank of Zhengzhou continuously strengthens Party leadership, using high-quality Party building to drive high-quality development. Adhering to top-tier city commercial banks as benchmarks, implementing first-class work standards, and achieving breakthrough performance as milestones, the Bank accelerates the transformation of its management models and operational mechanisms, thereby enhancing overall operational efficiency and effectiveness. Focusing on key industrial chains and clusters in advanced manufacturing, as well as provincial and municipal "Three Batches" key projects, the Bank innovates financial products, optimizes financial services, and increases capital supply. It spares no effort in supporting industrial transformation and upgrading, project development, inclusive finance for small and micro enterprises, and social welfare initiatives. By channeling "financial resources" to nurture the fertile ground for high-quality development, Bank of Zhengzhou demonstrates the responsibility and commitment of a local financial institution.

2.3 Analysis of Core Competitiveness

Clear strategic objectives and distinctive business characteristics. The Bank has always adhered to the market positioning of "serving local economy, serving small and medium enterprises and serving urban and rural residents" and continuously promotes the characteristic business development. Upholding the philosophy of innovative development, the Bank steadily promotes business transformation, and initiatively thinks about, seeks and mulls changes, and consolidates the foundations of high-quality development to better fulfill the mission of serving real economy.

Sound regional economic development bringing important development opportunities. As a local legal person bank, the Bank has been rooted in Henan, especially Zhengzhou, and always strives to achieve a close integration with the local economy for common development. With the improvement in the quality and efficiency of economic development in Henan and the launching of various national strategic plans and platforms in recent years, the strategic position and comprehensive competitive advantages of Henan have become increasingly prominent. Zhengzhou, the provincial capital, enjoys various regional advantages such as an important national transportation hub and a national central city, and boasts strong development potential. The bright regional development prospects have provided important policy and historical opportunities for the high-quality development of the Bank.

Enhancing technological financial service capabilities to precisely empower technology enterprises. The Bank has actively responded to Henan's strategic deployment to build a national innovation hub, fully advanced the "Big Picture of Technology Finance", and continuously guided financial resources toward the science and technology innovation sector. Through measures such as strengthening top-level planning, establishing technology-specialised branches, building composite professional teams, innovating financial products, and constructing an innovation ecosystem, the Bank has continuously enhanced its comprehensive science and technology finance service capabilities, promoted the quality and efficiency of enterprise technological innovation, and injected new momentum into the province-wide industrial transformation and upgrade and high-quality economic development.

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Managing compliance risks carefully to ensure sound operations. The Bank has set the base line of "compliance-based development", created a good atmosphere for "compliance-based operations and sound development", and continuously improved internal control and compliance management. In particular, the Bank regularly reviews relevant measures and compliance issues, and inspects all aspects of operational and managerial activities from the beginning to the end, thus consolidating the foundation for internal control and compliance; promotes employee behaviour management, and implements swindle prevention and control responsibilities at all levels to develop an inclination for proactive compliance; strengthens employees' compliance awareness and compliance skills education to build the cornerstone of compliance-based development and promote the healthy development of various business lines; continuously strengthens the construction of the three lines of defense, increases accountability for violations, and eliminates hidden risks in a timely manner.

Cultivating a strong leadership team and optimizing the leadership and support of talents. To address the shortage of personnel in business and management roles, the Bank actively seeks to attract top-tier talent and professionals under a flexible recruitment mechanism, and employs various methods to identify and select outstanding leader candidates who demonstrate strong political integrity and significant contributions. Moreover, the Bank is committed to reforming its leadership structure comprehensively by prioritizing loyalty, integrity, and accountability in its hiring practices. It focuses on improving its business training systems and developing a learning-empowered and expert workforce to ensure professional and dedicated services for its customers.

Creating a corporate culture and adhering to the corporate vision. By embracing the values of professionalism, dedication, diligence, entrepreneurship, and business acumen, the Bank has enhanced the professional capabilities of its employees across the board. In its pursuit of excellence, the Bank has fostered a meticulous, rigorous, and detail-oriented mindset, encouraging all employees to embody the "spirit of craftsmanship". Its goal is to cultivate an iron army marked by unwavering faith, steadfast commitment, and strict discipline, ensuring that its team remains politically engaged, resolute, and highly skilled.

2.4 Major Awards

In November 2025, the Bank was granted the "Jinding Award – Annual Award for Supporting Local Economic Development" by National Business Daily;

In December 2025, the Bank was granted the "Outstanding Financial Enterprise Award" by Securities Market Weekly;

In December 2025, the Bank was granted the "2025 Regional Service Leading Bank" by hexun.com;

In December 2025, the Bank was granted the "Excellent Competitiveness Regional Financial Service Bank" by China Business Journal.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3 FINANCIAL STATEMENTS ANALYSIS

3.1 Income Statement Analysis

During the Reporting Period, facing complex and changeable macroeconomic situation, the Bank returned to its original financial function of serving the real economy, actively pushed forward business development, and maintained solid operating results. During the Reporting Period, the Bank recorded operating income of RMB12,941 million, representing a year-on-year increase of 0.39%; net profit of RMB1,909 million, representing a year-on-year increase of 2.44%; and net profit attributable to Shareholders of the Bank of RMB1,895 million, representing a year-on-year increase of 1.03%. Major items of and changes in the Bank's income statement are set out as follows:

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of Change *(%)*
Net interest income	**10,864,110**	10,364,605	499,505	4.82
Non-interest income	**2,077,129**	2,525,718	(448,589)	(17.76)
Operating income	**12,941,239**	12,890,323	50,916	0.39
Less: Operating expenses	**3,755,724**	3,904,214	(148,490)	(3.80)
Less: Credit impairment losses	**7,281,892**	7,183,476	98,416	1.37
Less: Other operating costs	**15,995**	15,088	907	6.01
Operating profit	**1,887,628**	1,787,545	100,083	5.60
Share of profit or loss in investment in associates	**12,429**	(1,114)	13,543	N/A
Profit before taxation	**1,900,057**	1,786,431	113,626	6.36
Less: Income tax expense	**(8,839)**	(77,039)	68,200	(88.53)
Net profit	**1,908,896**	1,863,470	45,426	2.44
Including: Shareholders of the Bank	**1,895,005**	1,875,762	19,243	1.03
Non-controlling interests	**13,891**	(12,292)	26,183	N/A

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3.1.1 Net Interest Income, Net Interest Spread and Net Interest Margin

During the Reporting Period, the Bank recorded net interest income of RMB10,864 million, representing a year-on-year increase of RMB500 million or 4.82% and accounting for 83.95% of the operating income. Specifically, business scale adjustments resulted in an increase of RMB767 million in net interest income and changes in yield or cost rate resulted in a decrease of RMB267 million in net interest income.

The following table sets forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expenses from these assets, average yield of these interest-earning assets and average cost rate of these interest-bearing liabilities during the Reporting Period:

Unit: RMB'000

	For the year ended 31 December					
	2025			2024		
Item	**Average balance**[6]	**Interest income/ expense**	**Average yield/interest rate (%)**	Average balance [6]	Interest income/ expense	Average yield/interest rate *(%)*
Interest-earning assets						
Loans and advances to customers	403,229,683	15,870,598	3.94	371,216,726	15,491,858	4.17
Investment securities and other financial assets [1]	186,256,869	5,009,230	2.69	161,413,928	5,024,760	3.11
Deposits with central bank	26,547,330	373,646	1.41	23,310,971	325,934	1.40
Amounts due from banks and other financial institutions [2]	28,995,556	543,644	1.87	14,043,258	325,896	2.32
Lease receivables	31,239,783	1,907,645	6.11	33,743,359	2,187,411	6.48
Total interest-earning assets	676,269,221	23,704,763	3.51	603,728,242	23,355,859	3.87
Interest-bearing liabilities						
Deposits from customers	437,007,455	8,683,197	1.99	377,425,127	8,171,878	2.17
Amounts due to banks and other financial institutions [3]	65,032,285	1,270,302	1.95	68,451,214	1,652,635	2.41
Debt securities payable	111,960,686	2,193,022	1.96	103,162,461	2,469,014	2.39
Due to central bank	36,263,474	694,132	1.91	29,682,358	697,727	2.35
Total interest-bearing liabilities	650,263,900	12,840,653	1.97	578,721,160	12,991,254	2.24
Net interest income		10,864,110			10,364,605	
Net interest spread [4]			1.54			1.63
Net interest margin [5]			1.61			1.72

Notes:

1. Consisting of financial investments at amortized cost and bonds at fair value through other comprehensive income.

2. Consisting of deposits and placements with banks and other financial institutions and financial assets held under resale agreements.

3. Consisting of deposits and placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

4. Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities based on the average daily interest-earning assets and interest-bearing liabilities.

5. Calculated by dividing net interest income by the average balance of interest-earning assets based on the average daily interest-earning assets.

6. Calculated as the average daily balance of the Bank.

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During the Reporting Period, the net interest spread and net interest margin of the Bank were subject to the combined effects of changes in volume and interest rates. Changes in volume are measured by changes in the average balance of the interest-earning assets and interest-bearing liabilities while changes in rate are measured by changes in the average rate of the interest-earning assets and interest-bearing liabilities.

Unit: RMB'000

	For the year ended 31 December		
	2025 vs. 2024		
	Increase/(decrease) due to		Net increase/
Item	volume(1)	Interest rate(2)	(decrease)(3)
Interest-earning assets			
Loans and advances to customers	1,335,986	(957,246)	378,740
Investments securities and other financial assets	773,352	(788,882)	(15,530)
Deposits with central bank	45,251	2,461	47,712
Amounts due from banks and other financial institutions	346,992	(129,244)	217,748
Lease receivables	(162,294)	(117,472)	(279,766)
Changes in interest income	2,339,287	(1,990,383)	348,904
Interest-bearing liabilities			
Deposits from customers	1,290,056	(778,737)	511,319
Amounts due to banks and other financial institutions	(82,544)	(299,789)	(382,333)
Debt securities payable	210,570	(486,562)	(275,992)
Due to central bank	154,699	(158,294)	(3,595)
Change in interest expenses	1,572,781	(1,723,382)	(150,601)

Notes:

1. Represents the average balance for the Reporting Period minus the average balance for the previous period, multiplied by the average yield/cost rate for the previous period.

2. Represents the average revenue/(expenses) for the Reporting Period minus the average revenue/(expenses) for the previous period, multiplied by the average balance for the Reporting Period.

3. Represents interest income/(expenses) for the Reporting Period minus interest income/(expenses) for the previous period.

Net interest spread and net interest margin

During the Reporting Period, the Bank's net interest spread amounted to 1.54%, representing a year-on-year decrease of 0.09 percentage point, while the Bank's net interest margin amounted to 1.61%, representing a year-on-year decrease of 0.11 percentage point. The main reason for the decrease in net interest spread and net interest margin was subject to factors such as falling market interest rates, adjustments to mortgage rates and LPR re-pricing.

3.1.2 Interest Income

During the Reporting Period, the Bank achieved interest income of RMB23,705 million, representing a year-on-year increase of RMB349 million or 1.49%, mainly as a result of the increase in the volume of interest-earning assets.

Interest income from loans

During the Reporting Period, the Bank steadily promoted credit granting. The average balance of loans and advances to customers increased by RMB32,013 million as compared to the same period of the previous year. Interest income from loans amounted to RMB15,871 million, representing a increase of RMB379 million or 2.44% as compared to the same period of the previous year. Set out below are the average balance, interest income and average yield for each component of the Bank's loans and advances to customers for the Reporting Period:

Unit: RMB'000

	For the year ended 31 December					
	2025			2024		
Item	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield *(%)*
Corporate loans	**269,204,850**	**12,392,907**	**4.60**	263,912,707	11,895,307	4.51
Personal loans	**94,204,678**	**3,026,294**	**3.21**	86,246,191	3,298,009	3.82
Discounted bills	**39,820,155**	**451,397**	**1.13**	21,057,828	298,542	1.42
Gross loans and advance principals to customers	**403,229,683**	**15,870,598**	**3.94**	371,216,726	15,491,858	4.17

Interest income from investment securities and other financial assets

During the Reporting Period, the Bank's interest income from investment securities and other financial assets amounted to RMB5,009 million, representing a decrease of RMB16 million or 0.31% as compared to the same period of the previous year, which was principally attributable to the decrease in the average yield of investment securities and other financial assets.

Interest income from amounts due from banks and other financial institutions

During the Reporting Period, the Bank's interest income from amounts due from banks and other financial institutions amounted to RMB544 million, representing an increase of RMB218 million or 66.82% as compared to the same period of the previous year, which was primarily attributable to the increase in the volume of such assets.

Interest income from lease receivables

During the Reporting Period, the Bank's interest income from lease receivables decreased by RMB280 million or 12.79% to RMB1,908 million as compared to the same period of the previous year, which was primarily attributable to the decrease in the average yield and volume of lease receivables of Jiuding Financial Leasing Company, a subsidiary of the Bank.

3.1.3 Interest Expense

During the Reporting Period, the Bank's interest expense decreased by RMB151 million or 1.16% to RMB12,841 million as compared to the same period of the previous year, which was affected by comprehensive factors including changes in the scale of liabilities and funding costs.

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Interest expense on deposits from customers

During the Reporting Period, the Bank's interest expense on deposits from customers amounted to RMB8,683 million, representing an increase of RMB511 million or 6.26% as compared to the same period of the previous year, and accounted for 67.62% of all interest expenses.

Unit: RMB'000

	For the year ended 31 December					
	2025			2024		
Item	Average balance	Interest expenses	Average cost rate *(%)*	Average balance	Interest expenses	Average cost rate *(%)*
Corporate deposits						
Demand	66,100,915	351,374	0.53	69,231,158	538,670	0.78
Time	98,917,766	1,925,066	1.95	81,303,006	1,952,442	2.40
Subtotal	165,018,681	2,276,440	1.38	150,534,164	2,491,112	1.65
Personal deposits						
Demand	27,325,488	43,717	0.16	31,660,168	149,737	0.47
Time	224,608,576	5,970,645	2.66	163,361,979	4,996,739	3.06
Subtotal	251,934,064	6,014,362	2.39	195,022,147	5,146,476	2.64
Others	20,054,710	392,395	1.96	31,868,816	534,290	1.68
Total deposits from customers	437,007,455	8,683,197	1.99	377,425,127	8,171,878	2.17

Interest expense on amounts due to banks and other financial institutions

During the Reporting Period, the Bank's interest expense on amounts due to banks and other financial institutions amounted to RMB1,270 million, representing a year-on-year decrease of RMB382 million or 23.13% as compared to the same period of the previous year, which was primarily attributable to the decrease in both the size and average interest rate of amounts due to banks and other financial institutions during the Reporting Period.

Interest expense on debt securities payable

During the Reporting Period, the Bank's interest expense on debt securities payable amounted to RMB2,193 million, representing a decrease of RMB276 million or 11.18% as compared to the same period of the previous year, which was primarily attributable to the decreased scale of debt security issuance and the lower average interest rate of interbank deposits during the Reporting Period.

Interest expense arising from amounts due to central bank

During the Reporting Period, the Bank's interest expense arising from amounts due to the central bank amounted to RMB694 million, representing a decrease of RMB4 million or 0.52% as compared to the same period of the previous year, which was primarily attributable to the decrease in the average interest rate of borrowings from the central bank during the Reporting Period.

3.1.4 Non-interest Income

During the Reporting Period, the Bank achieved non-interest income of RMB2,077 million, representing a decrease of RMB449 million or 17.76% as compared to the same period of the previous year and accounted for 16.05% of the operating income. Such income includes net fee and commission income of RMB406 million, representing a decrease of RMB66 million as compared to the same period of the previous year. The Bank recorded other non-interest income of RMB1,671 million, representing a decrease of RMB383 million as compared to the same period of the previous year.

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Net fee and commission income

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Fee and commission income				
Agency and custody services fees	**319,243**	335,566	(16,323)	(4.86)
Underwriting and advisory fees	**48,296**	71,138	(22,842)	(32.11)
Acceptance and guarantee services fees	**31,492**	52,179	(20,687)	(39.65)
Bank card services fees	**77,351**	98,990	(21,639)	(21.86)
Others	**65,171**	64,589	582	0.90
Subtotal	**541,553**	622,462	(80,909)	(13.00)
Fee and commission expense	**(135,163)**	(150,200)	15,037	(10.01)
Net fee and commission income	**406,390**	472,262	(65,872)	(13.95)

During the Reporting Period, the Bank's net fee and commission income amounted to RMB406 million, representing a decrease of RMB66 million or 13.95% as compared to the same period of the previous year, which was primarily attributable to the decrease in the business scale of wealth management, underwriting and banking card business during the Reporting Period.

Other non-interest income

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Net trading gains	**368,252**	1,054,470	(686,218)	(65.08)
Net gains arising from investment	**1,130,540**	912,723	217,817	23.86
Other operating income	**171,947**	86,263	85,684	99.33
Total	**1,670,739**	2,053,456	(382,717)	(18.64)

During the Reporting Period, other non-interest income amounted to RMB1,671 million, representing a decrease of RMB383 million or 18.64% as compared to the same period of the previous year, which was primarily due to the change in gains arising from financial investments at fair value through profit or loss.

3.1.5 Operating Expenses

During the Reporting Period, the Bank strengthened financial resources allocation to record operating expenses of RMB3,756 million, representing a decrease of RMB148 million or 3.80% as compared to the same period of the previous year.

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Staff costs	**2,097,484**	2,147,517	(50,033)	(2.33)
Depreciation and amortization	**404,902**	435,027	(30,125)	(6.92)
Rental and property management expenses	**75,575**	86,944	(11,369)	(13.08)
Office expenses	**10,646**	21,370	(10,724)	(50.18)
Tax and surcharges	**181,352**	166,074	15,278	9.20
Others	**985,765**	1,047,282	(61,517)	(5.87)
Total operating expenses	**3,755,724**	3,904,214	(148,490)	(3.80)

The following table sets forth the major components of staff costs of the Bank during the Reporting Period:

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Salaries, bonuses and allowances	**1,452,551**	1,498,761	(46,210)	(3.08)
Social insurance and annuity	**338,285**	318,387	19,898	6.25
Supplementary retirement benefits	**7,640**	14,304	(6,664)	(46.59)
Staff welfare	**80,593**	86,480	(5,887)	(6.81)
Housing allowances	**141,668**	132,478	9,190	6.94
Others	**76,747**	97,107	(20,360)	(20.97)
Total	**2,097,484**	2,147,517	(50,033)	(2.33)

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3.1.6 Credit Impairment Losses

During the Reporting Period, the Bank provided for credit impairment losses of RMB7,282 million based on changes in market operating environment and asset risks, representing an increase of RMB98 million or 1.37% from the same period of the previous year.

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Impairment losses on loans and advances to customers	**4,175,093**	5,137,927	(962,834)	(18.74)
Impairment losses on financial investments at amortized cost	**1,888,980**	1,176,441	712,539	60.57
Impairment losses on lease receivables	**824,537**	936,153	(111,616)	(11.92)
Impairment losses on off-balance sheet credit commitments	**71,472**	1,491	69,981	4,693.56
Impairment losses on financial investments at fair value through other comprehensive income	**7,886**	340	7,546	2,219.41
Others *(Note)*	**313,924**	(68,876)	382,800	N/A
Total provision for credit impairment losses	**7,281,892**	7,183,476	98,416	1.37

Note: Others consist of impairment losses on items such as deposits with banks and other financial institutions, financial assets held under resale agreements, placements with banks and other financial institutions, other receivables, etc.

3.1.7 Income Tax Expense

During the Reporting Period, the Bank's income tax expense amounted to RMB-9 million, representing an increase of RMB68 million as compared to the same period of the previous year, which was mainly due to changes in profit before taxation, tax-free income and other items.

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change	Rate of change *(%)*
Current tax	**710,376**	(83,886)	794,262	N/A
Deferred tax	**(719,215)**	6,847	(726,062)	N/A
Total income tax expense	**(8,839)**	(77,039)	68,200	(88.53)

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3.2 Balance Sheet Analysis

3.2.1 Assets

As at the end of the Reporting Period, the Bank's total assets amounted to RMB743,674 million, representing an increase of RMB67,309 million or 9.95% from the end of the previous year. The increase in total assets was mainly due to the increase in loans and advances to customers, financial investments and placements with banks and other financial institutions. The balances (after provision) of the components of the Bank's total assets and their respective percentages are as follows:

Unit: RMB'000

	As at 31 December 2025		As at 31 December 2024		Change	
Item	**Amount**	**% of total *(%)***	Amount	% of total *(%)*	Amount	% of total *(%)*
Assets						
Cash and deposits with central bank	30,516,423	4.10	29,008,339	4.29	1,508,084	(0.19)
Deposits with banks and other financial institutions	1,273,892	0.17	1,797,835	0.27	(523,943)	(0.10)
Placements with banks and other financial institutions	25,607,905	3.44	14,099,825	2.08	11,508,080	1.36
Derivative financial assets	1,052	–	–	–	1,052	–
Financial assets held under resale agreements	4,397,520	0.59	5,885,781	0.87	(1,488,261)	(0.28)
Loans and advances to customers	398,551,722	53.59	376,048,659	55.60	22,503,063	(2.01)
Lease receivables	32,014,889	4.30	30,657,280	4.53	1,357,609	(0.23)
Financial investments						
– Financial investments at fair value through profit or loss	45,398,602	6.10	32,484,947	4.80	12,913,655	1.30
– Financial investments at fair value through other comprehensive income	39,869,469	5.36	21,447,481	3.17	18,421,988	2.19
– Financial investments at amortized cost	149,096,564	20.05	147,416,874	21.80	1,679,690	(1.75)
Investments in associates	618,759	0.08	607,767	0.09	10,992	(0.01)
Property and equipment	3,307,388	0.44	3,404,238	0.50	(96,850)	(0.06)
Deferred tax assets	6,995,728	0.94	6,066,105	0.90	929,623	0.04
Other assets	6,024,386	0.84	7,440,109	1.10	(1,415,723)	(0.26)
Total assets	743,674,299	100.00	676,365,240	100.00	67,309,059	–

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

Loans and advances to customers

As at the end of the Reporting Period, the Bank's gross loans and advance principals to customers amounted to RMB410,264 million, representing an increase of RMB22,573 million or 5.82% as compared with the end of the previous year. The Bank's loans and advances to customers are mainly composed of corporate loans, personal loans and discounted bills. Set out below is a breakdown of the Bank's loans by business line:

Unit: RMB'000

	As at 31 December 2025		As at 31 December 2024	
Item	**Amount**	**% of total *(%)***	Amount	% of total *(%)*
Corporate loans[1]	**280,500,281**	**68.37**	268,943,624	69.37
Personal loans	**97,013,920**	**23.65**	90,956,747	23.46
Discounted bills	**32,749,371**	**7.98**	27,790,081	7.17
Gross loans and advance principals to customers	**410,263,572**	**100.00**	387,690,452	100.00
Add: Accrued interest	**1,311,498**		1,014,709	
Less: Provision for impairment losses[2]	**13,023,348**		12,656,502	
Book value of loans and advances to customers	**398,551,722**		376,048,659	

Notes:

1. Forfeiting is included in the corporate loans.

2. Excluding provision for impairment losses on forfeiting and discounted bills, provision for impairment losses on forfeiting and discounted bills was included in other comprehensive income.

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(1) Corporate loans

Corporate loan is the largest component of the Bank's loans and advances to customers. As at the end of the Reporting Period, the Bank's corporate loans amounted to RMB280,500 million, accounted for 68.37% of the Bank's total loans and advances to customers and representing an increase of RMB11,557 million or 4.30% from the end of the previous year. During the Reporting Period, the Bank continued to enhance its ability to serve the real economy, thereby achieving steady growth in corporate loans.

The following table sets forth a breakdown of the Bank's corporate loans by collateral:

Unit: RMB'000

	As at 31 December 2025		As at 31 December 2024	
Item	**Amount**	**% of total *(%)***	Amount	% of total *(%)*
Unsecured loans	**71,141,013**	**25.36**	63,481,795	23.60
Guaranteed loans	**174,135,706**	**62.08**	164,198,550	61.05
Loans secured by collateral	**15,819,675**	**5.64**	17,479,616	6.50
Loans secured by pledge	**19,403,887**	**6.92**	23,783,663	8.85
Total corporate loan principal	**280,500,281**	**100.00**	268,943,624	100.00

(2) *Personal loans*

As at the end of the Reporting Period, the Bank's total personal loans amounted to RMB97,014 million, accounting for 23.65% of the Bank's total loans and advances to customers and representing an increase of RMB6,057 million or 6.66% from the end of the previous year, which was mainly due to the increases in the size of the personal business loan and consumption loan business compared with the beginning of the year.

The following table sets forth a breakdown of the Bank's personal loans by product type:

Unit: RMB'000

	As at 31 December 2025		As at 31 December 2024	
Item	**Amount**	**% of total *(%)***	Amount	% of total *(%)*
Personal business loans	**40,151,434**	**41.39**	38,343,283	42.16
Personal residential mortgage loans	**32,879,418**	**33.89**	31,914,959	35.09
Personal consumption loans	**20,727,540**	**21.36**	17,142,102	18.84
Credit card loans	**3,255,528**	**3.36**	3,556,403	3.91
Total personal loan principal	**97,013,920**	**100.00**	90,956,747	100.00

(3) *Discounted bills*

As at the end of the Reporting Period, the Bank's discounted bills amounted to RMB32,749 million, representing an increase of RMB4,959 million or 17.85% from the end of the previous year. During the Reporting Period, the Bank flexibly adjusted the scale of bill financing according to the needs of business development and the financing needs of customers.

Investments in securities and other financial assets

As at the end of the Reporting Period, the Bank's total investments in securities and other financial assets amounted to RMB235,894 million, representing an increase of RMB32,772 million or 16.13% from the end of the previous year. Details are set out as follows:

Unit: RMB'000

Item	As at 31 December 2025 Amount	As at 31 December 2025 % of total *(%)*	As at 31 December 2024 Amount	As at 31 December 2024 % of total *(%)*
Financial investments at amortized cost	**150,965,019**	**63.99**	149,395,276	73.55
Financial investments at fair value through other comprehensive income	**39,530,216**	**16.76**	21,242,093	10.46
Financial investments at fair value through profit or loss	**45,398,602**	**19.25**	32,484,947	15.99
Total investment securities and other financial assets	**235,893,837**	**100.00**	203,122,316	100.00
Add: Accrued interest	**1,972,169**		1,668,388	
Less: Provision for impairment losses*(Note)*	**3,501,371**		3,441,402	
Book value of investment securities and other financial assets	**234,364,635**		201,349,302	

Note: Excluding provision for impairment losses on financial investments at fair value through other comprehensive income.

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The Bank's investments in securities are classified into debt instruments and equity instruments. Set out below is a breakdown of the Bank's investment in securities by product:

Unit: RMB'000

Item	As at 31 December 2025 Amount	As at 31 December 2025 % of total *(%)*	As at 31 December 2024 Amount	As at 31 December 2024 % of total *(%)*
Debt securities investments				
Government bonds	71,684,256	30.50	61,083,217	30.20
Debt securities issued by policy banks	47,955,549	20.40	38,068,665	18.82
Debt securities issued by banks and other financial institutions	31,507,142	13.40	20,825,451	10.30
Debt securities issued by corporate issuers	30,492,358	12.97	23,047,013	11.40
Subtotal	181,639,305	77.27	143,024,346	70.72
Investment products under trust schemes	23,993,942	10.21	35,182,196	17.40
Investment products managed by securities companies	29,278,568	12.46	23,462,463	11.60
Others*(Note)*	129,028	0.06	584,528	0.28
Total debt instruments	235,040,843	100.00	202,253,533	100.00
Equity instruments	852,994		868,783	
Total investments securities and other financial assets	235,893,837		203,122,316	

Note: Others include debt financing schemes.

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The following table sets forth a breakdown of the top ten financial bonds by nominal value balance held by the Bank:

Unit: RMB'000

No.	Type of bonds	Nominal value balance	Interest rate (%)	Maturity date	Impairment
1	2016 financial bonds	3,250,000	3.33	2026/02/22	–
2	2020 financial bonds	2,710,000	3.09	2030/06/18	–
3	2016 financial bonds	2,490,000	3.33	2026/01/06	–
4	2020 financial bonds	2,400,000	3.07	2030/03/10	–
5	2024 financial bonds	1,880,000	2.17	2034/08/16	–
6	2025 financial bonds	1,540,000	1.40	2030/01/07	–
7	2019 financial bonds	1,390,000	3.45	2029/09/20	–
8	2024 financial bonds	1,330,000	2.30	2029/02/22	–
9	2025 financial bonds	1,310,000	1.59	2030/05/13	–
10	2020 financial bonds	1,290,000	3.79	2030/10/26	–

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3.2.2 Liabilities

During the Reporting Period, the Bank fully implemented the decisions and deployments of the CPC Central Committee, continuously strengthening liability business management from multiple dimensions, including the stability of liability sources, the diversity of liability structures, the rationality of liability-asset matching, the proactiveness in acquiring liabilities, the appropriateness of liability costs, and the authenticity of liability items. These efforts have enhanced the efficiency and level of services provided to the real economy. As at the end of the Reporting Period, the Bank's total liabilities amounted to RMB686,823 million, representing an increase of RMB66,752 million or 10.77% from the end of the previous year, which was mainly due to the increase in liabilities including deposits from customers and deposits from banks and other financial institutions.

Unit: RMB'000

	As at 31 December 2025		As at 31 December 2024		Change	
Item	**Amount**	**% of total *(%)***	Amount	% of total *(%)*	Amount	% of total *(%)*
Due to central bank	32,403,050	4.72	35,037,760	5.65	(2,634,710)	(0.93)
Deposits from banks and other financial institutions	20,962,081	3.05	12,380,094	2.00	8,581,987	1.05
Placements from banks and other financial institutions	30,839,964	4.49	28,727,216	4.63	2,112,748	(0.14)
Financial assets sold under repurchase agreements	12,748,550	1.86	16,699,143	2.69	(3,950,593)	(0.83)
Deposits from customers	474,947,222	69.15	413,096,026	66.62	61,851,196	2.53
Tax payable	540,047	0.08	418,069	0.07	121,978	0.01
Debt securities issued	110,331,158	16.06	110,242,221	17.78	88,937	(1.72)
Other liabilities*(note)*	4,050,657	0.59	3,469,940	0.56	580,717	0.03
Total	686,822,729	100.00	620,070,469	100.00	66,752,260	–

Note: Other liabilities primarily consist of items in the process of clearance and settlement, staff costs payable and estimated liabilities.

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Deposits from customers

As at the end of the Reporting Period, the Bank's gross principal of deposits from customers amounted to RMB463,075 million, representing an increase of RMB58,537 million or 14.47% from the end of the previous year. The steady growth in the Bank's deposits from customers was mainly attributable to the overall growth of the deposit business as a result of the Bank's vigorous efforts in building its customer base. Set out below is a breakdown of the Bank's deposits from customers by product type and maturity profile:

Unit: RMB'000

Item	As at 31 December 2025		As at 31 December 2024	
	Amount	% of total *(%)*	Amount	% of total *(%)*
Corporate deposits				
Demand	66,952,185	14.46	74,067,481	18.31
Time	109,972,108	23.75	85,731,919	21.19
Subtotal	176,924,293	38.21	159,799,400	39.50
Personal deposits				
Demand	30,479,912	6.58	29,393,888	7.27
Time	241,367,399	52.12	188,785,501	46.66
Subtotal	271,847,311	58.70	218,179,389	53.93
Other deposits	14,303,337	3.09	26,559,109	6.57
Gross principal of deposits from customers	463,074,941	100.00	404,537,898	100.00
Add: Accrued interest	11,872,281		8,558,128	
Total deposits from customers	474,947,222		413,096,026	

3.2.3 Shareholders' Equity

As at the end of the Reporting Period, the Bank's total Shareholders' equity reached RMB56,852 million, representing an increase of RMB557 million or 0.99% from the end of the previous year. The total equity attributable to Shareholders of the Bank reached RMB55,061 million, representing an increase of RMB616 million or 1.13% from the end of the previous year.

Unit: RMB'000

Item	As at 31 December 2025 Amount	As at 31 December 2025 % of total *(%)*	As at 31 December 2024 Amount	As at 31 December 2024 % of total *(%)*
Shareholders' equity				
Share capital	9,092,091	15.99	9,092,091	16.15
Capital reserve	5,993,736	10.54	5,985,102	10.63
Surplus reserve	4,064,034	7.15	3,875,978	6.89
General risk reserve	9,854,853	17.33	9,143,233	16.24
Fair value reserve	177,180	0.31	809,842	1.43
Remeasurement of net defined benefit liability	(90,968)	(0.16)	(98,054)	(0.17)
Retained earnings	15,971,471	28.10	15,637,984	27.78
Other equity instrument	9,998,855	17.59	9,998,855	17.76
Total equity attributable to Shareholders of the Bank	55,061,252	96.85	54,445,031	96.71
Non-controlling interests	1,790,318	3.15	1,849,740	3.29
Total Shareholders' equity	56,851,570	100.00	56,294,771	100.00

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3.2.4 Off-balance Sheet Commitments

The following table sets forth a breakdown of the Bank's off-balance sheet credit commitments as at the end of the Reporting Period:

Unit: RMB'000

Item	As at 31 December 2025	As at 31 December 2024
Credit commitments		
Bank acceptances	**53,882,347**	51,346,071
Letters of credit	**5,189,787**	7,416,763
Guarantees	**245,986**	369,023
Unused credit card commitments	**10,955,448**	10,051,341
Loan commitments	**5,492,248**	2,638,276
Total	**75,765,816**	71,821,474

In addition, as at the end of the Reporting Period, there was no material litigation in which the Bank or any of its subsidiaries is a defendant. As at the date of this Report, the Bank had no significant contingent liabilities. Details of off-balance sheet commitments are disclosed in "Credit commitments" of "45. Commitments and Contingent Liabilities" in the Notes to the financial statements of the chapter headed "Independent Auditor's Report" of this Report.

3.2.5 Asset Right Restriction as at the End of the Reporting Period

Details of pledged assets of the Bank are disclosed in "Pledged assets" of "45. Commitments and Contingent Liabilities" in Notes to the financial statements of the chapter headed "Independent Auditor's Report" of this Report.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3.3 Loan Quality Analysis

During the Reporting Period, the Bank continuously strengthened credit risk management and accelerated the disposal of non-performing assets, keeping the overall quality of loans under control. As at the end of the Reporting Period, the balance of NPL amounted to RMB7,029 million, and the NPL ratio was 1.71%, down by 0.08 percentage point from the end of the previous year.

3.3.1 Distribution of Loans by Five-Category Loan Classification

Unit: RMB'000

Item	As at 31 December 2025 Amount	As at 31 December 2025 % of total *(%)*	As at 31 December 2024 Amount	As at 31 December 2024 % of total *(%)*
Normal	**394,960,206**	**96.27**	372,929,164	96.19
Special mention	**8,274,102**	**2.02**	7,838,250	2.02
Substandard	**4,553,788**	**1.11**	3,128,467	0.81
Doubtful	**882,248**	**0.22**	1,866,947	0.48
Loss	**1,593,228**	**0.39**	1,927,624	0.50
Gross loans and advances to customers	**410,263,572**	**100.00**	387,690,452	100.00
NPLs and NPL ratio *(Note)*	**7,029,264**	**1.71**	6,923,038	1.79

Note: NPL ratio is calculated by dividing total NPL principal (excluding accrued interest) by gross loans and advance principals to customers (excluding accrued interest).

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

3.3.2 Classification of Loans and Non-Performing Loans by Product Type

Unit: RMB'000

Item	As at 31 December 2025 Amount	% of total *(%)*	NPL amount	NPL ratio *(%)*	As at 31 December 2024 Amount	% of total *(%)*	NPL amount	NPL ratio *(%)*
Corporate loans								
Short-term loans	102,022,356	24.87	329,163	0.32	90,377,568	23.31	1,226,637	1.36
Medium and long-term loans	178,477,925	43.50	4,920,961	2.76	178,566,056	46.06	4,277,750	2.40
Subtotal	280,500,281	68.37	5,250,124	1.87	268,943,624	69.37	5,504,387	2.05
Discounted bills	32,749,371	7.98	–	–	27,790,081	7.17	–	–
Personal loans								
Personal business loans	40,151,434	9.79	1,126,497	2.81	38,343,283	9.89	862,988	2.25
Personal residential mortgage loans	32,879,418	8.02	420,019	1.28	31,914,959	8.23	332,291	1.04
Personal consumption loans	20,727,540	5.05	142,658	0.69	17,142,102	4.42	132,696	0.77
Credit card balance	3,255,528	0.79	89,966	2.76	3,556,403	0.92	90,676	2.55
Subtotal	97,013,920	23.65	1,779,140	1.83	90,956,747	23.46	1,418,651	1.56
Total	410,263,572	100.00	7,029,264	1.71	387,690,452	100.00	6,923,038	1.79

During the Reporting Period, the Bank continued to enhance its perspective risk management, and strengthened the effort on the collection and disposal of non-performing assets. As at the end of the Reporting Period, the NPL ratio of corporate loans (not included discount bills) was 1.87%, decreased by 0.18 percentage point from the end of the previous year; the NPL ratio of personal loans was 1.83%, increased by 0.27 percentage point from the end of previous year.

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3.3.3 Classification of Loans and Non-Performing Loans by Industry

Unit: RMB'000

	As at 31 December 2025				As at 31 December 2024			
Item	Amount	% of total (%)	NPL amount	NPL ratio (%)	Amount	% of total (%)	NPL amount	NPL ratio (%)
Leasing and commercial services	73,051,686	17.81	897,562	1.23	67,081,072	17.30	708,107	1.06
Wholesale and retail	57,471,869	14.01	1,748,886	3.04	52,474,645	13.54	1,276,732	2.43
Water, environment and public facility management	44,079,197	10.74	21,607	0.05	45,663,106	11.78	6,074	0.01
Construction	26,599,524	6.48	734,126	2.76	29,765,864	7.68	433,621	1.46
Real estate	18,430,040	4.49	941,097	5.11	22,215,825	5.73	2,122,660	9.55
Finance	23,209,833	5.66	-	-	15,097,011	3.89	-	-
Manufacturing	15,929,602	3.88	500,016	3.14	13,911,729	3.59	425,184	3.06
Transportation, storage and postal services	4,860,411	1.19	19,272	0.40	6,210,898	1.60	20,757	0.33
Mining	2,409,546	0.59	57	-	3,866,257	1.00	-	-
Production and supply of electricity, heat, gas and water	3,752,688	0.91	3,124	0.08	3,602,227	0.93	3,058	0.08
Agriculture, forestry, animal husbandry and fishery	1,904,180	0.46	87,629	4.60	2,149,359	0.55	133,337	6.20
Culture, sports and entertainment	2,579,108	0.63	1,185	0.05	1,183,893	0.31	1,182	0.10
Accommodation and catering	840,022	0.21	247,879	29.51	750,697	0.19	328,803	43.80
Others	5,382,575	1.31	47,684	0.89	4,971,041	1.28	44,872	0.90
Total corporate loans	280,500,281	68.37	5,250,124	1.87	268,943,624	69.37	5,504,387	2.05
Total personal loans	97,013,920	23.65	1,779,140	1.83	90,956,747	23.46	1,418,651	1.56
Discounted bills	32,749,371	7.98	-	-	27,790,081	7.17	-	-
Total	410,263,572	100.00	7,029,264	1.71	387,690,452	100.00	6,923,038	1.79

As at the end of the Reporting Period, the non-performing corporate loans of the Bank were mainly concentrated in the real estate, wholesale and retail, and leasing and commercial services, with NPL ratios of 5.11%, 3.04% and 1.23%, respectively.

3.3.4 Classification of Loans and Non-Performing Loans by Collateral

The following table sets forth a breakdown of the Bank's loans and NPL by collateral:

Unit: RMB'000

	As at 31 December 2025				As at 31 December 2024			
Item	Amount	% of total *(%)*	NPL amount	NPL ratio *(%)*	Amount	% of total *(%)*	NPL amount	NPL ratio *(%)*
Unsecured loans	90,860,352	22.15	805,944	0.89	79,043,252	20.39	949,208	1.20
Guaranteed loans	176,450,480	43.01	3,084,370	1.75	166,911,477	43.05	3,560,447	2.13
Loans secured by collateral	88,453,997	21.56	2,768,173	3.13	87,460,703	22.56	2,393,914	2.74
Loans secured by pledge	54,498,743	13.28	370,777	0.68	54,275,020	14.00	19,469	0.04
Total	410,263,572	100.00	7,029,264	1.71	387,690,452	100.00	6,923,038	1.79

3.3.5 Borrower Concentration

As at the end of the Reporting Period, the Bank's loan balance to any single borrower did not exceed 10% of the Bank's net capital. The following table sets forth, as at the end of the Reporting Period, the Bank's loan balance to the ten largest single borrowers (excluding group borrowers), none of which was a non-performing loan.

Unit: RMB'000

		As at 31 December 2025		
Item	**Industry**	**Principal Balance**	**% of total loans *(%)***	**% of net capital *(%)***
Borrower A	Leasing and commercial services	2,894,000	0.71	4.80
Borrower B	Leasing and commercial services	2,810,400	0.69	4.66
Borrower C	Water, environment and public facility management	2,767,239	0.67	4.59
Borrower D	Real estate	2,756,100	0.67	4.57
Borrower E	Leasing and commercial services	2,554,862	0.62	4.23
Borrower F	Transportation, storage and postal services	2,456,670	0.60	4.07
Borrower G	Construction	1,988,547	0.48	3.30
Borrower H	Leasing and commercial services	1,926,226	0.47	3.19
Borrower I	Water, environment and public facility management	1,917,900	0.47	3.18
Borrower J	Wholesale and retail	1,886,560	0.46	3.13
Total		23,958,504	5.84	39.72

3.3.6 Overdue Loans

Unit: RMB'000

Item	As at 31 December 2025 Amount	As at 31 December 2025 % of total *(%)*	As at 31 December 2024 Amount	As at 31 December 2024 % of total *(%)*
Current loans	**392,599,209**	**95.69**	368,152,815	94.96
Loans past due for[(Note)]				
3 months (inclusive) or less	**7,501,383**	**1.83**	6,393,379	1.65
3 months to 1 year (inclusive)	**2,587,233**	**0.63**	6,849,191	1.77
More than 1 year	**7,575,747**	**1.85**	6,295,067	1.62
Subtotal	**17,664,363**	**4.31**	19,537,637	5.04
Gross loans	**410,263,572**	**100.00**	387,690,452	100.00

Note: Representing the principal amount of the loans on which principal or interest is overdue.

As at the end of the Reporting Period, the Bank's overdue loans amounted to RMB17,664 million, representing a decrease of RMB1,873 million or 9.59% as compared with the end of the previous year. Overdue loans accounted for 4.31% of the total loans, decreased by 0.73 percentage points as compared with the end of the previous year.

3.3.7 Repossessed Assets and Provision for Impairment

As at the end of the Reporting Period, the book value of the Bank's repossessed assets was RMB2,653 million, and no impairment has occurred temporarily.

3.3.8 Provision and Write-off of Allowance for Losses on Loans

During the Reporting Period, the Bank made a total reserve for losses on loans of RMB4,175 million, with RMB4,149 million provided for loans and advances to customers measured at amortized cost, and RMB26 million for loans and advances to customers measured at fair value through other comprehensive income. RMB3,544 million of non-performing loans was written off and disposed, and RMB235 million of written-off loans was recovered. As at the end of the Reporting Period, the balance of the Bank's reserve for losses on loans was RMB13,061 million, of which the balance of impairment losses on loans and advances to customers measured at amortized cost was RMB13,023 million and the balance of the impairment losses on loans and advances to customers measured at fair value through other comprehensive income was RMB38 million.

Changes in provision for impairment losses on loans and advances to customers measured at amortized cost are set out as follows:

Unit: RMB'000

	For the year ended 31 December	
Item	**2025**	2024
Opening balance	**12,656,502**	11,809,634
Increase for the period	**4,149,375**	5,131,322
Write-off and disposal for the period	**(3,543,990)**	(4,054,449)
Recovery of written-off loans	**234,562**	133,900
Other changes	**(473,101)**	(363,905)
Closing balance	**13,023,348**	12,656,502

Changes in provision for impairment losses on loans and advances to customers at fair value through other comprehensive income are set out as follows:

Unit: RMB'000

	For the year ended 31 December	
Item	**2025**	2024
Opening balance	**12,051**	5,446
Increase for the period	**25,718**	6,605
Closing balance	**37,769**	12,051

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

3.4 Cash Flow Statement Analysis

During the Reporting Period, the Bank's net cash inflow generated from operating activities was RMB21,854 million, where the cash inflow was RMB93,515 million, representing an increase of RMB16,045 million from the same period of the previous year, mainly due to the increases in net increment of deposits from customers; and the cash outflow was RMB71,661 million, representing an increase of RMB2,956 million from the same period of the previous year, mainly due to an increase in cash outflows for financial assets held for trading purposes.

During the Reporting Period, the Bank's net cash outflow generated from investing activities was RMB17,853 million, where the cash inflow was RMB127,869 million, representing an increase of RMB51,891 million from the same period of the previous year, mainly due to an increase in cash inflow received from the recovery of investments; and the cash outflow was RMB145,722 million, representing an increase of RMB57,784 million from the same period of the previous year, mainly due to an increase in payments on acquisition of investments.

During the Reporting Period, the Bank's net cash outflow from financing activities was RMB2,882 million, where the cash inflow was RMB167,279 million, representing an increase of RMB4,238 million from the same period of the previous year, mainly due to an increase in cash inflows received from the issuance of bonds; and the cash outflow was RMB170,161 million, representing an increase of RMB12,216 million from the same period of the previous year, mainly due to the increase in cash payments for the repayment of bond principal.

Unit: RMB'000

	For the year ended 31 December		
Item	**2025**	2024	Year-on-year change
Subtotal of cash inflows from operating activities	**93,515,172**	77,470,406	16,044,766
Subtotal of cash outflows from operating activities	**(71,661,263)**	(68,705,050)	(2,956,213)
Net cash flows generated from operating activities	**21,853,909**	8,765,356	13,088,553
Subtotal of cash inflows from investing activities	**127,869,020**	75,977,816	51,891,204
Subtotal of cash outflows from investing activities	**(145,721,979)**	(87,938,285)	(57,783,694)
Net cash flows generated from investing activities	**(17,852,959)**	(11,960,469)	(5,892,490)
Subtotal of cash inflows from financing activities	**167,278,915**	163,041,068	4,237,847
Subtotal of cash outflows from financing activities	**(170,160,778)**	(157,944,925)	(12,215,853)
Net cash flows generated from financing activities	**(2,881,863)**	5,096,143	(7,978,006)
Effect of exchange rate changes on cash and cash equivalents	**(3,492)**	1,274	(4,766)
Net increase in cash and cash equivalents	**1,115,595**	1,902,304	(786,709)

3.5 Business Segment Report

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

Unit: RMB'000

Item	2025 Amount	2025 % of total *(%)*	2024 Amount	2024 % of total *(%)*
Corporate banking business	**7,085,839**	**54.75**	8,256,826	64.06
Retail banking business	**1,720,588**	**13.30**	1,414,264	10.97
Treasury business	**3,962,865**	**30.62**	3,132,970	24.30
Others*(Note)*	**171,947**	**1.33**	86,263	0.67
Total operating income	**12,941,239**	**100.00**	12,890,323	100.00

Note: This segment consists primarily of equity investment and relevant income, and any other businesses that cannot constitute a reporting segment alone.

3.6 Significant Accounting Policies, Accounting Estimates and Accounting Methods

3.6.1 Explanation of changes in accounting policies, accounting estimates and accounting methods as compared with the financial report of the previous year

During the Reporting Period, the Bank's significant accounting policies, accounting estimates and accounting methods had not been changed.

3.6.2 Explanation of major accounting errors correction during the Reporting Period that require retrospective restatement

During the Reporting Period, the Bank did not have any major accounting errors correction that need to be retrospectively restated.

3.6.3 Explanation of changes in the scope of the consolidated statements as compared with the financial report of the previous year

There are no changes in the consolidation scope for the current period as compared to the financial report for the previous year.

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3.7 Assets and Liabilities at Fair Value

Unit: RMB'000

Item	Opening balance for the Reporting Period	Gains and losses from changes in fair value for the Reporting Period	Accumulated changes in fair value recognized in equity	Impairment accrued during the Reporting Period	Closing balance for the Reporting Period
Financial investments at fair value through profit or loss (excluding derivative financial assets)	32,484,947	378,403	–	–	**45,398,602**
Derivative financial assets	–	1,052	–	–	**1,052**
Financial investments at fair value through other comprehensive income	21,447,481	–	213,711	(7,886)	**39,869,469**
Subtotal of financial assets	**53,932,428**	**379,455**	**213,711**	**(7,886)**	**85,269,123**
Derivative financial liability	–	–	–	–	–
Total financial liability	**–**	**–**	**–**	**–**	**–**

3.8 Major Statement Items and Financial Indicators with Changes of More Than 30% and the Main Reasons for the Changes

Unit: RMB'000

	For the year ended 31 December			
Item	**2025**	2024	Change compared to the same period of the previous year *(%)*	Analysis of major reasons
Net trading gains	**368,252**	1,054,470	(65.08)	Mainly due to changes in the fair value of funds.
Other operating income	**171,947**	86,263	99.33	Mainly due to an increase in gains from the disposal of repossessed assets.
Share of profit or loss in investment in associates	**12,429**	(1,114)	N/A	Mainly due to the changes in the operating results of invested associates.
Income tax expense	**(8,839)**	(77,039)	(88.53)	Mainly due to changes in items such as profit before taxation and tax-free income.
Non-controlling interests	**13,891**	(12,292)	N/A	Mainly due to changes in the operating results of subsidiaries.

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Unit: RMB'000

Item	As at 31 December 2025	As at 31 December 2024	Changes compared to the end of the previous year *(%)*	Analysis of major reasons
Placements with banks and other financial institutions	**25,607,905**	14,099,825	81.62	Mainly due to the fact that the Bank adjusted the structure of such assets after comprehensive consideration of asset and liability matching and market liquidity situation.
Derivative financial assets	**1,052**	–	N/A	Mainly due to changes in forward foreign exchange business.
Financial investments at fair value through profit or loss	**45,398,602**	32,484,947	39.75	Mainly due to an increase in the scale of debt securities investments and investment funds.
Financial investments at fair value through other comprehensive income	**39,869,469**	21,447,481	85.89	Mainly due to an increase in debt securities investments.
Deposits from banks and other financial institutions	**20,962,081**	12,380,094	69.32	Mainly due to the fact that the Bank adjusted the structure of such assets after comprehensive consideration of asset and liability matching and market liquidity situation.
Fair value reserve	**177,180**	809,842	(78.12)	Mainly due to a decrease in the fair value of debt securities investments measured at fair value through other comprehensive income.

4 INVESTMENT ANALYSIS

4.1 Overview

The following table sets out the details of the Bank's equity investments as at the end of the Reporting Period:

Unit: RMB'000

Item	As at 31 December 2025	As at 31 December 2024	The Bank's share of the interest in the investee (%)
Jiuding Financial Leasing Company	**1,020,000**	1,020,000	51.00
Fugou Zhengyin County Bank	**30,120**	30,120	50.20
Xinmi Zhengyin County Bank	**64,000**	64,000	51.20
Xunxian Zhengyin County Bank	**100,000**	51,000	100.00
Queshan Zhengyin County Bank	**25,500**	25,500	51.00
Xinzheng Zhengyin County Bank	**53,960**	53,960	51.00
Zhongmu Zhengyin County Bank	**555,870**	555,870	49.51
Yanling Zhengyin County Bank	**34,950**	34,950	49.58
China UnionPay Co., Ltd.	**27,200**	27,200	0.27
Clearing Center for City Commercial Banks	**400**	400	1.29
Total	**1,912,000**	1,863,000	

For details of the Bank's other investments as at the end of the Reporting Period, please refer to the paragraph headed "Balance Sheet Analysis" in the chapter headed "Management Discussion and Analysis" of this Report.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

4.2 Significant Equity Investments Made During the Reporting Period

During the Reporting Period, the Bank did not make any significant equity investment.

4.3 Significant Non-equity Investments in Progress During the Reporting Period

During the Reporting Period, the Bank did not have any significant non-equity investment in progress.

4.4 Use of Proceeds

During the Reporting Period, there was no use of proceeds by the Bank. The Bank did not retain any unused proceeds from past periods for use in the Reporting Period.

4.5 Operations of Subsidiaries

4.5.1 Operations of Subsidiaries

Jiuding Financial Leasing Company

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Jiuding Financial Leasing Company, a subsidiary of the Bank with a registered capital of RMB2 billion. Jiuding Financial Leasing Company was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) financial leasing business; (2) outward or inward transfer of financial leasing assets; (3) fixed income securities investment business; (4) acceptance of leasing deposits from lessees; (5) taking time deposits with a term of three months or more from non-banking shareholders; (6) interbank lending; (7) borrowing from financial institutions; (8) offshore borrowing; (9) sale and disposal of leased assets; (10) economic consultancy; (11) other business approved by the CBIRC (business activities subject to approval according to law may be carried out only after being approved by the competent authorities). As at the end of the Reporting Period, Jiuding Financial Leasing Company had total assets of RMB35,489 million, net assets of RMB4,194 million, and total financial leasing of RMB33,653 million. During the Reporting Period, it recorded operating income of RMB1,329 million, operating profit of RMB276 million, and net profit of RMB209 million.

Fugou Zhengyin County Bank

As at the end of the Reporting Period, the Bank held 50.20% equity interest in Fugou Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB60 million. Fugou Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) debit card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent; (9) other business approved by the banking regulatory authority of the PRC (business activities requiring licensing shall be carried out with valid permits or qualification certificates).

Xinmi Zhengyin County Bank

As at the end of the Reporting Period, the Bank held 51.20% equity interest in Xinmi Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB125 million. Xinmi Zhengyin County Bank was established in China and incorporated as a joint – stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

Xunxian Zhengyin County Bank

As at the end of the Reporting Period, the Bank held 100.00% equity interest in Xunxian Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB100 million. Xunxian Zhengyin County Bank was established in China and incorporated as a joint – stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) acting as issuing agent, cashing agent and underwriter of government bonds; (6) interbank lending; (7) debit card business; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business operations requiring permits shall be carried out after obtaining relevant permits from the competent authorities) (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

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Queshan Zhengyin County Bank

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Queshan Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB50 million. Queshan Zhengyin County Bank was established in China and incorporated as a joint – stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent and insurance agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

Xinzheng Zhengyin County Bank

As at the end of the Reporting Period, the Bank held 51.00% equity interest in Xinzheng Zhengyin County Bank, a subsidiary of the Bank with a registered capital of RMB105.8 million. Xinzheng Zhengyin County Bank was established in China and incorporated as a joint-stock limited company where it carries out its business. Its principal businesses include: (1) taking deposits from the public; (2) issuing short-term, medium-term and long-term loans; (3) domestic settlement; (4) bill acceptance and discounting; (5) interbank lending; (6) banking card business; (7) acting as issuing agent, cashing agent and underwriter of government bonds; (8) acting as collection and payment agent; (9) other business approved by the banking regulatory authority (business activities subject to approval according to law may be carried out only after being approved by the competent authorities).

4.5.2 Operations of Investee Companies

As at the end of the Reporting Period, the Bank held 49.51% and 49.58% equity interest in Zhongmu Zhengyin County Bank and Yanling Zhengyin County Bank, respectively. County banks were committed to the marketing positioning of "supporting rural and small enterprises", focused on their principal businesses and responsibilities, provided services in rural areas and empowered "agriculture, farmers and rural areas" with more financial resources, injecting financial "vitality" to rural revitalization. They continuously enhanced compliance awareness, and gradually improved the ability to prevent risks, endeavoring to maintain regional financial stability.

4.5.3 Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures During the Reporting Period

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

4.5.4 Management and Control of Subsidiaries During the Reporting Period

The Bank continued to strengthen the performance of duties as a principal promoter based on regulatory requirements to practically safeguard the interests of the Bank and Shareholders. It provided subsidiaries with guidance and assistance using its management experience and resource advantages as the principal promoter. The Bank continuously improved its management mechanism over subsidiaries, comprehensively strengthened the management of subsidiaries in terms of strengthening the Party's leadership, standardizing corporate governance and enhancing risk management, and guided subsidiaries to establish correct views on operation, performance and risks and devote to serving regional economic development.

4.6 Structured Entities Controlled by the Bank

Details of the structured entities controlled by the Bank are set out in "Note 46. Structured Entities" to the financial statements of the chapter headed "Independent Auditor's Report" of this Report.

5 CAPITAL MANAGEMENT

The Bank's capital management is conducted in accordance with the Administrative Measures for Capital of Commercial Banks and based on the actual business operations of the Bank. It encompasses capital planning, measurement, monitoring, and disclosure. Centered on the capital adequacy ratio and capital return ratio, capital management involves carrying out forward-looking capital planning to ensure reasonable room is reserved from a capital perspective for normal operations and development, and to maintain continuous compliance with regulatory requirements for capital adequacy. The Bank implements bank-wide capital performance evaluation, balances business development with capital conservation, enhances capital-saving awareness across business units, strengthens capital utilization efficiency, and fully safeguards the level of capital return through capital allocation, risk pricing, and performance evaluation.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Capital Adequacy Ratio Analysis

Unit: RMB'000

Item	As at 31 December 2025	As at 31 December 2024
Core tier-one capital		
Share capital	**9,092,091**	9,092,091
Valid portion of capital reserve	**5,993,736**	5,985,102
Fair value reserve	**180,224**	814,800
Remeasurement of net defined benefit liability	**(90,968)**	(98,054)
Surplus reserve	**4,064,033**	3,875,978
General risk reserve	**9,954,836**	9,243,217
Retained earnings	**15,782,412**	15,537,398
Valid portion of minority interests	**1,843,587**	1,686,766
Total core tier-one capital	**46,819,951**	46,137,298
Core tier-one capital deductions	**(3,270,426)**	(2,437,921)
Net core tier-one capital	**43,549,525**	43,699,377
Additional tier-one capital		
Additional tier-one capital instruments and related premium	**9,998,855**	9,998,855
Valid portion of minority interests	**245,812**	239,256
Net tier-one capital	**53,794,192**	53,937,488
Tier-two capital		
Surplus provision for loan impairment	**6,052,059**	5,757,707
Valid portion of minority interests	**491,623**	478,512
Net tier-two capital	**6,543,682**	6,236,219
Net capital base	**60,337,874**	60,173,707
Total risk-weighted assets	**515,405,180**	498,780,953
Core tier-one capital adequacy ratio *(%)*	**8.45**	8.76
Tier-one capital adequacy ratio *(%)*	**10.44**	10.81
Capital adequacy ratio *(%)*	**11.71**	12.06

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

5.2 Leverage Ratio Analysis

Unit: RMB'000

Item	31 December 2025	30 September 2025	30 June 2025	31 March 2025
Net tier-one capital	**53,794,192**	55,427,827	54,495,291	54,032,943
Balance of on/off-balance sheet assets after adjustment	**820,579,421**	820,287,522	798,085,999	779,186,708
Leverage ratio *(%)*	**6.56**	6.76	6.83	6.93

Note: Starting from 2024, indicators related to leverage ratio are calculated based on the requirements of the Administrative Measures for the Capital of Commercial Banks published by National Financial Regulatory Administration. For details, please refer to the column headed "Financial Summary" under Investor Relations on the Bank's website.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

6 BUSINESS OPERATION

6.1 Corporate Banking Business

During the Reporting Period, the Bank proactively implemented the political and people-oriented nature of financial work, actively advancing the implementation and effectiveness of a comprehensive package of incremental financial policies. Guided by the action framework of "two priorities and four focal tasks (兩高四著力)", the Bank actively integrated itself into the overall local economic and social development, striving to enhance the effectiveness of serving the real economy, and endeavoring to achieve a virtuous cycle between its own high-quality development and the high-quality development of local economies. By seconding senior personnel to government departments and fully leveraging the "people and location advantages" of a local legal person bank, the Bank deepened the long-term mechanism for bank-government collaboration and proactively integrated into government service lists to serve as a financial advisor. Following the principle of "strengthening the core and cultivating clusters (壯大核心、培養集群)", the Bank fully supported the construction of seven key industrial clusters in Henan Province, focusing on key tasks such as the "Five Major Areas", "Thousands of Enterprises and Households Outreach" program and "Rural Revitalization", striving to build core strengths of professionalism, flexibility, and efficiency, thereby providing robust financial support for local infrastructure construction and industrial development.

6.1.1 Corporate Loans

During the Reporting Period, closely aligning with national and provincial/municipal development strategies and deployments, the Bank made every effort to advance the "Five Key Areas" —technological finance, green finance, inclusive finance, pension finance, and digital finance. It innovatively utilized working mechanisms such as process management and joint meetings, continuously strengthened strategic guidance and head office-branch coordination, precisely connected with major project construction, and comprehensively enhanced the quality and efficiency of financial services across the entire chain of key provincial and municipal industrial chains such as "7+28+N." This fully promoting the high-quality development of the real economy. As at the end of the Reporting Period, the total principal of the Bank's corporate loans (including advances, forfeiting, and discounted bills) amounted to RMB313,250 million, representing an increase of RMB16,516 million from the end of the previous year.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

6.1.2 Corporate Deposit

The Bank continuously refined product experience and strengthened service empowerment. By improving the customer classification and tiered operation system, expanding diversified scenario-based customer acquisition channels, deepening strategic cooperation with key clients, and promoting marketing extension to upstream and downstream customers in industrial chains, the Bank steadily expanded its customer base, broadened deposit source channels, and solidified the foundation of its deposit business. On the basis of continuously increasing total customer deposits, the Bank focused on promoting the ongoing optimization of the deposit structure, achieving a steady decline in comprehensive liability costs. As at the end of the Reporting Period, the balance of the Bank's corporate deposits amounted to RMB176,924 million, representing an increase of RMB17,125 million from the end of the previous year.

6.1.3 Investment Banks

During the Reporting Period, the Bank actively seized policy opportunities such as the "Two Major Projects" and "Two New Initiatives" to support the development of regional advantageous industries. Leveraging the unique advantage of syndicated loans in aggregating financial resources, the Bank supported 21 syndicated loans in sectors including transportation and logistics, culture and tourism, cultural and creative industries, green energy, and urban renewal, either by leading the arrangement or participating in them. This achieved a syndicated financing scale of RMB6,056 million, setting a new record high for the Bank. Among these, acting as the lead arranger and agent bank, the Bank successfully arranged a sustainability-linked working capital syndicated loan for a client, marking the Bank's "zero" breakthrough in serving the green and low-carbon transformation of Henan enterprises through syndicated loan formats. Focusing on areas such as state-owned enterprise industrial mergers & acquisitions and asset revitalization, the Bank aimed to integrate regional advanced productive forces and support local industrial development. Throughout the year, it successfully executed 4 M&A loan transactions, including the province's first-ever M&A loan for the bankruptcy restructuring of a private enterprise. The Bank intensified efforts in the capital-light business market, diversified bond issuance categories, and promoted the launch of various innovative products including rural revitalization bonds, science and innovation bonds, and perpetual bonds. Among these, the Bank successfully issued 28 non-financial corporate debt financing instruments throughout the year, with an underwriting share of RMB8,653 million, ranking 7th in Henan Province. By utilizing matchmaking services to mobilize resources from various financial institutions, the Bank successfully executed 45 matchmaking transactions involving amount of RMB11,140 million, effectively enhancing customer stickiness and conserving the Bank's capital consumption. During the Reporting Period, the Bank cumulatively made 138 new credit bond investments with a total investment scale of RMB17,440 million, providing full lifecycle financial services to clients, actively assisting provincial enterprises in broadening their financing channels, and effectively reducing corporate financing costs.

6.1.4 Transaction Banks

During the Reporting Period, the Bank's transaction banking business focused on supply chain finance, leveraging products such as factoring, letters of credit, and Zhenghaofu to serve customers across the entire industrial chain; conducting in-depth research on key industrial chains at the provincial and municipal levels, identifying customer needs, providing various financing services to small and medium-sized enterprises within the industrial chain to help stabilize and strengthen the chain; continuously optimizing products such as Recurrent Cloud Commerce, Zhenghaofu, and commercial acceptance bills to enhance customer experience and risk monitoring capabilities; continuously improving customer experience in cross-border finance by building a foreign exchange clearing service platform and optimizing online service levels for products such as foreign exchange account opening and letters of credit. During the Reporting Period, financing services were provided to over 2,200 industrial chain customers.

6.1.5 Technological Finance

During the Reporting Period, the Bank actively integrated itself into the overall local economic development, through a series of measures including strengthening the technology finance service base, enriching the full lifecycle product system, and building a technology finance ecosystem, directing more financial "liquidity" towards innovation hubs to provide comprehensive and multi-level financial support to technology-oriented enterprises, and making substantial progress in the "major thematic articles" of technology finance. The Bank established 4 technology-focused branches, built a multidisciplinary professional team that "understands technology, industry, and finance", increasing financial supply to early-stage and growth-stage enterprises and teams. It innovatively launched the "Enterprise Benefit Loan" product, implementing a standardized operational model, leveraging the advantages of "efficiency and convenience" to continuously expand coverage of technology-oriented enterprises; strengthening business cooperation and exchanges with key research entities within the province, signing strategic cooperation agreements with key provincial laboratories, jointly building a diverse technology finance ecosystem, and continuously enhancing the capabilities and levels of technology finance services. As of the end of the Reporting Period, the Bank's outstanding loans to technology-based enterprises reached RMB33,237 million, an increase of RMB6,769 million from the end of the previous year, with an increase rate of 25.57%.

6.2 Retail Banking Business

During the Reporting Period, the Bank resolutely implemented the requirements on high-quality development, adhered to the "customer-centred" philosophy, and focused on building four steward services, namely "Citizen Steward", "Financing Steward", "Wealth Steward" and "Rural Steward", and steadily promoted the development of the retail business. As at the end of the Reporting Period, the Bank's total balance of personal deposits amounted to RMB271,847 million, representing an increase of 24.60% from the end of the previous year. The Bank's personal loans amounted to RMB97,014 million, representing an increase of 6.66% from the end of the previous year. The size of wealth financial assets reached RMB57,252 million, representing an increase of 11.57% from the end of the previous year.

6.2.1 Citizen Steward

During the Reporting Period, upholding the service philosophy of " serving the people with financial resources", the Bank focused on the needs and expectations of citizens in their daily lives. By optimizing service channels, enriching customer activities, and enhancing customer experience, the Bank better shaped the role of the "Citizen Steward".

Firstly, deepening community services. Leveraging community outlets, the Bank continued to deepen its service penetration into communities. By conducting public welfare services such as financial knowledge popularization and anti-fraud publicity, and organizing diverse community activities including parent-child interactions, festive cultural events, free health consultations, and complimentary haircuts, the Bank precisely addressed the work and life needs of citizens. It embedded financial services into community life scenarios, effectively extended the service radius of its outlets, and continuously improved the convenience and accessibility of financial services.

Secondly, meticulously planning activities for customer segments. By refining segmented customer groups, we constructed a distinctive activity matrix. For the middle-aged and elderly customer segment, we organized the "Zheng Hao Love Companion (鄭好愛相伴)" Tai Chi and Baduanjin Competition, using traditional health culture as a link to promote healthy living concepts and care for the well-being of seniors. For the children and younger customer segment, we developed the "Zheng Hao Future Star (鄭好未來星)" brand, supporting youth development through diverse formats such as financial literacy education, study tours, and educational musicals. Focusing on high-net-worth customer segments, we utilized high-quality content such as the "Zheng Hao Private Salon (鄭好私享會)" New Year Concert and high-end forums as platforms to deepen connections with high-net-worth customer segments.

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Thirdly, expanding scenario development. Focusing on high-frequency scenarios, we optimized customer service experience. Centered around high-frequency daily life scenarios such as "movie viewing, dining, shopping in supermarkets, meal delivery, and property fee payments," we created the "Happy Friday, Saturday & Sunday (歡樂五六日)" branded credit card event to enhance customers' card usage experience in consumption. Meanwhile, we continued to iteratively improve credit card installment products, improving the overall consumption and card usage experience.

6.2.2 Financing Steward

During the Reporting Period, the Bank resolutely implemented its social responsibilities, leveraging the "Financing Steward (融資管家)" service model. The Bank focused on building a distinctive brand for inclusive finance and enhancing the quality of financial services. The Bank made targeted efforts across three key dimensions: business loans, consumer loans, and platform ecosystem development, driving quality and efficiency improvements of its inclusive financial services.

Firstly, deepening inclusive financing services for business operations. Focusing on the core needs of inclusive business customer segments, we enhanced both service efficiency and customer experience through product optimization and innovation. On the one hand, we consolidated the two major products, "Tobacco Merchant Loan (煙商貸)" and "Market Loan (市場貸)", by standardizing application criteria and procedures, reducing clients' need for repeated visits and improving operational convenience. On the other hand, we introduced the innovative "Zheng Hui Loan (鄭惠貸)" product, which incorporates a dual model of "digital risk control and in-depth due diligence" and a "three-tiered progressive credit granting" function. This enables precise alignment with the financing demands of inclusive business customers and ensures targeted connectivity between financial services and specialized industries. As at the end of the Reporting Period, the cumulative credit granted under the "Zheng Hui Loan (鄭惠貸)" program amounted to RMB1,746 million, with an outstanding loan balance of RMB1,434 million.

Secondly, upgrading consumer credit services. Guided by customer demand, we focused on improving the quality and upgrading of consumer finance, optimized the service experience of "Zheng e-Loan (Consumer) (鄭e貸(消費))" and continuously built differentiated service competitiveness. On the one hand, we precisely matched repayment needs by providing differentiated repayment relief solutions tailored to the consumption and repayment characteristics of customers with different income cycles, thereby alleviating their repayment pressure. On the other hand, we enhanced approval and processing efficiency by optimizing the automated approval process and launching paperless signing functionality. This increased the speed and effectiveness of consumer credit approval, allowing customers to enjoy "fast processing and fast lending" services.

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Thirdly, deepening platform-based ecosystem collaboration. We strengthened government-bank collaboration by engaging in deep cooperation with the "Zheng Hao Rong (鄭好融)" platform to build a comprehensive and diversified inclusive financial services ecosystem. During the Reporting Period, the Bank processed a total of 1,327 financing applications from enterprises and individual businesses through the "Zheng Hao Rong (鄭好融)" platform, with total credit granted reaching RMB1,484 million. In parallel, we established and operated 23 offline financial service harbors, bridging the "last mile" in delivering financial benefits to enterprises and the public, thereby making inclusive financial services more accessible and grounded.

As at the end of the Reporting Period, the balance of the Bank's inclusive loans to small and micro enterprises amounted to RMB57,326 million, representing an increase of RMB3,641 million from the end of the previous year and a growth rate of 6.78%. The number of inclusive small and micro enterprise customers with outstanding loans reached 78,680, an increase of 8,684 customers from the end of the previous year.

6.2.3 Wealth Steward

During the Reporting Period, adhering to the business philosophy of "customer-centered and value creation guided," and driven by the brand upgrade of "Zhenghao Wealth (鄭好財富)," the Bank deepened its strategic path of "optimizing products, intensifying operations, and strengthening services," continuously enhancing its image as a trusted "Wealth Steward" for its customers.

Firstly, deepening the development of the product system. Regarding consigned products, the Bank actively introduced high-quality consignment agencies and products, adding 675 new consigned products throughout the year. This resulted in a richer product portfolio and a more rational structure. In terms of specialized products, focusing on segmented customer groups, the Bank iteratively upgraded thematic products such as "County Exclusive" and actively promoted investment service tools in areas such as "Asset Service Trust," further meeting customers' diversified asset allocation needs. Currently, the Bank has established a comprehensive risk-return product spectrum covering cash management, pure debt and fixed income, "fixed income+", hybrid strategies, equity investments, and risk protection.

Secondly, enhancing investment allocation capabilities. During the Reporting Period, the Bank continuously strengthened its investment research capabilities by establishing a professional team dedicated to major asset allocation research. This team deepened its analysis and judgment of macroeconomic trends, market cycles, and asset rotation, applying its research findings to asset allocation strategy recommendations. Concurrently, the Bank steadily advanced the development of its investment advisory service capabilities. Through regular market insights, analysis of major asset classes, investment strategy seminars, and investor education initiatives, the Bank guided clients in establishing sound investment philosophies.

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Thirdly, forging a rights and benefits service system. During the Reporting Period, the Bank continued to upgrade the "Zhenghao Wealth (鄭好財富)" brand rights and benefits system. Centered around four key pillars—"Zhenghao Caizhihui (鄭好財智薈)", "Zhenghao Travel (鄭好出行)", "Zhenghao Health (鄭好健康)", and "Zhenghao Courtesy (鄭好禮遇)"—the Bank provided clients with more extensive and premium value-added services. It also reinforced whole-lifecycle services for wealth management clients. Empowered by digital tools, the Bank accurately identified client needs and promptly facilitated service delivery, promoting the efficient operation of product lifecycle management mechanisms and steadily improving client satisfaction and loyalty.

As at the end of the Reporting Period, the scale of the Bank's retail wealth financial assets reached RMB57,252 million, representing an increase of 11.57% compared to the end of the previous year. The intermediary income from agency wealth management amounted to RMB56.8456 million, an increase of 86.11% year-on-year. Both the scale of wealth assets and revenue generation capability achieved rapid growth.

6.2.4 Rural Steward

During the Reporting Period, the Bank actively implemented the national rural revitalization strategy and executed a county-led development strategy. Focusing on key areas of rural revitalization in our province, the Bank comprehensively supported rural revitalization by optimizing rural financial service channels, enhancing the rural financial service experience, conducting financial literacy campaigns in rural areas, and better developing the "Rural Steward."

Firstly, optimizing rural financial service channels. For online channels, by upgrading the intelligent voice service in the rural revitalization version of mobile banking, the Bank addressed challenges such as low recognition rates and failure to recognize voice interactions in the Henan dialect among rural residents. This made financial services more aligned with the usage habits of rural communities, enabling financial technology to penetrate and extend into rural and grassroots areas. For offline channels, the construction of rural service sites prioritized filling gaps in villages lacking financial services, effectively bridging the "last mile" of rural financial services.

Secondly, enhancing rural financial service activities. On the one hand, focusing on non-financial scenarios such as rural residents' basic necessities, medical care, and entertainment, the Bank continuously carried out various activities aimed at providing benefits and convenience services for rural residents, including free diagnosis, cultural performances, discounts at agricultural benefit merchants, and preferential social security payment. During the Reporting Period, the number of participants in the activities of rural preferential social security payment exceeded 13,700. On the other hand, the Bank persistently promoted financial literacy campaigns in rural areas. It went deep into villages to educate villagers on key financial knowledge, including anti-counterfeit money, saying no to illegal fundraising and the prevention of phone frauds among villagers, and guided them to download the national anti-fraud APP. Through widespread propaganda and education, the Bank aimed to help rural residents more accurately identify false and fraudulent information, stay away from illegal financial activities. During the Reporting Period, the Bank conducted more than 130 promotional activities on popularization of financial knowledge, prevention of phone frauds, and rejection of illegal fundraising, as well as visiting activities targeting groups such as the elderly people living alone and left-behind children.

Thirdly, deepening the county-led high-quality development strategy. During the Reporting Period, the Bank continued to advance its county-led high-quality development strategy. By strengthening resource support and further extending services to the grassroots level, the Bank injected financial momentum into the high-quality development of the county economy. Focusing on the development needs of counties, the Bank deepened product innovation and launched exclusive financial products tailored to county scenarios, precisely addressing core demands for deposits and loans, and enhancing the accuracy and adaptability of financial services. Concurrently, the Bank strengthened its county-level talent teams through horse racing mechanism, process management, and training empowerment, thereby reinforcing professional service capabilities and optimizing the financial service experience for county residents. In addition, the Bank focused on establishing a three-tiered financial service network covering "county-town-village" levels, extending financial services to farmlands and neighborhoods. This comprehensively addressed the diverse financial needs of county economic development and laid a solid financial foundation for the high-quality development of the county economy.

6.3 Financial Market Business

In 2025, facing the external environment of a slowing global economy and heightened volatility in financial markets, China's economy remained generally stable under policy guidance, with structural adjustments continuing to deepen and the interest rate market exhibiting phased volatile upward movements. Against this backdrop, the financial market business closely adhered to the Bank's overall strategic deployment, actively responded to market changes, and persisted in prudent operations.

6.3.1 Money Market Transactions

During the Reporting Period, the Bank continuously strengthened its in-depth analysis and precise assessment of the money market. On the basis of ensuring the safety and stability of liquidity management, it actively expanded diversified financing channels, reasonably adjusted its financing structure, and effectively reduced financing costs, providing solid support for the efficient and stable operation of the Bank's overall funds. As at the end of the Reporting Period, the balance of the Bank's deposits and placements with banks and other financial institutions and financial assets held under resale agreements was RMB31,279 million, accounting for 4.21% of the Bank's total assets; and the balance of deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements was RMB64,551 million, accounting for 9.40% of the Bank's total liabilities.

6.3.2 Investment in Securities and Other Financial Assets

During the Reporting Period, the Bank consistently emphasized the organic integration of stability and innovation, dynamically tracked changes in the financial environment, and conducted in-depth research on macroeconomic and market trends. On this basis, the Bank timely optimised its investment layout, prudently balanced risk and return, drove continuous improvement in asset allocation, and achieved steady income growth. Meanwhile, leveraging the "Southbound Bond Connect" channel, the Bank actively expanded its investments in offshore RMB assets, diversified its sources of business income, and rendered the overall income structure more balanced, thereby driving a steady increase in comprehensive profitability. In terms of cooperation, the Bank continued to strengthen multi-level collaboration with peer partners, optimised the cooperation framework, enhanced synergy efficiency, and promoted resource sharing and complementary advantages. These efforts strengthened the resilience and growth momentum of business development, comprehensively improved the comprehensive capability of value creation, and contributed to the continuous optimisation of overall benefits. As at the end of the Reporting Period, the Bank's total investment in bonds, investment products under trust schemes, investment products managed by securities companies and other securities financial assets amounted to RMB235,041 million, representing an increase of RMB32,787 million or 16.21% from the end of the previous year. Among them, the Bank's total investment in bonds was RMB181,639 million, representing a year-on-year increase of 27.00%; and the investment products under trust schemes, investment products managed by securities companies and other securities-based financial assets was RMB53,402 million, representing a year-on-year decrease of 9.84%.

6.4 Distribution Channels

6.4.1 Physical Outlets

As at the end of the Reporting Period, the Bank established its head office in Zhengzhou, Henan, 14 branches in Nanyang, Xinxiang, Luoyang, Anyang, Xuchang, Shangqiu, Luohe, Xinyang, Puyang, Pingdingshan, Zhumadian, Kaifeng, Zhoukou and Hebi of Henan Province, 167 sub-branches and one special entity. The Bank established a network of 192 internal and external self-service equipment outlets, providing convenient 7*24-hour services.

6.4.2 Electronic Banking

Personal channel

The Bank's mobile banking adhered to the "customer-centred" service philosophy and continuously advanced product iteration and service upgrades. It launched the HarmonyOS version of mobile banking to meet the service needs of customers using HarmonyOS devices; the Rural Revitalisation Edition introduced a dialect adaptation functionality to enhance product usability; and the wealth product matrix was enriched to precisely match customers' diversified wealth management needs. As at the end of the Reporting Period, the Bank had signed up 4,271,800 personal mobile banking customers. The Bank continued to provide high-quality customer service. 899,800 times of service were provided via the customer service hotline of 95097. At the same time, by means of text message, video and voice, the Bank provided 1,035,100 times of intelligent customer service, efficiently addressing customer demands.

Corporate channel

The Bank consistently upholds the core business philosophy of being "customer-centred", adheres to the service tenet of "prioritizing customer experience externally", and, guided by the needs of enterprise digital transformation, steadily advances the construction and functional iteration of its corporate electronic channel system. Leveraging the outcomes of channel development, the Bank continuously innovates business application scenarios, precisely targets the treasury management pain points in enterprise operations and development, and tailors full-lifecycle, integrated treasury management solutions that address the differentiated needs of enterprises at various stages – such as growth, expansion, and maturity. These efforts empower enterprises to deepen the integration of industry and finance and accelerate digital transformation, injecting new financial momentum into high-quality corporate development. As at the end of the Reporting Period, the Bank's corporate electronic channels had served over 119,900 corporate customers, with the coverage and influence of its channel services continuously increasing.

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7 RISK MANAGEMENT

During the Reporting Period, the Bank actively responded to changes in the market environment, proactively adapted to regulatory requirements, closely adhered to the concept of high-quality development, established a "prudent and sound" risk management philosophy, continuously improved the comprehensive risk management system, reshaped the risk and compliance culture, constantly enriched and optimised risk management tools, steadily enhanced risk management capabilities, and progressively strengthened the granularity and effectiveness of risk management. The principal risks faced by the Bank during its operations and its risk management situation are as follows:

7.1 Credit Risk

Credit risk refers to the risk of incurring loss by banks due to debtors' or counterparties' failure to perform contractual obligations or responsibilities. The Bank's credit risk exposure mainly comes from loan portfolios, investment portfolios, guarantees and other types of on and off-balance sheet credit risk exposure. The Bank has built a credit risk management framework covering all credit business processes and developed policies and procedures to accurately identify, assess, measure, monitor, mitigate and control credit risks. The Bank's main measures for credit risk management during the Reporting Period are as follows:

Firstly, we continuously improved the risk warning system. With early warning as the core of post-loan operations, we expanded the scope of risk monitoring and established a risk database. We developed a borrower repayment capacity and risk warning monitoring system from multiple dimensions, including customers' financial conditions, operational management, guarantees, and external information. Secondly, we comprehensively strengthened post-loan management. By establishing a standardized post-loan management process and implementing customer segmentation management, and adopting scientific post-loan management measures, we continuously monitored and reduced customers' credit risk, enhanced credit risk management levels, and improved the efficiency of credit fund recovery, so as to promote the sustainable development of credit business. Thirdly, improving the policy and institutional system and unifying review standards and norms. Based on full-process risk control, the Bank reshaped and improved its credit granting framework, dynamically optimised its policy system, clarified review norms for key business areas, and unified key points of business review and access standards, thereby providing solid institutional support for credit risk prevention and control. Fourthly, strengthening the development of the review team and enhancing professional performance capabilities. The Bank improved its personnel management mechanism, and through systematic training, on-the-job rotation training and other methods, comprehensively consolidated the professional foundation and professionalism of the approval team, thereby building a solid talent foundation for credit risk prevention and control.

As at the end of the Reporting Period, the Bank's single customer loan concentration was 4.80%, in compliance with the 10% cap regulatory requirement; single group customer credit concentration was 11.66%, in compliance with the 15% cap regulatory requirement; the loan concentration of the top ten customers was 39.72%; the credit concentration of a single related party customer was 5.24%, in compliance with the 10% cap regulatory requirement; and the credit concentration of all related party customers was 35.07%, in compliance with the 50% cap regulatory requirement.

7.2 Market Risk

Market risk refers to the risk of losses in the on – and off-balance sheet businesses arising from adverse movements in market prices (including interest rate, exchange rate, stock price and commodity price). The major market risks that the Bank is exposed to include interest rate risk and exchange rate risk. For details of exchange rate risks, please refer to "Market risk" in Note 43 "Risk management" (b) to the financial statements in the "Independent auditor's report" section of this report. Our market risk management objective is to keep market risk within acceptable and reasonable limits, achieving an appropriate balance between risk and return. Market risk management covers the entire process of identifying, measuring, monitoring, controlling, and reporting market risks. During the Reporting Period, our key measures for market risk management were as follows:

Firstly, we improved the risk management system by establishing a clearly layered market risk management mechanism. The framework covers limit management, book segmentation, risk reporting, stress testing, and specialized business risk management, clearly defining the roles of the Board of Directors, senior management, and the three lines of defense. Secondly, we strengthened the constraint of risk appetite limits, establishing a risk management and control framework at the Group level, systematically building a consolidated risk management framework for the Group, and simultaneously refining the Bank's risk appetite system. Thirdly, we enhanced market risk measurement capabilities, expanding the scope of stressed entities, optimising historical scenarios, and refining the market risk stress testing system. Fourthly, we optimised the market risk capital measurement module to ensure the accuracy of capital measurement and information disclosure. Fifthly, we steadily advanced the digital transformation of market risk management, carrying out the transformation of the market risk management system, with a focus on optimising applications such as limit monitoring, stress testing, and end-of-day risk monitoring; developing market risk management reports to enhance risk monitoring capabilities and meet the needs of regular market risk management.

7.3 Operational Risk

Operational risk refers to the risk of loss caused by problematic internal procedures, personnel or information technology systems, and external events, including legal risk but excluding strategic risk and reputational risk. The Bank is dedicated to strengthening its operational risk institutional system, refining management processes and tools, and consistently elevating the standards of operational risk management. During the Reporting Period, the main measures for managing operational risks of the Bank were as follows:

Firstly, the Bank enhanced its operational risk management framework, reinforcing the responsibilities of management at all levels and clarifying management content and procedural requirements. Secondly, it diligently advanced the implementation of new capital regulations by establishing an operational risk measurement system and upgrading the functionality of its loss database system, enabling consistent group-wide consolidated operational risk capital measurement. Thirdly, the Bank conducted group-level operational risk stress testing to gauge its risk-bearing capacity under extreme scenarios, thereby promoting continuous improvement in internal control mechanisms. Fourthly, it persistently carried out operational risk self-assessments to identify inherent risks, evaluate the effectiveness of control measures, and mitigate risks proactively. Fifthly, the Bank deepened legal support capabilities by refining the contract legal review process, strengthening the management of standard contracts and the review of legal documents, actively conducting legal risk training, providing timely legal consultation, and continually raising the legal awareness and risk acumen of all staff to support the compliant and stable operations of the Bank.

7.4 Liquidity Risk

Liquidity risk refers to the risk of failure to obtain sufficient funds in time or failure to obtain sufficient funds at a reasonable cost to pay off debts falling due, to perform other payment obligations and to meet other capital requirements for normal business operations. The objective of the Bank's liquidity risk management is to maintain adequate funding positions, ensure that the scale and maturity structure of assets and liabilities are reasonable, and keep liquidity risk at a safe and controllable level. During the Reporting Period, the Bank closely monitored both internal and external liquidity developments, strengthened the management of funding positions and financing arrangements, gradually optimized the maturity structure of its assets and liabilities, and continuously improved its liquidity contingency management to safeguard the Bank's liquidity position. During the Reporting Period, the key measures implemented by the Bank to manage liquidity risk were as follows:

Firstly, the Bank strengthened its intraday liquidity management. It closely monitored changes in macroeconomic and monetary policies, enhanced the monitoring of funding sources and uses, appropriately planned the maturity structure of financing, and managed funding surpluses and shortfalls in a timely manner to ensure that the position requirements for daily payment and settlement were met. Secondly, the Bank optimized the allocation of assets and liabilities. It reinforced the balanced management of asset-liability planning and liquidity risk, with a focus on managing the maturity structure of assets and liabilities, maintaining a safe and reasonable maturity mismatch level. Thirdly, the Bank enhanced risk limit management. It improved its liquidity limit management framework, strengthened the monitoring and early-warning of risk limits, and dynamically adjusted asset-liability plans in conjunction with risk indicators to ensure that liquidity limit indicators remained within safe ranges. Fourthly, the Bank conducted stress testing and liquidity contingency drills. It regularly performed stress tests to assess liquidity risk levels, strengthened the application of stress-test results in asset-liability planning, and, in combination with these results, conducted liquidity contingency drills. These drills evaluated processes such as emergency response, command coordination, and emergency handling, thereby refining contingency control mechanisms and enhancing the ability to manage risks.

As at the end of the Reporting Period, the Bank's liquidity ratio was 94.27%, which met the regulatory requirement of not less than 25%; its liquidity coverage rate was 226.73%, which met the regulatory requirement of not less than 100%; the net stable funding ratio was 123.16%, which met the regulatory requirement of not less than 100%. The Bank's key liquidity indicators met the regulatory requirements and its liquidity risk remained at a safe and manageable level.

7.5 Information Technology Risk

Information technology risk refers to the operational, legal, reputational and other risks caused by natural factors, human factors, technical loopholes and management flaws in the course of applying information technology. During the Reporting Period, the Bank strengthened information technology risk management in the following areas:

Firstly, the Bank conducted a comprehensive assessment of information technology risks, covering key areas such as information security, operations and maintenance, and outsourcing. It identified the potential impact and severity of risks, implemented targeted and differentiated risk-mitigation measures, and tracked improvements on an ongoing basis. Secondly, the Bank enhanced the quality and effectiveness of risk monitoring. In line with regulatory requirements and the Bank's internal management realities, it optimized its existing risk monitoring indicator system, accelerated the automation of monitoring indicators, and strengthened monitoring in areas where coverage had been limited. Thirdly, the Bank reinforced its business continuity support to safeguard production and operational security. This included replacing aging equipment in data centers, deploying comprehensive security facilities, strictly enforcing access control measures, and strengthening 24/7 real-time monitoring. The Bank also improved its local and remote disaster-recovery facilities, conducted emergency drills for disaster-recovery switching of information systems, strengthened network access controls and behavioral monitoring, carried out penetration testing and security assessments, and ensured cybersecurity for critical periods such as the Two Sessions and the 80th anniversary commemorations of the victory in the War of Resistance against Japanese Aggression. Fourthly, the Bank standardized the management of information technology outsourcing. It implemented strict supplier-onboarding and due-diligence processes, clearly defined business continuity requirements and service interruption responsibilities in the contract, strengthened daily monitoring of critical outsourced services and on-site inspections of important off-site services, and continuously assessed suppliers' operational and contractual performance to identify and pre-warn risks at an early stage, thereby ensuring the security of information technology outsourcing. During the Reporting Period, the Bank's overall information technology operations remained stable, and its information technology risks were kept under control.

7.6 Reputational Risk

Reputational risk refers to the risk of negative comments of stakeholders, the public and the media about the Bank due to its operation and management, employees' behavior or external events which damage the Bank's brand value and adversely affect its normal operation and even market and social stability. The Bank manages reputational risk on a forward-looking, compatible, full-covered and effective basis. It established whole-process management mechanisms comprising pre-evaluation, monitoring, identification, tiered response, reporting, assessment, and summary evaluation to continuously promote the normalization and long-term effectiveness of joint prevention and control.

During the Reporting Period, the Bank strictly implemented the requirements of the "Measures for the Management of Reputation Risks of Banks and Insurance Institutions (Trial Implementation) 《銀行保險機構聲譽風險管理辦法(試行)》", continuously improved its reputational risk management framework, strengthened the monitoring, early warning, and investigation of potential issues in public sentiment, and enhanced its ability to prevent and respond to risks. Reputational risk training was provided to all employees to raise their awareness of reputational risk management. The Bank actively built a diversified brand-communication matrix, reinforced the development of its new-media platforms, and fostered a favorable public opinion environment. During the Reporting Period, the overall reputational risk situation of the Bank remained stable.

7.7 Anti-Money Laundering Management

The Bank strictly complied with anti-money laundering laws, regulations and regulatory requirements, thoroughly implemented a risk-based approach, established and improved its money-laundering risk management framework, diligently fulfilled its statutory anti-money laundering obligations and social responsibilities, and continuously enhanced its level of money-laundering risk management. During the Reporting Period, the Bank primarily adopted the following measures:

Firstly, it strengthened core obligations. The Bank steadily advanced various tasks, including customer due diligence, retention of customer identity information and transaction records, reporting of large-value and suspicious transactions, and the implementation of special anti-money laundering preventive measures, continuously improving its risk prevention and control capabilities. Secondly, it enhanced technical safeguards. The Bank improved the functionality of its anti-money laundering systems, optimized suspicious transaction monitoring criteria, and initiated the development of a new-generation anti-money laundering system to provide support for risk prevention and control. Thirdly, it deepened supervision and inspection. Through specialized audits and internal reviews, the Bank supervised each business line and subsidiary in implementing anti-money laundering requirements. Fourthly, it emphasized training and awareness. Internally, the Bank reinforced training to enhance the competency of all staff in performing their duties; externally, it stepped up publicity to raise public awareness of anti-money laundering.

8 RECEIVING RESEARCH DELEGATIONS, COMMUNICATION AND INTERVIEW ACTIVITIES

During the Reporting Period, the Bank did not receive any research delegations, and had no communication and interview activities.

9 IMPLEMENTATION OF THE VALUATION IMPROVEMENT PLAN

For details of the valuation improvement plan, please refer to the Valuation Improvement Plan of Bank of Zhengzhou Co., Ltd. dated 28 March 2025 published by the Bank on the website of CNINFO (www.cninfo.com.cn).

10 IMPLEMENTATION OF THE ACTION PLAN OF "DOUBLE IMPROVEMENT IN QUALITY AND RETURN"

During the Reporting Period, the Bank did not disclose the announcement in relation to the action plan of "double improvement in quality and return".

11 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

11.1 Environmental Information Disclosure

Neither the Bank nor its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law.

11.2 Social Responsibility

For details, please refer to the 2025 Sustainability (ESG) Report of Bank of Zhengzhou Co., Ltd. dated 31 March 2026 published on the website of CNINFO (www.cninfo.com.cn), the overseas regulatory announcement dated 31 March 2026 published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk), and the "Announcements and Circulars" under Investor Relations on the Bank's website (www.zzbank.cn).

11.3 Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

The Bank continues to enhance its capacity to provide financial services that support rural revitalization. It fully implements the Opinions of the Central Committee of the Communist Party of China and the State Council on Implementing the Rural Revitalization Strategy, precisely focuses on the "agriculture, rural areas, and farmers" sectors, and actively advances the implementation of the rural revitalization strategy to facilitate the achievement of its objectives. By steadily improving the quality and effectiveness of its financial services, lowering the costs of inclusive loans to micro and small enterprises, implementing due diligence and accountability systems, and strengthening its ability to serve new urban residents, the Bank enhances the provision of high-quality, efficient, and accessible inclusive financial services to new-type agricultural business entities. As of the end of the Reporting Period, the Bank's balance of agricultural loans was RMB51,715 million, an increase of RMB3,480 million from the end of the previous year.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

12 OUTLOOK

12.1 Industry Landscape and Trends

The year 2026 marks the beginning of the 15th Five-Year Plan period and is a critical stage for China to accelerate the building of a strong financial nation. In response to the requirements of the Party Central Committee, the banking sector is anchoring itself to the goal of developing a strong financial system, continuing to deepen reforms and innovation, and empowering high-quality development of the real economy with high-quality financial services. Firstly, deepening support for the real economy and strengthening key sectors. The proposals for the 15th Five-Year Plan explicitly call for "accelerating the building of a strong financial nation," with one of the core imperatives being to enhance the quality and effectiveness of financial services to the real economy. In 2026, the banking sector should further increase financial support for major strategies, key sectors, and areas of weakness, while reinforcing financial supply to boost consumption and expand investment, thereby precisely serving the strategy of expanding domestic demand. Secondly, adapting to enhanced regulation and solidifying the foundation of compliant operations. In 2026, regulators will focus on substantive risks, strengthen the "five-pronged regulation," and implement differentiated and tiered supervision in practice. The banking sector will enter a new phase of stricter, more precise, and more efficient regulation, necessitating a further strengthening of compliance awareness, continuous improvement of internal control and compliance systems, and consolidation of the institutional foundation for stable operations and high-quality development. Thirdly, prioritizing precise risk management and resolving key risks in an orderly manner. In 2026, regulators will continue to reinforce banks' accountability for risk prevention and control, driving a shift toward more targeted and routine risk management. The banking sector needs to strengthen its capacity for precise risk control, establish end-to-end risk management systems supported by digital tools, closely monitor risk exposures in key sectors, strictly implement regulatory requirements, and firmly uphold the bottom line of risk prevention. Fourthly, advancing digital transformation and integrating technology with business. Digital transformation remains a core strategic direction for the banking sector in 2026. Financial technology will become deeply integrated with key areas such as business operations, risk management, and customer service. The banking sector should continue to increase investment in fintech, leverage frontier technologies such as artificial intelligence, big data, and cloud computing to optimize credit approval processes, enhance risk-control effectiveness, and enrich customer-service scenarios, thereby boosting core competitiveness through technological empowerment.

12.2 Corporate Development Strategy

In 2026, the Bank will continue to adhere to its market positioning of "serving the local economy, serving small and medium-sized enterprises, and serving urban and rural residents". Anchored by the strategic vision of "striving to become a first-class city commercial bank". Guided by the principle of "putting external customer experience first and improving internal efficiency first", the Bank will advance comprehensive reforms as our main focus, simultaneously advancing the reshape of reform management mechanisms and upgrading business operations, while deeply implementing a high-quality development strategy and firmly establishing correct perspectives on operations, performance, and risk management, steadfastly pursuing the path of financial development with Chinese characteristics. Meanwhile, closely aligning with the Henan Provincial Party Committee's "1+2+4+N" target task system and the Zhengzhou Municipal Party Committee's "1+7+7+7" work deployment, the Bank leverages the inherent resource endowments to effectively harness comparative advantages. The Bank will actively explores distinctive, differentiated, and specialized financial service models, continuously enhancing the capacity and proficiency in serving the real economy, striving to achieve a virtuous cycle between our own high-quality development and serving the high-quality development of the local economy and society, contributing more financial strength to writing a new chapter in advancing Chinese modernization on the Central Plains.

12.3 Operating Plan

The year 2026 marks the commencement of the 15th Five-Year Plan period and a pivotal year for the Bank of Zhengzhou in its accelerated endeavour to become a first-tier city commercial bank. The Bank of Zhengzhou will hold high the great banner of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implement the guiding principles of the 20th National Congress of the Communist Party of China and the plenary sessions thereof, as well as the directives of the Central Economic Work Conference and the provincial and municipal economic work conferences. Focusing on the provincial "1+2+4+N" target task system and the municipal "1+7+7+7" work deployment, the Bank will drive forward reform and innovation with greater momentum, optimise service delivery with more concrete measures, and fortify its risk defence line with stricter standards, thereby accelerating its stride towards becoming a first-tier city commercial bank.

Strengthening Party Leadership to forge synergy for development. The Bank is committed to the deep integration of Party-building and business operations, ensuring they are planned, deployed, implemented, and reviewed in tandem. Party leadership will be embedded into all aspects of corporate governance and carried through the entire process of reform and development, striving to translate the Party's political and institutional strengths into effective financial governance. The Bank will advance full and rigorous Party self-governance, implement the key requirements of "Five Further Enhancements (五個進一步到位)", and promote the normalisation and long-term effectiveness of work style construction. It will actively foster a clean and upright political ecosystem and a conducive environment for entrepreneurship and career development.

CHAPTER II MANAGEMENT DISCUSSION AND ANALYSIS

Adhering to reform and innovation to enhance operational quality and efficiency. Anchored to the strategic vision of "striving to become a first-class city commercial bank", the Bank will drive in-depth reforms, transformative restructuring, and synergistic collaboration across all business lines. It will continuously innovate its product suite, create service highlights, and optimise customer experience, thereby steadily forging distinctive and differentiated competitive advantages. The Bank will refine its working mechanism that coordinates head office-branch collaboration and cross-departmental linkages, enhance its performance assessment mechanism that emphasises substantive results and rewards excellence while penalising underperformance, and improve its talent management mechanism that identifies talents on the front lines and ensures fair deployment. These efforts aim to further streamline institutional systems and processes, strengthen management efficiency, and drive sustained improvement in operational quality and efficiency.

Strengthening risk prevention and control to consolidate the development foundation. Taking credit risk management as a key starting point, the Bank will enhance the dynamic management and control of credit risk, market risk, liquidity risk, and other risks. It will establish a risk management system featuring top-down integration, cross-departmental coordination, agile responsiveness, timely warning, swift reaction, and efficient resolution, thereby reinforcing the risk defence line for high-quality development. The Bank will intensify its risk resolution efforts and elevate the professional and sophisticated standards of its risk management practices.

Adhering to the fundamental principle of serving the real economy. The Bank remains steadfast in its commitment to serving the real economy as its fundamental mission. Upholding the "three services" positioning of a city commercial bank and serving local communities, the Bank focuses on its local roots with professionalism and dedication. It integrates its development into the broader framework of efficient governance and high-quality development of Henan Province and Zhengzhou City, effectively connecting the government service chain, industrial chain, and livelihood chain to enhance the quality of financial services rendered to the real economy. The Bank will leverage the role of specialised institutions, enrich its portfolio of specialised credit products, and strive to excel in the "five key areas" of technology finance, green finance, inclusive finance, pension finance, and digital finance, thereby improving the adaptability and precision of its financial products and services.

12.4 Potential Risks

In 2025, despite severe disruptions to the global economic and trade order and the challenges stemming from the transition between old and new growth drivers domestically, China's economy demonstrated resilience and advanced steadfastly towards high-quality and innovation-driven development, successfully achieving its key projected targets. Looking ahead to 2026, amidst an increasingly turbulent international landscape and intensifying global challenges, the domestic economy continues to grapple with pronounced supply-demand imbalances, formidable tasks in transitioning growth drivers, and yet-to-be-fully-unleashed vitality among certain market entities. Persistent attention and preventive measures are required for risks in key areas. Nevertheless, the fundamental conditions and underlying trends supporting the long-term sound development of China's economy remain unchanged. Henan Province is well-positioned to maintain stable and robust economic performance, focusing on the "1+2+4+N" target task system, leveraging major projects to drive development, advancing infrastructure construction, cultivating new consumption scenarios, and strengthening financial services for the real economy.

The Bank will closely monitor and continuously assess the impact of macroeconomic policies, economic and financial conditions, and extreme weather events on its operations. Proactive measures will be taken to ensure the stability of its financial position and operating results. Concurrently, the Bank will maintain ongoing surveillance over industries and enterprises significantly affected by economic cycles, intensify risk prevention and control efforts in key areas, and adhere to the principles of high-quality development, innovation-driven growth, connotative development, and differentiated, distinctive strategies. The Bank remains committed to continuously optimising its asset and liability structure and achieving a balanced development in scale, profitability, and risk.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

1 CHANGES IN ORDINARY SHARES

1.1 Table of Changes in Ordinary Shares

Unit: Shares

	As at 31 December 2024		Increase/decrease during the Reporting Period (+/-)					As at 31 December 2025	
	Number	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization issue	Others	Sub-total	Number	Proportion (%)
I. Shares subject to trading moratorium	**370,917,616**	**4.08**	**-**	**-**	**-**	**-328,580,149**	**-328,580,149**	**42,337,467**	**0.47**
1. State-owned shares	–	–	–	–	–	–	–	-	-
2. Shares held by state-owned legal persons	207,515,000	2.28	–	–	–	-207,515,000	-207,515,000	-	-
3. Shares held by other domestic investors	163,402,616	1.80	–	–	–	-121,065,149	-121,065,149	42,337,467	0.47
Including: Shares held by domestic legal persons	143,467,899	1.58	–	–	–	-121,000,000	-121,000,000	22,467,899	0.25
Shares held by domestic natural persons	19,934,717	0.22	–	–	–	-65,149	-65,149	19,869,568	0.22
4. Shares held by foreign investors	–	–	–	–	–	–	–	-	-
Including: Shares held by overseas legal persons	–	–	–	–	–	–	–	-	-
Shares held by overseas natural persons	–	–	–	–	–	–	–	-	-
II. Shares not subject to trading moratorium	**8,721,173,742**	**95.92**	**-**	**-**	**-**	**+328,580,149**	**+328,580,149**	**9,049,753,891**	**99.53**
1. Ordinary Shares denominated in RMB	6,700,715,742	73.70	–	–	–	+328,580,149	+328,580,149	7,029,295,891	77.31
2. Domestically-listed foreign shares	–	–	–	–	–	–	–	-	-
3. Overseas-listed foreign shares	2,020,458,000	22.22	–	–	–	–	–	2,020,458,000	22.22
4. Others	–	–	–	–	–	–	–	-	-
III. Total	**9,092,091,358**	**100.00**	**-**	**-**	**-**	**-**	**-**	**9,092,091,358**	**100.00**

Notes:

1. The minor differences in the last digits are caused by rounding.

2. During the Reporting Period, the Bank did not conduct any Share repurchase.

As at the end of the Reporting Period, the Bank issued 9,092,091,358 Ordinary Shares, including 7,071,633,358 A Shares and 2,020,458,000 H Shares.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

1.2 Description of Changes in Ordinary Shares

Changes in Ordinary Shares were mainly due to: (1) the variation in the shares subject to trading moratorium held by senior management who departed in the second half of 2024, as well as Directors who departed and newly appointed senior management during the Reporting Period; (2) the lifting from trading moratorium and the commencement of trading in the shares of non-public issuance subscribed by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) and Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司) in November 2025.

1.3 The Impact of Changes in Ordinary Shares on Financial Indicators Such as Earnings per Share and Net Assets per Share in the Previous Year and the Latest Period

During the Reporting Period, there were no change in the total number of Ordinary Shares of the Bank, and the changes in shares as shown in "1.1 Table of Changes in Ordinary Shares" in this section had no impact on the financial indicators such as earnings per share and net assets per share in the previous year and the latest period.

1.4 Changes in Shares Subject to Trading Moratorium during the Reporting Period

Unit: Shares

Name of Shareholder	Number of Shares subject to trading moratorium at the beginning of the Reporting Period	Increase in the number of Shares subject to trading moratorium during the Reporting Period	Number of Shares lifted from trading moratorium during the Reporting Period	Number of Shares subject to trading moratorium at the end of the Reporting Period	Reasons for trading moratorium	Date of lifting from trading moratorium
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	207,515,000	–	207,515,000	–	Share subscription from non-public issuance	27 November 2025
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	121,000,000	–	121,000,000	–	Share subscription from non-public issuance	27 November 2025
Directors and senior management personnel of the Bank (including Directors and senior management personnel before the initial public offering of A Shares)	636,595	–	65,149	571,446	Lockup shares of senior management	–
Total	329,151,595	–	328,580,149	571,446		

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

Note: The locking and unlocking of the Shares held by Directors and senior management shall be carried out in accordance with the requirements of the Rules for the Management of Shares Held by Directors and Senior Management of Listed Companies and Changes Therein《上市公司董事和高級管理人員所持本公司股份及其變動管理規則》and the No. 10 Self-discipline and Regulation Guideline for Listed Companies of Shenzhen Stock Exchange – Share Change Management《深圳證券交易所上市公司自律監管指引第10號——股份變動管理》.

2 ISSUANCE AND LISTING OF SECURITIES

2.1 Issuance of Securities during the Reporting Period

During the Reporting Period, the Bank had neither newly issued ordinary shares and preference shares nor corporate bonds which were publicly issued and listed on any stock exchanges.

For details of the bond issuance of the Bank and its subsidiaries, please refer to "Issuance and Repurchase of Bonds" in the chapter headed "Significant Events" of this Report.

2.2 Description of Changes in the Total Number of Ordinary Shares and the Composition of Shareholders, and Changes in the Structure of Corporate Assets and Liabilities

During the Reporting Period, there was no change in the total number of Ordinary Shares of the Bank. For the changes in the composition of Shareholders, please refer to "1.1 Table of Changes in Ordinary Shares" of this chapter. For the changes in the structure of assets and liabilities of the Bank, please refer to "3 Financial Statements Analysis" in the chapter headed "Management Discussion and Analysis" of this Report.

2.3 Existing Internal Employee Shares

The existing internal employee Shares are mainly, among others, acquired by shareholders of the original urban credit cooperatives and the joint urban credit cooperative through taking part in the establishment of the Bank in 1996, and through succession. As at the end of the Reporting Period, certain Shares of the Bank were lifted from trading moratorium and listed for circulation. To date, the date of issuance, offering price and shareholdings after the circulation of the internal employee Shares could not be accurately verified.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

3 INFORMATION ON ORDINARY SHAREHOLDERS

Number of Ordinary Shareholders and Their Shareholdings

As at the end of the Reporting Period, the total number of Ordinary Shareholders of the Bank was 109,062, among which 109,011 were A Shareholders and 51 were H Shareholders. As at the end of the month prior to the publication date of this Report, the total number of Ordinary Shareholders was 111,067, among which 111,018 were A Shareholders and 49 were H Shareholders.

The direct shareholdings of the top 10 Ordinary Shareholders of the Bank at the end of the Reporting Period are set out as follows:

Unit: Shares

Name of Shareholder	Nature of Shareholder	Class of Shares	Shareholdings percentage (%)	Ordinary Shares held at the end of the Reporting Period	Changes over the Reporting Period (+/-)	Ordinary Shares held subject to trading moratorium	Ordinary Shares held not subject to trading moratorium	Pledged, labelled or frozen Status of Shares	Number
HKSCC Nominees Limited	Overseas legal person	H shares	22.22	2,020,294,323	+39,029	–	2,020,294,323	Unknown	–
Zhengzhou Finance Bureau (鄭州市財政局)	State-owned	A Shares	7.23	657,246,311	–	–	657,246,311	Pledged	93,278,900
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	State-owned legal person	A Shares	6.69	608,105,180	–	–	608,105,180	–	–
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	State-owned legal person	A Shares	4.24	385,930,906	–	–	385,930,906	–	–
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned legal person	A Shares	3.50	318,676,633	–	–	318,676,633	–	–
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	Domestic non-state – owned legal person	A Shares	1.64	148,722,000	-110,000,000	–	148,722,000	Pledged	148,722,000
								Frozen	148,722,000
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	Domestic non-state – owned legal person	A Shares	1.46	133,100,000	–	–	133,100,000	Pledged	133,100,000
								Frozen	133,100,000
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	State-owned legal person	A Shares	1.31	119,482,821	–	–	119,482,821	–	–
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Domestic non-state – owned legal person	A Shares	1.21	109,824,333	-210,766,524	–	109,824,333	Pledged	38,812,756
								Frozen	109,824,333
Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司)[3]	State-owned legal person	A Shares	0.96	86,859,705	–	–	86,859,705	Pledged	66,550,000

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

Name of Shareholder	Nature of Shareholder	Class of Shares	Shareholdings percentage (%)	Ordinary Shares held at the end of the Reporting Period	Changes over the Reporting Period (+/-)	Ordinary Shares held subject to trading moratorium	Ordinary Shares held not subject to trading moratorium	Pledged, labelled or frozen	
								Status of Shares	Number
Strategic investors or ordinary legal persons becoming top 10 Shareholders by way of placing new Shares (if any)			None						
Description of related party relationships or concerted actions of the above Shareholders			Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) is held as to 100% by Zhengzhou Finance Bureau (鄭州市財政局), Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) is held as to 100% by Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司), and Zhengzhou Finance Bureau (鄭州市財政局) indirectly controls Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司). Zhongyuan Trust Co., Ltd. (中原信託有限公司) is held as to 67.17% by Henan Investment Group Co., Ltd. (河南投資集團有限公司). The Bank is not aware of any related party relationship among the above other Shareholders or whether they are parties acting in concert under the Administrative Measures on the Acquisition of Listed Companies (《上市公司收購管理辦法》).						
Description of entrusting/being entrusted voting rights or waiving voting rights of the above Shareholders			Henan Investment Group Co., Ltd. (河南投資集團有限公司) and Zhongyuan Trust Co., Ltd. signed the Voting Rights Entrustment Agreement, entrusting the corresponding voting rights of 98,746,133 A Shares (the number of shares before the Bank implemented the capitalization issuance plan in December 2021 and June 2023) held by Henan Investment Group Co., Ltd. (河南投資集團有限公司) to Zhongyuan Trust Co., Ltd. (中原信託有限公司).						
Special description of the special accounts for repurchase held by the top 10 Shareholders			None						
Description of the top 10 Ordinary Shareholders participating in margin financing and securities lending business (if any)			Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) holds 429,905,180 A Shares through ordinary securities account and 178,200,000 A Shares through the customer credit transaction guaranteed securities account of CITIC Construction Investment Securities Co., Ltd. (中信建投証券股份有限公司), holding a total of 608,105,180 A Shares.						

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

The following table sets out the direct shareholdings of the top 10 Ordinary Shareholders not subject to trading moratorium of the Bank as at the end of the Reporting Period:

Unit: Shares

Name of Shareholder	Number of Ordinary Shares held not subject to trading moratorium at the end of the Reporting Period	Type of Shares	
		Type of Shares	Number
HKSCC Nominees Limited	2,020,294,323	H Shares	2,020,294,323
Zhengzhou Finance Bureau (鄭州市財政局)	657,246,311	A Shares	657,246,311
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	608,105,180	A Shares	608,105,180
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	385,930,906	A Shares	385,930,906
Zhongyuan Trust Co., Ltd. (中原信託有限公司)	318,676,633	A Shares	318,676,633
Yutai International (Henan) Real Estate Development Co., Ltd. (豫泰國際(河南)房地產開發有限公司)	148,722,000	A Shares	148,722,000
Henan Shengrun Holding Group Co., Ltd. (河南盛潤控股集團有限公司)	133,100,000	A Shares	133,100,000
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	119,482,821	A Shares	119,482,821
Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	109,824,333	A Shares	109,824,333
Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司)[3]	86,859,705	A Shares	86,859,705

Description of related party relationships or concerted actions among the top 10 Ordinary Shareholders not subject to trading moratorium, and between the top 10 Ordinary Shareholders not subject to trading moratorium and the top 10 Ordinary Shareholders	Please refer to the line headed "Description of related party relationships or concerted actions of the above Shareholders" in the table of the direct shareholdings of the top 10 Ordinary Shareholders.

Notes:

1. The above data are sourced from the register of members of the Bank as at 31 December 2025.

2. The Shares held by HKSCC Nominees Limited are held by it in the capacity of an agent and represent the aggregate number of H Shares held by all institutional and individual investors registered in HKSCC Nominees Limited as at the end of the Reporting Period.

3. In December 2025, Zhengzhou Development & Investment Group Co., Ltd. (鄭州發展投資集團有限公司) was renamed Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司).

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

During the Reporting Period, no Shares were lent out by Shareholders holding more than 5% of the Shares, the top 10 Shareholders and the top 10 Shareholders of tradable shares not subject to trading moratorium of the Bank to be involved in the margin refinancing business. There were no changes in the top 10 Shareholders and the top 10 Shareholders of tradable shares not subject to trading moratorium due to the lending/returning of the margin refinancing compared to the previous period.

During the Reporting Period, none of the top 10 Ordinary Shareholders and the top 10 Shareholders of Ordinary Shares not subject to trading moratorium carried out any agreed buy – back transactions.

4 INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS

Based on the knowledge of the Directors and chief executive of the Bank, as at the end of the Reporting Period, the following persons, other than Directors and chief executive of the Bank, had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO:

Name of substantial Shareholder	Class of Shares	Long/Short positions	Capacity	Number of Shares held directly or indirectly (Shares)	Percentage of issued Shares of the relevant class *(%)*	Percentage of total issued Ordinary Shares *(%)*
Zhengzhou Finance Bureau (鄭州市財政局)	A Shares	Long	Beneficial owner and interest of controlled corporation[1]	1,418,761,196	20.06	15.60
Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司)	A Shares	Long	Beneficial owner and interest of controlled corporation[1]	694,964,885	9.83	7.64
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	A Shares	Long	Beneficial owner	608,105,180	8.60	6.69
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	A Shares	Long	Beneficial owner and interest of controlled corporation[2]	438,159,454	6.20	4.82
Bridge Trust Co., Ltd. (百瑞信託有限責任公司)	A Shares	Long	Beneficial owner	385,930,906	5.46	4.24
SPIC Capital Holding Co., Ltd. (國家電投集團資本控股有限公司)	A Shares	Long	Interest of controlled corporation[3]	385,930,906	5.46	4.24
State Nuclear Power Technology Corporation., Ltd. (國家核電技術有限公司)	A Shares	Long	Interest of controlled corporation[3]	385,930,906	5.46	4.24
State Power Investment Corporation Limited (國家電力投資集團有限公司)	A Shares	Long	Interest of controlled corporation[3]	385,930,906	5.46	4.24
China Goldjoy Securities Limited (中國金洋證券有限公司)	H Shares	Long	Custodian	502,018,594	24.85	5.52
Hongkang Life Insurance Company Limited (弘康人壽保險股份有限公司)	H Shares	Long	Beneficial owner	447,270,000	22.14	4.92

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

Name of substantial Shareholder	Class of Shares	Long/Short positions	Capacity	Number of Shares held directly or indirectly (Shares)	Percentage of issued Shares of the relevant class *(%)*	Percentage of total issued Ordinary Shares *(%)*
CITIC Securities Company Limited	H Shares	Short	Interest of controlled corporation(4)	326,292,751	16.15	3.59
Yuanta Finance (Hong Kong) Limited	H Shares	Long	Person having a security interest in shares(5)	218,362,650	10.81	2.40
Yuanta Securities (Hong Kong) Company Limited	H Shares	Long	Person having a security interest in shares and interest of controlled corporation(5)	218,362,650	10.81	2.40
Yuanta Securities Asia Financial Services Ptd. Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation(5)	218,362,650	10.81	2.40
Yuanta Securities Co., Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation(5)	218,362,650	10.81	2.40
Yuanta Financial Holding Co., Ltd.	H Shares	Long	Person having a security interest in shares and interest of controlled corporation(5)	218,362,650	10.81	2.40
Yunnan International Holding Group Limited	H Shares	Long	Beneficial owner	218,362,650	10.81	2.40
Yunnan Energy Investment (HK) Co., Limited	H Shares	Long	Interest of controlled corporation(6)	218,362,650	10.81	2.40
Yunnan Provincial Energy Investment Group Co., Ltd.	H Shares	Long	Interest of controlled corporation(6)	218,362,650	10.81	2.40
Beijing Shang Finance Corporation (北京尚融資本管理有限公司)	H Shares	Long	Interest of controlled corporation(7)	171,699,000	8.50	1.89
WEI Lidong (尉立東)	H Shares	Long	Interest of controlled corporation(7)	171,699,000	8.50	1.89
Zhengzhou Zhengdong New District Construction Development Investment Co., Ltd. (鄭州市鄭東新區建設開發投資總公司)	H Shares	Long	Beneficial owner(8)	133,100,000	6.59	1.46
Goncius I Limited	H Shares	Long	Beneficial owner(9)	115,501,859	5.72	1.27
	H Shares	Short	Beneficial owner(9)	115,501,859	5.72	1.27

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

As far as the Bank is aware, the above number of Shares represents the respective Shareholders' interests and short positions as at the end of the Reporting Period, but the relevant number of Shares and information may be different from the summary of DI Forms submitted to the Hong Kong Stock Exchange by relevant Shareholders. This is mainly because the Bank made the calculation based on public information disclosed such as the summary of DI Forms and the register of members of the Bank as well as each of the capital reserve capitalization plans.

Notes:

1. These 1,418,761,196 Shares are directly or indirectly held by Zhengzhou Finance Bureau, including 657,246,311 Shares directly held by Zhengzhou Finance Bureau, 608,105,180 Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), 86,859,705 Shares held by Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) and 66,550,000 Shares held by Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司). Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) is wholly-owned by Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司), Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) and Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司) are directly wholly-owned by Zhengzhou Finance Bureau (鄭州市財政局). By virtue of the SFO, Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) is deemed to be interested in the shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) and Zhengzhou Finance Bureau (鄭州市財政局) is deemed to be interested in the Shares held by Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) and Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司). Ms. ZHANG Jihong (張繼紅), a non-executive Director, serves as the director, chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. and Mr. LIU Bingheng (劉炳恒), a non-executive Director, works for Financial Operation Centre of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司).

2. These 438,159,454 Shares are directly or indirectly held by Henan Investment Group Co., Ltd. (河南投資集團有限公司), including 119,482,821 Shares directly held by Henan Investment Group Co., Ltd. (河南投資集團有限公司) and 318,676,633 Shares held through Zhongyuan Trust Co., Ltd. (中原信託有限公司). Zhongyuan Trust Co., Ltd. (中原信託有限公司) is held as to approximately 67.17% by Henan Investment Group Co., Ltd. (河南投資集團有限公司). By virtue of the SFO, Henan Investment Group Co., Ltd. (河南投資集團有限公司) is deemed to be interested in the Shares held by Zhongyuan Trust Co., Ltd. (中原信託有限公司). Mr. WEI Zhigang (衛志剛), a non-executive Director, has been appointed as the deputy secretary of the Party Committee of Zhongyuan Trust Co., Ltd. (中原信託有限公司).

3. Bridge Trust Co., Ltd. (百瑞信託有限責任公司) is owned as to 50.24% by SPIC Capital Holdings Co., Ltd. (國家電投集團資本控股有限公司), which is in turn wholly-owned by State Nuclear Power Technology Corporation., Ltd.(國家核電技術有限公司), which is owned as to 92.05% by State Power Investment Corporation Limited (國家電力投資集團有限公司). By virtue of the SFO, SPIC Capital Holdings Co., Ltd. (國家電投集團資本控股有限公司), State Nuclear Power Technology Corporation., Ltd.(國家核電技術有限公司) and State Power Investment Corporation Limited (國家電力投資集團有限公司) are deemed to be interested in the Shares held by Bridge Trust Co., Ltd. (百瑞信託有限責任公司).

4. CITIC Securities Company Limited held a total of 326,292,751 H Shares (short position) of the Bank through certain of its wholly-owned subsidiaries. These 326,292,751 H Shares (short position) involve derivatives in the classes below:

326,292,751 H Shares (short position)	– Settled in cash (off-exchange trading)

As the relevant interests involve derivatives, the information disclosed has not taken into account the capitalization issue plans implemented in June 2023 by the Bank.

5. Yuanta Finance (Hong Kong) Limited has a security interest in these 218,362,650 Shares, Yuanta Finance (Hong Kong) Limited is owned-wholly by Yuanta Securities (Hong Kong) Company Limited, Yuanta Securities (Hong Kong) Company Limited is owned-wholly by Yuanta Securities Asia Financial Services Ptd. Ltd., Yuanta Securities Asia Financial Services Ptd. Ltd. is owned-wholly by Yuanta Securities Co., Ltd., Yuanta Securities Co., Ltd. is owned-wholly by Yuanta Financial Holding Co., Ltd.. By virtue of the SFO, Yuanta Securities (Hong Kong) Company Limited, Yuanta Securities Asia Financial Services Ptd. Ltd., Yuanta Securities Co., Ltd. and Yuanta Financial Holding Co., Ltd. are deemed to be interested in the Shares held by Yuanta Finance (Hong Kong) Limited.

6. These 218,362,650 Shares are directly held by Yunnan International Holding Group Limited, which is owned as to 40% by Yunnan Energy Investment (HK) Co., Limited, while Yunnan Energy Investment (HK) Co., Limited is wholly owned by Yunnan Provincial Energy Investment Group Co., Ltd. By virtue of the SFO, Yunnan Energy Investment (HK) Co., Limited and Yunnan Provincial Energy Investment Group Co., Ltd is deemed to be interested in the Shares held by Yunnan International Holding Group Limited.

7. Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司) is owned as to 99.90% by Mr. WEI Lidong (尉立東) and Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司) holds a total of 171,699,000 Shares through certain subsidiaries. By virtue of the SFO, Mr. WEI Lidong (尉立東) is deemed to be interested in the Shares held by Beijing Shang Finance Management Co., Ltd. (北京尚融資本管理有限公司).

8. Zhengzhou Zhengdong New District Construction Development Investment Co., Ltd. (鄭州市鄭東新區建設開發投資總公司) was established by the Zhengzhou Zhengdong New District Management Committee (鄭州市鄭東新區管理委員會).

9. These 115,501,859 H Shares (long position) and 115,501,859 H Shares (short position) held by Goncius I Limited involve derivatives in the classes below:

115,501,859 H Shares (long position)	– Convertible instruments (on-exchange trading)
115,501,859 H Shares (short position)	– Settled in cash (off-exchange trading)

As the relevant interests involve derivatives, the information disclosed has not taken into account the previous capitalization issue plans by the Bank.

Save as disclosed above, as at the end of the Reporting Period, the Bank is not aware of any other person (other than the Directors, the chief executive of the Bank) having any interests or short positions in the Shares or underlying shares as recorded in the register required to be kept by the Bank pursuant to section 336 of the SFO.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

5 INFORMATION ON CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

As at the end of the Reporting Period, the Bank did not have any controlling Shareholders or de facto controllers.

As of the end of the Reporting Period, the Bank's largest Shareholder is the Zhengzhou Finance Bureau, which directly holds and, through its holding companies, indirectly holds a total of 15.60% of the Bank's Shares; the Board of the Bank comprised 9 members, two of whom were recommended by the Zhengzhou Finance Bureau and its associated corporations. In accordance with regulatory requirements and the Articles of Association regarding "controlling Shareholders" and "de facto controllers", the Bank has no Shareholder who, when acting alone or acting in concert with others, can de facto control more than 30% of the voting rights of the Bank's Shares or, through de facto control of the voting rights of the Bank's Shares, determine the appointment of more than half of the members of the Board of the Bank; there is no Shareholder who, when acting alone or acting in concert with others, has voting rights attached to the Shares held sufficient to exert a significant impact on the resolutions of the Bank's Shareholders' meeting; nor is there any person who, through investment relationships, agreements, or other arrangements, is able to de facto control the acts of the Bank. Therefore, the Bank has no controlling Shareholder or de facto controller.

6 SUBSTANTIAL SHAREHOLDERS

6.1 Holders with 5% or More Shareholding in the Bank

Zhengzhou Finance Bureau: Unified Social Credit Code is 11410100005252522X; the person in charge is Mr. WANG Xiaoguang (王效光). As at the end of the Reporting Period, Zhengzhou Finance Bureau directly held 657,246,311 A Shares, accounting for 7.23% of the total issued Ordinary Shares of the Bank. In addition, Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) and Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司) which are directly or indirectly wholly-owned by Zhengzhou Finance Bureau hold a total of 761,514,885 A Shares. These Shares in total accounted for 1,418,761,196 A Shares, representing 15.60% of the total issued Ordinary Shares of the Bank. Ms. ZHANG Jihong, a non-executive Director, serves as the director, chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd., which is indirectly wholly – owned by Zhengzhou Finance Bureau. The related parties of Zhengzhou Finance Bureau include Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司), Zhengzhou City Sanitation & Cleaning Co., Ltd. (鄭州市環衛清潔有限公司), and Zhengzhou Transportation Construction Investment Co., Ltd. (鄭州交通建設投資有限公司). The ultimate beneficiary of Zhengzhou Finance Bureau is itself.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司): incorporated on 30 December 2010; the registered capital is RMB30,000 million; the Unified Social Credit Code is 91410100775145889U; the legal representative is Mr. YANG Yinghui (楊迎輝). Its major business scope includes licensed items: construction engineering construction, construction engineering design, highway administration and maintenance; general items: investment activities with self-owned funds, park management services, venture capital (limited to investment in unlisted enterprises), entrepreneurial space services, municipal facilities management, land remediation services, etc. As at the end of the Reporting Period, Zhengzhou Industrial Investment Group Co., Ltd. directly held 86,859,705 A Shares, accounting for 0.96% of the total issued Ordinary Shares of the Bank. Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) controlled by Zhengzhou Industrial Investment Group Co., Ltd. held 608,105,180 A Shares. These Shares in total accounted for 694,964,885 A Shares, representing 7.64% of the total issued Ordinary Shares of the Bank. The controlling shareholder and de facto controller of Zhengzhou Industrial Investment Group Co., Ltd. is Zhengzhou Finance Bureau (鄭州市財政局). The related parties of Zhengzhou Industrial Investment Group Co., Ltd. include Zhengzhou Investment Holdings Co., Ltd., Zhengzhou Transportation Development Investment Group Co., Ltd. (鄭州交通發展投資集團有限公司), and Henan Zhongyuan Financial Holding Co., Ltd. The ultimate beneficiary of Zhengzhou Industrial Investment Group Co., Ltd. is itself.

Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司): incorporated on 25 October 2005; the registered capital is RMB12,867.37 million; the Unified Social Credit Code is 91410100780545414U; the legal representative is Mr. YU Jianwei; the main business scope covers investment and management of state-owned assets, real estate development and sales as well as house leasing. As at the end of the Reporting Period, Zhengzhou Investment Holdings Co., Ltd. held 608,105,180 A Shares, accounting for 6.69% of the total issued Ordinary Shares of the Bank. Mr. LIU Bingheng (劉炳恒), a non-executive Director, works for Zhengzhou Investment Holding Co., Ltd. (鄭州投資控股有限公司). The controlling shareholder of Zhengzhou Investment Holdings Co., Ltd. is Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司), and the de facto controller is Zhengzhou Finance Bureau. Related parties include Zhengzhou State-owned Holding Xicheng Construction Co., Ltd. (鄭州國控西城建設有限公司), Zhengzhou National Investment Real Estate Co., Ltd. (鄭州國投置業有限公司) and Zhengzhou Investment Holdings Intelligent Logistics Industrial Park Co. Ltd. (鄭州投控智慧物流產業園有限公司), etc. The ultimate beneficial owner of Zhengzhou Investment Holdings Co., Ltd. is itself.

CHAPTER III CHANGES IN SHARE AND INFORMATION ON SHAREHOLDERS

6.2 Other Substantial Shareholders

According to the requirement of the Provisional Measures on the Management of the Equity of Commercial Banks (《商業銀行股權管理暫行辦法》), information on other substantial Shareholders of the Bank as at the end of the Reporting Period is as below:

Zhongyuan Trust Co., Ltd. (中原信託有限公司): incorporated on 27 November 2002; the registered capital is RMB5,000 million; the Unified Social Credit Code is 91410000169953018F; the legal representative is Mr. CAO Weidong (曹衛東); the main business scope covers capital trust, chattel trust, real estate trust, securities trust, other property or property rights trusts, investment fund business undertaken as the promoter of an investment fund or fund management company, etc. As at the end of the Reporting Period, Zhongyuan Trust Co., Ltd. (中原信託有限公司) held 318,676,633 A Shares, accounting for 3.50% of the total issued Ordinary Shares of the Bank. Mr. WEI Zhigang (衛志剛), a non-executive Director, has been appointed as the deputy secretary of the party committee of Zhongyuan Trust Co., Ltd. (中原信託有限公司) and the controlling shareholder is Henan Investment Group Co., Ltd. (河南投資集團有限公司) and the de facto controller is Caizhengting of Henan Province (河南省財政廳). Related parties include Henan Investment Group Co., Ltd. (河南投資集團有限公司), Great Wall Fund Management Co., Ltd. (長城基金管理有限公司) and Henan Asset Management Company Limited (河南資產管理有限公司). The ultimate beneficiary of Zhongyuan Trust Co., Ltd. (中原信託有限公司) is itself.

7 RESTRICTIONS ON REDUCTION OF SHAREHOLDINGS OF CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS, PARTIES TO RESTRUCTURING OR OTHER ENTITIES WITH UNDERTAKINGS

During the Reporting Period, the Bank had no cases involving restrictions on reduction of shareholdings of controlling Shareholders, de facto controllers, parties to restructuring or other entities with undertakings.

CHAPTER IV DIRECTORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

1 DIRECTORS, SENIOR MANAGEMENT AND THEIR DIRECT SHAREHOLDINGS

Directors

Name	Gender	Date of birth	Position	Status	Term of office	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (Shares)	Increase in the number of Shares held during the Reporting Period (Shares)	Decrease in the number of Shares held during the Reporting Period (Shares)	Other increase and decrease (Shares)	Number of Shares held as at the end of the Reporting Period (Shares)
ZHAO Fei (趙飛)	M	February 1975	Chairman	In office	2023.7.14-2027.12.17	-	-	-	-	-	-
			Executive Director	In office	2023.5.25-2027.12.17						
ZHANG Jihong (張繼紅)	F	October 1971	Non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LIU Bingheng (劉炳恒)	M	September 1969	Non-executive Director	In office	2021.11.9-2027.12.17	-	-	-	-	-	-
WEI Zhigang (衛志剛)	M	October 1976	Non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LI Xiaojian (李小建)	M	August 1954	Independent non-executive Director	In office	2021.12.20-2027.12.17	-	-	-	-	-	-
WANG Ning (王寧)	M	March 1983	Independent non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
LIU Yatian (劉亞天)	M	April 1963	Independent non-executive Director	In office	2025.3.20-2027.12.17	-	-	-	-	-	-
SIU Chi Hung (蕭志雄)	M	March 1971	Independent non-executive Director	In office	2025.3.3-2027.12.17	-	-	-	-	-	-
WANG Dan (王丹)	F	January 1978	Non-executive Director	Resigned	2021.11.8-2025.3.3	-	-	-	-	-	-
WANG Shihao (王世豪)	M	April 1950	Non-executive Director	Resigned	2018.7.5-2025.3.3	A Shares	24,200	-	-24,200	-	-
LI Yanyan (李燕燕)	F	January 1968	Independent non-executive Director	Resigned	2018.7.5-2025.3.3	-	-	-	-	-	-
LI Shuk Yin Edwina (李淑賢)	F	December 1962	Independent non-executive Director	Resigned	2021.12.20-2025.3.3	-	-	-	-	-	-
SONG Ke (宋科)	M	April 1982	Independent non-executive Director	Resigned	2022.1.19-2025.3.20	-	-	-	-	-	-
LI Hong (李紅)	F	October 1970	Executive Director	Resigned	2025.1.24-2026.2.12	-	-	-	-	-	-

Note:

1. The starting dates of the term of office represent the dates on which the relevant qualifications are approved by the banking regulatory authority.

2. The change in share capital is due to trading on the secondary market.

CHAPTER IV DIRECTORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

Senior Management

Name	Gender	Date of birth	Position	Status	Term of office	Class of Shares	Number of Shares held as at the beginning of the Reporting Period (Shares)	Increase in the number of Shares held during the Reporting Period (Shares)	Decrease in the number of Shares held during the Reporting Period (Shares)	Other increase and decrease (Shares)	Number of Shares held as at the end of the Reporting Period (Shares)
HAN Huili (韓慧麗)	F	October 1973	Secretary to the Board	In office	2024.6.7 to present	-	-	-	-	-	-
SUN Runhua (孫潤華)	M	May 1972	Vice President	In office	2022.5.20 to present	-	-	-	-	-	-
ZHANG Houlin (張厚林)	M	June 1976	Assistant to President	In office	2017.11.21 to present	A Shares	46,222	-	-	-	46,222
GAO Rui (高瑞)	F	August 1981	Assistant to President	In office	2026.1.29 to present	-	-	-	-	-	-
PAN Feng (潘峰)	M	July 1971	Chief Risk Officer	In office	2025.12.3 to present	A Shares	1,331	-	-	-	1,331
FU Chunqiao (傅春喬)	M	October 1973	Vice President	Resigned	2019.3.29-2025.1.24	A Shares	53,020	-	-	-	53,020
LI Hong (李紅)	F	February 1973	Assistant to President	Resigned	2019.3.29-2025.1.24	A Shares	86,419	-	-10,000	-	76,419
LIU Jiuqing (劉久慶)	M	March 1978	Assistant to President	Resigned	2019.3.29-2025.2.12	A Shares	54,450	-	-13,613	-	40,837
GUO Zhibin (郭志彬)	M	October 1968	Vice President	Resigned	2015.12.30-2025.3.25	A Shares	102,914	-	-	-	102,914
SUN Haigang (孫海剛)	M	August 1977	Vice President	Resigned	2018.2.28-2025.3.27	A Shares	52,470	-	-	-	52,470
LI Lei (李磊)	M	August 1973	Assistant to President	Resigned	2017.11.21-2025.3.27	A Shares	149,408	-	-	-	149,408
LI Hong (李紅)	F	October 1970	President	Resigned	2025.1.24-2026.2.12	-	-	-	-	-	-

Note:

1. The starting dates of the term of office represent the dates on which the relevant qualifications are approved by the banking regulatory authority.

2. The change in share capital is due to trading on the secondary market.

The table above discloses the Shares directly held by the Directors, senior management of the Bank. For the interests and short positions that the Directors, chief executive have in the Bank under the SFO and in accordance with the Stock Exchange Listing Rules, please refer to the chapter headed "Report of the Board of Directors" of this Report.

CHAPTER IV DIRECTORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

2 CHANGES OF DIRECTORS AND SENIOR MANAGEMENT

Name	Position	Type	Date	Reason
LI Hong (李紅)	Executive Director	Elected	2025.1.24	
	President	Appointed	2025.1.24	
ZHANG Jihong (張繼紅)	Non-executive Director	Elected	2025.3.3	
WEI Zhigang (衛志剛)	Non-executive Director	Elected	2025.3.3	
WANG Ning (王寧)	Independent non-executive Director	Elected	2025.3.3	
SIU Chi Hung (蕭志雄)	Independent non-executive Director	Elected	2025.3.3	
LIU Yatian (劉亞天)	Independent non-executive Director	Elected	2025.3.20	
WANG Dan (王丹)	Non-executive Director	Resigned due to expiration of term of office	2025.3.3	
WANG Shihao (王世豪)	Non-executive Director	Resigned due to expiration of term of office	2025.3.3	
LI Yanyan (李燕燕)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.3	
LI Shuk Yin Edwina (李淑賢)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.3	
SONG Ke (宋科)	Independent non-executive Director	Resigned due to expiration of term of office	2025.3.20	
PAN Feng (潘峰)	Chief Risk Officer	Appointed	2025.12.3	
GAO Rui (高瑞)	Assistant to President	Appointed	2026.1.29	
FU Chunqiao (傅春喬)	Vice President	Resigned	2025.1.24	Resignation due to work reasons
LI Hong (李紅)	Assistant to President	Resigned	2025.1.24	Resignation due to work reasons
LIU Jiuqing (劉久慶)	Assistant to President	Resigned	2025.2.12	Resignation due to personal reasons
GUO Zhibin (郭志彬)	Vice President	Resigned	2025.3.25	Resignation due to health reasons
SUN Haigang (孫海剛)	Vice President	Resigned	2025.3.27	Resignation due to work adjustment
LI Lei (李磊)	Assistant to President	Resigned	2025.3.27	Resignation due to work adjustment
LI Hong (李紅)	Executive Director	Resigned	2026.2.12	
	President	Resigned	2026.2.12	Resignation due to personal reasons

CHAPTER IV DIRECTORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

On 18 December 2024, the resolution in relation to the election of Directors of the eighth session of the Board of Directors was considered and approved at the 2024 second extraordinary general meeting of the Bank. On 24 January 2025, the qualification of Ms. LI Hong as a Director was approved. On 13 January 2025, she obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that she understood her obligations as a Director of the Bank. On 3 March 2025, the qualifications of Ms. ZHANG Jihong and Mr. WEI Zhigang as Directors and the qualifications of Mr. WANG Ning and Mr. SIU Chi Hung as independent Directors were approved. On 26 February 2025, they obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that they understood their obligations as Directors of the Bank. On 20 March 2025, the qualification of Mr. LIU Yatian as an independent Director was approved. On 18 March 2025, he obtained the legal opinion required under Rule 3.09D of the Stock Exchange Listing Rules and confirmed that he understood his obligations as a Director of the Bank. The Directors who have not been re-elected for the seventh session of the Board of Directors of the Bank ceased to hold office. For details, please refer to the announcements of the Bank dated 19 December 2024, 25 January 2025, 7 March 2025, 25 March 2025 published on the website of CNINFO and the announcements dated 18 December 2024, 24 January 2025, 7 March 2025 and 25 March 2025 published on the website of the Hong Kong Stock Exchange.

On 24 January 2025, the qualification of Ms. LI Hong as the president was approved. For details, please refer to the announcement of the Bank dated 25 January 2025 published on the website of CNINFO and the announcement dated 24 January 2025 published on the website of the Hong Kong Stock Exchange.

On 12 February 2025, the Board of the Bank, upon deliberation and approval, agreed to appoint Mr. PAN Feng as the chief risk officer to the Bank. On 3 December 2025, his qualification was approved. For details, please refer to the announcements dated 13 February 2025 and 9 December 2025 published by the Bank on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 27 March 2025, the Board of the Bank, upon deliberation and approval, agreed to appoint Ms. GAO Rui as an assistant to president of the Bank. On 29 January 2026, her qualification for appointment was approved. For details, please refer to the announcements of the Bank dated 28 March 2025 and 31 January 2026 published on the website of CNINFO and the announcements dated 28 March 2025 and 2 February 2026 published on the website of the Hong Kong Stock Exchange.

On 24 January 2025, Mr. FU Chunqiao resigned as the vice president of the Bank and Ms. LI Hong resigned as an assistant to the president of the Bank due to work adjustment. For details, please refer to the announcement of the Bank dated 25 January 2025 published on the website of CNINFO and the announcement dated 27 January 2025 published on the website of the Hong Kong Stock Exchange.

On 12 February 2025, Mr. LIU Jiuqing resigned as an assistant to the president of the Bank due to personal reasons. For details, please refer to the announcement of the Bank dated 13 February 2025 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 25 March 2025, Mr. GUO Zhibin resigned as the vice president of the Bank due to health reasons. For details, please refer to the announcement of the Bank dated 27 March 2025 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 27 March 2025, Mr. SUN Haigang resigned as the vice president of the Bank due to work adjustment and Mr. LI Lei resigned as an assistant to the president of the Bank due to work adjustment. For details, please refer to the announcement of the Bank dated 28 March 2025 published on the website of CNINFO and the website of the Hong Kong Stock Exchange.

On 12 February 2026, Ms. LI Hong resigned as an executive Director and the president of the Bank due to personal circumstances which required her to reallocate her time and attention away from her roles at the Bank. For details, please refer to the announcement of the Bank dated 13 February 2026 published on the website of CNINFO and the announcement of the Bank dated 12 February 2026 published on the website of the Hong Kong Stock Exchange.

On 7 November 2025, the revised Articles of Association of the Bank were approved. The Bank no longer established the Board of Supervisors and its special committees. Mr. XU Changsheng (徐長生), Mr. GENG Mingzhai (耿明齋), Ms. HUANG Jinju (黃金菊) and Mr. HU Yue (胡躍) no longer served as Supervisors or held any related positions within the Board of Supervisors.

3 CHANGES IN THE INFORMATION OF DIRECTORS DURING AND AFTER THE REPORTING PERIOD

Mr. SIU Chi Hung, an independent non-executive Director, ceased to serve as an independent non-executive director of Dongjiang Environmental Company Limited (listed on the SZSE, stock code: 002672; listed on the Hong Kong Stock Exchange, stock code: 00895) from June 2025, and has been serving as an independent non-executive director of INTSIG Information Co., Ltd (listed on the Shanghai Stock Exchange, stock code: 688615) since June 2025.

Mr. WANG Ning, an independent non-executive Director, has been serving as the Dean of Business School of Zhengzhou University from October 2025, and ceased to serve as the executive dean of Business School of Zhengzhou University.

CHAPTER IV DIRECTORS, SENIOR MANAGEMENT, STAFF AND INSTITUTIONS

4 POSITIONS OF DIRECTORS AND SENIOR MANAGEMENT

4.1 Biographies of Current Directors and Senior Management

Directors

Mr. ZHAO Fei is an economist with a bachelor's degree.

Mr. ZHAO has served as an executive Director of the Bank since May 2023 and the chairman of the Bank since July 2023, primarily responsible for the overall work of the Board. Mr. ZHAO joined the Bank in September 2022 and served as the president of the Bank from November 2022 to July 2023. Prior to that, Mr. ZHAO had served as the president of the Nanle County Sub – branch, the deputy director of the risk management department, the investment department and the poverty alleviation business department of the Henan Branch, the secretary of the Party branch and president of the Jiyuan Sub-branch, and the secretary of the Party committee and president of the Pingdingshan Branch at the Agricultural Development Bank of China in Henan Province.

Ms. ZHANG Jihong is a senior accountant with a bachelor's degree.

Ms. Zhang has served as a non-executive Director of the Bank since March 2025. She has been a director of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司) since March 2020, and has been serving as the chief accountant of Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. since May 2020. Ms. Zhang had served as a staff member at Zhengzhou State-owned Assets Administration Bureau (鄭州市國有資產管理局), a staff member and deputy senior staff member of the Human Resource Division, the Office of Foreign Investment and Economic Cooperation and the Government Debt Management Office of Zhengzhou Finance Bureau, and a deputy director (section chief rank) of the Government Debt Management Office of Zhengzhou Finance Bureau.

Mr. LIU Bingheng is an accountant with a college degree.

Mr. LIU has served as a non-executive Director of the Bank since November 2021. He worked at Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司), and served as the director of the financial operation center of Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司) from October 2015 to April 2024. Mr. LIU had served as deputy general manager and chief financial officer of Henan Baihe International Highway Technology Co., Ltd. (河南百和國際公路科技有限公司) and chief financial officer of China Electronics Technology Information Industry Co., Ltd. (中電科信息產業有限公司).

Mr. WEI Zhigang is an economist with a master's degree.

Mr. WEI has served as a non-executive Director of the Bank since March 2025. He has been serving as the deputy secretary of the Party committee of Zhongyuan Trust Co., Ltd. since February 2024 and a director of Great Wall Fund Management Co., Ltd. (長城基金管理有限公司) since June 2024. Mr. WEI had served as a staff of Xinxiang Post Bureau (新鄉市郵政局), an assistant director and deputy director of Merchants Bureau, a deputy director of Economic Development Bureau and a director of Financial Service Bureau under Zhengdong New District Management Committee (鄭東新區管委會) in Zhengzhou City, a deputy director of general office (deputy county-level) of the leading group (建設領導小組辦公室副主任(副縣級)) for Zhengzhou Airport Economy Zone (鄭州航空經濟示範區), a director of general office and director of the office of the Party committee of Zhongyuan Bank Co., Ltd., and a deputy Party secretary and vice president, director of Party and Mass Work Department (Labor Union Office), the head of organization department of the Party Committee, and general manager of HR Department of Shangqiu Branch of Zhongyuan Bank Co., Ltd.

Mr. LI Xiaojian is a professor with a doctor's degree.

Mr. LI has served as an independent non-executive Director of the Bank since December 2021. Mr. LI had served as the vice principal of Henan University, the principal of Henan College of Finance and the principal of Henan University of Economics and Law, external supervisor of Zhongyuan Bank Co., Ltd. In addition, Mr. LI was granted the special allowance from the State Council in 1997, accredited as a National Young and Middle-aged Expert with Outstanding Contributions (國家有突出貢獻中青年專家) in 1998 and granted the title of "Accomplished Entrepreneurs among the New Generation of Overseas Chinese (新橋成功創業人士)" by All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) in 2003.

Mr. WANG Ning is a professor with a doctor's degree.

Mr. WANG has served as an independent non-executive Director of the Bank since March 2025. He has been serving as a teacher at the Business School of Zhengzhou University since July 2013, been serving as Dean since October 2025, and the executive dean from January 2024 to October 2025, and had served as the deputy dean.

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Mr. LIU Yatian is a professor with a postgraduate degree.

Mr. LIU has served as an independent non-executive Director of the Bank since March 2025. Mr. LIU had served as a teacher at China University of Political Science and Law, a member of the Academic Committee of the School of Continuing Education and a member of the Party Committee of the School, member of the Expert Group in the Legislation of the Contract Section of the Civil Code of the PRC (中國民法典合同編立法專家組), an arbitrator of the Tianjin Arbitration Commission (天津仲裁委員會) and a member of the Expert Committee of the Pinggu District Procuratorate of Beijing (北京市平谷區檢察院).

Mr. SIU Chi Hung is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants with a bachelor's degree.

Mr. SIU has served as an independent non-executive Director of the Bank since March 2025. He served as an independent non-executive Director of CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD. since December 2020, an independent non-executive Director of China Aluminum International Engineering Corporation Limited since April 2022, an independent non-executive Director of Sichuan Energy Investment Development Co., Ltd. since August 2024 and an independent non-executive Director of INTSIG Information Co., Ltd. since June 2025. Mr. SIU served as an independent non-executive Director of Dongjiang Environmental Company Limited from December 2020 to June 2025. Mr. SIU had served as a partner of KPMG (Hong Kong), the principal partner of the real estate business of KPMG (China) and the principal partner of Capital Markets Development (Southern China) of KPMG (China), an executive director of LVGEM (China) Real Estate Investment Company Limited, and an independent non-executive Director of Roiserv Lifestyle Services Co., Ltd., Central China Management Company Limited and MicroPort NeuroScientific Corporation.

Senior Management

Ms. HAN Huili is a senior economist with a bachelor's degree.

Ms. HAN has served as the secretary of the Board of Directors of the Bank since June 2024. Ms. HAN joined the Bank in August 1996 and successively served as director of the Business Office, director of the Operation Office, deputy general manager of the accounting and settlement department of the head office, deputy general manager (at the general manager level) of the operation and management department of the head office, director of the training center of the head office, director of the internal audit office of the Board and head of the party committee inspection office. Prior to joining the Bank, Ms. HAN worked at Yufa Credit Union (豫發信用社) in Henan Province.

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Mr. SUN Runhua is an economist with a master's degree.

Mr. SUN has served as the vice president of the Bank since May 2022. Prior to that, Mr. SUN had served in the People's Bank of China as a deputy principal staff member of the Zhengzhou regulatory office of Jinan Office, served in Former CBIRC as chief of the office secretary department and chief of the general department of Henan Office, deputy director and a party member of Jiaozuo Sub-Office, office deputy director and deputy chief of the statistical information department of Henan Office, director of the Jiyuan regulatory office, director and the party secretary of the Puyang regulatory bureau, and director of the case inspection department of Henan Office.

Mr. ZHANG Houlin is an accountant with a master's degree.

Mr. ZHANG has served as an assistant to the president of the Bank since November 2017. Mr. ZHANG joined the Bank in August 1999, and served as president of the Longhai East Road sub-branch, president of the Dengfeng sub-branch, president of the Anyang branch, and president of the Nanyang branch.

Ms. GAO Rui holds a MBA degree.

Ms. Gao has served as an assistant to the president of the Bank since January 2026. Ms. GAO worked in Industrial Bank Co., Ltd. Zhengzhou Branch from August 2006 to March 2025 and had served as deputy director of the retail business department of the branch, director of the institutional business department, assistant to the president of the sub-branch, president of the corporate finance business headquarters, and director of corporate finance business department, president of the sub-branch.

Mr. PAN Feng holds a bachelor's degree.

Mr. PAN has served as the chief risk officer of the Bank since December 2025. Mr. PAN joined the Bank in July 1993 and has held the positions of staff member of the head office general office, deputy director of the office (in charge of work), director of the office, secretary of the Board office, director of the Board Office, director of the Board risk management office, chairman of Xinmi Zhengyin County Bank (新密鄭銀村鎮銀行), and the director of the Related Party Transaction Management Center. He is currently concurrently the general manager of the strategic development department of the Board of the head office.

For further information on the current Directors, senior management, please also refer to the section headed "1 DIRECTORS, SENIOR MANAGEMENT AND THEIR DIRECT SHAREHOLDINGS" of this chapter. For the positions of each Director in each special committee of the Board of the Bank, please also refer to the section headed "5 THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS" in the chapter headed "CORPORATE GOVERNANCE" of this Report.

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Joint Company Secretaries

Ms. HAN Huili, one of the joint company secretaries of the Bank, was appointed in May 2024 and her biographical details are set out in the section headed "Senior Management" in this chapter.

Dr. NGAI Wai Fung holds an honours bachelor's degree in law from University of Wolverhampton (U.K.), a master's degree in business administration from Andrews University (U.S.), a master's degree in corporate finance from Hong Kong Polytechnic University, and a doctoral degree in finance from Shanghai University of Finance and Economics. He 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 of The Association of Chartered Certified Accountants in the United Kingdom, and a member of The Chartered Institute of Arbitrators.

Dr. NGAI has served as one of the joint company secretaries of the Bank since May 2024, and served as the company secretary of the Bank from July 2023 to May 2024 and one of the joint company secretaries of the Bank from February 2022 to July 2023. Dr. NGAI is a director and the chief executive officer of China Resources SWCS Holding Limited and SWCS Corporate Services Group (Hong Kong) Limited.

4.2 Positions of Current Directors and Senior Management Held in Shareholder Units

Name of the Incumbent	Name of Shareholder Unit	Position Held in Shareholder Unit	Term of Office	Remuneration Allowance from Shareholder Unit
LIU Bingheng (劉炳恒)	Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	–	Since April 2024	Yes
WEI Zhigang (衛志剛)	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	Deputy secretary of the Party committee	Since February 2024	Yes

Note: Mr. LIU Bingheng ceased to be the director of the financial operation center of Zhengzhou Investment Holdings Co., Ltd. since April 2024 and is still working for such company.

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4.3 Positions of Current Directors and Senior Management Held in Other Units (Excluding Shareholder Units)

Name of the Incumbent	Name of Other Unit	Position Held in Other Unit	Term of Office	Remuneration Allowance from Other Unit
ZHANG Jihong (張繼紅)	Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司)	Director	Since March 2020	No
		Chief accountant	Since May 2020	Yes
WEI Zhigang (衛志剛)	Great Wall Fund Management Co., Ltd. (長城基金管理有限公司)	Director	Since June 2024	No
WANG Ning (王寧)	Zhengzhou University	Dean of Business School	Since October 2025	Yes
WANG Ning (王寧)	Zhengzhou University	Executive dean of Business School	Since January 2024 to October 2025	Yes
SIU Chi Hung (蕭志雄)	CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.	Independent non-executive director	Since December 2020	Yes
SIU Chi Hung (蕭志雄)	China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司)	Independent non-executive director	Since April 2022	Yes
SIU Chi Hung (蕭志雄)	Sichuan Energy Investment Development Co., Ltd. (四川能投發展股份有限公司)	Independent non-executive director	Since August 2024	Yes
SIU Chi Hung (蕭志雄)	INTSIG Information Co., Ltd. (上海合合信息科技股份有限公司)	Independent non-executive director	Since June 2025	Yes
SIU Chi Hung (蕭志雄)	Dongjiang Environmental Company Limited	Independent non-executive director	From December 2020 to June 2025	Yes

4.4 Penalties Imposed by Securities Regulatory Authorities on Directors and Senior Management Who Currently Hold Positions or Resigned During the Reporting Period in the Past Three Years

The Directors and senior management of the Bank who currently hold positions or resigned during the Reporting Period did not have any punishments by the securities regulatory authorities in the past three years.

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5 REMUNERATION POLICY AND ANNUAL REMUNERATION FOR DIRECTORS AND SENIOR MANAGEMENT

5.1 Remuneration Policy

The Decision-making Process, Determination Basis, and Actual Payments of Remuneration for Directors and Senior Management

The remuneration of the Bank's Directors and senior management is proposed by the Remuneration and Assessment Committee of the Board and submitted to the Board for review; of which, the remuneration of Directors shall be submitted to the Shareholders' meeting for consideration and approval.

The remuneration of the Bank's executive Directors and senior management is implemented in accordance with the Bank's relevant remuneration policies of senior management, with remuneration disbursed based on annual performance evaluation results. The remuneration of Directors and senior management included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is implemented in accordance with relevant provisions on the remuneration of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City, and is disbursed based on the performance evaluation results of the superior authorities.

The Bank pays annual allowances and remuneration to non-executive Directors and independent non-executive Directors according to the relevant regulations governing allowances of non-executive Directors and remuneration or independent non-executive Directors.

5.2 Remuneration for Directors and Senior Management

Unit: RMB'000

Name	Status	Total remuneration from the Bank (before tax) during the Reporting Period	Starting and ending months for receiving remuneration	Whether obtained remuneration from the related parties of the Bank
ZHAO Fei	In office	781	Whole year	No
ZHANG Jihong	In office	–	N/A	Yes
LIU Bingheng	In office	–	N/A	Yes
WEI Zhigang	In office	–	N/A	Yes
LI Xiaojian	In office	210	Whole year	No
WANG Ning	In office	175	March – December	No
LIU Yatian	In office	164	March – December	No
SIU Chi Hung	In office	175	March – December	Yes
HAN Huili	In office	1,069	Whole year	No
SUN Runhua	In office	1,250	Whole year	No
ZHANG Houlin	In office	854	Whole year	No
GAO Rui	In office	640	April – December	No
PAN Feng	In office	58	December	No
LI Hong	Resigned	1,065	Whole year	No
WANG Dan	Resigned	–	N/A	Yes
WANG Shihao	Resigned	33	January – March	Yes
LI Yanyan	Resigned	36	January – March	No
LI Shuk Yin Edwina	Resigned	36	January – March	Yes
SONG Ke	Resigned	46	January – March	Yes
FU Chunqiao	Resigned	16	January	No
LI Hong	Resigned	11	January	No
LIU Jiuqing	Resigned	43	January – February	No
GUO Zhibin	Resigned	572	January – March	No
SUN Haigang	Resigned	179	January – March	No
LI Lei	Resigned	203	January – March	No
Total	–	7,616		–

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The evaluation basis for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	Among the Directors and senior management, the remuneration of those included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is assessed in accordance with relevant management provisions on the remuneration of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City; and the remuneration of those not included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City is assessed in accordance with the remuneration performance assessment plan of the Bank.
Status of performance evaluation for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	Among the Directors and senior management, those included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City shall be evaluated based on the assessment results of their superior departments; and those not included in the scope of responsible persons of state-owned enterprises under the municipal administration of Zhengzhou City shall be evaluated in accordance with the Bank's relevant remuneration and performance management systems, and the appraisal results shall be confirmed after deliberation by the Board.
Deferred payment arrangements for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	In accordance with regulatory requirements and the Bank's internal management policies, the Bank implements a deferred performance-based remuneration system for senior management, with the proportion of deferred payment of performance-based remuneration being 51%.
Suspension of payment and recovery arrangements for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	In accordance with regulatory requirements and the Bank's internal management policies, the Bank will suspend or recover the performance-based remuneration from senior management who, due to a failure to exercise due diligence within the scope of responsibilities, resulting in certain risk scenarios.

5.3 Share Incentives Granted to Directors and Senior Management During the Reporting Period

There is no share incentive scheme in place for the Bank. During the Reporting Period, the Directors and senior management personnel of the Bank neither held any options nor were granted restricted share units or any forms of share incentives.

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6 STAFF

6.1 Composition

As at the end of the Reporting Period, the following table sets out the composition of employees of the Bank:

	Number
Number of in-service employees of the Bank	5,530
Number of in-service employees of the subsidiaries	522
Total number of in-service employees	6,052
Total number of employees receiving remuneration during the period	6,052
Number of resigned and retired employees with costs borne	1,324

Note: The number of employees excludes dispatched employees.

By department/function

Job category	Number of employees	Percentage (%)
Corporate banking	761	12.57
Retail banking	2,128	35.16
Risk management, internal audit and legal compliance	561	9.27
Finance and accounting	1,204	19.90
Information technology	367	6.06
Business management and support	1,031	17.04
Total	**6,052**	**100.00**

By age

Age group	Number of employees	Percentage (%)
30 or below	1,245	20.57
31 – 40	3,737	61.75
41 – 50	738	12.19
Over 50	332	5.49
Total	**6,052**	**100.00**

By level of education

Highest level of education	Number of employees	Percentage (%)
Master's degree or above	1,332	22.01
Bachelor's degree	4,383	72.42
Associate degree	310	5.12
Others	27	0.45
Total	**6,052**	**100.00**

By gender

Gender	Number of employees	Percentage (%)
Male	2,911	48.10
Female	3,141	51.90
Total	**6,052**	**100.00**

6.2 Employee Diversity

The Bank attaches importance to employee diversity, treats employees of different gender, party, religion, nationality and race equally, and fully ensures that employees enjoy equal rights in recruitment, post adjustment, training and promotion. We appreciate and encourage differences in the workplace and create a professional, inclusive and diversified working environment. The Bank has a balanced structure of male and female employees, and will continue to maintain this to achieve the goal of gender diversity.

6.3 Staff Training Plan

Focusing on building a high-caliber, formidable team, the Bank comprehensively enhances the overall competence, professional skills, and practical abilities of its cadres and employees across all levels, thereby solidifying a robust talent foundation and institutional support for the Bank's high-quality development. During the Reporting Period, the Bank continuously improved its training management system framework, consolidated the foundation of training management work, optimized and refined relevant management measures, and precisely supported the standardized development of training management and the actual needs of business development. The Bank carried out stratified, categorized and targeted precision training for talent teams, organized training to enhance the mentoring and teaching abilities of instructors, and strengthened the foundation for talent development through knowledge transfer. Training to enhance brand awareness was conducted for all employees, while specialized training and assessments on service capabilities and business etiquette were provided for frontline customer-facing staff, comprehensively elevating the Bank's professional level of customer service. Focusing on business transformation and team capability enhancement, the Bank organized precise re-employment training for corporate client managers to strengthen the capabilities of the core business team. The Bank systematically advanced the construction of an internal trainer team, innovatively launched a special "AI-Empowered Experience Extraction" training program for internal trainers, producing a batch of business-oriented, and highly applicable quality courses. Outstanding internal trainers were selected to participate in high-level external competitions, where they won multiple awards, using competitions as a vehicle for training and stimulation to fully invigorate training activities and the creativity of the internal trainer team. Leveraging the empowerment effect of the online learning platform, the Bank conducted multiple cross-departmental and cross-functional training sessions for all employees relying on the Ding College (鼎學苑) platform, covering topics such as online ecosystem governance, anti-money laundering, and the prevention of illegal fund-raising. Through diverse formats like online live streaming, learning challenges, and regular assessments, the Bank stimulated the learning enthusiasm of all employees. Concurrently, the Bank completed a comprehensive upgrade and optimization of the platform's functions to further enhance online training management and service capabilities. Furthermore, the Bank solidly carried out professional training for various functions, including corporate banking, retail banking, and risk management, comprehensively enhancing the professional capabilities of teams across these functions and consolidating the talent foundation for the Bank's overall business development.

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6.4 Remuneration Policy for Staff

The Bank adheres to the principles of "fairness, competition and incentivization" in formulating its remuneration policy. In other words, the remuneration policy shall be able to reflect external fairness, internal fairness and individual fairness of salary; it shall be conducive to enhancing our market competitiveness and attractiveness to talented people. When adjusting its remuneration structure, the Bank makes corresponding adjustments for positions whose remunerations are far below the market level based on the results of a market salary survey. The remuneration policy shall also be able to make our salary more incentivized, namely to motivate our employees by incorporating floating wages and performance-linked bonus and other incentive components into our salary packages, and to provide employees at different positions with equal promotion opportunities by designing different promotion channels. In accordance with regulatory requirements and business management needs, the Bank has established mechanisms related to deferred payment of salary and recourse and deduction of bonus and salary, so as to improve the salary-based incentive and restraint mechanism and mitigate various business and management risks. The Bank makes social insurance contributions and housing provident fund contributions and provides other employee benefit packages for employees in accordance with applicable laws, rules and regulations of the PRC, and establishes a corporate annuity system and a supplementary medical fund to improve the pension payment and medical security of employees. For details, please refer to "(a) Accrued staff costs" in "34. Other liabilities" to the financial statements in the chapter headed "Independent Auditor's Report" of this Report.

6.5 Labor Outsourcing

As at the end of the Reporting Period, the Bank had 235 dispatched employees. The positions assigned to dispatched employees were mainly auxiliary positions such as integrated tellers, lobby managers, voucher scanning personnel, file input personnel and drivers. The Bank's unified management systems on vacation, induction, training, etc., also apply to the dispatched employees. The salaries of the dispatched employees were determined based on their performance assessment results. The Bank assesses the dispatched employees regularly and transfers the dispatched employees to official staff in proportion based on merit.

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7 BASIC INFORMATION OF INSTITUTIONS UNDER THE BANK

The following table sets out the branches and sub-branches of the Bank as at the end of the Reporting Period:

Region	Name of institutions	Business address (China)	Number of its affiliated institutions	Number of employees	Asset size *(RMB'000)*
Zhengzhou, Henan	Headquarters	22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province	116 branch institutions in district of Zhengzhou for conducting external business and 66 institutions in other prefectural-level cities in Henan for conducting external business	5,530	708,250,562
Zhengzhou, Henan	Branch institutions in Zhengzhou for conducting external businesses directly managed by the headquarters	–	115 institutions for conducting external business	4,101	552,513,102
Zhengzhou, Henan	Small Business Financial Service Centre	Room 102, 1-2/F and Room 301-309, 3/F, 4A, North of Longhu Zhonghuan South Road and East of Jiuru Road, Zhengdong New District, Zhengzhou City, Henan Province	1 institution for conducting external business	36	2,598,219
Nanyang, Henan	Nanyang branch	The junction of Zhongjing Road and Fanli Road, Wancheng District, Nanyang City, Henan Province	10 institutions for conducting external business	178	14,053,814
Xinxiang, Henan	Xinxiang branch	No. 278, Xiangyang Road, Xinxiang City, Henan Province	7 institutions for conducting external business	134	12,678,574
Luoyang, Henan	Luoyang branch	Room 101, 201 and 301, Building 1, No. 210 Kaiyuan Avenue, Luolong District, Luoyang City, Henan Province	8 institutions for conducting external business	145	18,832,531
Anyang, Henan	Anyang branch	Yiwu International Business & Trade Mansion, the junction of Zhonghua Road and Delong Street, Andong New District, Anyang City, Henan Province	7 institutions for conducting external business	113	12,201,998
Shangqiu, Henan	Shangqiu branch	Xinfa Building (新發大廈), the northeast of the junction of Fushang Avenue and Songcheng Road, Demonstration District, Shangqiu City, Henan Province	7 institutions for conducting external business	127	11,855,241

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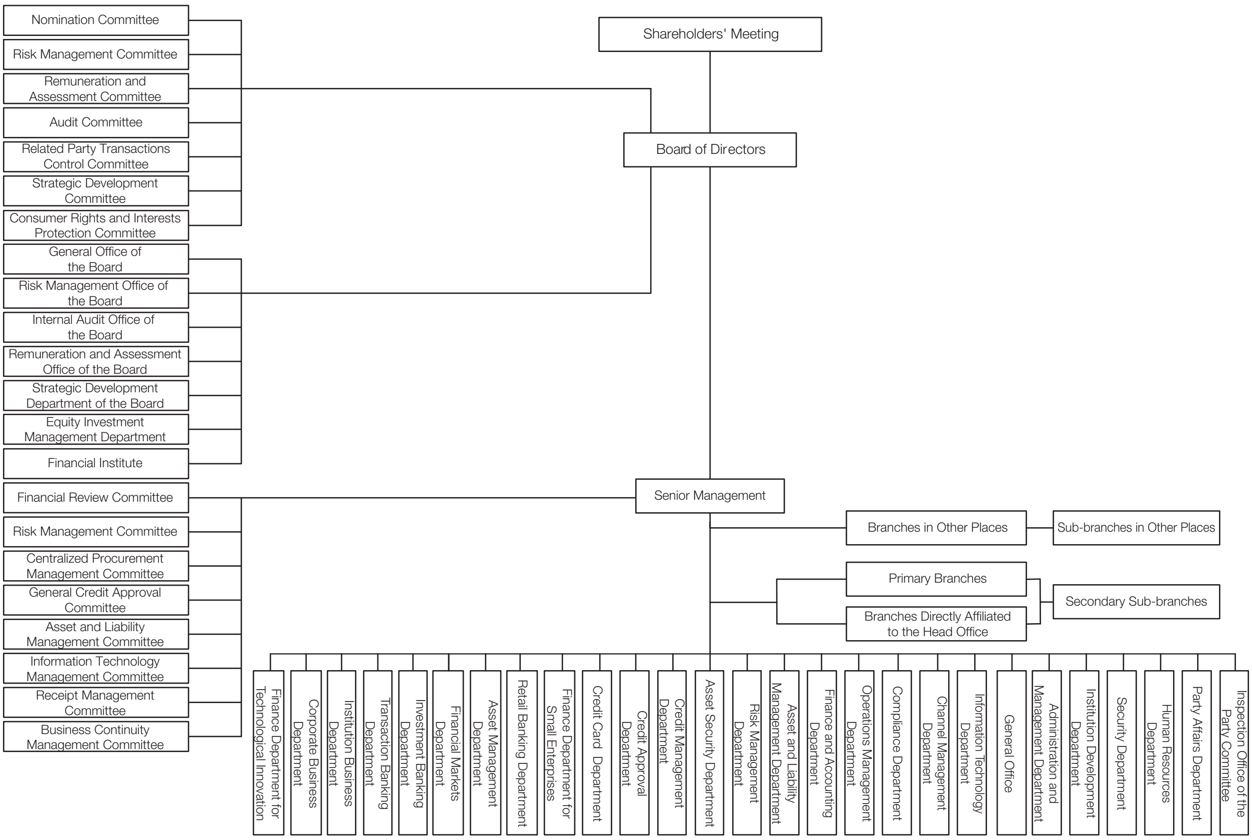
Region	Name of institutions	Business address (China)	Number of its affiliated institutions	Number of employees	Asset size *(RMB'000)*
Xuchang, Henan	Xuchang branch	Juncheng International Building (亨通君成國際大廈), the southwest of the junction of Liancheng Avenue and Weiwen Road, Weidu District, Xuchang City, Henan Province	4 institutions for conducting external business	95	14,055,349
Luohe, Henan	Luohe branch	Floor 1-5, Changjian International (昌建國際), the junction of Songshan West Branch Road and Mudanjiang Road, Yancheng District, Luohe City, Henan Province	3 institutions for conducting external business	83	6,897,227
Xinyang, Henan	Xinyang branch	Floor 1-2, Zhongle Baihua Mansion (中樂百花公館), the junction of Xinqi Avenue and Xinba Street, Yangshan New District, Xinyang City, Henan Province	5 institutions for conducting external business	101	9,453,526
Puyang, Henan	Puyang branch	The northwest of junction of Renmin Road and Kaizhou Road, Hualong District, Puyang City, Henan Province	3 institutions for conducting external business	89	9,787,111
Pingdingshan, Henan	Pingdingshan branch	The southeast of junction of Kaiyuan Road and Qinggong Road, Zhanhe District, Pingdingshan City, Henan Province	3 institutions for conducting external business	78	10,329,585
Zhumadian, Henan	Zhumadian branch	The southwest of junction of Huaihe Avenue and Tianzhongshan Avenue, Zhumadian City, Henan Province	2 institutions for conducting external business	62	8,206,830
Kaifeng, Henan	Kaifeng branch	The southeast of junction of Jinming Avenue and Hanxing Road, Kaifeng City, Henan Province	4 institutions for conducting external business	77	10,444,114
Zhoukou, Henan	Zhoukou branch	The southeast of junction of Traffic Avenue and Bayi Avenue, Zhoukou City, Henan Province	2 institutions for conducting external business	62	8,175,367
Hebi, Henan	Hebi branch	The northeast of junction of Qishui Avenue and Zihuai Lane, Qibin District, Hebi City, Henan Province	1 institution for conducting external business	49	6,167,974

CHAPTER V CORPORATE GOVERNANCE

1 COMPANY STRUCTURE DIAGRAM



Note: In November 2025, the Bank no longer established the Board of Supervisors and its special committees.

2 OVERVIEW OF CORPORATE GOVERNANCE

The Bank has established a relatively sound corporate governance structure, including the shareholders' meeting, the Board and senior management, to regulate operation, specify duties and maintain effective balance, so as to fully protect and safeguard the legitimate rights and interests of domestic and international Shareholders and other stakeholders. During the Reporting Period, the Bank continued to promote the construction of corporate governance system and mechanism, and promote the effective operation of corporate governance in strict accordance with the requirements of the Company Law, the Securities Law, the Corporate Governance Guidelines for Listed Companies issued by the CSRC, the SZSE Listing Rules, the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, the Stock Exchange Listing Rules, and the Corporate Governance Code together with the Bank's corporate governance practice. As at the end of the Reporting Period, there was no significant inconsistency between the Bank's actual corporate governance and the Company Law and relevant provisions of the CSRC; the Bank did not receive relevant documents on rectifying the administrative supervision measures from the regulatory department within a time limit. Meanwhile, the Bank strictly abided by the code provisions set out in Part 2 of the Corporate Governance Code stipulated in Appendix C1 to the Stock Exchange Listing Rules and the provisions relating to inside information disclosure. Except as disclosed in this Report and other announcements of the Bank, the Directors are not aware of any information indicating that the Bank had not complied with the code provisions set out in Part 2 of the Corporate Governance Code during the Reporting Period.

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During the Reporting Period, the Bank adhered to a corporate governance system under the guidance of Party building, fully integrating Party's leadership into key links of corporate governance, and continuously improving the procedures, duties and responsibilities of each decision-making body. The Bank implemented laws, regulations, and regulatory requirements, including the new Company Law, the Guidelines for Articles of Association of Listed Companies《上市公司章程指引》, and the Notice on Matters Related to the Coordination of Corporate Governance Regulations and the Company Law《關於公司治理監管規定與公司法銜接有關事項的通知》, and completed revisions to the Articles of Association, the rules of procedure of general meetings and the rules of procedure for the Board of Directors. The governance structure was optimized and adjusted in accordance with regulatory policy directions and the Bank's governance practices, whereby the Board of Supervisors and its special committees were no longer established, striving to build a streamlined, efficient, and well-coordinated corporate governance framework. The Bank disclosed information in a true, accurate, complete and timely manner in accordance with laws, regulations, the Articles of Association and the Bank's information disclosure measures, and ensures that all Shareholders have equal access to such information. The Bank attaches great importance to the management of inside information, strictly controls the scope of personnel having access to inside information, and registers the list of personnel knowing the Bank's inside information in a timely manner. No person with knowledge of inside information has been found to illegally use inside information to trade in the Bank's Shares.

The Bank will continue to review and strengthen corporate governance in order to ensure consistent compliance with the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules and meet the higher expectations of Shareholders and investors.

The Bank's Independence from Shareholders Holding More Than 5% of the Bank's Shares in Terms of Operations, Staff, Assets, Institutional Structure and Finance

During the Reporting Period, the Bank did not have any controlling Shareholder or de facto controllers.

(I) Operations: The Bank operates independently from Shareholders holding more than 5% of the Bank's Shares.

(II) Staff: The Bank operates independently in terms of staff and salary management.

(III) Assets: The Bank has independent places of business and supporting facilities.

(IV) Structure: The Bank has a sound institutional structure through which the Board and various functional departments operate independently with clear powers and functions and have no subordinate relations with the functional departments of corporate Shareholders holding more than 5% of the Bank's Shares.

(V) Finance: The Bank sets up the independent finance department and audit department equipped with special financial and audit personnel, and established an independent accounting system and financial management system.

Horizontal Competition

The Bank does not have controlling Shareholders, de facto controllers or horizontal competition with controlling Shareholders, the de facto controllers and other companies controlled by them.

3 SHAREHOLDERS' MEETINGS

During the Reporting Period, the Bank held 1 annual general meeting, 1 extraordinary general meeting, 1 class meeting of the A Shareholders and 1 class meeting of the H Shareholders, the particulars of which are as follows:

On 27 June 2025, the Bank held the 2024 AGM in Zhengzhou, Henan. In the meeting, 10 resolutions regarding the 2024 Board of Directors' work report, the 2024 financial final accounts report, the 2024 annual report and its summary, the 2024 profit distribution and etc. were considered and approved;

On 18 September 2025, the Bank held the 2025 first extraordinary general meeting in Zhengzhou, Henan. In the meeting, 3 resolutions regarding the amendments to the Articles of Association, the abolishment of the Board of Supervisors, the amendments to the Rules of Procedure for the Shareholders' General Meeting and the amendments to the Rules of Procedure for the Board of Directors were considered and approved;

On 18 September 2025, the Bank held the 2025 first class meeting of the A Shareholders in Zhengzhou, Henan. In the meeting, 2 resolutions regarding the amendments to the Articles of Association, the abolishment of the Board of Supervisors and the amendments to the Rules of Procedure for the Shareholders' General Meeting were considered and approved; and

On 18 September 2025, the Bank held the 2025 first class meeting of the H Shareholders in Zhengzhou, Henan. In the meeting, 2 resolutions regarding the amendments to the Articles of Association, the abolishment of the Board of Supervisors and the amendments to the Rules of Procedure for the Shareholders' General Meeting were considered and approved.

The convening of the above general meetings, the notices, the holding and voting procedures were in line with the relevant provisions of the relevant laws and regulations and the Articles of Association.

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4 BOARD OF DIRECTORS

4.1 Responsibilities of the Board of Directors

The Board of Directors bears the ultimate responsibility for the operation and management of the Bank and exercises the following powers and rights: convening and reporting at the shareholders' meetings; implementing the resolutions approved at shareholders' meetings; deciding on the business development strategies, business plans and investment proposals of the Bank and supervising the implementation of strategies; formulating annual budgets, final accounts, profit distribution plans and loss recovery plans of the Bank; formulating proposals on the increase or reduction of the Bank's registered capital and the issue of bonds and other securities and the listing of the Bank; formulating proposals on material acquisitions by the Bank, repurchase of the Shares or merger, division, dissolution or change of the corporate form; deciding on mergers where the price paid by the Bank does not exceed 10% of the net assets of the Bank; deciding on matters within the scope authorized at a shareholders' meeting, including external investments, asset acquisition and sales, asset disposal and write-off, pledge of assets, data processing, external guarantees and entrustment of wealth management and external donation; examining and approving the related party transactions which require approval by the Board of Directors as stipulated by the laws, administrative regulations, departmental rules, regulatory documents and regulations of securities regulatory authorities and stock exchanges of the locality where the Bank's stocks are listed; deciding on the establishment of the Bank's internal management departments; deciding on appointing or removing the Bank's president and secretary to the Board of Directors and other senior management and their remuneration, rewards and punishment; deciding to appoint or removing the Bank's senior management personnel including the vice presidents, assistants to the president and chief financial officer of the Bank in accordance with the recommendations of the president, and determining their remunerations, rewards and punishment; supervising the performance of duties and responsibilities of senior management; formulating the capital planning of the Bank and assuming the ultimate responsibilities of capital or solvency capability management; formulating the basic management systems of the Bank, deciding on the policies on risk management, internal control and compliance policy of the Bank; formulating amendment plans on the Articles of Association, the rules of procedures of shareholders' meetings and Board meetings; considering and approving the terms of reference of the special committees of the Board of Directors; proposing to the shareholders' meeting the appointment or dismissal of the accounting firm that conduct the regular statutory audit of the Bank's financial reports; supervising the performance of the senior management, receiving the president's work report and examining the president's work; managing the information disclosure of the Bank and taking ultimate responsibility for the truthfulness, completeness and accuracy and timeliness of the Bank's accounting and financial reporting systems; evaluating and improving the corporate governance of the Bank on a regular basis; overall planning and guiding the Bank's consumer rights protection work, protecting the legitimate rights and interests of financial consumers and other stakeholders, considering and approving important matters related to consumer rights protection work, etc.; establishing a mechanism to identify, review and manage conflicts of interest between the Bank and its shareholders, especially substantial shareholders; assuming responsibility for the management of shareholders' affairs; developing the Bank's risk tolerance, risk management and internal control policies and assuming the ultimate responsibility for overall risk management; reviewing any material capital expenditure, contract and commitment which exceeds the expenditure limit for senior management set by the Board of Directors; other powers and rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory authorities and stock exchanges of the locality where the Bank's stocks are listed or the Articles of Association, and those conferred by the shareholders' meetings.

The Board of Directors has set up a special office, to take charge of the daily affairs of the Board of Directors and the relevant special committees, provide support to such committees in connection with the exercise of their rights and duties, and assist the secretary to the Board of Directors in carrying out their duties.

4.2 Operating Model of the Board of Directors

The Board of Directors holds at least 4 regular meetings every year and convenes extraordinary meetings when necessary. Meetings of the Board of Directors are held in the form of physical meetings or by way of written resolution voting. The notices of regular Board meetings and the materials of the meeting should be sent to each Director within the specified period in accordance with the related corporate governance requirements under the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules and the Articles of Association. The detailed minutes of the meetings of the Board of Directors will be provided to all attending Directors for their review subsequent to the meetings, and shall be signed by all Directors for confirmation after proposing amendments. A good communication and reporting mechanism has been established among the Board of Directors, the Directors and senior management of the Bank. Senior management provides sufficient information for the Board and its special committees to make decisions. All Directors may seek independent professional advice with the cost borne by the Bank. The president of the Bank regularly reports to the Board and is subject to its supervision. Relevant members of senior management are invited to participate in meetings of the Board and its special committees from time to time to provide explanations or answers to inquiries. At the meetings of the Board of Directors, all Directors can present their opinions freely, and decisions on important matters should only be made after a detailed discussion. Directors with material interest or conflict in relevant proposals shall refrain from voting. Independent non-executive Directors who, together with their close associates, have no material interest in the transaction should attend the relevant Board meetings.

4.3 Members of the Board of Directors and the Board Diversity Policy

The Bank believes that the diversity of the members of the Board of Directors can improve the performance of the Bank. In designing the Board's composition, Board diversity has been considered from a number of aspects, including (but not limited to) gender, regional and industry experience, skills, knowledge and educational background, so as to ensure that the Board possesses diverse and balanced talents, skills, experience, and backgrounds. All appointments of the Directors will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

The Nomination Committee of the Board will review and assess this policy as and when appropriate to ensure its effectiveness, and consider the structuring, size and composition of the Board on an annual basis as well as set the following measurable objectives, to ensure the effective implementation of this policy:

The Board should ensure that there is no gender limitation in selecting Directors;

At least one-third, and no less than 3 in total of the Board members are independent non–executive Directors;

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Board members should possess knowledge and skills in different areas;

At least 1 member of the Board of Directors has a professional in finance or accounting.

The Board will maintain a proper balance in the composition of male and female members with due regards to the expectations of stakeholders and with reference to international and local recommended best practices. The Board also strives to ensure that an appropriate proportion of the Directors possess direct experience in the core markets of the Bank and its subsidiaries as well as different ethnic backgrounds, and that such composition reflects the Bank's strategy. The Nomination Committee of the Board of Directors will discuss any amendments that may need to be made, and then submit these proposed amendments to the Board of Directors for approval. The selection of candidates for Directors by the Nomination Committee will be based on a series of diverse fields and with reference to the Bank's business model and specific needs. For the nomination policy as well as procedures for selection of Directors, please refer to the paragraph headed "Nomination Policy and Procedures for Selection of Directors" in this chapter.

As at the Latest Practicable Date, the Board comprised a total of 8 Directors, including 1 executive Director, namely Mr. ZHAO Fei (Chairman); 3 non-executive Directors, namely Ms. ZHANG Jihong, Mr. LIU Bingheng and Mr. WEI Zhigang; and 4 independent non-executive Directors, namely Mr. LI Xiaojian, Mr. WANG Ning, Mr. LIU Yatian and Mr. SIU Chi Hung, including:

7 males and 1 females;

2 Directors aged under 50, 4 Directors aged 50 to 59, and 2 Directors aged 60 or above; and

1 Director specialising in banking, 3 Directors specialising in investment and trust fund, 3 Directors specialising in teaching and research, 1 Director specialising in accounting.

Accordingly, the Board considers its members have generally achieved diversity in different aspects and they can provide the Board with independent and diverse opinions, which will promote the balanced development of the Board.

For details of each Director's term of office and changes of Directors during and after the Reporting Period as well as the overall diversity of the Bank's employees, please refer to the chapter headed "Directors, Senior Management, Staff and Institutions" of this Report.

In addition, leveraging the above methods, the Bank reviewed the structure, size and composition of the Board, and implemented effective nomination policies to select and appoint Directors who represent different ages, backgrounds, professions and functions, so as to ensure that the Board of the Bank can provide independent judgments and perspectives. During the Reporting Period, all Directors of the Bank devoted themselves to their duties, brought diverse and independent perspectives to the Board, and contributed to the sound development of the Bank. The Board achieved and effectively maintained independence.

4.4 Chairman and President

During the Reporting Period, the roles and duties of the chairman of the Board of Directors and the president are taken up by different individuals. There is a clear division of responsibilities in compliance with the requirements and recommendations of regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules.

Mr. ZHAO Fei as the chairman of the Board of Directors, is mainly in charge of chairing shareholders' meetings, convening and chairing meetings of the Board of Directors; supervising and reviewing the implementation of resolutions of the Board of Directors; signing share certificates, bonds and other marketable securities of the Bank; signing important documents of the Board of Directors and other documents required to be signed by the legal representative of the Bank; exercising the duties and powers of the legal representative; ensuring that appropriate steps are taken to maintain effective contact with Shareholders and that Shareholders' opinions are conveyed to the Board; and promoting Directors (especially non-executive Directors) to make effective contributions to the Board, and ensuring a constructive relationship between executive Directors and non-executive Directors.

Ms. LI Hong as the president of the Bank, is mainly in charge of managing operations of the Bank, arranging the implementation of the resolutions of the meetings of the Board of Directors and reporting the work to the Board of Directors; submitting annual business plans and investment proposals to the Board of Directors and arranging the implementation upon approval by the Board of Directors; and drafting proposals on the establishment of the internal management departments, basic management systems and specific regulations of the Bank.

4.5 Responsibilities of Directors

During the Reporting Period, all Directors carefully, earnestly and diligently attended relevant meetings as specified and required by relevant laws and regulations and the Articles of Association, exercised their rights effectively regarding the operation of the Board and resolutions of the meeting of the Board as specified procedures, and duly considered and voted on its resolutions and actively offered responsible suggestions and advice, which facilitated the Bank's sound and sustainable development and perfectly completed the tasks and objectives of the Board. While duly exercising their rights as Directors, they were performing their corresponding obligations to fully protect various rights of Shareholders and investors. Directors acknowledge their responsibilities for preparing the financial statements of the Bank for the year ended 31 December 2025.

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4.6 Independence and Performance of Duties of Independent Non-executive Directors

4.6.1 Confirmation of the Independence for Independent Non-executive Directors

The Bank shall have no less than three independent non-executive Directors who shall account for no less than one-third of all Directors. The Bank has formulated the Management Measures for Independent Directors (《獨立董事管理辦法》), which specifies the rights of independent non-executive Directors. We provide the working requisites and personnel support for independent non-executive Directors to effectively perform their duties by designating specialised departments and specialised personnel to assist the independent non-executive Directors in performing their duties, keeping them informed of relevant information and bearing the costs of engaging professional organisations and other costs required for exercising their duties and powers. At the annual shareholders' meeting, each independent non-executive Director shall report on his/her work to ensure that the Board can obtain independent views and opinions.

At present, the Board consists of 4 independent non-executive Directors who possess qualification of independency, the number and percentage of independent non-executive Directors satisfy the relevant requirements of the regulatory provisions and the SZSE Listing Rules and the Stock Exchange Listing Rules. None of the independent non-executive Directors are involved in any conflict which would bring their independence into question as described in Rule 3.13 of the Stock Exchange Listing Rules. The Bank had already received the letters of annual confirmation on independence submitted by each independent non-executive Director as required by the Stock Exchange Listing Rules, and the Board believes that all independent nonexecutive Directors are independent and in compliance with the relevant guidelines stipulated by Rule 3.13 of the Stock Exchange Listing Rules.

The independent non-executive Directors neither have any business or financial interests in the Bank nor hold any management position in the Bank. All the incumbent independent non-executive Directors were elected for a term of three years. They may continue to serve for three years after the expiration of the term, provided that the total consecutive terms must not exceed six years.

The independent non-executive Directors account for the majority of seats in and serve as chairman of the Related Party Transactions Control Committee, Audit Committee, Nomination Committee and Remuneration and Assessment Committee of the Board.

4.6.2 Performance of Duties of Independent Non-executive Directors

As of the Latest Practicable Date, the Bank had four independent non-executive Directors, at least one of whom possessed appropriate accounting or related financial management expertise in compliance with Rules 3.10 and 3.10A of Stock Exchange Listing Rules.

During the Reporting Period, the Bank's independent non-executive Directors performed their duties diligently and faithfully with a responsible attitude towards the Bank and investors, and the duties performed were in strict compliance with the Company Law, the Securities Law, the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board, the SZSE Listing Rules, the Stock Exchange Listing Rules and other laws and regulations as well as the Articles of Association and other relevant requirements. They actively attended Board meetings, shareholders' meetings and meetings of relevant committees, provided opinions and suggestions on relevant issues considered at the meetings, contributed valuable insights and recommendations for the development of the Bank, and fully leveraged the independent and professional role of independent non-executive Directors. The Bank carefully considered the suggestions proposed by independent non-executive Directors and adopted based actual situation of the Bank.

During the Reporting Period, the Bank's independent non-executive Directors expressed independent opinions on the profit distribution, internal control, related party transactions, appointment of senior management personnel and other matters of the Bank, earnestly safeguarding the rights and interests of Shareholders, especially those of the public Shareholders.

4.7 Performance of Duties by Directors

4.7.1 Meetings Convened by the Board

During the Reporting Period, the Bank held 14 meetings of the Board. At the meetings, 73 major resolutions including the Annual Work Report of the Board, Final Accounts Report, Annual Profit Distribution and appointment of senior management personnel were considered and approved.

Number and session	Date of convening	Method of convening
The 2025 first extraordinary meeting of the eighth session of the Board	23 January 2025	Written resolution voting
The 2025 second extraordinary meeting of the eighth session of the Board	12 February 2025	Physical meetings
The 2025 third extraordinary meeting of the eighth session of the Board	6 March 2025	Physical meetings
The first meeting of the eighth session of the Board	27 March 2025	Physical meetings
The second meeting of the eighth session of the Board	29 April 2025	Physical meetings
The 2025 fourth extraordinary meeting of the eighth session of the Board	29 May 2025	Physical meetings
The 2025 fifth extraordinary meeting of the eighth session of the Board	23 June 2025	Written resolution voting
The 2025 sixth extraordinary meeting of the eighth session of the Board	7 July 2025	Written resolution voting
The third meeting of the eighth session of the Board	28 August 2025	Physical meetings
The 2025 seventh extraordinary meeting of the eighth session of the Board	16 October 2025	Written resolution voting
The fourth meeting of the eighth session of the Board	30 October 2025	Physical meetings
The 2025 eighth extraordinary meeting of the eighth session of the Board	7 November 2025	Physical meetings
The 2025 ninth extraordinary meeting of the eighth session of the Board	19 December 2025	Written resolution voting
The 2025 tenth extraordinary meeting of the eighth session of the Board	25 December 2025	Physical meetings

4.7.2 Directors' Attendance of Shareholders' Meetings and Board Meetings

Director		Attendance of shareholders' meeting(s)	Required attendance for Board meetings	Attendance for Board meetings in person	Attendance for Board meetings by telecommunication	Number of attendance for Board meetings by proxy	Times of absence for Board meetings
Executive Directors	ZHAO Fei (Chairman)	4	14	8	5	1	–
	Li Hong	4	13	9	4	–	–
Non-executive Directors	ZHANG Jihong	4	12	8	4	–	–
	LIU Bingheng	4	14	9	5	–	–
	WEI Zhigang(Note)	3	12	8	4	–	–
	WANG Dan	–	2	1	–	1	–
	WANG Shihao	–	2	1	1	–	–
Independent Non-executive Directors	LI Xiaojian	4	14	9	5	–	–
	WANG Ning	4	12	8	4	–	–
	LIU Yatian	4	11	7	4	–	–
	SIU Chi Hung	4	12	8	4	–	–
	LI Yanyan	–	2	1	1	–	–
	SONG Ke	–	3	2	1	–	–
	LI Shuk Yin Edwina	–	2	1	1	–	–

Note: On 27 June 2025, Mr. WEI Zhigang was unable to attend the 2024 annual general meeting of the Bank due to work arrangements.

During the Reporting Period, the chairman of the Board held meeting(s) with independent non-executive Directors without the presence of other Directors.

4.7.3 Circumstances in Which Directors Raise Objections to Relevant Matters

During the Reporting Period, the Directors did not raise objections to relevant matters of the Bank.

4.7.4 Other Explanations of Directors Performing Their Duties

During the Reporting Period, the recommendations made by the Directors were earnestly examined by the Bank, and adopted and implemented in accordance with the Bank's actual situation.

5 THE SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

5.1 Strategic Development Committee

The Strategic Development Committee of the Bank consists of 1 executive Director (Mr. ZHAO Fei), 1 non-executive Director (Ms. ZHANG Jihong) and 1 independent non-executive Director (Mr. LI Xiaojian). The chairman of the Strategic Development Committee is Mr. ZHAO Fei, an executive Director.

The Strategic Development Committee is mainly responsible for setting business and management objectives and long-term development strategy for the Bank, studying and making recommendations for the significant investment plans requiring approval from the Board as stipulated in the Articles of Association, supervising and checking the implementation of annual business plans and investment plans, and other matters under the authority granted by the Board.

Convening of Meetings

During the Reporting Period, the Strategic Development Committee of the Bank held 2 meetings, the particular of which is as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Strategic Development Committee of the eighth session of the Board, the second meeting of the Strategic Development Committee of the eighth session of the Board	6 March 2025, 8 April 2025	Considered and approved the resolutions on election of Mr. ZHAO Fei as the chairman of the Strategic Development Committee of the eighth session of the Board, the 2024 Annual Work Report of the Strategic Development Committee of the Board	–	–	–

Directors' Attendance at the Meetings of the Strategic Development Committee

Director	Required attendance	Actual attendance
ZHAO Fei	2	2
ZHANG Jihong	2	2
LI Xiaojian	2	2
WANG Dan	–	–
LIU Bingheng	–	–

Note:

1. On 3 March 2025, Ms. WANG Dan ceased to serve as a Director and hold relevant positions in the special committees of the Board. During the Reporting Period, there were no meetings of the Strategic Development Committee of the Board that she should attend.

2. On 6 March 2025, Ms. ZHANG Jihong and Mr. LI Xiaojian were appointed as members of the Strategic Development Committee of the Board, and Mr. LIU Bingheng ceased to serve as the member of the Strategic Development Committee of the Board. During the Reporting Period, Ms. ZHANG Jihong and Mr. LI Xiaojian should attend 2 meetings of the Strategic Development Committee of the Board, and there were no meetings of the Strategic Development Committee of the Board that Mr. LIU Bingheng should attend.

5.2 Risk Management Committee

At the end of the Reporting Period, the Risk Management Committee of the Bank consists of 1 executive Director (Ms. LI Hong), 1 non-executive Director (Mr. LIU Bingheng) and 1 Independent non-executive Director (Mr. WANG Ning). The chairman of the Risk Management Committee is Ms. LI Hong, an executive Director.

The Risk Management Committee is mainly responsible for controlling, managing, monitoring and assessing risks of the Bank, reviewing risk control principles, objectives and policies of the Bank and reporting them to the Board of Directors for consideration and approval; reviewing risk management measures of the Bank and considering matters related to risk management of the Bank; discussing the risk management major matters required to be reported to the the Board of Directors for consideration and approval; examining and supervising the risk management work carried out by the senior management of the Bank in all aspects; conducting surveys and evaluations on risk policies, management status and risk tolerance levels of the Bank on a regular basis and reporting to the Board of Directors; providing recommendations on improving risk management and internal control of the Bank; and formulating authorization management plan for the Bank and reporting to the Board of Directors for consideration and approval; undertaking the duties of anti-money laundering of the Bank, organizing and guiding the anti-money laundering works in accordance with the authorization of the Board of Directors, being responsible to the Board of Directors; supervising and guiding the anti-money laundering steering group; discussing important issues of anti-money laundering works, reviewing work reports on anti-money laundering; being authorized and obligated to make decisions on and handle substantial or sensitive issues in relation to anti-money laundering; undertaking the responsibilities for compliance management of the Bank, organizing and guiding the case prevention in accordance with the authorization of the Board of Directors, being responsible to the Board of Directors; formulating overall policies of case prevention, facilitating the development of a management system of case prevention; clarifying the duties and power of the senior management with regard to case prevention so as to ensure that the senior management takes necessary measures for effective supervision, warning and handling of case risks; formulating overall requirements for case prevention, reviewing work reports thereon; examining and evaluating the effectiveness of case prevention of the Bank; ensuring that the internal audit department conducts effective review and supervision on case prevention; other matters under the authority granted by the Board.

Convening of Meetings

During the Reporting Period, the Risk Management Committee of the Bank held 12 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The second meeting of the Risk Management Committee of the eighth session of the Board, the third meeting of the Risk Management Committee of the eighth session of the Board, the fourth meeting of the Risk Management Committee of the eighth session of the Board, the fifth meeting of the Risk Management Committee of the eighth session of the Board, the sixth meeting of the Risk Management Committee of the eighth session of the Board, the seventh meeting of the Risk Management Committee of the eighth session of the Board, the eighth meeting of the Risk Management Committee of the eighth session of the Board, the ninth meeting of the Risk Management Committee of the eighth session of the Board, the tenth meeting of the Risk Management Committee of the eighth session of the Board, the eleventh meeting of the Risk Management Committee of the eighth session of the Board, the twelfth meeting of the Risk Management Committee of the eighth session of the Board, the thirteenth meeting of the Risk Management Committee of the eighth session of the Board	24 February 2025, 6 March 2025, 25 March 2025, 22 April 2025, 26 May 2025, 17 June 2025, 27 June 2025, 10 July 2025, 21 October 2025, 15 December 2025, 24 December 2025, 29 December 2025	Considered and approved the resolutions such as the authorization plan of the Board of the Bank, the Annual Work Report of the Risk Management Committee of the Board, Report on Overall Risk Management, Risk Assessment Report, Report on the Implementation of Risk Preferences, amendments to the Working Rules for the Risk Management Committee of the Board, and the Disposal of Assets	–	–	–

Directors' Attendance at the Meetings of the Risk Management Committee

Director	Required attendance	Actual attendance
LI Hong	11	11
LIU Bingheng	11	11
WANG Ning	11	11
WANG Shihao	1	1
LI Yanyan	1	1
LI Xiaojian	1	1

Notes:

1. On 3 March 2025, Mr. WANG Shihao and Ms. LI Yanyan ceased to serve as Directors and relevant positions of the Special Committees of the Board, during the Reporting Period, they were required to attend 1 meeting of the Risk Management Committee of the Board.

2. On 6 March 2025, Ms. LI Hong, Mr. LIU Bingheng and Mr. WANG Ning were appointed as members of the Risk Management Committee of the Board, and Mr. LI Xiaojian ceased to serve as a member of the Risk Management Committee of the Board. During the Reporting Period, Ms. LI Hong, Mr. LIU Bingheng and Mr. WANG Ning were required to attend 11 meetings of the Risk Management Committee of the Board, and Mr. LI Xiaojian was required to attend 1 meeting.

5.3 Related Party Transactions Control Committee

The Related Party Transactions Control Committee of the Bank consists of 1 non-executive Director (Mr. WEI Zhigang) and 2 independent non-executive Directors (Mr. LIU Yatian and Mr. WANG Ning). The chairman of the Related Party Transactions Control Committee is Mr. LIU Yatian, an independent non-executive Director.

The Related Party Transactions Control Committee is mainly responsible for the management, review and approval of related party transactions, controlling the risk of related party transactions; formulating rules and management framework relating to related party transactions of the Bank; accepting the filing of general related party transactions; reviewing related party transactions subject to the approval of the Board of Directors, shareholders' meeting; other matters under the authority granted by the Board.

Convening of Meetings

During the Reporting Period, the Related Party Transactions Control Committee of the Bank held 9 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the second meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the third meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the fourth meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the fifth meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the sixth meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the seventh meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the eighth meeting of the Related Party Transactions Control Committee of the eighth session of the Board, the ninth meeting of the Related Party Transactions Control Committee of the eighth session of the Board	6 January 2025, 6 March 2025, 18 March 2025, 22 April 2025, 16 June 2025, 20 August 2025, 11 October 2025, 21 October 2025, 2 December 2025	Considered and approved the resolution on significant related party transactions in accordance with the regulations of the National Financial Regulatory Administration; considered and approved the resolutions such as the estimated quota on annual recurring related party transactions, Special Report on annual Related Party Transactions, Annual Work Report of the Related Party Transactions Control Committee of the Board, etc.,	–	–	–

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Directors' Attendance at the Meetings of the Related Party Transactions Control Committee

Director	Required attendance	Actual attendance
LIU Yatian	6	6
WEI Zhigang	8	8
WANG Ning	8	8
SONG Ke	3	3
LI Yanyan	1	1
LI Xiaojian	1	1

Notes:

1. On 3 March 2025, Ms. LI Yanyan ceased to serve as a Director and the relevant positions of the Special Committees of the Board. During the Reporting Period, she was required to attend 1 meeting of the Related Party Transactions Control Committee of the Board.

2. On 6 March 2025, Mr. WEI Zhigang and Mr. WANG Ning were appointed as members of the Related Party Transactions Control Committee of the Board, and Mr. LI Xiaojian ceased to serve as a member of the Related Party Transactions Control Committee of the Board. During the Reporting Period, Mr. WEI Zhigang and Mr. WANG Ning were required to attend 8 meetings of the Related Party Transactions Control Committee of the Board, and Mr. LI Xiaojian was required to attend 1 meeting.

3. On 20 March 2025, Mr. LIU Yatian's qualification as a Director was approved, and he commenced to serve as a member of the Related Party Transactions Control Committee of the Board. Mr. SONG Ke ceased to act as a Director and the relevant positions of the Special Committees of the Board. During the Reporting Period, Mr. LIU Yatian was required to attend 6 meetings of the Related Party Transactions Control Committee of the Board, and Mr. SONG Ke was required to attend 3 meetings.

5.4 Audit Committee

The Audit Committee of the Bank consists of 1 non-executive Director (Ms. ZHANG Jihong) and 2 independent non-executive Directors (Mr. SIU Chi Hung and Mr. LIU Yatian). The chairman of the Audit Committee is Mr. SIU Chi Hung, an independent non-executive Director. This is in line with Rule 3.21 of the Stock Exchange Listing Rules.

The Audit Committee shall be primarily responsible for reviewing the Bank's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control, and exercising the related functions and powers of the Board of Supervisors in accordance with the Company Law, for which the Bank's financial information is mainly involved; supervising the conduct of Directors and senior management in the performance of their duties, making recommendations on the dismissal of Directors and senior management violating the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meeting; requiring directors and senior management members to rectify their actions that are detrimental to the interests of the Bank; proposing to convene an extraordinary shareholders' meeting, convening and presiding over the shareholders' meeting in the event that the Board of Directors has failed to fulfil its duties stipulated by the Company Law to convene and preside over the shareholders' meeting; submitting proposals to the shareholders' meeting; initiating legal proceedings against directors and senior management personnel pursuant to the Article 189 of the Company Law; other matters required by laws, administrative regulations, departmental rules, relevant provisions of securities regulatory authorities and stock exchange of the place where the Bank's shares are listed, the Articles of Association, and as may be authorized by the Board of Directors.

Audit Committee had no objection to the supervisory affairs during the Reporting Period.

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Convening of Meetings

During the Reporting Period, the Audit Committee of the Bank held 5 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Audit Committee of the eighth session of the Board, the second meeting of the Audit Committee of the eighth session of the Board, the third meeting of the Audit Committee of the eighth session of the Board, the fourth meeting of the Audit Committee of the eighth session of the Board, the fifth meeting of the Audit Committee of the eighth session of the Board	6 March 2025, 19 March 2025, 22 April 2025, 21 August 2025, 21 October 2025	Considered and approved the resolutions on Election of the Chairman of the Audit Committee of the eighth session of the Board, periodic report, internal control audit report, the special report of appropriation of funds for non-operating purposes and the flow funds involving other related parties, renewal of external audit organization for 2025 and other resolutions of the Bank.	–	–	–

Directors' Attendance at the Meetings of the Audit Committee

Director	Required attendance	Actual attendance
SIU Chi Hung	5	5
ZHANG Jihong	5	5
LIU Yatian	3	3
SONG Ke	2	2
LI Shuk Yin Edwina	–	–
LIU Bingheng	–	–
LI Xiaojian	–	–

Notes:

1. On 3 March 2025, Ms. LI Shuk Yin Edwina ceased to serve as a Director and hold relevant positions in the special committees of the Board. During the Reporting Period, there were no meetings of the Audit Committee of the Board that she should attend.

2. On 6 March 2025, Mr. SIU Chi Hung, Ms. ZHANG Jihong, and Mr. SONG Ke were appointed as members of the Audit Committee of the Board. Mr. LIU Bingheng and Mr. LI Xiaojian ceased to serve as members of the Audit Committee of the Board. On 20 March 2025, Mr. LIU Yatian's qualification as a director was approved, and he commenced his role as a member of the Audit Committee of the Board. Mr. SONG Ke ceased to serve as a director and hold relevant positions in the special committees of the Board. During the Reporting Period, Mr. SIU Chi Hung and Ms. ZHANG Jihong were each required to attend five meetings of the Audit Committee of the Board, Mr. LIU Yatian was required to attend three meetings, and Mr. SONG Ke was required to attend two meetings and there were no meetings that Mr. LIU Bingheng and Mr. LI Xiaojian should attend.

5.5 Nomination Committee

The Nomination Committee of the Bank consists of 1 executive Director (Mr. ZHAO Fei), 1 non-executive Director (Ms. ZHANG Jihong), and 3 independent non-executive Directors (Mr. LI Xiaojian, Mr. WANG Ning, and Mr. SIU Chi Hung). The chairman of the Nomination Committee is Mr. LI Xiaojian, an independent non-executive Director.

The Nomination Committee is responsible for reviewing the structure, number and composition (including their skills, knowledge, experience and diversity) of the Board and management once a year, assisting the Board of Directors in preparing a Board of Directors skills matrix, and putting forward proposals in respect of any intended changes to the Board of Directors in line with the strategies of the Bank; formulating the selection criteria and procedures for directors and senior management personnel, and formulating or amending the board diversity policy; seeking for qualified candidates to act as Directors and providing nomination recommendation to the Board, after giving due consideration to the Board Diversity Policy of the Bank; assessing the independence of independent non-executive Directors; carrying out preliminary review on the qualifications and conditions of the candidates for Directors and senior management personnel, and making recommendations to the Board; extensively seeking for candidates that are qualified to act as directors and senior management personnel, and to formulate development plans for senior management personnel and key reserve talents, and to make recommendations to the Board of Directors;; supporting the Bank's regular evaluation of the performance of the Board; making recommendations to the Board on the appointment or reappointment of Directors and succession plan for Directors, especially chairman of the Board and the President.

Convening of Meetings

During the Reporting Period, the Nomination Committee of the Bank held 5 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Nomination Committee of the eighth session of the Board, the second meeting of the Nomination Committee of the eighth session of the Board, the third meeting of the Nomination Committee of the eighth session of the Board, the fourth meeting of the Nomination Committee of the eighth session of the Board, the fifth meeting of the Nomination Committee of the eighth session of the Board	8 February 2025, 6 March 2025, 24 March 2025, 22 April 2025, 27 May 2025	Considered and approved resolutions such as the Nomination of the Chief Risk Officer, the Election of the Chairman of the Nomination Committee of the eighth session of the Board, the Nomination of Assistant to President, the Annual Work Report of the Nomination Committee of the Board, and Amendments to Working Rules for the Nomination Committee.	–	–	–

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Directors' Attendance at the Meetings of the Nomination Committee

Director	Required attendance	Actual attendance
LI Xiaojian	5	5
ZHAO Fei	4	4
SIU Chi Hung	4	4
ZHANG Jihong	–	–
WANG Ning	–	–
WANG Dan	1	1
SONG Ke	1	1

Note:

1. On 3 March 2025, Ms. WANG Dan ceased to serve as a Director and hold relevant positions in the special committees of the Board. During the Reporting Period, she should attend 1 meeting of the Nomination Committee of the Board.

2. On 6 March 2025, Mr. ZHAO Fei and Mr. SIU Chi Hung were appointed as members of the Nomination Committee of the Board. During the Reporting Period, they should attend 4 meetings of the Nomination Committee of the Board. Mr. SONG Ke ceased to serve as a member of the Nomination Committee of the Board. During the Reporting Period, he should attend 1 meeting.

3. On 29 May 2025, the Board considered and approved the election of Ms. ZHANG Jihong and Mr. WANG Ning as members of the Nomination Committee of the Board. During the Reporting Period, there were no meetings of the Nomination Committee of the Board that they should attend.

Nomination Policy and Procedures for Selection of Directors

In order to ensure a balance of skills, experience and diversity of perspectives in the Board of Directors appropriate to the Bank's business, the Nomination Committee of the Board of Directors recommends nominations of Directors to the Board of Directors in accordance with the principles of the Board diversity policy and the Bank's nomination policy. The main criteria and principles of the Bank's nomination policy include: (1) reviewing the structure, size and composition (including skills, knowledge, experience and diversity) of the Board of Directors and the management every year according to the operations and management situation, asset scale and equity structure of the Bank, assisting the Board in preparing a skills matrix for the Board, and providing suggestions to the Board in relation to possible changes of the Board of Directors based on the strategy of the Bank; (2) formulating the criteria and procedures for selecting Directors and members of senior management, and providing suggestions to the Board; formulating or revising the Board diversity policy and developing the diversity of the Board of Directors in the process of personnel selection, taking into account, among other things, gender, age, culture, perspective, educational background and professional experience; (3) searching for qualified candidates for Directors and proposing nominations to the Board of Directors after due consideration of the Board diversity policy of the Bank, the requirements for being a Director of the Bank under the Articles of Association of the Bank, the Stock Exchange Listing Rules and applicable laws and regulations, as well as the contributions that relevant candidates can make to the Board of Directors in terms of qualifications, skills, experience, independence and gender diversity; (4) assessing the independence of independent non-executive Directors according to the factors set out in applicable laws and regulations, the Articles of Association, and Rule 3.13 of the Stock Exchange Listing Rules and any other factors as may be considered appropriate by the Nomination Committee or the Board of Directors; where a proposed independent non-executive Director is proposed to serve as a director of five (or more) listed companies, whether he/she can devote enough time to the Board of Directors will be assessed.

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The main procedures for selection of Directors of the Bank are as follows: (1) the general office of the Board and the Nomination Committee of the Board of Directors actively communicate with relevant departments of the Bank to study the Bank's demand for appointment and re-election of Directors and senior management personnel and prepare relevant written documents; (2) the Nomination Committee of the Board of Directors may extensively search for candidates for Directors and senior management personnel within the Bank and its controlled (associate) companies and talent market; (3) the Nomination Committee of the Board of Directors, after due consideration of relevant requirements, including but not limited to the nomination policy and the Board diversity policy, identifies persons who are eligible to become Board members, and assess the independence of independent non-executive Directors as appropriate; the Nomination Committee of the Board of Directors collects and understands information on the candidates including their occupations, educational background, professional titles, detailed working experience, and full-time and part-time job experience, and formulates relevant written materials; (4) the Nomination Committee solicits the nominees' written consent to their nominations, otherwise they may not be put on the list of candidates for Directors, President and other senior management personnel; (5) the Nomination Committee convenes meetings to review the qualifications of proposed candidates according to the job qualifications required for Directors, President and other senior management personnel; (6) the Nomination Committee makes recommendations and submit relevant materials to the Board of Directors on candidates for Directors and senior management personnel within a reasonable time prior to the election and re-election of Directors and appointment of senior management personnel; and (7) the Nomination Committee follows up other matters according to the decisions and feedback of the Board of Directors.

The Directors (including non-executive Directors) of the Bank shall hold office for a term of three years, upon expiration of which, they may offer themselves for re-election.

5.6 Remuneration and Assessment Committee

The Remuneration and Assessment Committee of the Bank consists of 1 non-executive Director (Mr. LIU Bingheng) and 2 independent non-executive Directors (Mr. WANG Ning and Mr. LI Xiaojian). The chairman of the Remuneration and Assessment Committee is Mr. WANG Ning, an independent non-executive Director.

The Remuneration and Assessment Committee is mainly responsible for reviewing the remuneration management system and policies of the Bank; studying the criteria for appraising Directors and senior management personnel, and conducting the appraisal and making proposals; the formulation and review of remuneration policies and proposals, including the remuneration decision mechanism, decision-making processes, as well as payment and stop-payment recourse arrangements for directors and senior management, and making recommendations on the remuneration and assessment plan to the Board of Directors and overseeing the implementation of the plan; the formulation or amendments to equity incentive plans, employee stock ownership plans, the granting of rights to incentive recipients and the achievement of conditions for exercise of such rights by incentive recipients and making proposals to the Board; making proposals to the Board in respect of the arrangement of stock ownership plans for directors and senior management personnel in the event of a proposed spin-off of a subsidiary; and other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory authorities and stock exchanges of the locality where the Bank's stocks are listed and the Articles of Association as may be authorized by the Board of Directors.

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Convening of Meetings

During the Reporting Period, the Remuneration and Assessment Committee of the Bank held 2 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Remuneration and Assessment Committee of the eighth session of the Board, and the second meeting of the Remuneration and Assessment Committee of the eighth session of the Board	6 March 2025, 22 April 2025	Considered and approved resolutions such as the Election of the Chairman of the Remuneration and Assessment Committee of the eighth session of the Board, and the Annual Work Report of the Remuneration and Assessment Committee of the Board	–	–	–

Directors' Attendance at the Meetings of the Remuneration and Assessment Committee

Director	Required attendance	Actual attendance
WANG Ning	2	2
LI Xiaojian	2	2
LIU Bingheng	2	2
LI Yanyan	–	–
WANG Shihao	–	–
LI Shuk Yin Edwina	–	–

Notes:

1. On 3 March 2025, Ms. LI Yanyan, Mr. WANG Shihao, and Ms. LI Shuk Yin Edwina ceased to serve as Directors and hold relevant positions in the Remuneration and Assessment Committee of the Board. During the Reporting Period, there were no meetings of the Remuneration and Assessment Committee of the Board that they should attend.

2. On 6 March 2025, Mr. LIU Bingheng, Mr. LI Xiaojian, and Mr. WANG Ning were appointed as members of the Remuneration and Assessment Committee of the Board. During the Reporting Period, they should attend 2 meetings of the Remuneration and Assessment Committee of the Board.

5.7 Consumer Rights Protection Committee

At the end of the Reporting Period, the Consumer Rights Protection Committee of the Bank consists of 1 executive Director (Ms. LI Hong), 1 non-executive Director (Mr. WEI Zhigang) and 1 independent non-executive Director (Mr. LIU Yatian). The chairman of the Consumer Rights Protection Committee is Ms. LI Hong, an executive Director.

The Consumer Rights Protection Committee is primarily responsible for formulating the Bank's strategies, policies and objectives for consumer rights protection; submitting work reports and annual reports on consumer rights protection to the Board, carrying out relevant work pursuant to the Board's authorization, discussing and deciding on related matters, and studying major issues and important policies concerning consumer rights protection; guiding and supervising the establishment and improvement of the management policy framework for consumer rights protection, ensuring that relevant policies and provisions are aligned with corporate governance, corporate culture development and business development strategies; supervising the comprehensiveness, timeliness and effectiveness of the work of senior management and the consumer rights protection department, in accordance with regulatory requirements and the implementation status of consumer rights protection strategies, policies, objectives and related work; convening regular meetings on consumer rights protection work to deliberate on work reports from senior management and the consumer rights protection department; reviewing annual audit reports related to consumer rights protection, regulatory circulars, internal assessment results, etc., and urging senior management and relevant departments to promptly implement rectifications for any identified issues; and other matters stipulated by laws, administrative regulations, departmental rules, the securities regulatory authorities and stock exchanges of the place where the Bank's shares are listed, the Articles of Association, and as authorized by the Board.

Convening of Meetings

During the Reporting Period, the Consumer Rights Protection Committee of the Bank held 3 meetings, the particulars of which are as follows:

Name of meeting	Date of convening	Content of meeting	Important comments and suggestions	Other performance of duties	Details of objections
The first meeting of the Consumer Rights Protection Committee of the eighth session of the Board, the second meeting of the Consumer Rights Protection Committee of the eighth session of the Board, the third meeting of the Consumer Rights Protection Committee of the eighth session of the Board	6 March 2025, 28 April 2025, 30 May 2025	Considered and approved the Election of the Chairman of the Consumer Rights Protection Committee of the eighth session of the Board and the 2024 Annual Work Report of the Consumer Rights Protection Committee of the Board.	–	–	–

Directors' Attendance at the Meetings of the Consumer Rights Protection Committee

Director	Required attendance	Actual attendance
LI Hong	3	3
WEI Zhigang	3	3
LIU Yatian	2	2
ZHAO Fei	–	–
WANG Dan	–	–
LIU Bingheng	–	–
SONG Ke	1	1

Note:

1. On 3 March 2025, Ms. WANG Dan ceased to serve as a Director and hold relevant positions in the special committees of the Board. During the Reporting Period, there were no meetings of the Consumer Rights Protection Committee of the Board that she should attend.

2. On 6 March 2025, Ms. LI Hong, Mr. WEI Zhigang and Mr. SONG Ke were appointed as members of the Consumer Rights Protection Committee of the Board. Mr. ZHAO Fei and Mr. LIU Bingheng ceased to serve as members of the Consumer Rights Protection Committee of the Board. On 20 March 2025, Mr. LIU Yatian's qualification as a Director was approved, and he commenced his role as a member of the Consumer Rights Protection Committee of the Board. Mr. SONG Ke ceased to serve as a Director and hold relevant positions in the special committees of the Board. During the Reporting Period, Ms. LI Hong and Mr. WEI Zhigang should attend 3 meetings of the Consumer Rights Protection Committee of the Board; Mr. LIU Yatian should attend 2 meetings; Mr. SONG Ke should attend 1 meeting; there were no meetings that Mr. ZHAO Fei and Mr. LIU Bingheng should attend.

6. CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for establishing sound corporate governance practices and procedures of the Bank. During the Reporting Period, the Board performed the following duties within its terms of reference: formulating and reviewing the Bank's corporate governance policies and practices; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Bank's policies and practices in respect of compliance with laws and regulatory requirements; formulating, reviewing and monitoring the codes of conduct for Directors and employees; and reviewing compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.

7 MANAGEMENT

7.1 Duties and Powers

The management, as the executive body of the Bank, is responsible to the Board of Directors. The division of authority and powers between the management and the Board is determined in accordance with the Articles of Association and other corporate governance documents.

The Bank has 1 president and several vice presidents and assistants to the president, all of them are appointed or removed by the Board. The president is responsible to the Board. The president of the Bank exercises the following powers and rights: to take charge of the operations management of the Bank, arrange the implementation of the resolutions of the meetings of the Board of Directors and report the work to the Board of Directors; to submit annual business plans and investment proposals to the Board of Directors and arrange the implementation upon approval by the Board of Directors; to draft proposals on the establishment of the internal management departments and basic management systems of the Bank; to formulate specific regulations of the Bank; to propose to the Board of Directors to appoint or dismiss the vice presidents, assistants to the president, financial officers and other senior management personnel; to decide to appoint or dismiss persons in charge of the internal departments and branches of the Bank other than those to be appointed or dismissed by the Board of Directors, and determine their salaries, benefits, reward and punishment according to the remuneration reward and punishment scheme set up by the Board of Directors; to approve senior management members and persons in charge of internal departments and branches to conduct operational activities; to decide on the appointment and dismissal of the Bank's staff, and on matters relating to wages, benefits, reward and punishment; to adopt emergency measures when any material emergency occurs in the Bank and report them to the banking regulatory and administrative authorities under the State Council, the Board of Directors immediately; and to exercise other powers and rights conferred by applicable laws, administrative regulations, departmental rules, regulatory documents, regulations of the relevant regulatory authorities and the Articles of Association as well as those granted by the Board of Directors.

7.2 Appraisal and Incentives

The Board of Directors determines the remuneration of senior management personnel of the Bank, deliberates and approves the remuneration packages for senior management personnel, and authorizes the Remuneration and Assessment Committee of the Board to formulate remuneration packages for senior management personnel and to be responsible for the appraisal and implementation of such packages for final determination of remuneration. The Bank determines the total annual remuneration of each senior management member based on the annual appraisal results on senior management in accordance with regulatory requirements and the Bank's relevant remuneration policies of senior management.

8 JOINT COMPANY SECRETARIES AND AUTHORIZED REPRESENTATIVES

The Bank appointed Ms. HAN Huili and Dr. NGAI Wai Fung as joint company secretaries. Dr. NGAI Wai Fung's main liaison with the Bank is Ms. HAN Huili. Ms. HAN Huili and Dr. NGAI Wai Fung have undertaken no less than 15 hours of relevant professional training during the Reporting Period in accordance with Rule 3.29 of the Stock Exchange Listing Rules. The authorized representatives of the Bank are Mr. ZHAO Fei and Ms. HAN Huili.

9 SHAREHOLDERS' RIGHTS

9.1 Convening of Shareholders' Meetings

Pursuant to the Articles of Association and the Rules of Procedure of Shareholders' Meeting, an extraordinary shareholders' meeting should be convened within two months upon request in writing by Shareholders holding individually or collectively 10% or more of the Bank's total voting Shares.

A shareholders' meeting should be convened by the Board. If the Board is unable to or unwilling to undertake its duties in convening a shareholders' meeting and the Audit Committee does not convene a shareholders' meeting, Shareholders individually or collectively holding more than 10% of the Bank's total voting Shares for more than 90 consecutive days may convene and preside over the extraordinary shareholders' meeting on a unilateral basis.

Shareholders individually or collectively holding 10% or more of Bank's total voting Shares should put forward proposals for the convening of an extraordinary shareholders' meeting in writing to the Board. The Board of Directors should, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the meeting within 10 days after receiving such proposal.

In the event that the Board of Directors agrees to convene an extraordinary shareholders' meeting, the notice of the shareholders' meeting should be issued within 5 days after the passing of the relevant resolution at the meeting of the Board of Directors. Any changes to the original proposal made in the notice require prior approval of the Shareholders concerned.

If the Board of Directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders individually or collectively holding 10% or more of the Bank's total voting Shares have the right to propose to the Audit Committee for convening an extraordinary shareholders' meeting, provided that such proposal is made in writing.

In the event that the Audit Committee agrees to convene an extraordinary shareholders' meeting, the notice of convening the shareholders' meeting should be issued within 5 days after receiving such request. Any changes to the original proposal made in the notice require prior approval of the Shareholders concerned.

Failure of the Audit Committee to issue the notice of the shareholders' meeting within the required period is deemed a failure of the Audit Committee to convene and preside over it, and Shareholders individually or collectively holding 10% or more of the Bank's total voting Shares for more than 90 consecutive days may convene and preside over the meeting on a unilateral basis.

9.2 Putting Forward Proposals at Shareholders' Meetings

Shareholders individually or collectively holding 1% or more of the Bank's total voting Shares have the right to put forward proposals in writing to the Bank. Such Shareholders may submit provisional proposals in writing to the convener 10 days before the shareholders' meeting is convened. The convener should issue a supplementary notice of the shareholders' meeting within 2 days after receiving the provisional proposals.

9.3 Convening of Extraordinary Board Meeting

The chairman of the Board should convene and preside over an extraordinary board meeting within 10 days upon receipt of the proposal from Shareholders representing more than one-tenth voting rights.

9.4 Making Inquiries to the Board

Shareholders are entitled to supervise the business activities of the Bank and make recommendations or inquiries.

Shareholders have the right to inspect and reproduce the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board of Directors, and financial and accounting reports. Shareholders meeting the relevant requirements may inspect the Bank's accounting books and accounting vouchers. Where the Securities Law or other laws and administrative regulations provide otherwise for the inspection and reproduction of relevant materials by shareholders of a listed company, such provisions shall prevail.

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10 COMMUNICATION WITH SHAREHOLDERS

Investor Relations

The Bank's Measures on Investor Relations Management aims to further standardize and strengthen the effective communication between the Bank and both existing and potential investors, enhance investors' understanding and recognition of the Bank, and standardize the Bank's investor relations management. Thus, we are able to refine our governance, enhance our investment value, and effectively protect the legitimate rights and interests of investors, especially minority investors. The Bank attaches importance to interactions with investors, and builds a bridge of communication for investors. The Bank communicates with investors through various channels including shareholders' meeting and results presentation conferences, and timely responds to investors' questions on the "EasyIR" platform of the SZSE. The Bank arranges special personnel to answer calls from investors, timely delivers the Bank's operation and development highlights to the market, so as to guide investors' reasonable expectations of the Bank and release the Bank's investment value. The Bank attaches importance to market value management and valuation enhancement, and has formulated a valuation enhancement plan focusing on operation and management, risk prevention and control, information disclosure and other aspects so as to boost investor confidence. Therefore, upon annual review and assessment, the management is of the view that the Measures on Investor Relations Management of the Bank can be effectively implemented.

For enquiries to the Board, convening a shareholders' meeting or submitting a resolution to the shareholders' meeting according to the preceding paragraph or expressing opinions on various matters affecting the Bank, investors may contact: The general office of Board of Directors of Bank of Zhengzhou Co., Ltd.
Address: 22 Shangwu Waihuan Road, Zhengdong New District, Zhengzhou City, Henan, PRC
Tel: +86-371-67009199 Fax: +86-371-67009898
Email: ir@zzbank.cn

Information Disclosure

The Board of Directors and senior management of the Bank place great importance on information disclosure. They rely on good corporate governance and sound internal control to ensure that investors have access to information in a timely and accurate manner.

In accordance with the Administrative Measures for Information Disclosure of Listed Companies (《上市公司信息披露管理辦法》), the Measures for Information Disclosure of Commercial Banks (《商業銀行信息披露辦法》), the SZSE Listing Rules and the Stock Exchange Listing Rules, the Bank performs its information disclosure obligation in accordance with the law and ensures the truthfulness, accuracy and completeness of the information disclosed. During the Reporting Period, the Bank published periodic reports and interim announcements on the websites of Hong Kong Stock Exchange, CNINFO (巨潮資訊網), China Securities Journal (《中國證券報》), Shanghai Securities News (《上海證券報》), Securities Times (《證券時報》) and Securities Daily (《證券日報》) timely. Meanwhile, the full texts of the Bank's periodic reports and interim announcements are available for download on the website of the Bank, and the annual reports are available for inspection by investors and stakeholders in the general office of the Board of Directors of the Bank.

11 FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP AMONG DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Directors, serving Supervisors during the Reporting Period and senior management personnel of the Bank do not have any relationship, including financial, business, family and other material relationships.

12 SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Bank has adopted a code of conduct on terms no less exacting than the required standards in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Stock Exchange Listing Rules as the code governing securities transactions by Directors and relevant employees. After having made specific enquiries to all Directors and serving Supervisors during the Reporting Period, all Directors and serving Supervisors during the Reporting Period confirmed that they had complied with the above code during the Reporting Period.

The Bank is not aware of any Directors, serving Supervisors during the Reporting Period or senior management personnel violating the restrictive provisions on the share trading of the CSRC and the SZSE during the Reporting Period.

13 TRAINING AND RESEARCH OF DIRECTORS DURING THE REPORTING PERIOD

All Directors of the Bank are able to undertake their responsibilities, perform their duties, and learn the latest regulatory policies and related systems, so as to improve compliance awareness and ability to perform duties. During the Reporting Period, all Directors of the Bank attended four training sessions held by the China Association for Public Companies. The training themes mainly covered independent Director capability building, how to be a qualified Director, supervisor and senior management personnel of a listed company, analysis of typical violation cases of listed companies (special topic on information disclosure), and corporate governance of banking institutions. They studied the Board and Director Corporate Governance Guidelines of the Stock Exchange of Hong Kong, mastered the latest legislation and practices on corporate governance, enhanced their compliance awareness, and strengthened their ability to perform duties. Newly appointed Directors systematically studied the memorandum on Directors' duties and relevant laws and regulations, and clarified the duties of Directors of listed companies, restrictions on securities trading, statutory disclosure mechanism of inside information, among others.

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14 EXTERNAL AUDITORS

As considered and approved at the 2024 second extraordinary general meeting of the Bank, the Bank appointed ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited as the domestic and international auditors for the audit services of 2024, respectively, with a term ending at the conclusion of the Bank's 2024 AGM. The Bank's former accounting firms, Ernst & Young Hua Ming LLP and Ernst & Young ceased to serve as the external auditors of the Bank with effect from the date of consideration and approval at the Bank's second extraordinary general meeting in 2024. As considered and approved at the 2024 AGM, the Bank reappointed ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited as the domestic and international auditors, respectively, with a term ending at the conclusion of the Bank's 2025 shareholders' meeting. In 2025, the certified public accountants who signed the auditor's report of the financial statements, which was prepared in accordance with the Accounting Standards for Business Enterprises of the PRC by the Bank, were Ms. LI Yan and Ms. CHEN Wei; the certified public accountant who signed the auditor's report of the financial statements, which was prepared in accordance with the IFRS by the Bank, was Mr. Wong Chuen Fai. This was the second year ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited provided audit services for the Bank.

During the Reporting Period, the Bank paid a total audit fee of RMB4.3 million (including internal control audit fee of RMB0.34 million) to ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited for services related to financial statement audits and internal control audits. ShineWing Certified Public Accountants LLP's and SHINEWING (HK) CPA Limited's responsibility statements on the financial reports were set out in the auditor's reports of the A Share and H Share annual reports, respectively.

The Board and the Audit Committee of the Board agreed on the selection and appointment of the external auditors of the Bank without any disagreement.

The Audit Committee of the Board of the Bank strictly complied with relevant requirements of the CSRC, the SZSE and the Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms. By fully exerting the role of the special committee, it reviewed the relevant qualifications and ability to practice of the accounting firms conducting annual audits, fully discussed and communicated with the accounting firms during the audit period of the annual report, urged the accounting firms to issue their audit reports in a timely, accurate, objective and impartial manner, and effectively performed the supervisory responsibilities of the Audit Committee of the Board to accounting firms.

Based on its assessment, the Bank considered that, in the course of conducting annual audits, ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited had carried out independent audit in a fair and objective manner, and finished the relevant audits of the 2025 annual report of the Bank on time, their audit behaviors were standardized and orderly, and the audit reports issued were objective, complete, clear and timely.

15 RISK MANAGEMENT AND INTERNAL CONTROL

15.1 Procedures for Identification, Assessment and Management of Material Risks

In order to handle major emergencies in the Bank in a timely and proper manner, effectively prevent and resolve risks, and maintain financial order and social stability, the Bank continuously enhanced its risk management system, strengthened its risk management policies and system construction, and continuously improved the operational mechanisms of the risk management committee of the Board and the risk management committee of the senior management to play their roles on major risks and internal control matters. The Bank has formulated the Administrative Measure for the Reporting of Major Emergencies (《重大突發事件報告管理辦法》), which provide that major emergencies should be managed on a departmental basis according to the nature of the events and business categorization, with classified reporting, separate filing and coordinated submission, in a timely, accurate, true and comprehensive manner.

15.2 Risk Management Responsibility of the Board

The Board of Directors is well aware of its responsibility for implementing risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable but not absolute guarantee against material misstatements or losses. In accordance with relevant laws and regulations including the Comprehensive Risk Management Guidelines for Financial Institutions in the Banking Industry (《銀行業金融機構全面風險管理指引》), the Guidelines for Internal Control of Commercial Banks (《商業銀行內部控制指引》), and principle D.2 and code provisions D.2.1 and D.2.2 set out in Part 2 of the Corporate Governance Code, the Board has formulated the Basic Rules for Comprehensive Risk Management, the Measures for Risk Appetite Management, the Measures for Management of Risk Limits, the Measures for Management of Internal Control, and has established and implemented risk management and internal control systems. The Board is also responsible for timely reviewing the effectiveness of such measures and systems, reviewing risk control principles, objectives and policies of the Bank, determining the acceptable level of risks, ensuring that the senior management takes necessary risk control measures, and supervising the senior management's monitoring and assessment of the adequacy and effectiveness of the risk management and internal control systems. The Bank reviews the effectiveness of the risk management and internal control systems of the Bank and its subsidiaries at least once a year. During the Reporting Period, the Bank revised the Rules of Procedure for the Risk Management Committee of the Board, the Operational Risk Management Measures and other systems, further enhanced the institutional responsibilities for risk governance and management process. The Board of Directors has formulated the Risk Appetite Statement for the year 2025, which sets out clear management requirements for various types of risks and determines the direction of the Bank's risk management; meanwhile, the Board reviewed and listened to the Bank's comprehensive risk management report, risk assessment report and other reports, which has been reviewed by the risk management committee of the Board of the Bank, on a semi-annual or annual basis, which cover the occurrence, impact and countermeasures of various types of risks, such as credit risk, liquidity risk, etc., and provide important references for the Board of Directors' decision-making. During the Reporting Period, the Board believes that the risk management and internal control systems developed and implemented by the Bank were adequate and effective.

15.3 Characteristics of the Risk Management System

The Bank has continuously established and enhanced comprehensive risk management systems, improved comprehensive risk management policies and procedures, ensured the implementation of policies, conducted self-assessment of comprehensive risk management systems, and enhanced self-discipline mechanisms. We combine qualitative and quantitative methods to identify, measure, evaluate, monitor, report, control or mitigate various risks undertaken including but not limited to credit risk, market risk, liquidity risk, operational risk, reputation risk, information technology risk and major ESG-related risk, while carefully evaluating the interrelated impact between various risks. The Bank's risk management system comprises the following elements: risk management framework, risk appetite and risk limits, risk management policies and procedures, risk management system, internal control and audit systems, etc.

15.4 Development and Implementation of Internal Control

During the Reporting Period, the Bank conducted a post-evaluation on its internal control system, continuously enhanced the quality and efficiency of supervision and inspection, further promoted the awareness of compliance culture, improved the implementation of internal control systems, and strengthened the compliance awareness of all members of staff. Firstly, it formulated and implemented an annual work plan to coordinate the overall internal control and compliance management throughout the year, and continuously promoted system sorting, risk identification and assessment, compliance inspection, compliance training and cultural development. Secondly, it carried out a comprehensive post-evaluation of systems, conducted a systematic sorting and post-evaluation of the current systems, put forward improvement suggestions, and formulated a plan for the "establishment, modification and abolition" of systems. Thirdly, it continued to conduct risk identification and assessment, identified risks in business products and management processes, and evaluated the effectiveness of control measures. Fourthly, it strengthened supervision and inspection, carried out coordinated inspection work, and continuously promoted the follow-up of rectification. Fifthly, it further promoted compliance culture, organized compliance training on a coordinated basis, compiled and issued legal and compliance newsletters, and held special activities including senior management lectures on compliance, the themed activity "Keep Rules in Mind, Comply in Action", legal and compliance knowledge competitions, and publicity of compliance red lines, so as to continuously enhance the compliance awareness of all staff.

15.5 Internal Control Assessment

Assessment of effectiveness

15.5.1 Particulars of Major Internal Control Defects Discovered During the Reporting Period

During the Reporting Period, the Bank found no major defects on internal control.

15.5.2 Self-assessment Report on Internal Control

Date of full-text disclosure of internal control assessment report	31 March 2026
Websites for full-text disclosure of internal control assessment report	CNINFO (www.cninfo.com.cn) Website of the Bank (www.zzbank.cn)
The proportion of the total assets of entities covered by the assessment in the total assets in the consolidated financial statements of the Bank	100.00%
The proportion of the operating income of entities covered by the assessment in the operating income in the consolidated financial statements of the Bank	100.00%

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Defect recognition criteria		
Category	**Financial reports**	**Non-financial reports**
Qualitative criteria	Qualitative criteria for identifying a material weakness: a deficiency, or a combination of deficiencies, in internal control of financial reporting, such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected and corrected on a timely basis. Signs of material weaknesses include but are not limited to: directors, supervisors or senior management personnel commit fraud; there are material misstatements in the published financial statements; material or significant weaknesses in internal control of financial reporting have not been rectified; the supervision over internal control of financial reporting is ineffective. Qualitative criteria for identifying a significant weakness: a deficiency, or a combination of deficiencies, in internal control of financial reporting, such that there is a reasonable possibility that a misstatement of financial statements, which is not material but important enough to merit attention by the Board of Directors and the management, will not be prevented or detected and corrected on a timely basis. Signs of significant weaknesses include but are not limited to: failure to select and apply accounting policies in accordance with generally accepted accounting standards, no antifraud procedures and control measures have been established; for the accounting treatment of unconventional or special transactions, the corresponding control mechanisms have yet to be established or implemented and there is a lack of remedial control measures; there are one or more deficiencies in the control of the financial reporting process at the end of each period and there is no reasonable assurance that financial reporting will be prepared in a true and complete manner.	Qualitative criteria for identifying a material weakness: a deficiency or a combination of deficiencies that has a material negative impact on legal compliance, asset safety, improvement of operating efficiency and effectiveness, achievement of development strategies and other internal control objectives. Signs of material weaknesses include but are not limited to: material decisionmaking mistakes; serious violations of national laws and regulations and consequent severe penalties; frequent and extensive negative news in the media; overall ineffective control systems for important business activities. Qualitative criteria for identifying a significant weakness: a deficiency or a combination of deficiencies that has a significant negative impact on legal compliance, asset safety, improvement of operating efficiency and effectiveness, achievement of development strategies and other internal control objectives. Signs of significant weaknesses include but are not limited to: significant decision-making mistakes; serious losses arising from violation of internal rules and regulations; negative news in the media with limited impact; significant mistakes in the design and control of systems for important business activities.

Defect recognition criteria		
Category	**Financial reports**	**Non-financial reports**
	Qualitative criteria for identifying a general weakness: any other weakness in internal control of financial reporting that does not constitute a material or significant weakness.	Qualitative criteria for identifying a general weakness: any other weakness in internal control over non-financial reporting activities that does not constitute a material or significant weakness.
Quantitative criteria	Quantitative criteria for identifying a material weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that the amount of misstatement ≥5% of the total profit before tax in the consolidated income statement for the current year. Quantitative criteria for identifying a significant weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that 0.25% of the total profit before tax in the consolidated income statement for the current year ≤ amount of misstatement < 5% of the total profit before tax in the consolidated income statement for the current year. Quantitative criteria for identifying a general weakness: the amount of misstatement in the financial statements that may be caused by the underlying internal control weakness meets the condition that the amount of misstatement < 0.25% of the total profit before tax in the consolidated income statement for the current year.	Quantitative criteria for identifying a material weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that the direct property loss ≥5% of the total profit before tax in the consolidated income statement for the current year. Quantitative criteria for identifying a significant weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that 0.25% of the total profit before tax in the consolidated income statement for the current year ≤ direct property loss < 5% of the total profit before tax in the consolidated income statement for the current year. Quantitative criteria for identifying a general weakness: the direct property loss that may be caused by the underlying internal control weakness meets the condition that the direct property loss < 0.25% of the total profit before tax in the consolidated income statement for the current year.

Defect recognition criteria		
Category	**Financial reports**	**Non-financial reports**
Number of major defects in financial reports	0	
Number of major defects in non-financial reports	0	
Number of significant defects in financial reports	0	
Number of significant defects in non-financial reports	0	

15.6 Audit Report on Internal Control

Review opinions in the audit report on internal control	
ShineWing Certified Public Accountants LLP is of the view that as at 31 December 2025, Bank of Zhengzhou had maintained effective internal control over its financial reporting in all material aspects in accordance with the Basic Rules for Internal Control of Enterprises and other relevant regulations.	
Disclosure of the audit report on internal control	Disclosed
Date of full-text disclosure of the audit report on internal control	31 March 2026
Websites for full-text disclosure of the audit report on internal control	CNINFO (www.cninfo.com.cn) Website of the Bank (www.zzbank.cn)
Type of opinion in the audit report on internal control	Standard unqualified opinion
Whether there are major defects in non-financial reports	No

The audit report on internal control issued by the accounting firm is consistent with the self-assessment report of the Board.

16 INTERNAL AUDIT

Pursuant to the requirements of the Guidelines for Internal Audit of Commercial Banks (《商業銀行內部審計指引》) and the Guidelines for Internal Control of Commercial Banks (《商業銀行內部控制指引》), the Bank has established an independent and vertical internal audit management system where an internal audit office of the Board is established to be responsible for the organization and management of the internal audit of the Bank. The internal audit office of the Board is subordinate to the Board of the Bank. Under the leadership of the Party Committee of the Board and the guidance of the Audit Committee of the Board, it conducts business operations, risk management and internal control compliance independently of the Bank.

The internal audit department of the Bank strictly implements the corporate culture of "professional, fine and iron army", adheres to the working philosophy of "integrity, innovation, practicality and enthusiasm", closely focuses on strategic guidance and the overall goal of the reform and development of the Bank. It also strictly performs the audit and supervision responsibilities to inspect the business operation, risk management and internal control compliance of the whole bank. During the Reporting Period, the internal audit department of the Bank adhered to be risk-oriented and problem-oriented, actively adjusted to the needs for risk management situation, continuously expanded the coverage of audit and supervision, constantly strengthened audit and supervision, followed up on the rectification of audit findings, and effectively improved the quality and efficiency of internal audit.

17 SELF-INSPECTION AND RECTIFICATION OF PROBLEMS IN THE SPECIAL ACTION ON GOVERNANCE OF LISTED COMPANIES

The Bank found no problems in the self-inspection of problems under the special action on governance of listed companies.

18 INSIDE INFORMATION MANAGEMENT

The Board is responsible for disclosing information of the Bank, which includes enacting standard procedures and methods in relation thereto and reviewing information to be disclosed, and it also assumes liabilities for the truthfulness, accuracy and completeness of the information disclosed. The information disclosure of the Bank is subject to the supervision of regulatory authorities and the Audit Committee. The chairman of the Board is the primary person responsible for implementing the management measures for information disclosure, while the secretary to the Board is responsible for handling the Bank's information disclosure matters and the general office of the Board serves as the daily working department for the Bank's information disclosure.

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The Bank enacted the Management System for Information Disclosure Affairs (《信息披露事務管理制度》) and Insider Information and Insider Registration Management System (《內幕信息及知情人登記管理制度》) based on domestic and overseas laws, regulations and other regulatory documents such as the Company Law, the Securities Law, Measures for Information Disclosure of Commercial Banks (《商業銀行信息披露辦法》), and the SZSE Listing Rules and the Stock Exchange Listing Rules, in order to ensure confidentiality of the Bank's inside information, safeguard the fairness in information disclosure and protect the legal rights of investors.

The Bank conducts information disclosure and manages inside information in strict compliance with the regulatory requirements and specifies the principles, contents, management and procedures for information disclosure in the Management System for Information Disclosure Affairs, which also provides for the coverage, insider limits and registration, and the security management of inside information as well as punishment for divulging inside information, etc.

During the Reporting Period, the Bank not only stringently complied with the regulatory requirements of domestic and overseas regulatory authorities, but also intensified its management rules and enhanced the security measures of its inside information as well as disclosing relevant information timely according to requirements. There was no incident of breaching the confidentiality of inside information.

19 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, in accordance with the Company Law, the Guidelines for the Articles of Association of Listed Companies, the Transitional Period Arrangements for the Implementation of the Rules of the Supporting Systems of the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》), the Notice of National Financial Regulatory Administration on Matters Concerning the Alignment of Corporate Governance Supervision Regulations with the Company Law (《國家金融監督管理總局關於公司治理監管規定與公司法銜接有關事項的通知》) and other laws and regulations and regulatory provisions, and taking into account the actual corporate governance practices of the Bank, the Bank amended certain provisions of the articles of association, which have been considered and approved at the 2025 First Extraordinary General Meeting, the 2025 First Class A Shareholders' Meeting and the 2025 First Class H Shareholders' Meeting of the Bank, and have been approved by the banking regulatory authorities. For details of the amendments, please refer to the announcements published by the Bank on the website of CNINFO dated 29 August 2025, 19 September 2025 and 11 November 2025, the announcements published on the website of The Stock Exchange of Hong Kong Limited dated 28 August 2025, 18 September 2025 and 11 November 2025, and the circular dated 28 August 2025.

20 PROTECTION OF CONSUMER RIGHTS

During the Reporting Period, the Bank conscientiously implemented the requirements of regulatory authorities and fully leveraged the coordination mechanism of various departments and actively carried out the protection of consumer rights. The Bank adhered to the people-centered development philosophy, implemented the concept of "serving the people with financial resources", incorporated protection of consumer rights into corporate governance, construction of enterprise culture and operation and development strategies to take company development and social responsibilities into overall considerations, and constantly improved the construction of management system and system and mechanism for protection of consumer rights. The Bank penetrated the requirements on protection of consumer rights into all aspects of the business process, strengthened important measures on protection of consumer rights, constantly improved its management and services, so as to protect the legitimate rights and interests of financial consumers according to law and continue to improve the recognition and satisfaction of financial consumers.

The Bank adhered to the principles of lawfulness and compliance, convenience and efficiency, addressing both symptoms and root causes, and diversified resolution in handling consumer complaints, and established various channels for feedback to ensure that customer requests are responded to promptly and conveniently. During the Reporting Period, the Bank continuously improved its internal working mechanisms for communication, coordination, information sharing and collaborative handling, refined and enhanced its assessment scheme, strengthened efforts in root-cause tracing and rectification, earnestly fulfilled its primary responsibilities, and enhanced the prevention and resolution of complaints. During the Reporting Period, the Bank handled 2,520 customer complaints with a complaint handling rate of 100%. Complaints were mainly concentrated in businesses such as loans and bank cards, and geographically mainly in Zhengzhou, Kaifeng, Shangqiu and other regions.

The Bank adheres to the implementation principle of "hierarchical and tiered management" and actively explores and practices a new model of "online and offline channels + case studies + learning through competition". It has carried out differentiated consumer protection training for senior and middle management personnel, staff responsible for consumer rights protection, frontline business personnel and all permanent employees. The training content is closely tailored to job categories and actual operational needs, providing targeted support on frequently complained issues and higher-risk businesses.

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The Bank adhered to a dual-drive strategy of "regular + special campaigns" to steadily advance financial literacy education and promotion. It organized targeted promotional activities for key groups, actively fulfilled its primary responsibility for consumer rights protection, and enhanced customers' financial literacy and risk prevention capabilities. During the Reporting Period, the Bank organized a series of promotional activities, including Consumer Rights Day campaigns, the Financial Literacy Tour, Financial Literacy Promotion Week, Financial Literacy into Communities, and Financial Literacy into Campuses. Taking all of the Bank's branches as the foundation, the Bank fully leveraged its branch advantages by deeply integrating education and promotion into daily customer service processes, and maintained regular promotion through its own online channels, including the official website, WeChat official account, and mobile application. For students, the elderly, rural residents, and new urban residents, the Bank extensively promoted financial knowledge on prevention of telecom fraud, rejection of illegal fund-raising, and safe use of electronic banking through engaging forms such as financial literacy seminars, interactive scenarios, and quiz competitions with prizes, continuously expanding the coverage of inclusive financial services. During the Reporting Period, 1.30 million of person-time were benefited from the education and promotion for financial consumers by the Bank.

21 WHISTLE-BLOWING AND ANTI-CORRUPTION POLICIES

The Bank actively implements the national strategic deployment on exercising full and strict governance over the Party, positioning the development of an integrity-driven corporate culture as an important starting point to promote high-quality development of the Bank and safeguard financial security and stability. The Bank strictly complied with the Regulations of the Communist Party of China on Disciplinary Actions (《中國共產黨紀律處分條例》), and formulated the Administrative Measures for Employees of Bank of Zhengzhou (《鄭州銀行員工行為管理辦法》), the Administrative Measures on Handling of and Punishment for Violations of Prohibitions (《鄭州銀行員工違禁違規違紀處理與處分管理辦法》) and other regulations and rules, working on the establishment of punitive and preventive measures against corruption. During the Reporting Period, the Bank organized specialized case prevention training covering all employees. The entire Bank signed the 2025 Case Prevention Target Responsibility Agreement and the 2025 Party Conduct and Integrity Construction Target Responsibility Agreement, further solidifying accountability for integrity.

The Bank designated relevant departments to collaborate in the establishment of a reporting mechanism to investigate and deal with violations of law and unusual behavior by employees, and case clues, and to implement protection for whistleblowers.

CHAPTER VI REPORT OF THE BOARD OF DIRECTORS

1 PRINCIPAL BUSINESS AND BUSINESS REVIEW

The Bank is primarily engaged in the PRC banking and related financial services, including corporate banking, retail banking, treasury operation and other businesses.

Disclosure of major activities during the Reporting Period as required by section 390 of, and further discussion and analysis of the business review as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the overview of the key risks and uncertainties faced by the Group, the possible future development plan of the Group's business and the Bank's compliance with laws and regulations, are set out in the sections headed "Corporate Information and Major Financial Indicators", "Management Discussion and Analysis" and "Significant Events" of this Report. Such discussions form an integral part of this "Report of the Board of Directors".

2 PROFIT DISTRIBUTION

2.1 Formulation, Implementation or Adjustment of Profit Distribution Policy for Ordinary Shares

The Bank formulated and implemented the cash dividend policy in accordance with the requirements of laws and regulations and the Articles of Association, taking into account the Bank's actual situation and regulatory requirements. The decision-making procedures and mechanisms are well-established, in which the independent non-executive Directors have performed their duties and roles in good faith. Minority Shareholders have been given the opportunity to fully express their opinions and demands, and their legitimate rights and interests have been fully protected. During the Reporting Period, no adjustments or changes were made in cash dividend policy of the Bank.

2.2 Profit Distribution and Capitalization Issue

The Bank's 2024 Profit Distribution Plan: After being considered and approved by the 2024 AGM, the Bank distributed a cash dividend of RMB0.20 (tax inclusive) to every 10 shares of A Shareholders and H Shareholders whose names appeared on the register of Shareholders as of 9 July 2025, and did not issue new Shares by way of capitalization issue or bonus Shares.

In 2025, net profit attributable to Shareholders of the Bank under the consolidated financial statements of the Bank audited by ShineWing Certified Public Accountants LLP amounted to RMB1,895,005 thousand. In accordance with the requirements of the existing Accounting Standards for Business Enterprises and the Articles of Association, the audited net profit attributable to the parent company of the Bank amounted to RMB1,880,559 thousand; after deducting interests on indefinite-term capital bonds paid in November 2025 amounting to RMB480,000 thousand, the profit of the year available for distribution to Ordinary Shareholders amounted to RMB1,400,559 thousand. The proposed 2025 plan for profit distribution is as follows:

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1. 10% of the net profit, equivalent to RMB188,056 thousand, will be appropriated as statutory surplus reserve.

2. RMB707,000 thousand will be appropriated as general risk reserve.

3. No cash dividends will be distributed, and no bonus Shares or new Shares will be issued by way of capitalization issue for the year.

4. The remaining undistributed profit will be carried forward to next year.

The Bank's profit distribution plan for the 2025 fiscal year has been taken into consideration the following factors: Firstly, as the Bank is currently in a critical phase of deepening reform and transformation, retaining undistributed profits will help solidify the capital foundation for high-quality development, further enhance risk resilience, and provide a strong support for stable operation. Secondly, against the backdrop of stricter financial regulation and tighter capital constraints, retaining profits for internal replenishment is the main effective way to ensure an adequate level of capital. The Bank's retained undistributed profits will be used to supplement its core Tier 1 capital, improve its capital adequacy level, support the Bank's sustainable development, and protect the long-term interests of investors. The Bank's shareholders' meeting will also provide a combination of in-person and network voting to facilitate the participation of small and medium Shareholders in decision-making.

Looking forward, the Bank will adhere to the general principle of seeking progress while maintaining stability, continuously enhance its comprehensive financial service capabilities, promote local economic development through prudent operations, and create long-term returns for investors. Firstly, we will closely follow national macroeconomic policies and regional economic development plans, increase lending to the real economy, enhance our ability to serve the real economy, optimize financial services and product offerings, and strengthen market competitiveness and sustainable development capabilities. Secondly, we will focus on managing interest rate spreads and expanding non-interest income, improve profitability, and maintain stable operating indicators. We will continuously optimize the asset-liability structure. On the asset side, we will increase credit allocation to improve asset returns. On the liability side, we will optimize the deposit structure and refine pricing to gradually and orderly reduce interest expense. At the same time, we will enhance our ability to conduct transactions in financial market business and expand non-interest income. Thirdly, we will adhere to a prudent and conservative risk culture and risk appetite, strengthen policy research, continuously improve the risk management framework that adapts to market positioning and business levels, and enhance risk prevention and control capabilities.

The proposal will be submitted to the Shareholders' meeting of the Bank for deliberation.

3 SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS

For details of the share capital and substantial Shareholders of the Bank, please refer to the chapter headed "Changes in Share and Information on Shareholders" of this Report.

4 ISSUANCE OF DEBT SECURITIES

For details of the issuance of debt securities of the Bank, please refer to the paragraph headed "Issuance and Repurchase of Bonds" in the chapter headed "Significant Events" of this Report.

5 USE OF PROCEEDS

For details of the use of proceeds of the Bank, please refer to the chapter headed "Management Discussion and Analysis" of this Report.

6 RESERVES

Details of movements in the reserves of the Bank for the Reporting Period are set out in the consolidated statement of changes in Shareholders' equity. As of the end of the Reporting Period, the total reserves available for profit distribution was RMB15,971 million.

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7 FIXED ASSETS

Details of movements in the fixed assets of the Bank are set out in “25. Property and equipment” to the chapter headed “Independent Auditor’s Report” of this Report.

8 CONNECTED TRANSACTIONS

In the ordinary and usual course of business, the Bank offers commercial banking services and products to the public in China, including certain connected persons of the Bank such as the Shareholders, Directors, president and/or their respective associates. Pursuant to the Stock Exchange Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of the business of the Bank, shall be exempt from the reporting, annual review, disclosure and independent Shareholders’ approval requirements under Chapter 14A of the Stock Exchange Listing Rules. The independent non-executive Directors of the Bank have reviewed all of connected transactions and acknowledged that they had complied with the requirements under Chapter 14A of the Stock Exchange Listing Rules.

The definition of connected persons under Chapter 14A of the Stock Exchange Listing Rules is different from the definition of related parties under International Accounting Standard, and the interpretations by the International Accounting Standards Board. Some of the Bank’s related party transactions also constitute connected transactions or continuing connected transactions as defined under the Stock Exchange Listing Rules, but none of them constitutes non-exempt connected transactions required to be disclosed under the Stock Exchange Listing Rules.

9 DIRECTORS AND SENIOR MANAGEMENT

Details regarding the Directors and senior management of the Bank are set out in the chapter headed “Directors, Senior Management, Staff and Institutions” of this Report, and constitute a part of this “Report of the Board of Directors”.

10 INTERESTS OF DIRECTORS IN BUSINESS IN COMPETITION WITH THE BANK

None of the Directors or serving Supervisors during the Reporting Period of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with that of the Bank.

11 REMUNERATION AND RETIREMENT BENEFITS OF THE DIRECTORS

Details of the remuneration of the Directors are set out in the chapter headed “Directors, Senior Management, Staff and Institutions” of this Report. Retirement benefits offered by the Bank to employees are set out in “Accrued staff costs” in Note “34. Other liabilities” to the financial statements in the chapter headed “Independent Auditor’s Report” of this Report.

12 SERVICE CONTRACTS OF DIRECTORS

During the Reporting Period, none of the Directors or serving Supervisors during the Reporting Period entered into a service contract with the Bank whereby compensation would be payable by the Bank upon termination of the contract by the Bank within one year (other than statutory compensation).

13 INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE

As at the end of the Reporting Period, none of the Directors and chief executive of the Bank had any interests or short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Stock Exchange Listing Rules.

14 MATERIAL INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, neither the Bank nor any of its subsidiaries entered into any significant transaction, arrangement or contract in which the Directors or serving Supervisors during the Reporting Period or entity connected with the Directors or serving Supervisors during the Reporting Period directly or indirectly had a material interest.

15 LOAN ARRANGEMENT FOR THE BANK'S ADVANCE TO ENTITIES

During the Reporting Period, the Bank did not provide any loan to entity that shall be disclosed under Rule 13.13 of the Stock Exchange Listing Rules.

16 ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Bank or any of its subsidiaries had entered into any arrangement to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

17 MANAGEMENT CONTRACTS

No management or administration contract in relation to all or substantial parts of the business of the Bank was entered into during the Reporting Period.

18 REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE BANK

During the Reporting Period, the Bank and its subsidiaries had not repurchased, sold or redeemed any listed securities or redeemable securities of the Bank, including sales of treasury shares (as defined in the Stock Exchange Listing Rules). As at the end of the Reporting Period, the Bank did not hold any treasury shares (as defined in the Stock Exchange Listing Rules).

19 CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

As at the end of the Reporting Period, the Bank and its subsidiaries had not issued or granted any convertible securities, options, warrants or other similar rights, and there had been no exercise of conversion or subscription rights over the convertible securities, options, warrants or other similar rights issued or granted by the Bank and its subsidiaries at any time.

20 LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE BANK

During the Reporting Period, the Bank did not provide any of its affiliated companies with any financial assistance or guarantees required to be disclosed under Rule 13.16 of the Stock Exchange Listing Rules. The Bank does not have a controlling Shareholder or de facto controller, nor has it entered into any loan agreement with covenants relating to specific performance of the controlling Shareholder or breached the terms of any loan agreement.

21 PRE-EMPTIVE RIGHTS

During the Reporting Period, no provisions under the Articles of Association or relevant provisions of the PRC laws and regulations granted pre-emptive rights regarding the Bank.

22 DONATIONS

During the Reporting Period, the Bank did not make charitable and other donations.

23 EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Bank neither had nor entered into any equity-linked agreements.

24 RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Bank takes effective measures to safeguard the legitimate rights and interests of its employees, striving to establish a harmonious and stable labor relationship. The Bank enters into labor contracts with its employees in accordance with the relevant laws, and continuously improves the relevant labor employment system and employee security system. By conscientiously implementing the national policies and regulations on salary and welfare, the Bank has developed the “Administrative Measures on Salary and Welfare”, under which it paid employees with full salaries on time, contributed various social insurance and housing provident fund in time and built a multi-level pension and medical security system. To effectively protecting the vital interests of employees, the Bank regularly arranges for employees to receive health check-ups, and purchases mutual aid protections for in-service employees. The Bank also keeps helping employees to enhance their value through enhancing position system for smooth career development path and providing them with a wide range of professional training to boost their rapid growth, actively pays attention to employees’ demands and takes good care of their daily well-being, and regularly organizes health knowledge lectures, and various cultural and sports activities.

CHAPTER VI REPORT OF THE BOARD OF DIRECTORS

To protect consumer rights, the Bank integrated the concept and requirements of consumer protection into its systems and established a consumer rights protection system involving consumer services, information protection, education on financial knowledge, and customer complaints handling. The Bank pays attention to communication with customers. It keeps in touch with customers through letters, telephone, direct visits, the internet and other forms of communication channels, provides customers with uninterrupted round-the-clock telephone banking services in China through the unified customer service telephone line, and offers online customer service to provide customers with intelligent online services.

The Bank adheres to the principles of openness, fairness, justice, honesty and efficiency during the course of centralized procurement, with a priority on purchasing green, energy-saving, and environmentally friendly products. Supplier management adheres to the principles of fairness, justice, mutual trust, and mutual benefit, ensuring the security, timeliness, and sustainability of centralized procurement supply.

25 PUBLIC FLOAT

As at the Latest Practicable Date, according to the data publicly available to the Bank and the Directors have been aware of, the Bank has complied with the public float requirements under the Stock Exchange Listing Rules.

26 CORPORATE GOVERNANCE

The Bank is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Bank strictly abided by the code provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to the Stock Exchange Listing Rules and the relevant provisions on disclosure of inside information. Details of corporate governance of the Bank are set out in the chapter headed "Corporate Governance" of this Report.

27 MAJOR DEPOSITORS AND BORROWERS

The Bank is not dependent on a single major depositor/borrower. As at the end of the Reporting Period, the deposits balance of the five largest depositors and loan balance of the five largest borrowers of the Bank represented no more than 30% of the total relevant deposits and, gross loans and advances of the Bank. The Directors of the Bank and their close associates or any Shareholder which to the knowledge of the Directors own more than 5% of the number of issued Shares of the Bank do not have any interest in the above five largest depositors/borrowers.

28 PERMITTED INDEMNITY PROVISION

According to code provision C.1.7 of the Corporate Governance Code, the Bank should arrange appropriate insurance cover in respect of legal action against the Directors. The Bank has purchased appropriate liability insurance for the Directors and provided them with an indemnity for liabilities incurred during the corporate initiatives of the Bank for the Reporting Period.

CHAPTER VI REPORT OF THE BOARD OF DIRECTORS

29 OTHER MATTERS

As far as the Board is aware, the Bank has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Bank in all material respects. In the meantime, the Bank is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Bank endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. For details and reports that meet the requirements of Appendix C2 to the Stock Exchange Listing Rules, please refer to the 2025 sustainability (ESG) Report dated 31 March 2026 published on the website of CNINFO (www.cninfo.com.cn), the overseas regulatory announcement dated 31 March 2026 published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk), and the "Announcements and Circulars" under Investor Relations on the Bank's website (www.zzbank.cn).

During the Reporting Period, the Bank was not aware of any Shareholders having waived or agreed to any arrangement to waive dividends.

During the Reporting Period, no Directors of the Bank waived or agreed to waive relevant remuneration arrangement.

During the Reporting Period, the Bank had not pledged any significant assets.

During the Reporting Period, the Bank had no controlling Shareholder or de facto controller. As a result, the Bank did not have any controlling Shareholder pledging the Bank's shares to secure the Bank's debts or to secure guarantees or other support of the Bank's obligations.

The Bank is not aware of any applicable tax deductions to which Shareholders may be entitled by reason of their holding of the Bank's shares. Should Shareholders have any questions about the tax implications of purchasing, holding, disposing of, dealing in or exercising any rights in relation to the shares, expert advice should be consulted.

As at the Latest Practicable Date, save as disclosed in this Report, there were no other significant subsequent events of the Bank requiring disclosure.

Bank of Zhengzhou Co., Ltd.
Board of Directors
30 March 2026

CHAPTER VII SIGNIFICANT EVENTS

1 ISSUANCE AND REPURCHASE OF BONDS

The Bank issued the 2021 indefinite-term capital bonds (Bonds code: 2120100), whose bookbuilding was recorded in the national interbank bond market between 11 November 2021 and 12 November 2021, in an amount of RMB10 billion. The coupon rate is 4.80% for the first 5 years subject to adjustment on a 5-year basis. The Bank shall have a conditional redemption option of the issuer on each distribution payment date of the 5th year and beyond.

The Bank has completed the issuance of its 2022 first tranche of green financial bonds (Bonds code: 2220064) in the national interbank bond market on 19 September 2022, in an amount of RMB3 billion, for a term of 3 years. The coupon rate is 2.65%. The raised proceeds were used for the green projects specified in the Green Bond Endorsed Project Catalogue 2021 in accordance with the applicable laws and regulatory approval. The bonds were fully cashed on 19 September 2025.

The Bank has completed the issuance of its 2022 first tranche of financial bonds (Bonds code: 2220082) in the national interbank bond market on 1 December 2022, in an amount of RMB5 billion, with a fixed rate for a term of 3 years and a coupon rate of 2.95%. The bonds were fully cashed on 1 December 2025.

The Bank has completed the issuance of its 2023 first tranche of financial bonds (Bonds code: 2320008) in the national interbank bond market on 13 March 2023, in an amount of RMB5 billion, with a fixed rate for a term of 3 years and a coupon rate of 3.02%.

The Bank has completed the issuance of its 2024 green financial bonds (Bonds code: 2420020) in the national interbank bond market on 28 May 2024, in an amount of RMB2 billion, for a term of 3 years. The coupon rate is 2.25%. The proceeds will be specifically used for the green projects specified in the Green Bond Endorsed Project Catalogue 2021 in accordance with the applicable laws and regulatory approval.

CHAPTER VII SIGNIFICANT EVENTS

2 PERFORMANCE OF UNDERTAKINGS

2.1 Undertakings Fully Performed by the Bank's de facto Controller, Shareholders, Related Parties, Purchasers and the Bank during the Reporting Period and Undertakings Not Fully Performed as at the End of the Reporting Period

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Share	Zhengzhou Finance Bureau (鄭州市財政局)	Undertaking on shares with selling restrictions	Within 36 months since the listing date of the initial public offering of the Bank's A Shares on the SZSE, Zhengzhou Finance Bureau shall not transfer or entrust others to manage the issued Shares of the Bank held by it before this round of issue, and shall not allow the Bank to repurchase such Shares; if the closing price of the Shares issued in this round by the Bank is lower than the issue price for 20 consecutive trading days within six months upon the listing, or the closing price is lower than the issue price as at the end of the six-month period upon the listing, the lockup period for the Bank's Shares held by Zhengzhou Finance Bureau shall be automatically extended by six months.	19 September 2018	Refer to the details of the undertakings	During the course of performance

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
			If it intends to reduce its shareholdings within two years after the expiry of the share lockup period, the annual reduced share holdings shall be no more than 5% of the number of shares held by it; if it intends to reduce its shareholdings two years after the expiry of the share lockup period, the number of reduced shareholdings will be announced three trading days before it reduces its shareholdings, the selling price shall be no less than the issue price of the initial public offering of the Bank's A Shares (if there is any dividend distribution, bonus issue of shares, capitalization of capital reserve, share placing, share subdivision and other ex-rights and ex-dividend events of the Bank's shares, the selling price will be adjusted accordingly by ex-rights and ex-dividend).			

CHAPTER VII SIGNIFICANT EVENTS

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Share	Directors, Supervisors and senior management personnel of the Bank	Undertaking on shares with selling restrictions	Within 36 months since the listing date of the initial public offering of the Bank's A Shares on the SZSE, they shall not transfer or entrust others to manage the issued Shares of the Bank held by them before this round of issue, and shall not allow the Bank to repurchase such Shares. After the expiry of the lockup period, they shall transfer no more than 15% of the total number of the Shares held by them annually during the term of office, and no more than 50% of the total number of the Shares held by them within five years, they shall not repurchase in six months after selling their shares or resell in six months after purchasing Shares; they shall not transfer the Shares of the Bank held by them within six months after they leave office.	19 September 2018	Refer to the details of the undertakings	During the course of performance
Undertakings made in initial public offering of A Share	Individuals of the Bank holding more than 50,000 internal staff Shares	Undertaking on shares with selling restrictions	Within three years since the listing date of the Bank on the SZSE, they shall not transfer the Shares of the Bank of Zhengzhou held by them. After the expiry of the above three-year Shares transfer lockup period, they shall transfer no more than 15% of the total number of the Shares held by them annually, and no more than 50% of the total number of the Shares held by them within five years.	19 September 2018	Refer to the details of the undertakings	During the course of performance

CHAPTER VII SIGNIFICANT EVENTS

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in initial public offering of A Share	Zhengzhou Finance Bureau (鄭州市財政局)	Undertakings on avoiding horizontal competition	During the period for being a major Shareholder of the Bank, its subsidiary enterprises (including wholly-owned, controlled subsidiaries and effectively-controlled enterprises) will not engage in, directly or indirectly, any forms of business activities that will compete or likely to compete with the Bank's principal business. Zhengzhou Finance Bureau will supervise its subsidiary enterprises in accordance with this undertaking and exercise necessary rights to ensure them to comply with this undertaking. Zhengzhou Finance Bureau will strictly comply with the relevant laws and regulations of the CSRC and the stock exchanges where the Bank's Shares are listed and the requirements of company management policies such as the Article of Association and management policies on related party transactions of the Bank, exercise the Shareholder's rights and perform the Shareholder's obligations as equally as other Shareholders, and neither seek unfair interest by use of the position of major Shareholder, nor impair the legal interests of the Bank and other Shareholders.	19 September 2018	Refer to the details of the undertakings	During the course of performance

Undertaking	Undertaking party	Undertaking type	Details of the undertaking	Date of undertakings	Term of undertakings	Performance
Undertakings made in the non-public offering of A Shares	Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	Undertaking on shares with selling restrictions	It shall not transfer Shares under non-public issuance of the Bank within 60 months since the date of the listing thereof.	27 November 2020	Refer to the details of the undertakings	Fully performed
Undertakings made in the non-public offering of A Shares	Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司)	Undertaking on shares with selling restrictions	It shall not transfer Shares under non-public issuance of the Bank within 60 months since the date of the listing thereof.	27 November 2020	Refer to the details of the undertakings	Fully performed

Whether the undertakings are performed on time	Yes
If the undertakings are not performed when overdue, explanations of reasons and working plans for the next step shall be stated in detail	Not applicable

2.2 Existence of the Profit Forecast about Assets or Projects, and the Reporting Period Was Still in the Profit Forecast Period, the Bank' s Explanation on the Profit of Assets or Projects Reaching the Goal and the Reasons

There was no existence of the profit forecast about assets or projects nor the Reporting Period was still in the forecast period for the Bank.

2.3 Involvement in Performance Commitments

The Bank does not involve any performance commitments.

3 SIGNIFICANT RELATED PARTY TRANSACTIONS

In accordance with relevant provisions under the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), the SZSE Listing Rules, the Accounting Standards for Business Enterprises, and other laws, administrative rules, departmental regulations, and regulatory documents, the Bank continued to strengthen the management of the list of the related parties, imposed strict approval procedures on related party transactions, continuously enhanced the information and intelligence levels of managing related parties and related party transactions, and prudently carried out related party transactions to effectively prevent related party transaction risks. During the Reporting Period, related party transactions between the Bank and its related parties are conducted in the ordinary course of its business with terms and pricing of the transactions agreed in accordance with the fair and market-oriented principles and as well as on conditions no better than non-related party transactions of the same type. Such related party transactions had no significant impact on the operation results and financial conditions of the Bank and the indicators on the control of related party transactions were in compliance with the related regulations of regulatory authorities.

3.1 Related Shareholders Directly or Indirectly Holding 5% or more of the Shares of the Bank

Name of the related party	Relationship with the related party	Place of registration	Organization type	Registered capital	Principal business	Change(s) in shareholdings of the Bank during the Reporting Period
Zhengzhou Finance Bureau (鄭州市財政局)	Shareholder	N/A	Government department	N/A	N/A	Nil
Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司)	Shareholder	Zhengzhou, Henan	Limited liability company	RMB30 billion	Licensed Items: Construction engineering construction, construction engineering design, highway administration and maintenance; general Items: Investment activities with self-owned funds, park management services, venture capital (limited to investment in unlisted enterprises), entrepreneurial space services, municipal facilities management, land remediation services, etc	Nil
Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	Shareholder	Zhengzhou, Henan	Limited liability company	RMB12,867.37 million	Investment and management of state-owned assets, real estate development and sale; house leasing	Nil

CHAPTER VII SIGNIFICANT EVENTS

3.2 Significant Related Party Transactions

According to the relevant provisions of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》) and the Administrative Measures for Related Party Transactions (《關聯交易管理辦法》) of the Bank, related party transactions are defined as follows:

Significant related party transactions shall refer to transactions between the Bank and a single related party that severally amount to 1% or more of the net capital of the Bank at the end of the previous quarter or collectively 5% or more of the net capital of the Bank at the end of the previous quarter. After the aggregate amount of transactions between the Bank and a single related party reaches the aforementioned standard, the subsequent related party transactions shall be re-designated as significant related party transactions for each aggregate amount of more than 1% of the net capital at the end of the previous quarter. "General related party transactions" shall refer to related party transactions other than significant related party transactions. For the specific calculation method, please refer to the announcement in relation to the Administrative Measures for Related Party Transactions published by the Bank on CNINFO and the website of the Hong Kong Stock Exchange on 30 August 2023.

3.3 Related Party Transactions

During the Reporting Period, the Bank strictly complied with regulatory requirements of the National Financial Regulatory Administration, CSRC and SZSE, and executed recurring operation related party transactions with related parties, within the estimated quota on recurring related party transactions approved by the shareholders' meeting. Details of the transactions are shown in the table below. Other than the following transactions, the Bank did not have other significant related party transactions that meet the above requirements.

CHAPTER VII SIGNIFICANT EVENTS

3.3.1 Credit Grant Related Party Transactions with General Associated Corporations

Unit: RMB'000

Number	Related client	Estimated quota on recurring related party transactions for 2025	Total credit granted as at the end of 2025	Related legal persons	Credit granted as at the end of 2025	Business line
1	Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司) and its associated corporations	7,000,000	4,235,480	Henan Zhongyuan Financial Holding Co., Ltd. (河南中原金控有限公司)	975,930	Loan business
				Zhengzhou Industrial Investment Group Co., Ltd. (鄭州產業投資集團有限公司)	100,000	Investment business
				Zhengzhou Transportation Development Investment Group Co., Ltd. (鄭州交通發展投資集團有限公司)	3,159,550	Loan business and investment business
2	Zhengzhou Construction Investment Group Co., Ltd. (鄭州市建設投資集團有限公司) and its associated corporations	5,400,000	3,970,697	Zhengzhou Road and Bridge Construction Investment Group Co., Ltd. (鄭州路橋建設投資集團有限公司)	1,529,545	Loan business
				Zhengzhou Highway Engineering Company (鄭州市公路工程公司)	127,500	Loan business
				Zhengzhou City Highway Engineering Company (鄭州市建設投資集團有限公司)	1,519,252	Loan business
				Zhengzhou Songyue Highway Development Co., Ltd. (鄭州嵩岳公路開發有限公司)	497,400	Loan business and investment business
				Zhengzhou Zhengshao Expressway Development Co., Ltd. (鄭州鄭少高速公路發展股份有限公司)	297,000	Loan business
3	Zhengzhou Transportation Construction Investment Co., Ltd. (鄭州交通建設投資有限公司) and its associated corporations	1,900,000	826,073	Zhengzhou Transportation Construction Investment Co., Ltd. (鄭州交通建設投資有限公司)	826,073	Loan business and investment business

CHAPTER VII SIGNIFICANT EVENTS

Number	Related client	Estimated quota on recurring related party transactions for 2025	Total credit granted as at the end of 2025	Related legal persons	Credit granted as at the end of 2025	Business line
4	Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司) and its associated corporations	6,000,000	2,041,158	Henan Guochuang Cultural Development Co., Ltd. (河南國創文化發展有限公司)	180,533	Loan business
				Henan Digital Town Development and Construction Co., Ltd. (河南數字小鎮開發建設有限公司)	120,000	Loan business
				Zhengzhou Zhongrongchuang Industrial Investment Co., Ltd. (鄭州市中融創產業投資有限公司)	848,000	Loan business and investment business
				Zhengzhou Investment Holdings Intelligent Logistics Industrial Park Co. Ltd. (鄭州投控智慧物流產業園有限公司)	92,625	Loan business
				Zhengzhou Investment Holdings Co., Ltd. (鄭州投資控股有限公司)	800,000	Loan business
5	Henan Investment Group Co., Ltd. (河南投資集團有限公司) and its associated corporations	8,000,000	2,861,835	City Development Environment Co., Ltd. (城發環境股份有限公司)	50,000	Investment business
				Henan Urban Development Investment Co., Ltd. (河南城市發展投資有限公司)	270,000	Loan business
				Henan Health Care Group Co., Ltd. (河南康養集團有限公司)	10,000	Loan business
				Henan Tou Wisdom Energy Co., Ltd. (河南省投智慧能源有限公司)	16,149	Loan business
				Henan Investment Group Co., Ltd. (河南投資集團有限公司)	1,490,000	Loan business and investment business
				Henan Yicheng Holdings Co., Ltd. (河南頤城控股有限公司)	500,000	Loan business
				Henan Yuneng Holdings Co., Ltd. (河南豫能控股股份有限公司)	202,125	Investment business
				Pingdingshan City Development Construction Engineering Management Co., Ltd. (平頂山城發建設工程管理有限公司)	59,000	Loan business
				Zhengzhou Jin'an High tech Real Estate Co., Ltd. (鄭州金安高科置業有限公司)	264,561	Loan business

Number	Related client	Estimated quota on recurring related party transactions for 2025	Total credit granted as at the end of 2025	Related legal persons	Credit granted as at the end of 2025	Business line
6	Henan Asset Management Company Limited (河南資產管理有限公司) and its associated corporations	3,000,000	1,677,500	Henan Asset Management Company Limited (河南資產管理有限公司)	1,677,500	Loan business and investment business
7	Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司) and its associated corporations (Note)	3,300,000	1,623,272	Henan Huida Construction Investment Co., Ltd. (河南暉達建設投資有限公司)	887,066	Loan business
				Henan Jianyuan Decoration Engineering Co., Ltd. (河南建苑裝飾工程有限公司)	129,318	Loan business
				Xinxiang City Zhongkai Real Estate Co., Ltd. (新鄉市中開置業有限公司)	30,177	Loan business
				Zhengzhou Huida Industrial Development Co., Ltd. (鄭州暉達實業發展有限公司)	497,370	Loan business
				Zhengzhou Yingshou Trading Co., Ltd. (鄭州盈首商貿有限公司)	79,341	Loan business

Note: As of the end of the Reporting Period, Henan Guoyuan Trade Co., Ltd. (河南國原貿易有限公司) and its associated corporations ceased to be the related parties of the Bank.

CHAPTER VII SIGNIFICANT EVENTS

3.3.2 Credit Grant Related Party Transactions among Financial Banks

Unit: RMB'000

Number	Related client	Estimated quota on recurring related party transactions for 2025	Total credit granted as at the end of 2025	Related legal persons	Credit granted as at the end of 2025	Business line
1	Central China Securities Co., Ltd. (中原證券股份有限公司) and its associated corporations	500,000	500,000	Central China Securities Co., Ltd. (中原證券股份有限公司)	500,000	Interbank general credit, revolving throughout the validity period of the credit
2	Zhongyuan Trust Co., Ltd. (中原信託有限公司) and its associated corporations	500,000	500,000	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	500,000	Interbank general credit, revolving throughout the validity period of the credit
3	Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司) *(note)*	3,200,000	1,000,000	Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司)	1,000,000	Interbank general credit, revolving throughout the validity period of the credit
4	Zhongmu Zhengyin County Bank (中牟鄭銀村鎮銀行)	400,000	400,000	Zhongmu Zhengyin County Bank (中牟鄭銀村鎮銀行)	400,000	Interbank general credit, revolving throughout the validity period of the credit
5	Yanling Zhengyin County Bank (鄢陵鄭銀村鎮銀行)	200,000	200,000	Yanling Zhengyin County Bank (鄢陵鄭銀村鎮銀行)	200,000	Interbank general credit, revolving throughout the validity period of the credit

Note: As of the end of the Reporting Period, Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司), was no longer a related party of the Bank.

3.3.3 Credit Grant Related Party Transactions with Natural Persons

As at the end of the Reporting Period, the credit balance of natural person related parties in the Bank was RMB89.74 million, which did not exceed the limit of RMB300 million for the aggregate quota of natural person related parties under estimated quota on recurring related party transactions for 2025.

3.3.4 Other Related Party Transactions

During the Reporting Period, the largest single transaction of financial market transactions with open market price such as spot bond trading and pledge-style repo with each of Bank of Lanzhou Co., Ltd. (蘭州銀行股份有限公司) and Central China Securities Co., Ltd. (中原證券股份有限公司) amounted to RMB500 million and RMB53.24 million respectively. There were no financial market transactions with open market price such as spot bond trading and pledge-style repo with Zhongyuan Trust Co., Ltd. (中原信託有限公司); the cumulative transaction volume of asset trading business between the Bank and Henan Asset Management Company Limited (河南資產管理有限公司) was RMB333,770,000; a total of service transaction amount such as trust custody and supervision fees of RMB50,790,000 was provided to Zhongyuan Trust Co., Ltd.; the cumulative transaction volume of deposit business between the Bank and all related parties was RMB44,354,550,000. None of the above transactions exceeded the estimated quota on recurring related party transactions for 2025.

4 SIGNIFICANT CONTRACTS AND INFORMATION ON THEIR PERFORMANCE

4.1 Entrustment, Contracting and Leasing Matters

During the Reporting Period, the Bank had no significant contracts on significant entrustment, contracting and leasing matters.

4.2 Significant Guarantees

During the Reporting Period, the Bank did not have any significant guarantee that needed to be disclosed save for the financial guarantees within the normal banking business scope.

CHAPTER VII SIGNIFICANT EVENTS

4.3 Entrust Others to Manage Cash Assets

4.3.1 Entrusted Wealth Management

During the Reporting Period, there was no event in respect of entrusted wealth management beyond the Bank's normal business.

4.3.2 Entrusted Loans

During the Reporting Period, the Bank had no entrusted loans beyond its normal business scope.

4.4 Material Contracts in Day-to-day Operations

During the Reporting Period, save as disclosed in this Report and other announcements and circulars of the Bank, the Bank did not have other material contracts in day-to-day operations that are required to be disclosed.

4.5 Other Significant Contracts

During the Reporting Period, the Bank had no other significant contractual matters requiring disclosure, other than those disclosed in this Report, other announcements and circulars of the Bank.

5 SIGNIFICANT ACQUISITION, DISPOSAL OR ABSORPTION OF ASSETS AND EQUITY

During the Reporting Period, save as disclosed in this Report and other announcements and circulars of the Bank, the Bank had no significant acquisition, disposal or absorption of assets and equity.

6 SIGNIFICANT LITIGATION AND ARBITRATION

Case progress of financial loan contract dispute between the Bank's Changchun Road Sub-branch and Zhengzhou Kangqiao Real Estate Development Co., Ltd. (鄭州康橋房地產開發有限責任公司) and other parties, and the case acceptance and progress of financial loan contract dispute between the Bank's Zhongyuan Road sub-branch and Zhengzhou Jinwei Industry Co., Ltd.* (鄭州金威實業有限公司) and other parties, please refer to the relevant announcements of the Bank published on CNINFO and the website of the Hong Kong Stock Exchange for details. Other significant litigation and arbitration previously involved by the Bank are detailed in the relevant litigation and arbitration announcements published by the Bank.

The Bank was involved in certain litigation and arbitration matters arising from its ordinary course of business due to the recovery of borrowings and other reasons. As at the end of the Reporting Period, the total amount of the pending litigation and arbitration of the Bank acting as the defendant or the respondent was RMB1,106 million. These litigation and arbitration matters are not expected to have material adverse impacts on the financial position or operating results of the Bank.

7 PUNISHMENT AND REMEDIAL ACTIONS OF THE BANK AND THE DIRECTORS, SENIOR MANAGEMENT OF THE BANK AND SHAREHOLDERS HOLDING MORE THAN 5% OF THE BANK' S SHARES

During the Reporting Period, to the best knowledge of the Bank, none of the Bank and its Directors, senior management and Shareholders holding more than 5% of its Shares was investigated by relevant authorities, subject to compulsory measures, transferred to judicial authorities or investigated for criminal responsibility by judicial or discipline inspection departments, filed for investigation or subject to administrative punishment or administrative supervision measures by the CSRC, or subject to disciplinary measures by any stock exchange. The Bank was not subject to any punishment by other regulatory authorities which had a material impact on the Bank's operation.

8 INTEGRITY OF THE BANK AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

As at the end of the Reporting Period, the Bank had no controlling Shareholders or de facto controllers. During the Reporting Period, the Bank and its largest Shareholder had no failure to execute an effective court judgment, or any large amount of due outstanding debts.

CHAPTER VII SIGNIFICANT EVENTS

9 ILLEGAL PROVISION OF EXTERNAL GUARANTEE

During the Reporting Period, the Bank did not provide any external guarantee in violation of laws.

10 OCCUPATION OF CAPITAL BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES OF THE BANK FOR NON-OPERATING PURPOSES

There was no occupation of capital of the Bank by the controlling Shareholder and other related parties for non-operating purposes.

11 IMPLEMENTATIONS OF SHARE INCENTIVE SCHEME, EMPLOYEE SHARE OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

During the Reporting Period, the Bank did not implement any form of share incentive scheme, employee share ownership scheme, share scheme under Chapter 17 of the Stock Exchange Listing Rules or other employee incentive measures.

12 DELISTING UPON DISCLOSURE OF THIS REPORT

The Bank is not exposed to any risk of delisting upon disclosure of this Report.

13 MATTERS RELATED TO BANKRUPTCY AND RESTRUCTURING

There was no matter related to bankruptcy or restructuring of the Bank during the Reporting Period.

14 AUDIT REVIEW

The financial statements for the year ended 31 December 2025 were prepared by the Bank according to the Accounting Standards for Business Enterprises of the PRC/International Financial Reporting Standards and were audited by ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited, respectively, which issued a standard unqualified audit report/independent auditor's report. The Report has been reviewed by the Audit Committee of the Board and the Board of Directors of the Bank.

15 EXPLANATION ON OTHER SIGNIFICANT EVENTS

During the Reporting Period, the Bank had no other significant events, other than those disclosed in this Report, other announcements and circulars of the Bank.

16 SIGNIFICANT EVENTS OF THE BANK' S SUBSIDIARIES

During the Reporting Period, the Bank's subsidiaries had no significant events.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

To the shareholders of Bank of Zhengzhou co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Bank of Zhengzhou Co., Ltd. (the "Bank") and its subsidiaries (together, the "Group") set out on pages 192 to 366, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of other 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.

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 OF OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (the "IESBA Code"), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Hong Kong. We have also fulfilled our other ethical responsibilities in accordance with the IESBA 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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables	
Refer to notes 13, 21, 22, 23 and 43(a) to the consolidated financial statements and the accounting policies on pages 217 to 218	
As at 31 December 2025, the carrying amount of loans and advances to customers, financial investments measured at amortised cost and lease receivables (including accrued interest) in the Group's consolidated statement of financial position were RMB411,575 million, RMB152,598 million and RMB33,953 million, respectively; the impairment allowance balances of loans and advances to customers, financial investments measured at amortised cost and lease receivables were RMB13,061 million, RMB3,501 million and RMB1,938 million, respectively. In 2025, the expected credit losses on loans and advances to customers, financial investments measured at amortised cost and lease receivables recognised in the consolidated profit or loss statement were RMB4,175 million, RMB1,889 million and RMB825 million, respectively. The Group's management assessed whether the credit risk of loans and advances to customers, financial investments measured at amortised cost and lease receivables had increased significantly since their initial recognition, and applied a three-stage impairment model approach to calculate the ECL. For loans and advances to customers, financial investments measured at amortised cost and lease receivables that are classified as stage 1, and with relatively insignificant amounts in stages 2 and 3, the management assessed the ECL by using the risk parameter modelling approach that incorporated relevant key parameters, including probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"). For loans and advances to customers, financial investments measured at amortised cost and lease receivables with relatively significant amounts in stages 2 and 3, the management assessed loss allowances by using the discounted cash flow model that incorporated the estimation of the future cash flows from each individual balances.	We understood and evaluated management's internal control for the measurement of ECL for loans and advances to customers, financial investments measured at amortised cost and lease receivables. We assessed and tested the design and operating effectiveness of the key internal controls. These included model management and selection of modelling methodologies, approval and application of the key parameters, controls over the accuracy and completeness of key data used by the models; and the general controls of information technology, data interfaces, application of model parameters and automated control of information technology over the impairment calculations. For the carrying amount of loans and advances to customers, financial investments measured at amortised cost and lease receivables, we selected samples and assessed the appropriateness of management's judgments used in determining significant increases in credit risk and identification of default or credit-impaired assets based on the information provided by management and other external evidence.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables</td></tr>
<tr><td colspan="2">Refer to notes 13, 21, 22, 23, 43(a) to the consolidated financial statements and the accounting policies on pages 217 to 218.</td></tr>
<tr><td>The ECL models involves significant management judgments and assumptions, mainly on:

(1) Segmentation of portfolios based on credit risk characteristics, selection of appropriate models and determination of relevant key parameters;

(2) Determination and application of criteria to identify significant increase in credit risks, default or credit-impaired assets;

(3) Economic indicators, economic scenarios and weighting used in the forward looking measurement;

(4) Estimation of future cash flows for individual assessment on loans and advances, financial investments measured at amortised cost and lease receivables that are impaired.</td><td>We assessed and tested the model methodologies, key parameters, management significant judgements and assumptions, which mainly include:

(1) Reviewed the ECL modelling methodologies, assessed the appropriateness of portfolio segmentation, model selection, key parameters estimation, significant judgments and assumptions in relation to the modelling;

(2) Evaluated the forward-looking measurements used by management in the ECL model, including examining the management's selection methodology for economic indicators, economic scenarios and weighting assigned; assessed the reasonableness of the forecasted economic indicator; and we also performed sensitivity analysis on the weighting of economic scenarios;

(3) For individual assessment over certain loans and advances to customers, financial investments measured at amortised cost and lease receivables, we examined, on sampling basis, the reasonableness of major parameters assigned under the discounted cash flow model, including the forecasted future cash flows prepared by the management based on the financial information of the borrowers and guarantors, latest collateral valuations and other available information together with discount rates;

(4) Examined on sampling basis, the model's computation and evaluated management's application of the expected credit loss model in accordance with its methodologies.</td></tr>
</table>

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Expected credit losses ("ECL") for loans and advances to customers, financial investments measured at amortised cost and lease receivables	
Refer to notes 13, 21, 22, 23, 43(a) to the consolidated financial statements and the accounting policies on pages 217 to 218	
We have identified the measurement of ECL for loans and advances to customers, financial investments measured at amortised cost and lease receivables as a key audit matter due to the material balances of the Group's impairment allowances for loans and advances to customers, financial investments measured at amortised cost and lease receivables; and the higher inherent risk arises from the significant uncertainty in estimation, the adoption of complex models, the involvement of substantial management judgments and assumptions, and the use of numerous parameters and data inputs in such measurements.	We evaluated the appropriateness of the disclosures related to the measurement of expected credit losses on loans and advances to customers, financial investments measured at amortised cost and lease receivables.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	**How the matter was addressed in our audit**
Valuation of financial instruments	
Refer to notes 22 and 44 to the consolidated financial statements and the accounting policies on page 234	
As at 31 December 2025, the carrying amount of financial assets measured at fair value amounted to RMB85,268 million, of which the carrying amount of financial instruments categorised within Level 3 of the fair value hierarchy amounted to RMB5,671 million. For the Level 3 financial instruments, the Group has applied valuation techniques to determine the fair values of the financial instruments, which required significant unobservable inputs and subjective assumptions and judgments made by the management. Given the significantly of the balance and the fair value measurement of the Level 3 financial instruments involve management's significant assumptions and judgements, including unobservable inputs, we have determined it to be a key audit matter.	We assessed and tested the design and operating effectiveness of key controls related to the valuation of financial instruments. For the fair value measurement of Level 1 financial instruments, we compared the fair value adopted by the Group with publicly available market data. For fair value measurement of Level 2 financial instruments, we understood the valuation model adopted by the management, evaluated the appropriateness of the valuation model and valuation parameters assigned to the model and compared them with available market quotations. For fair value measurement of Level 3 financial instruments, we assessed independently, on sampling basis, the management's valuation model, the unobservable parameters used for valuation and compared the valuation results performed by the Group. We evaluated the appropriateness of the disclosures related to the fair value of the financial instruments.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Consolidation assessment and disclosure regarding structured entities</td></tr>
<tr><td colspan="2">Refer to note 46 to the consolidated financial statements and the accounting policies on pages 205 to 209</td></tr>
<tr><td>The Group holds interests in various structure entities, including the Group sponsored wealth management products, the Group invested funds, investments trust plans, asset management plans, etc. As at 31 December 2025, the unconsolidated structured entities invested by the Group mainly consist of wealth management products managed by the Group amounted to RMB35,069 million, and funds, trust plans and asset management plans established and managed by third parties amounted to RMB50,051 million.

The Group determines whether to consolidate structured entities based on management's assessment of the Group's control over the structured entities, taking into consideration its power over the relevant activities of structured entities, exposure to its risk and variable returns and the Group's ability to use its power to affect its variable returns from the structure entities.</td><td>We evaluated and tested the design and operating effectiveness of the internal controls related to the Group's consolidation of structured entities. These including the management's calculation of variable returns and the review and approval procedures regarding the result of the consolidation assessment.

We performed the following substantive procedures on the consolidation assessment of structured entities on sampling basis, mainly including:

(1) By examining the contractual terms of structured entities, we understood the purpose of establishment, examined the transaction structure and identified the decision-making mechanism of the relevant activities, and evaluated the contractual rights and obligations of the Group and other parties so to assess the power of the Group over the structured entities;</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
Consolidation assessment and disclosure regarding structured entities	
Refer to note 46 to the consolidated financial statements and the accounting policies on pages 205 to 209	
In view of the significance, the assessment of the Group's control over structured entities involved consideration of multiple factors together with judgement made over various transaction terms and substance of the transactions. We identified the consolidation assessment of structured entities as key audit matters.	(2) Based on the contractual terms, we examined the amount and nature of income that the Group received from the structured entities; and whether any liquidity support was provided to the structured entity or other arrangements existed, and performed independent variable return analysis and testing to assess the variable returns entitled to the Group; (3) Analysed the extent of the Group's decision making power, the level of returns and the risk of variable returns due to holding other interests in the structured entities to assess whether the Group has the ability to use their power to influence the amount of returns from the structured entities. We also analysed the substantive rights held by other investors to assess whether the Group acted as a principal or an agent in structured entities related transactions. We evaluated the appropriateness of the disclosures in related to consolidation of structured entities.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Bank are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include 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 THE DIRECTORS OF THE BANK AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Bank are responsible for the preparation of the 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.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

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, 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 ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 of the Bank.

- Conclude on the appropriateness of the Bank's 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 Company 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 Group 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.

CHAPTER VIII INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

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 year 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.

The engagement partner on the audit resulting in this independent auditor's report is Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong

30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Interest income		23,704,763	23,355,859
Interest expense		(12,840,653)	(12,991,254)
Net interest income	6	10,864,110	10,364,605
Fee and commission income		541,553	622,462
Fee and commission expense		(135,163)	(150,200)
Net fee and commission income	7	406,390	472,262
Net trading gains	8	368,252	1,054,470
Net gains arising from investments	9	1,130,540	912,723
Other operating income	10	171,947	86,263
Operating income		12,941,239	12,890,323
Operating expenses	11	(3,755,724)	(3,904,214)
Credit impairment losses	13	(7,281,892)	(7,183,476)
Other operating expenses		(15,995)	(15,088)
Operating profit		1,887,628	1,787,545
Share of results of associates		12,429	(1,114)
Profit before taxation		1,900,057	1,786,431
Income tax credit	14	8,839	77,039
Profit for the year		1,908,896	1,863,470
Net profit attributable to:			
Equity shareholders of the Bank		1,895,005	1,875,762
Non-controlling interests		13,891	(12,292)
		1,908,896	1,863,470

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit for the year		**1,908,896**	1,863,470
Other comprehensive income:			
Other comprehensive income net of tax attributable to equity shareholders of the Bank			
Items that may be reclassified subsequently to profit or loss			
– Change in fair value/credit losses from debt investments measured at fair value through other comprehensive income	37(d)	**(676,698)**	481,067
– Share of other comprehensive income of associates	37(d)	**(1,437)**	4,480
Items that will not be reclassified subsequently to profit or loss			
– Change in fair value from equity investments measured at fair value through other comprehensive income	37(d)	**45,473**	134,909
– Remeasurement of net defined benefits liability	37(e)	**7,086**	(24,011)
Other comprehensive income net of tax		**(625,576)**	596,445
Total comprehensive income		**1,283,320**	2,459,915
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**1,269,429**	2,472,207
Non-controlling interests		**13,891**	(12,292)
		1,283,320	2,459,915
Basic and diluted earnings per share (in RMB)	15	**0.16**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Assets			
Cash and deposits with Central Bank	16	**30,516,423**	29,008,339
Deposits with banks and other financial institutions	17	**1,273,892**	1,797,835
Placements with banks and other financial institutions	18	**25,607,905**	14,099,825
Derivative financial assets	19	**1,052**	–
Financial assets held under resale agreements	20	**4,397,520**	5,885,781
Loans and advances to customers	21	**398,551,722**	376,048,659
Financial investments:			
Financial investments at fair value through profit or loss	22	**45,398,602**	32,484,947
Financial investments at fair value through other comprehensive income	22	**39,869,469**	21,447,481
Financial investments measured at amortised cost	22	**149,096,564**	147,416,874
Lease receivables	23	**32,014,889**	30,657,280
Interests in associates	24	**618,759**	607,767
Property and equipment	25	**3,307,388**	3,404,238
Deferred tax assets	26	**6,995,728**	6,066,105
Other assets	27	**6,024,386**	7,440,109
Total assets		**743,674,299**	676,365,240
Liabilities			
Due to Central Bank	28	**32,403,050**	35,037,760
Deposits from banks and other financial institutions	29	**20,962,081**	12,380,094
Placements from banks and other financial institutions	30	**30,839,964**	28,727,216
Financial assets sold under repurchase agreements	31	**12,748,550**	16,699,143
Deposits from customers	32	**474,947,222**	413,096,026
Tax payable		**540,047**	418,069
Debt securities issued	33	**110,331,158**	110,242,221
Other liabilities	34	**4,050,657**	3,469,940
Total liabilities		**686,822,729**	620,070,469

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	Notes	**31 December 2025 *RMB'000***	31 December 2024 *RMB'000*
Equity			
Share capital	35	**9,092,091**	9,092,091
Other equity instruments	36	**9,998,855**	9,998,855
Capital reserve	37	**5,993,736**	5,985,102
Surplus reserve	37	**4,064,034**	3,875,978
General reserve	37	**9,854,853**	9,143,233
Fair value reserve	37	**177,180**	809,842
Remeasurement of net defined benefit liability	37	**(90,968)**	(98,054)
Retained earnings	38	**15,971,471**	15,637,984
Total equity attributable to equity shareholders of the Bank		**55,061,252**	54,445,031
Non-controlling interests		**1,790,318**	1,849,740
Total equity		**56,851,570**	56,294,771
Total liabilities and equity		**743,674,299**	676,365,240

Approved and authorised for issue by the board of directors on 30 March 2026.

Zhao Fei
Chairman of the Board of Directors

Zhang Houlin
Person in Charge of Accounting Affairs

Fu Qiang
Head of Accounting Department

Bank of Zhengzhou Co., Ltd.
(Company Chop)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

		Attributable to equity shareholders of the Bank										
	Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement of net defined benefit liability RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025		9,092,091	9,998,855	5,985,102	3,875,978	9,143,233	809,842	(98,054)	15,637,984	54,445,031	1,849,740	56,294,771
Profit for the year		-	-	-	-	-	-	-	1,895,005	1,895,005	13,891	1,908,896
Other comprehensive income	37(d) & (e)	-	-	-	-	-	(632,662)	7,086	-	(625,576)	-	(625,576)
Total comprehensive income for the year		-	-	-	-	-	(632,662)	7,086	1,895,005	1,269,429	13,891	1,283,320
Appropriation of profit:												
– Appropriation to surplus reserve	37(b)	-	-	-	188,056	-	-	-	(188,056)	-	-	-
– Appropriation to general reserve	37(c)	-	-	-	-	711,620	-	-	(711,620)	-	-	-
– Cash dividends on perpetual debts	38(a)	-	-	-	-	-	-	-	(480,000)	(480,000)	-	(480,000)
– Cash dividends on ordinary shares	38(c)	-	-	-	-	-	-	-	(181,842)	(181,842)	-	(181,842)
– Others	37(a)	-	-	8,634	-	-	-	-	-	8,634	(73,313)	(64,679)
Sub-total		-	-	8,634	188,056	711,620	(632,662)	7,086	333,487	616,221	(59,422)	556,799
Balance at 31 December 2025		9,092,091	9,998,855	5,993,736	4,064,034	9,854,853	177,180	(90,968)	15,971,471	55,061,252	1,790,318	56,851,570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (continued)

		Attributable to equity shareholders of the Bank										
	Notes	Share capital *RMB'000*	Other equity instruments *RMB'000*	Capital reserve *RMB'000*	Surplus reserve *RMB'000*	General reserve *RMB'000*	Fair value reserve *RMB'000*	Remeasurement of net defined benefit liability *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2024		9,092,091	9,998,855	5,985,102	3,689,605	8,266,509	189,386	(74,043)	15,305,319	52,452,824	1,862,032	54,314,856
Profit for the year		–	–	–	–	–	–	–	1,875,762	1,875,762	(12,292)	1,863,470
Other comprehensive income	37(d) & (e)	–	–	–	–	–	620,456	(24,011)	–	596,445	–	596,445
Total comprehensive income for the year		–	–	–	–	–	620,456	(24,011)	1,875,762	2,472,207	(12,292)	2,459,915
Appropriation of profit:												
– Appropriation to surplus reserve	37(b)	–	–	–	186,373	–	–	–	(186,373)	–	–	–
– Appropriation to general reserve	37(c)	–	–	–	–	876,724	–	–	(876,724)	–	–	–
– Cash dividends on perpetual debts	38(a)	–	–	–	–	–	–	–	(480,000)	(480,000)	–	(480,000)
Sub-total		–	–	–	186,373	876,724	620,456	(24,011)	332,665	1,992,207	(12,292)	1,979,915
Balance at 31 December 2024		9,092,091	9,998,855	5,985,102	3,875,978	9,143,233	809,842	(98,054)	15,637,984	54,445,031	1,849,740	56,294,771

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 *RMB'000*	2024 *RMB'000*
Cash flows from operating activities		
Profit before tax	**1,900,057**	1,786,431
Adjustments for:		
Credit impairment losses	**7,281,892**	7,183,476
Depreciation and amortisation	**419,604**	449,195
Unrealised net foreign exchange losses/(gains)	**2,056**	(274)
Net (gains)/losses from disposal of long-term assets	**(80,110)**	2,833
Net trading losses of financial investments at fair value through profit or loss	**310,063**	78,883
Net gains arising from investments	**(1,130,540)**	(912,723)
Share of results of associates	**(12,429)**	1,114
Interest expense on financing activities	**2,196,857**	2,475,334
Interest income on financial investments	**(5,009,230)**	(5,024,760)
	5,878,220	6,039,509
Changes in operating assets		
Net increase in deposits with Central Bank	**(2,946,629)**	(2,396,026)
Net increase in deposits and placements with banks and other financial institutions	**(8,350,284)**	(6,702,624)
Net (increase)/decrease in financial investments at fair value through profit or loss	**(11,693,754)**	2,474,492
Net increase in loans and advances to customers	**(27,273,030)**	(31,825,144)
Net decrease in financial assets held under resale agreements	**1,488,177**	4,802,477
Net (increase)/decrease in lease receivables	**(2,202,861)**	1,246,699
Net decrease in other operating assets	**991,891**	27,120
	(49,986,490)	(32,373,006)
Changes in operating liabilities		
Net (decrease)/increase in amounts due to Central Bank	**(2,555,795)**	4,106,409
Net increase/(decrease) in deposits and placements from banks and other financial institutions	**10,737,492**	(6,338,294)
Net decrease in financial assets sold under repurchase agreements	**(3,954,366)**	(8,425,830)
Net increase in deposits from customers	**58,537,044**	43,576,457
Income tax paid	**(307,596)**	(940,651)
Net increase in other operating liabilities	**3,505,400**	3,120,762
	65,962,179	35,098,853
Net cash flows generated from operating activities	**21,853,909**	8,765,356

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		121,557,946	69,046,447
Proceeds from disposal of property and equipment and other assets		81,634	3,177
Payments on acquisition of investments		(145,622,048)	(87,666,515)
Return on investments		6,229,440	6,928,192
Payments on acquisition of property and equipment and other assets		(99,931)	(271,770)
Net cash flows used in investing activities		(17,852,959)	(11,960,469)
Cash flows from financing activities	40(b)		
Proceeds received from debt securities issued		167,278,915	163,041,068
Repayment of debt securities issued		(167,154,200)	(154,676,000)
Interest paid on debt securities issued		(2,228,800)	(2,660,644)
Dividends paid		(661,392)	(480,011)
Cash flows used in other financing activities		(116,386)	(128,270)
Net cash flows (used in)/from financing activities		(2,881,863)	5,096,143
Net increase in cash and cash equivalents		1,119,087	1,901,030
Cash and cash equivalents as at 1 January		13,922,277	12,019,973
Effect of foreign exchange rate changes on cash and cash equivalents		(3,492)	1,274
Cash and cash equivalents as at 31 December	40(a)	15,037,872	13,922,277
Net cash flows generated from operating activities include:			
Interest received		19,551,026	19,898,130
Interest paid		(7,451,379)	(7,669,376)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. BACKGROUND INFORMATION

Bank of Zhengzhou Co., Ltd. (the "Bank"), formerly known as City Commercial Bank of Zhengzhou Co., Ltd., is a joint-stock commercial bank established with the approval of the People's Bank of China (the "PBOC") in accordance with the notice of JiyinFu [2000] No. 64. The Bank changed its name to Bank of Zhengzhou Co., Ltd. in October 2009. The registered address is No.22 Business Waihuan Road, Zhengdong New District, Zhengzhou City, Henan Province. The Bank operates in Henan Province of the PRC.

The Bank obtained its financial institution licence No. B1036H241010001 from the former China Banking Regulatory Commission ("the former CBRC"), and obtained its business licence from Henan Province Administration for Market Regulation, the unified social credit code is 914100001699995779. The Bank is regulated by National Financial Regulatory Administration.

In December 2015, the Bank's H-share was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 06196). In September 2018, the Bank's A-share was listed on the SME Board of the Shenzhen Stock Exchange (Stock code: 002936).

The principal activities of the Bank and its subsidiaries (collectively the "Group") include receiving deposits from the public; short, medium and long-term lending; domestic and international settlement; bill acceptance and discounting; issuing financial bonds; purchase and sale of government bonds and financial bonds; interbank lending and borrowing; financial leasing and other business activities.

These financial statements have been approved by the board of directors on 30 March 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

As a financial institution established in the PRC and listed on the Shenzhen Stock Exchange, the Group also prepared its consolidated financial statements for the reporting period in accordance with the "Accounting Standards for Business Enterprises – Basic Standard" issued by the Ministry of Finance of the People's Republic of China (the "MOF"), additional specific accounting standards, the Application Guide and Interpretations of Accounting Standards and other relevant regulations (collectively known as the "PRC GAAP"), as well as the relevant regulations issued by the China Securities Regulatory Commission ("CSRC") in relation to the disclosure of financial statements and notes of listed companies. There is no difference in the net profit for the year or total equity as at the end of the year between the Group's consolidated financial statements prepared under IFRS Accounting Standards and those prepared under PRC GAAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Application of amendments to IFRS Accounting Standards

In the current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "ISAB") which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to IAS 21	Lack of Exchangeability

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

New and amendments to IFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but not yet effective:

IFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[1]
Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual periods beginning on or after 1 January 2027

3 Effective for annual periods beginning on or after a date to be determined

The Group anticipate that, except as described below, the application of the new and amendments to IFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to IFRS Accounting Standards issued but not yet effective (Continued)

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made. IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The directors are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statement of the Group.

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance ("ESG") targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The directors are currently assessing the impact of these amendments.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to IFRS Accounting Standards issued but not yet effective (Continued)

Annual Improvements to IFRS Accounting Standards – Volume 11

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7.

- IFRS 7 Financial Instruments: Disclosures: The amendments remove an obsolete reference to paragraph 27A and update the wordings in paragraph B38 of IFRS 7 regarding "unobservable inputs" to be consistent with IFRS 13. The amendments to the accompanying guidance on implementing IFRS 7 clarity that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, as well as update the wordings in paragraph IG14 of IFRS 7 regarding "fair value" consistent with other standards.

- IFRS 9 Financial Instruments: The amendments address a conflict between IFRS 9 and IFRS 15 over the initial measurement of trade receivables, and how a lessee accounts for the derecognition of a lease liability under IFRS 9.

- IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as de facto agents.

- IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method".

Amendments to IFRS 10 and IAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of Amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively. The directors of the Company anticipate that the application of Amendments to IFRS 10 and IAS 28 will not have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Business combinations (Continued)

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at each reporting date, and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Subsidiaries

If the Group acquires a subsidiary through a merger of companies under common control, the difference between the book value of the net assets acquired by the merging parties and the book value of the merger consideration paid (or the total par value of shares issued) is adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, retained earnings are adjusted.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Bank's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments, but does not include acquisition-related costs, which are expensed as incurred. The dividends or profits declared to distribute by the invested entity shall be recognised by the Bank as the current investment income of subsidiaries.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Associates (Continued)

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Associates (Continued)

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of interests in the associate that are unrelated to the Group. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. In applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 "Investments in Associates and Joint Ventures" (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash, balances with banks and other financial institutions. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

Cash flows arising from foreign currency transactions are translated using the spot exchange rates at the dates on which the transactions take place. The effect of exchange rate changes on cash is separately presented in the statement of cash flows.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments

Recognition and initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the financial asset within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at amortised cost or fair value depending on the classification of the financial assets. Financial assets are classified, an initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial assets measured at amortised cost, including loans and advances to customers and financial investments measured at amortised cost;

- Financial assets at fair value through other comprehensive income, including loans and advances to customers at fair value through other comprehensive income and financial investments at fair value through other comprehensive income; and

- Financial investments at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Classification of financial assets (Continued)

Financial assets may not be reclassified after initial recognition unless the Group changes the business model for managing the financial assets, in which case, all affected financial assets are reclassified o the first day of the first reporting period after the business model changes.

Financial assets not designated as fair value through profit or loss that meet the follow conditions are classified as financial assets measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies financial assets not designated as fair value through profit or loss that meet the following conditions as financial assets at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity investment not held for trading, the Group may irrevocably designate it as financial asset at fair value through other comprehensive income upon initial recognition. The designation is made on an individual basis and the investment is in line with the definition of the equity instrument from the issuer’s perspective.

Except for the above-mentioned financial assets that are measured at amortised cost and at fair value through other comprehensive income, the Group classifies all other financial assets into financial assets at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Group can irrevocably designate financial assets that should be measured at amortised cost or fair value through other comprehensive income as financial assets at fair value through profit or loss.

The business model for managing financial assets refers to how the Group manages financial assets to generate cash flows. The business model determines whether the sources of cash flows for financial assets managed by the Group is contractual cash flows, the sale of financial assets or both. The Group determines the business model for managing financial assets based on objective facts and specific business objectives for the management of financial assets as determined by key management personnel.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Classification of financial assets (Continued)

The Group assesses the contractual cash flow characteristics of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on specific dates are solely for payment of the principal and the interest based on the amount of principal outstanding. Of which, the principal is the fair value of the financial assets at initial recognition; the interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, and the consideration of other basic borrowing risks, costs and profits. In addition, the Group assesses the contractual terms that may result in a change in the time distribution or amount of contractual cash flows generated by the financial assets to determine whether they meets the requirements of the above contractual cash flow characteristics.

Subsequent measurement of financial assets

(i) Financial assets measured at amortised cost

Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any hedges are recognised in profit or loss at the time of derecognition and reclassification and amortisation using the effective interest method or recognition of impairment.

(ii) Debt securities at fair value through other comprehensive income

Subsequent to initial recognition, the financial assets are measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss, and other gains or losses are included in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously recognised in other comprehensive income are transferred to profit or loss.

(iii) Equity securities at fair value through other comprehensive income

Subsequent to initial recognition, the financial assets are measured at fair value. Dividend income is recognised in profit or loss; other gains or losses are recognised in other comprehensive income. At the time of derecognition, the cumulative gains or losses previously included in other comprehensive income are transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group recognises loss allowance for expected credit losses on financial assets measured at amortised cost, debt securities at fair value through other comprehensive income, lease receivables and credit commitments.

Other financial assets measured at fair value, including financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, are not subject to the expected credit loss assessment.

(i) Measurement of expected credit losses

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating expected credit losses is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

The Group's measurement of expected credit losses is described in Note 43.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Presentation of expected credit losses

Expected credit losses are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the amount of expected credit loss is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, provision is offset against their carrying amounts in the balance sheet. The Group recognises provision for debt instruments at fair value through other comprehensive income in other comprehensive income and does not deduct the carrying amount of the financial assets.

(iii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

Financial assets are derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset;
- The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- The carrying amount of the financial asset transferred measured at the date of derecognition;
- The sum of the consideration received from the transfer and, when the transferred financial asset is a debt securities at fair value through other comprehensive income, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial assets (Continued)

Transfer of financial assets

If the Group has transferred substantially all the risks and rewards of ownership of financial assets to the transferee, it shall de-recognise the financial assets; if it retains substantially all the risks and rewards of ownership of financial assets, it shall not derecognise the financial assets.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, it shall deal with the following situations separately: if it abandons its control over the financial assets, it should derecognise the financial assets and recognise the assets and liabilities that arose; if it does not abandon its control over the financial assets, it shall recognise the relevant financial assets in accordance with the extent to which it continues to be involved in the transferred financial assets, and relevant liabilities are recognised accordingly.

If the Group continues to be involved in the transferred financial assets by providing a financial guarantee, the assets that arose from the continued involvement shall be determined at the lower of the book value of the financial assets and the amount of the financial guarantee. The amount of the financial guarantee refers to the maximum amount that will be required to be repaid among the consideration received.

Financial liabilities and equity instruments

Debts and equity instruments that are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity instruments (Continued)

Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

(i) Financial liabilities measured at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

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

The financial liabilities includes trading financial liabilities and financial liabilities designated at fair value through profit or loss.

Subsequent to initial recognition, the financial liabilities are measured at fair value. Any resulting gains or losses (including interest expenses), unless related to hedge accounting, are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial liabilities and equity instruments (Continued)

Other equity instruments

The preference shares issued by the Group do not include the contractual obligations to pay cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potential adverse conditions. Meanwhile, these preferred shares are non-derivative financial instruments that must be settled with their own equity instruments in the future, but do not include the contractual obligation to deliver a variable number of their own equity instruments for settlement. The preference shares issued by the Group are equity instruments. The transaction costs such as handling fees and commissions incurred in issuing the preference shares are deducted from the equity. The interest on preference shares is recognised as profit distribution at the time of declaration.

The perpetual bonds issued by the Group do not include the contractual obligations to pay cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potential adverse conditions. In addition, there are no terms and arrangement that the bonds must or will alternatively be settled in the Group's own equity instruments. The perpetual bonds issued by the Group are equity instruments. The handling fees, the transaction costs and commissions incurred in issuing the perpetual bonds are deducted from the equity. The interest on perpetual bond is recognised as profit distribution at the time of declaration.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured at fair value at initial recognition. For financial guarantee contracts which are not designated as at fair value through profit or loss, they are subsequently measured at the higher of the expenditure determined by the expected credit loss model that is required to settle any financial obligation arising at the financial reporting date, and the value initially recognised less the accumulated amortisation recognised in accordance with the guidance for revenue recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Derivative financial instruments

The Group uses derivative financial instruments, for example, to hedge exchange-rate risks through foreign exchange forward contracts, which are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Changes in the fair value of these derivatives are recognised in profit or loss unless it is related to hedge accounting.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are not reported as purchases of the assets but as receivables and are carried in the statement of financial position at amortised cost.

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

The difference between purchase and sale price is recognised as “Interest expense” or “Interest income” in the statement of profit or loss over the life of the agreements using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

Property, plant and equipment are recognised only when the economic benefits associated with the assets will probably flow to the Group and the cost of the assets can be measured reliably. Subsequent expenditures incurred for property, plant and equipment that meet the recognition criteria shall be included in its cost, and the carrying amount of the component of the property, plant and equipment that is replaced shall be de-recognised. Otherwise, such expenditures shall be recognised in profit or loss for the period during which they are incurred.

Property, plant and equipment are initially measured at cost. The cost of purchased property, plant and equipment comprise the purchase price, relevant taxes and any directly attributable costs for bringing the assets to expected working condition.

Premises, electronic equipment and others

Property, plant and equipment are depreciated using the straight-line method. The estimated useful lives, residual values and depreciation rates of each class of property, plant and equipment are as follows:

	Estimated useful lives (years)	Estimated rate of residual value (%)	Depreciation rate (%)
Premises	20-50	5	1.90-4.75
Electronic equipment	3-5	5	19.00-31.67
Vehicles	5	5	19.00
Office equipment and others	5-10	5	9.50-19.00
Operating leased fixed assets	8-10	0-5	9.50-12.50

Construction in progress

The cost of construction in progress is determined according to the actual costs incurred for the construction, including all necessary construction costs incurred during the construction period, and other relevant expenses.

Construction in progress is transferred to property, plant and equipment when the asset is ready for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. The cost of intangible assets less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

	Estimated useful lives (years)
Software	5-10

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its interests in associates, investment in subsidiaries, property and equipment, right-of-use assets, leasehold improvement, intangible assets and repossessed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of the non-financial assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Employee benefits

Employee benefits refer to all forms of considerations or compensations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits

In the accounting period in which services are rendered by employees, the actual undiscounted amount of short-term benefits incurred is recognised as liabilities and charged to profit or loss for the current period or cost of underlying assets.

Post-employment benefits-defined contribution plans

The employees of the Group participate in (i) the pension insurance and unemployment insurance scheme administered by the local government and (ii) enterprise annuity, and the corresponding expenses are included in the costs of underlying assets or recognised in profit or loss for the current period when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employee benefits (Continued)

Post-employment benefits – defined benefit plan

The Group sets benefit plans as supplementary retirement benefits, including early retirement plans and supplementary retirement plans. The plan requires payment of fees to independently managed funds. No capital has been injected into the plan. The benefits cost under the defined benefit plan is calculated using the projected accumulative benefit unit method.

The items to be remeasured as a result of the defined benefit pension plan, which include actuarial gains or losses, movements arising from assets cap (net of amounts included in net interest of liabilities in the defined benefit plan) and return on plan assets (net of amounts included in net interest of liabilities in the defined benefit plan), are all immediately recognised in the consolidated statement of financial position, and are included in shareholders' equity through other comprehensive income during the period in which they are incurred. They will not be reclassified to profit or loss in subsequent periods.

The past service costs are recognised as expenses for the current period when the defined benefit plan is modified or when the Group recognises relevant restructuring costs or termination benefits, whichever occurs earlier.

Net interest is calculated by multiplying net liabilities or net assets of the defined benefit plan by the discount rate. The Group recognises changes in net liabilities of the defined benefit plan under administrative expense and finance expenses in the income statement. Service costs include current service cost, past service cost and gains or losses on settlement; net interest includes interest income on plan assets, interest expenses on plan obligations and interest arising from assets cap.

Termination benefits

If the Group provides termination benefits to employees, the employee benefits liabilities arising from termination benefits are recognised in profit or loss for the current period at the earlier of the following dates: when the Group cannot unilaterally withdraw the offer of these termination benefits as a result of termination of employment plan or downsizing proposal, and when the Group recognises restructuring costs involving the payment of termination benefits.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions and contingent liabilities

Other provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome;

- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items that are recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable calculated at the applicable tax rate on the taxable income for the period, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the taxable entity has a legally enforceable right to set off them and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the taxable temporary differences arises from the initial recognition of goodwill or an asset or liability in a single transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and, the initial recognition of assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences; and

- In respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deductible temporary differences arises from single transactions in which the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and, the initial recognition of assets and liabilities do not result in equal taxable temporary differences or deductible temporary differences; and

- In respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset when the following conditions are satisfied: a legally enforceable right exists to set off current tax assets against current tax liabilities; the deferred taxes relate to the same taxable entity and the same taxation authority, or the involved taxable entities are intended to settle the current income tax assets and current income tax liabilities on a net basis or to simultaneously acquire assets and repay debts during each future period in which significant amounts of deferred income tax assets and deferred income tax liabilities are expected to be reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease

On the contract start date, the Group assesses whether the contract is a lease or contains a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or contains a lease.

The Group as lessee

The Group recognises the right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases and low-value asset leases.

Right-of-use assets as lessee

At the commencement date of the lease, the Group recognises its right to use the lease assets over the lease term as the right-of-use asset and initially measures it at cost. The cost of right-of-use assets includes: the amount of initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received; the initial direct expenses incurred by the lessee; and an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease. If the Group re-measures the lease liabilities due to the changes in lease payments, the book value of the right-of-use assets shall be adjusted accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset and the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease (Continued)

The Group as lessee (Continued)

Lease liabilities as lessee

On the commencement date of the lease term, the Group recognises the present value of the outstanding lease payments as lease liabilities, except for short-term leases and low-value asset leases. The amount of lease payment includes the amount of fixed payment and substantial fixed payment after deducting the lease incentive, the amount of variable lease payment depending on the index or ratio, the amount expected to be paid according to the guarantee residual value, and the exercise price of the purchase option or the payment amount to exercise the lease termination option, provided that the Group reasonably determines that the option will be exercised or the lease term reflects that the Group will exercise the lease termination option.

In calculating the present value of the lease payments, the Group uses the implicit interest rate in the lease as the discount rate; if the implicit interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liabilities for each period of the lease term based on the fixed periodic interest rate and recognises it in profit or loss for the current period, unless otherwise stipulated to be recognised in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, unless otherwise stipulated to be recognised in related asset costs.

After the commencement date of the lease term, the Group increases the carrying amount of the lease liability while recognising the interest, and decreases the carrying amount of the lease liability while paying the lease payment. If either (i) the substantially fixed payment amount changes; (ii) the expected amount payable of the guarantee residual value changes; (iii) the index or ratio used to determine the lease payment amount changes; or (iv) the assessment results or actual exercise of the purchase option, renewal option or termination option changes, the Group re-measures the lease liabilities based on the present value of the changed lease payments.

Short-term leases and low-value asset leases

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease for which the value of the individual underlying asset is lower at inception as a lease of a low-value asset. The Group chooses not to recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the rent is amortised on a straight-line basis in each period of the lease term and included in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Lease (Continued)

The Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

The Group acts lessor under finance lease

When the Group is a lessor under finance leases, at the commencement date of the lease, the Group recognises finance lease receivable and derecognises finance lease assets. In the initial measurement of the finance lease receivable, the Group recognises the net investment of the lease as the book value. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the unreceived minimum lease payment receivable at the commencement date, which is discounted by the interest rate implicit in the lease, including initial direct costs. The Group calculates and recognises the interest income in each period during the lease term using the constant periodic rate of interest. Variable lease payments that are not measured as part of the net investment in the lease are recognised in profit or loss as incurred.

The Group acts lessor under operating lease

Rental income under an operating lease is recognised through profit or loss using the straight-line method for each period of the lease term. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred. Initial direct costs are capitalised and amortised over the lease term on the same basis as rental income is recognised, and are charged to profit or loss.

The Group acts as lessee under sale and leaseback transactions

If the asset transfer under a sale and leaseback transaction belongs to sale, the Group, as a lessee, measures the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognise relevant profit or loss for the right transferred to the lessor. If the asset transfer under a sale and leaseback transaction does not belong to sale, the Group, as a lessee, will continue to recognise the transferred assets while recognise a financial liability equal to the transfer income.

The Group acts as lessor under sale and leaseback transactions

If the asset transfer under a sale and leaseback transaction belongs to sale, the Group, as a lessor, accounts for the purchase of the assets and the lease of the assets in accordance with the foregoing. If the asset transfer under a sale and leaseback transaction does not belong to sale, the Group, as a lessor, will not recognize the transferred asset while recognise a financial asset equal to the transfer income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Profit distribution

Dividends are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as a subsequent event.

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance. Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amounts. No provision for impairment loss is made for entrusted loans.

Repossessed assets

In the recovery of impaired loans and advances, the Group may take possession of assets held as collateral through court proceedings or voluntary delivery of possession by the borrowers. Repossessed assets in the form of financial assets are recognised and presented as the appropriate class of financial assets based on the business models and contractual cash flow characteristics, and repossessed assets that are not financial assets are recognised and reported in "other assets" in the consolidated statement of financial position when the Group intends to achieve an orderly realisation of the impaired assets and the Group is no longer seeking repayment from the borrower.

When using repossessed assets as compensation for losses on loans and advances to customers and interest receivable, the Group recognises repossessed assets in the form of financial assets at fair value, and records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain repossessed assets in profit or loss or into the initial book value, respectively, depending on the type of financial assets.

Repossessed assets that are not financial assets are initially recognised at the fair value of the rights given up by creditors, and the Group records any taxes payable, advance payment for litigation fees, tax arrears and other transaction costs incurred to obtain the repossessed assets into the book value of repossessed assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Net interest income

Interest income

Interest income is calculated using the effective interest rate. The effective interest refers to the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. If the Group's estimate of future income changes, the book value of financial assets may also be adjusted accordingly. Since the adjusted book value is calculated according to the original effective interest rate, the change is also recorded in interest income.

For the purchased or originated credit-impaired financial assets, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

Interest expense

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

Net fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. For those services that are provided over a period of time, fee and commission income is accrued in accordance with the terms and conditions of the service agreement. For other service fee and commission income, they are recognised when the transactions are completed.

Fee and commission expense with regards to service are accounted for as the services are received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Dividend income

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis.

Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets.

Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognised, or included in other income or non-operating income directly.

Related parties

If the Group has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control or joint control from another party, these parties are considered to be related parties. Related parties may be individuals or enterprises. If the enterprises are only under common control from the State with the Group and have no other related party relationships, they are not regarded as related parties. Related parties of the Group include, but are not limited to:

- the Bank's subsidiary;
- the Bank's associate;
- investors that exercise significant influence over the Group;
- key management personnel of the Group and close family members of such individuals; and
- other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Bank are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Bank have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Judgments in determining the business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing financial assets. Factors considered by the Group in judging the business model include the method that the enterprise evaluate and report the performance of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by related management of the businesses. In assessing whether the business model is aimed at receiving contract cash flows, the Group is required to analyse and exercise judgement in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

Judgement in determining the characteristics of contract cash flows

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flows of the types of financial assets. Judgement is required to determine whether the contract cash flows represent principals and interest payments in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgments in applying accounting policies (Continued)

Judgement in assessing control over structured entities

For the structured entities involved in the Group's daily business, the Group needs to analyse and judge whether there is control over these structured entities to determine whether they shall be consolidated. When determining whether the Group has control over the structured entity, the Group takes into account the power arising from rights it directly owns or indirectly owns through subsidiaries (including controlled structured entities), variable returns, and the link between power and returns.

The Group gets variable returns from structured entities, including decision makers' remuneration (such as management fees and performance-related fees), as well as other benefits (such as direct investment income, remuneration and possible losses for providing credit enhancement or liquidity support, and variable returns from transactions with structured entities). When assessing whether the Group controls a structured entity, the Group not only considers applicable legal or regulations, and the essence of contractual agreements, but also considers other circumstances that may lead to the Group's ultimate bearing of the losses of the structured entity.

The Group reassesses whether to control the structured entity if changes in relevant facts and circumstances lead to changes in the relevant elements involved in the definition of control.

Derecognition of financial assets

In the normal course of business, the Group transfers financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements and etc., the Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

– whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualified for the "pass through" of those cash flows to independent third parties;

– the extent to which the associated risks and rewards of ownership of the financial assets are transferred by using appropriate models;

– where the Group neither retained nor transferred substantially all of the risks and rewards associated with their ownership, the Group analyses whether the Group has relinquished its controls over these financial assets, and if the Group has continuing involvement in these transferred financial assets.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of non-current assets other than financial assets

The Group assesses whether there is any indication of impairment for all non-current assets other than financial assets at the end of the reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset or asset group. Estimating the present value of the expected future cash flows requires the management to make an estimation of the expected future cash flows from an asset or asset group and also choose a suitable discount rate in order to calculate the present value of those future cash flows.

Impairment of financial instruments

The Group uses expected credit losses model to assess the impairment of financial instruments. The application of expected credit losses model requires significant judgement and estimation, taking into account all reasonable and reliable information, including forward-looking information. When making such judgement and estimation, the Group deduces the expected changes in the debtor's credit risk based on the historical repayment data together with factors such as economic policy, macroeconomic indicators and industry risk. Differences in estimates may affect the impairment provision, and the impairment provision may not be equal to the actual amount of impairment losses in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value of unlisted equities

The fair values of unlisted equity investments are estimated using comparable approach. It contains uncertainty as it requires the Group to determine comparable listed equities, market ratios, liquidity discounts, etc.

Fair value of financial instruments

For financial instruments lacking active market, the Group uses valuation method to determine their fair value. The valuation method includes referring to the transaction price determined by the fair transaction between economic entities with complete information and willing to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using the discounted cash flow analysis and option pricing model to estimate. The valuation method utilizes market information to the maximum extent. However, when market information is unavailable, the management will estimate the credit risk, market fluctuation and correlation of the Group and its counterparties. Changes in these relevant assumptions will affect the fair value of financial instruments.

Deferred tax assets

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. NET INTEREST INCOME

	2025 RMB'000	2024 RMB'000
Interest income arising from		
Deposits with Central Bank	373,646	325,934
Deposits and placements with banks and other financial institutions	409,746	227,063
Loans and advances to customers		
– Corporate loans and advances	12,392,907	11,895,307
– Personal loans and advances	3,026,294	3,298,009
– Discounted bills	451,397	298,542
Financial assets held under resale agreements	133,898	98,833
Financial investments	5,009,230	5,024,760
Lease receivables	1,907,645	2,187,411
Sub-total	23,704,763	23,355,859
Interest expense arising from		
Amounts due to Central Bank	(694,132)	(697,727)
Deposits and placements from banks and other financial institutions	(872,369)	(1,233,859)
Deposits from customers	(8,683,197)	(8,171,878)
Financial assets sold under repurchase agreements	(397,933)	(418,776)
Debt securities issued	(2,193,022)	(2,469,014)
Sub-total	(12,840,653)	(12,991,254)
Net interest income	10,864,110	10,364,605

All of the interest income and interest expense for the years ended 31 December 2025 and 2024 are calculated using the effective interest method for financial assets and financial liabilities which are not designated at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. NET FEE AND COMMISSION INCOME

	2025 RMB'000	2024 RMB'000
Fee and commission income		
Agency and custody service fees	319,243	335,566
Underwriting and advisory fees	48,296	71,138
Acceptance and guarantee service fees	31,492	52,179
Bank card services fees	77,351	98,990
Others	65,171	64,589
Sub-total	541,553	622,462
Fee and commission expense	(135,163)	(150,200)
Net fee and commission income	406,390	472,262

8. NET TRADING GAINS

	Notes	2025 RMB'000	2024 RMB'000
Net gains from debt securities and investment funds	(a)	402,007	1,052,730
Net foreign exchange (losses)/gains	(b)	(33,755)	1,740
Total		368,252	1,054,470

(a) Net gains from debt securities and funds include gains arising from buying, selling and holding of, net gains arising from and changes in the fair value of financial assets held for trading.

(b) Net foreign exchange (losses)/gains mainly include proprietary foreign exchange operations, net gains or losses arising from and changes in the fair value of foreign currency derivatives, and translation of foreign currency monetary assets and liabilities into Renminbi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. NET GAIN ARISING FROM INVESTMENTS

	2025 *RMB'000*	2024 *RMB'000*
Net gains from other debt instruments	159,440	479,737
Net gains from debt securities	971,100	432,986
Total	1,130,540	912,723

10. OTHER OPERATING INCOME

	2025 *RMB'000*	2024 *RMB'000*
Rental income	7,815	2,267
Government grants	2,595	34,213
Net gains/(losses) on disposal of property and equipment	80,110	(2)
Others	81,427	49,785
Total	171,947	86,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. OPERATING EXPENSES

	Note	2025 RMB'000	2024 RMB'000
Staff costs (including directors and supervisors' emoluments)			
– Salaries, bonuses and allowances		**(1,452,551)**	(1,498,761)
– Social insurance and annuity		**(338,285)**	(318,387)
– Supplementary retirement benefits		**(7,640)**	(14,304)
– Staff welfare		**(80,593)**	(86,480)
– Housing allowances		**(141,668)**	(132,478)
– Others		**(76,747)**	(97,107)
Sub-total		**(2,097,484)**	(2,147,517)
Depreciation and amortisation		**(404,902)**	(435,027)
Rental and property management expenses		**(75,575)**	(86,944)
Office expenses		**(10,646)**	(21,370)
Tax and surcharges		**(181,352)**	(166,074)
Interest expense of lease liabilities		**(3,835)**	(6,457)
Other general and administrative expenses	(1)	**(981,930)**	(1,040,825)
Total		**(3,755,724)**	(3,904,214)

(1) Auditor's remuneration of the Bank was RMB4.30 million for the year ended 31 December 2025 (2024: RMB4.53 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS, AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Directors' and supervisors' emoluments

The emoluments of directors and supervisors of the Bank paid and/or payable by the Group during the years ended 31 December 2025 and 2024 are set out below:

		Year ended 31 December 2025					
Name	*Notes*	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonus *RMB'000*	Retirement plan contribution *RMB'000*	Housing allowance and other welfares *RMB'000*	Total emoluments before tax *RMB'000*
Executive directors							
Zhao Fei		–	165	537	35	44	781
Li Hong	(1)	–	277	706	39	43	1,065
Non-executive directors							
Zhang Jihong	(1)	–	–	–	–	–	–
Liu Bingheng		–	–	–	–	–	–
Wei Zhigang	(1)	–	–	–	–	–	–
Wang Shihao	(1)	33	–	–	–	–	33
Wang Dan	(1)	–	–	–	–	–	–
Independent non-executive directors							
Li Xiaojian		210	–	–	–	–	210
Siu Chi Hung	(1)	175	–	–	–	–	175
Wang Ning	(1)	175	–	–	–	–	175
Liu Yatian	(1)	164	–	–	–	–	164
Li Yanyan	(1)	36	–	–	–	–	36
Song Ke	(1)	46	–	–	–	–	46
Li Shuk Yin Edwina	(1)	36	–	–	–	–	36
Supervisors							
Zhu Zhihui		10	–	–	–	–	10
Xu Changsheng	(2)	153	–	–	–	–	153
Geng Mingzhai	(2)	153	–	–	–	–	153
Huang Jinju	(2)	128	–	196	28	40	392
Hu Yue	(2)	114	–	169	21	40	344
Total		1,433	442	1,608	123	167	3,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS, AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (Continued)

The emoluments of directors and supervisors of the Bank paid and/or payable by the Group during the years ended 31 December 2025 and 2024 are set out below: (Continued)

		Year ended 31 December 2024					
Name	*Notes*	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonus *RMB'000*	Retirement plan contribution *RMB'000*	Housing allowance and other welfares *RMB'000*	Total emoluments before tax *RMB'000*
Executive directors							
Zhao Fei		–	119	499	41	42	701
Li Hong	(1)	–	113	294	19	18	444
Non-executive directors							
Wang Shihao	(1)	192	–	–	–	–	192
Wang Dan	(1)	–	–	–	–	–	–
Liu Bingheng		–	–	–	–	–	–
Independent non-executive directors							
Li Yanyan	(1)	210	–	–	–	–	210
Song Ke	(1)	210	–	–	–	–	210
Li Xiaojian		210	–	–	–	–	210
Li Shuk Yin Edwina	(1)	210	–	–	–	–	210
Supervisors							
Zhu Zhihui		60	–	–	–	–	60
Li Huaibin	(2)	–	27	74	6	7	114
Chen Xinxiu	(2)	–	221	460	16	17	714
Xu Changsheng	(2)	180	–	–	–	–	180
Geng Mingzhai	(2)	180	–	–	–	–	180
Huang Jinju	(2)	49	–	305	18	22	394
Hu Yue	(2)	32	–	267	16	22	337
Total		1,533	480	1,899	116	128	4,156

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS, AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (Continued)

(1) On 18 December 2024, Ms Li Hong was elected as an executive director at the 2024 Second Extraordinary General Meeting of Shareholders of the Bank, whose qualification for the position was approved on 24 January 2025.

On 3 March 2025, the qualifications for Ms. Zhang Jihong and Mr Wei Zhigang to serve as non-executive directors were approved, along with the qualifications of Mr Wang Ning and Mr Siu Chi Hung as independent non-executive directors. On 20 March 2025, the qualifications for Mr Liu Yatian to serve as independent non-executive director was approved. On 12 February 2026, Ms Li Hong, executive director of the Bank, resigned due to personal reasons. On 3 March 2025, Ms Wang Dan, Mr Wang Shihao, Ms Li Yanyan, Ms Li Shuk Yin Edwina completed their terms and will no longer serve as non-executive directors and independent non-executive directors of the Bank. On 20 March 2025, Mr Song Ke completed his term and will no longer serve as an independent non-executive director of the Bank.

(2) On 18 July 2024, Ms. Huang Jinju was elected as the employee supervisor of the Bank at the fifth meeting of the third session of the labour union committee in 2024. On 18 July 2024, Mr. Hu Yue was elected as the employee supervisor of the Bank at the fifth meeting of the third session of the labour union committee in 2024. On 16 June 2024, Ms. Chen Xinxiu resigned as an employee supervisor of the Bank upon expiry of her term of office. On 28 March 2024, Mr. Li Huaibin resigned as an employee supervisor of the Bank due to personal reasons.

On 7 November 2025, the revised articles of association of the Bank were approved that the Bank will no longer establish supervisors and its specialised committees. Mr Xu Changsheng, Mr Geng Mingzhai, Ms Huang Jinju and Mr Hu Yue will no longer serve as supervisors of the Bank.

During the year, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration (2024: the same).

During the year, no emolument was paid by the Group to any of the directors or supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office (2024: the same).

The total compensation packages (including discretionary bonus) for executive directors and supervisors for the year ended 31 December 2025 have not yet been finalised in accordance with the regulations of PRC relevant authorities. The amount of the compensation not provided is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS, AND INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

(b) Individuals with highest emoluments

The five individuals with highest emoluments exclude directors and supervisors, all of whom were senior executives, including 0 senior executives with equal emoluments (2024: exclude directors and supervisors, all of whom were senior executives, including 4 senior executives with equal emoluments) of the Group. Directors and supervisors' remuneration disclosed in Note 12(a). The emoluments of the remaining top five executives are listed below (the total remuneration of the senior executives with equal emoluments are disclosed as follows):

	2025 *RMB'000*	2024 *RMB'000*
Salaries and other emoluments	**1,484**	3,470
Discretionary bonuses	**2,588**	2,517
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	**315**	415
Total	**4,387**	6,402

The individuals' emoluments before individual income tax is within the following band:

	2025	2024
RMB1,000,001 – 1,500,000	**3**	8
RMB1,500,001 – 2,000,000	**–**	–

13. CREDIT IMPAIRMENT LOSSES

	2025 *RMB'000*	2024 *RMB'000*
Loans and advances to customers measured at amortised cost	(4,149,375)	(5,131,322)
Loans and advances to customers measured at fair value through other comprehensive income	(25,718)	(6,605)
Financial investments measured at amortised cost	(1,888,980)	(1,176,441)
Financial investments at fair value through other comprehensive income	(7,886)	(340)
Lease receivables	(824,537)	(936,153)
Financial assets held under resale agreements	–	1,813
Placements with banks and other financial institutions	(5,930)	(4,015)
Deposits with banks and other financial institutions	(292)	178
Off-balance sheet credit commitments	(71,472)	(1,491)
Others	(307,702)	70,900
Total	(7,281,892)	(7,183,476)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INCOME TAX CREDIT

The Group's main applicable taxes and tax rates are as follows:

– Value-added tax: charged at 3% to 13% on taxable added value.

– City construction tax: calculated as 1% to 7% of VAT.

– Education surcharge: calculated as 3% of VAT.

– Local education surcharge: calculated as 2% of VAT.

– Income tax: calculated on taxable income at an income tax rate of 25% that is applicable to the Bank and its subsidiaries.

(a) Income tax recognised in profit or loss for the year:

	2025 *RMB'000*	2024 *RMB'000*
Current tax		
– current year	**(713,379)**	77,185
– over-provision of prior years	**3,003**	6,701
	(710,376)	83,886
Deferred tax	**719,215**	(6,847)
Total	**8,839**	77,039

(b) Deferred tax recognised in consolidated statement of other comprehensive income for the year:

	2025 *RMB'000*	2024 *RMB'000*
Deferred tax		
– Allowance for impairment losses	**(8,401)**	(1,736)
– Fair value changes in financial instruments	**218,809**	(203,590)
Total	**210,408**	(205,326)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INCOME TAX CREDIT (CONTINUED)

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

	Notes	**2025** *RMB'000*	2024 *RMB'000*
Profit before tax		**1,900,057**	1,786,431
Statutory tax rate		**25%**	25%
Income tax calculated at statutory tax rate		**(475,014)**	(446,608)
Tax effect of expenses not deductible for tax purpose	(1)	**(61,294)**	(59,175)
Tax effect of income not taxable for tax purpose	(2)	**642,193**	691,039
Tax effect of deductible temporary differences not recognised		**(100,049)**	(114,918)
Over-provision in respect of prior years		**3,003**	6,701
Income tax credit		**8,839**	77,039

(1) Non-deductible expenses are mainly include non-deductible employee benefits and entertainment expenses.

(2) Tax effect of non-taxable income and deduction of interest expense mainly includes interest income from central and local government bonds which is exempted from corporate income tax in accordance with the tax law and interest expense from perpetual bonds issued by the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. BASIC AND DILUTED EARNINGS PER SHARE

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

	Note	**2025** ***RMB'000***	2024 *RMB'000*
Earnings:			
Net profit attributable to equity shareholders of the bank:		**1,895,005**	1,875,762
Less: Profit for the year attributable to other equity instrument holders of the Bank		**(480,000)**	(480,000)
Profit for the year attributable to ordinary shareholders of the Bank		**1,415,005**	1,395,762
Shares:			
Weighted average number of ordinary shares (in thousand shares)	(a)	**9,092,091**	9,092,091
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB)		**0.16**	0.15

(a) Weighted average number of ordinary shares (in thousand shares)

	2025 ***'000***	2024 *'000*
Weighted average number of ordinary shares	**9,092,091**	9,092,091

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. CASH AND DEPOSITS WITH CENTRAL BANK

	Note	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Cash on hand		**677,838**	757,394
Deposits with Central Bank			
– Statutory deposit reserves	(a)	**22,872,180**	19,819,559
– Surplus deposit reserves	(b)	**6,800,344**	8,160,698
– Fiscal deposits		**154,119**	260,156
Sub-total		**30,504,481**	28,997,807
Interest accrued		**11,942**	10,532
Total		**30,516,423**	29,008,339

(a) The Group places statutory deposit reserves with the PBOC in accordance with regulations. The statutory deposit reserves are not available for the Group's daily business. As at the end of the reporting period, the statutory deposit reserve ratios applicable to the Bank were as follows:

	31 December 2025	31 December 2024
Reserve ratio for RMB deposits	**5.00%**	5.00%
Reserve ratio for foreign currency deposits	**4.00%**	4.00%

The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

(b) The surplus deposit reserves are maintained with the PBOC mainly for cash settlement purpose.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Deposits with banks in Mainland China	729,972	1,595,201
Deposits with other financial institutions in Mainland China	468,340	143,639
Deposits with banks outside Mainland China	77,033	60,244
Sub-total	1,275,345	1,799,084
Interest accrued	284	196
Less: Provision for impairment losses	(1,737)	(1,445)
Total	1,273,892	1,797,835

At 31 December 2025, the Group's deposits with banks and other financial institutions were on Stage 1. (At 31 December 2024: The Group's deposits with banks and other financial institutions on Stage 2 were RMB10,174 thousand, with an expected credit impairment provision of RMB29 thousand. The remaining deposits with banks and other financial institutions were on Stage 1).

18. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025 RMB'000	31 December 2024 RMB'000
Placements with banks in Mainland China	–	805,101
Placements with other financial institutions in Mainland China	25,434,347	13,200,000
Sub-total	25,434,347	14,005,101
Interest accrued	187,246	102,482
Less: Provision for impairment losses	(13,688)	(7,758)
Total	25,607,905	14,099,825

At 31 December 2025, the Group's and the Bank's placements with banks and other financial institutions were on Stage 1 (At 31 December 2024: on Stage 1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. DERIVATIVE FINANCIAL ASSETS

	31 December 2025		
	Notional amount *RMB'000*	Fair value assets *RMB'000*	Fair value (liabilities) *RMB'000*
Non-deliverable forwards	**140,576**	**1,052**	**–**

At 31 December 2024, the Group had not held any derivative instruments.

20. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
In mainland China		
– Banks	**1,847,403**	1,293,155
– Other financial institutions	**2,549,140**	4,591,921
Sub-total	**4,396,543**	5,885,076
Interest accrued	**977**	705
Total	**4,397,520**	5,885,781

(b) Analysed by type of collateral

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Debt securities	**4,396,543**	5,885,076
Interest accrued	**977**	705
Total	**4,397,520**	5,885,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	31 December 2025 RMB'000	31 December 2024 RMB'000
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	255,329,428	247,253,421
Personal loans and advances		
– Personal business loans	40,151,434	38,343,283
– Residential mortgage	32,879,418	31,914,959
– Personal consumption loans	20,727,540	17,142,102
– Credit card	3,255,528	3,556,403
Sub-total	97,013,920	90,956,747
Total amount of loans and advances to customers measured at amortised cost	352,343,348	338,210,168
Loans and advances to customers measured at fair value through other comprehensive income		
– Forfeiting	25,170,853	21,690,203
– Discounted bills	32,749,371	27,790,081
Sub-total	57,920,224	49,480,284
Gross loans and advances to customers	410,263,572	387,690,452
Interest accrued	1,311,498	1,014,709
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(13,023,348)	(12,656,502)
Net loans and advances to customers	398,551,722	376,048,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector

	31 December 2025		
	Amount *RMB'000*	Percentage	Loans and advances secured by collateral *RMB'000*
Leasing and commercial services	73,051,686	17.81%	6,106,529
Wholesale and retail	57,471,869	14.01%	12,579,162
Water, environment and public facility management	44,079,197	10.74%	2,934,887
Construction	26,599,524	6.48%	3,130,671
Financing	23,209,833	5.66%	9,789
Real estate	18,430,040	4.49%	6,614,356
Manufacturing	15,929,602	3.88%	1,555,502
Transportation, storage and postal services	4,860,411	1.19%	583,688
Production and supply of electric and heating power, gas and water	3,752,688	0.91%	152,099
Culture, sports and entertainment	2,579,108	0.63%	29,360
Mining	2,409,546	0.59%	504,489
Agriculture, forestry, animal husbandry and fishery	1,904,180	0.46%	183,663
Accommodation and catering	840,022	0.21%	350,856
Others	5,382,575	1.31%	488,511
Sub-total of corporate loans and advances	280,500,281	68.37%	35,223,562
Personal loans and advances	97,013,920	23.65%	74,979,807
Discounted bills	32,749,371	7.98%	32,749,371
Gross loans and advances to customers	410,263,572	100.00%	142,952,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(b) Analysed by economic sector (Continued)

	31 December 2024		
	Amount *RMB'000*	Percentage	Loans and advances secured by collateral *RMB'000*
Leasing and commercial services	67,081,072	17.30%	6,827,902
Wholesale and retail	52,474,645	13.54%	12,461,373
Water, environment and public facility management	45,663,106	11.78%	3,527,202
Construction	29,765,864	7.68%	4,991,398
Real estate	22,215,825	5.73%	8,090,676
Financing	15,097,011	3.89%	34,550
Manufacturing	13,911,729	3.59%	2,033,967
Transportation, storage and postal services	6,210,898	1.60%	1,062,490
Mining	3,866,257	1.00%	374,375
Production and supply of electric and heating power, gas and water	3,602,227	0.93%	248,787
Agriculture, forestry, animal husbandry and fishery	2,149,359	0.55%	246,395
Culture, sports and entertainment	1,183,893	0.31%	29,555
Accommodation and catering	750,697	0.19%	383,742
Others	4,971,041	1.28%	950,868
Sub-total of corporate loans and advances	268,943,624	69.37%	41,263,280
Personal loans and advances	90,956,747	23.46%	72,682,361
Discounted bills	27,790,081	7.17%	27,790,081
Gross loans and advances to customers	387,690,452	100.00%	141,735,722

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(c) Analysed by type of collateral

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Unsecured loans	**90,860,352**	79,043,252
Guaranteed loans	**176,450,480**	166,911,477
Loans secured by mortgages	**88,453,997**	87,460,703
Pledged loans	**54,498,743**	54,275,020
Gross loans and advances to customers	**410,263,572**	387,690,452
Interest accrued	**1,311,498**	1,014,709
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	**(13,023,348)**	(12,656,502)
Net loans and advances to customers	**398,551,722**	376,048,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(d) Overdue loans analysed by overdue period

	31 December 2025				
	Overdue within three months (inclusive) *RMB'000*	Overdue more than three months to one year (inclusive) *RMB'000*	Overdue more than one year to three years (inclusive) *RMB'000*	Overdue more than three years *RMB'000*	Total *RMB'000*
Unsecured loans	1,229,136	353,085	601,701	254,165	2,438,087
Guaranteed loans	5,167,898	610,097	1,918,333	1,332,701	9,029,029
Loans secured by mortgages	1,081,993	1,615,869	1,867,903	893,096	5,458,861
Pledged loans	22,356	8,182	16,549	691,299	738,386
Total	7,501,383	2,587,233	4,404,486	3,171,261	17,664,363
As a percentage of gross loans and advances to customers	1.83%	0.63%	1.08%	0.77%	4.31%

	31 December 2024				
	Overdue within three months (inclusive) *RMB'000*	Overdue more than three months to one year (inclusive) *RMB'000*	Overdue more than one year to three years (inclusive) *RMB'000*	Overdue more than three years *RMB'000*	Total *RMB'000*
Unsecured loans	147,777	299,228	1,030,465	141,272	1,618,742
Guaranteed loans	4,024,698	2,814,033	2,160,832	381,885	9,381,448
Loans secured by mortgages	1,849,536	3,623,290	1,045,406	839,357	7,357,589
Pledged loans	371,368	112,640	210,752	485,098	1,179,858
Total	6,393,379	6,849,191	4,447,455	1,847,612	19,537,637
As a percentage of gross loans and advances to customers	1.65%	1.77%	1.15%	0.47%	5.04%

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(e) Loans and advances and provision for impairment losses

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Total loans and advances to customers measured at amortised cost	319,609,461	9,296,102	23,437,785	352,343,348
Interest accrued	811,613	280,775	219,110	1,311,498
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(3,111,441)	(1,604,941)	(8,306,966)	(13,023,348)
Carrying amount of loans and advances to customers measured at amortised cost	317,309,633	7,971,936	15,349,929	340,631,498
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	57,867,371	23,293	29,560	57,920,224
Total carrying amount of loans and advances to customers	375,177,004	7,995,229	15,379,489	398,551,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Total loans and advances to customers measured at amortised cost	303,822,215	14,761,474	19,626,479	338,210,168
Interest accrued	861,393	82,029	71,287	1,014,709
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(2,839,735)	(2,523,851)	(7,292,916)	(12,656,502)
Carrying amount of loans and advances to customers measured at amortised cost	301,843,873	12,319,652	12,404,850	326,568,375
Carrying amount of loans and advances to customers measured at fair value through other comprehensive income	49,434,675	45,609	–	49,480,284
Total carrying amount of loans and advances to customers	351,278,548	12,365,261	12,404,850	376,048,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(f) Movements of provision for impairment losses

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

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	(2,839,735)	(2,523,851)	(7,292,916)	(12,656,502)
Transferred:				
– to Stage 1	(479,562)	259,635	219,927	–
– to Stage 2	33,803	(282,258)	248,455	–
– to Stage 3	50,581	1,048,556	(1,099,137)	–
Decrease/(increase) for the year	123,472	(107,023)	(4,165,824)	(4,149,375)
Write-offs and disposals	–	–	3,543,990	3,543,990
Recoveries of loans previously written off	–	–	(234,562)	(234,562)
Others	–	–	473,101	473,101
As at 31 December 2025	(3,111,441)	(1,604,941)	(8,306,966)	(13,023,348)

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	(3,219,275)	(3,295,512)	(5,294,847)	(11,809,634)
Transferred:				
– to Stage 1	(71,092)	59,360	11,732	–
– to Stage 2	122,163	(307,893)	185,730	–
– to Stage 3	131,389	2,032,783	(2,164,172)	–
Decrease/(increase) for the year	197,080	(1,012,589)	(4,315,813)	(5,131,322)
Write-offs and disposals	–	–	4,054,449	4,054,449
Recoveries of loans previously written off	–	–	(133,900)	(133,900)
Others	–	–	363,905	363,905
As at 31 December 2024	(2,839,735)	(2,523,851)	(7,292,916)	(12,656,502)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

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

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	(11,918)	(133)	–	(12,051)
(Increase)/decrease for the year	(73)	76	(25,721)	(25,718)
As at 31 December 2025	(11,991)	(57)	(25,721)	(37,769)

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	(5,440)	(6)	–	(5,446)
Increase for the year	(6,478)	(127)	–	(6,605)
As at 31 December 2024	(11,918)	(133)	–	(12,051)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(g) Movements of gross amount of loans and advances to customers (excluding accrued interest)

(i) Movements of gross amount of loans and advances to customers (excluding accrued interest) measured at amortised cost:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	303,822,215	14,761,474	19,626,479	338,210,168
Transferred:				
– to Stage 1	2,727,175	(1,755,047)	(972,128)	–
– to Stage 2	(3,167,215)	3,839,446	(672,231)	–
– to Stage 3	(4,421,028)	(5,953,298)	10,374,326	–
Increase/(decrease) for the year	20,648,314	(1,596,473)	(308,077)	18,743,764
Write-offs and disposals	–	–	(4,610,584)	(4,610,584)
As at 31 December 2025	319,609,461	9,296,102	23,437,785	352,343,348

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	289,260,776	20,378,370	11,726,521	321,365,667
Transferred:				
– to Stage 1	279,943	(249,658)	(30,285)	–
– to Stage 2	(7,850,146)	8,303,448	(453,302)	–
– to Stage 3	(8,802,890)	(13,061,792)	21,864,682	–
Increase/(decrease) for the year	30,934,532	(608,894)	(775,889)	29,549,749
Write-offs and disposals	–	–	(12,705,248)	(12,705,248)
As at 31 December 2024	303,822,215	14,761,474	19,626,479	338,210,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(g) Movements of gross amount of loans and advances to customers (excluding accrued interest) (Continued)

(ii) Movements of gross amount of loans and advances to customers measured at fair value through other comprehensive income:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	49,434,675	45,609	–	49,480,284
Increase/(decrease) for the year	8,432,696	(22,316)	29,560	8,439,940
As at 31 December 2025	57,867,371	23,293	29,560	57,920,224

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	39,240,219	2,320	–	39,242,539
Increase for the year	10,194,456	43,289	–	10,237,745
As at 31 December 2024	49,434,675	45,609	–	49,480,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Financial investments at fair value through profit or loss	(a)	45,398,602	32,484,947
Financial investments at fair value through other comprehensive income	(b)	39,869,469	21,447,481
Financial investments measured at amortised cost	(c)	149,096,564	147,416,874
Total		234,364,635	201,349,302

(a) Financial investments at fair value through profit or loss:

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Debt securities	(1)	17,626,941	10,825,665
Investment funds and other investments			
– Investment funds held for trading purpose		22,211,949	15,032,167
– Other financial investments at fair value through profit or loss	(2)	5,559,712	6,627,115
Total		45,398,602	32,484,947

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For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

(a) Financial investments at fair value through profit or loss: (Continued)

(1) Debt securities

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Mainland China		
– Government	**3,174,260**	517,346
– Policy banks	**4,516,355**	2,094,915
– Banks and other financial institutions	**8,726,702**	4,174,349
– Corporate	**1,209,624**	4,039,055
Total	**17,626,941**	10,825,665
Analysed into		
– debt securities listed outside Hong Kong	**16,488,379**	6,369,267
– debt securities unlisted	**1,138,562**	4,456,398
Total	**17,626,941**	10,825,665

Debt securities listed outside Hong Kong consisted of debt securities traded in the China Interbank Bond Market in the PRC.

(2) Other financial investments at fair value through profit or loss

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Other financial investments at fair value through profit or loss		
– Investment management products managed by securities companies	**2,640,655**	342,332
– Investment management products under trust scheme	**2,243,857**	5,345,449
– Others	**675,200**	939,334
Total	**5,559,712**	6,627,115

At 31 December 31 2025 and 2024, the underlying assets of the investment management products managed by securities companies, the investment management products under trust scheme and investment funds mainly consist of bonds and other debt-related investments held for trading purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

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

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Debt securities		
– Government	**18,255,339**	12,901,896
– Policy banks	**12,790,173**	5,064,389
– Banks and other financial institutions	**8,169,849**	2,971,841
– Corporate	**8,033**	57,775
Sub-total	**39,223,394**	20,995,901
Interest accrued	**339,253**	205,388
Total of debt instruments	**39,562,647**	21,201,289
Equity instruments	**306,822**	246,192
Total	**39,869,469**	21,447,481
Debt securities by category		
– Listed outside Hong Kong	**32,478,479**	11,733,032
– Unlisted	**6,744,915**	9,262,869
Sub-total	**39,223,394**	20,995,901
Interest accrued	**339,253**	205,388
Total of debt instruments	**39,562,647**	21,201,289
Equity instrument investment by category		
– Unlisted	**306,822**	246,192
Total	**39,869,469**	21,447,481

Debt securities listed outside Hong Kong consisted of debt securities traded in the China Interbank Bond Market in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

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

(1) Fair value analysis of financial investments at fair value through other comprehensive income:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Amortised cost	**39,655,758**	20,425,705
Fair value	**39,869,469**	21,447,481
Accumulated changes in fair value through other comprehensive income	**213,711**	1,021,776
Amount of provision for impairment	**(9,450)**	(1,564)

(2) Movements of provision for impairment of debt securities measured at fair value through other comprehensive income during the year:

	31 December 2025			
	Stage 1 12-month ECL ***RMB'000***	**Stage 2 Lifetime ECL not credit-impaired** ***RMB'000***	**Stage 3 Lifetime ECL credit-impaired** ***RMB'000***	**Total** ***RMB'000***
As at 1 January 2025	**(1,564)**	**–**	**–**	**(1,564)**
Increase for the year	**(7,886)**	**–**	**–**	**(7,886)**
As at 31 December 2025	**(9,450)**	**–**	**–**	**(9,450)**

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit-impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	(1,224)	–	–	(1,224)
Increase for the year	(340)	–	–	(340)
As at 31 December 2024	(1,564)	–	–	(1,564)

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For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

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

(3) Movements of gross amount (excluding accrued interest) of financial investments measured at fair value through other comprehensive income during the year:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit-impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	20,995,901	–	–	20,995,901
Increase for the year	18,227,493	–	–	18,227,493
As at 31 December 2025	39,223,394	–	–	39,223,394

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit-impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	22,530,775	–	–	22,530,775
Decrease for the year	(1,534,874)	–	–	(1,534,874)
As at 31 December 2024	20,995,901	–	–	20,995,901

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For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments measured at amortised cost:

	Notes	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Debt securities	(1)	**124,788,970**	111,202,780
Investment management products under the trust scheme		**21,750,085**	29,836,747
Investment management products managed by securities companies		**4,425,964**	8,087,964
Others		**–**	267,785
Sub-total		**26,176,049**	38,192,496
Interest accrued		**1,632,916**	1,463,000
Less: Provision for impairment losses	(2)	**(3,501,371)**	(3,441,402)
Total		**149,096,564**	147,416,874

22. FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments measured at amortised cost: (Continued)

At 31 December 2025 and 2024, the underlying assets of the investment management products under the trust scheme and the investment management product that managed by securities companies mainly consist of bonds and other debt-related investments with fixed or determinable recovery amounts.

(1) Debt securities:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Debt securities		
– Government	50,254,657	47,663,975
– Policy banks	30,649,021	30,909,361
– Banks and other financial institutions	14,610,591	13,679,261
– Corporate	29,274,701	18,950,183
Sub-total	124,788,970	111,202,780
Interest accrued	1,433,407	1,412,295
Total	126,222,377	112,615,075
Analysed into		
– debt securities listed outside Hong Kong	94,615,539	54,373,015
– debt securities unlisted	30,173,431	56,829,765
Sub-total	124,788,970	111,202,780
Interest accrued	1,433,407	1,412,295
Total	126,222,377	112,615,075

Debt securities listed outside Hong Kong consisted of debt securities traded in the China Interbank Bond Market in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments measured at amortised cost: (Continued)

(2) Movements of provision for impairment of financial investments measured at amortised cost is as follows:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	(271,128)	(92,025)	(3,078,249)	(3,441,402)
Transferred:				
– to Stage 2	–	(34,501)	34,501	–
– to Stage 3	23,402	92,025	(115,427)	–
(Increase)/decrease for the year	(80,900)	18,001	(1,826,081)	(1,888,980)
Write-offs and disposals	–	–	1,988,526	1,988,526
Recovery of written-off financial investments	–	–	(159,515)	(159,515)
As at 31 December 2025	(328,626)	(16,500)	(3,156,245)	(3,501,371)

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	(355,161)	(346,746)	(3,356,995)	(4,058,902)
Transferred:				
– to Stage 1	(4,488)	4,488	–	–
– to Stage 2	9,459	(9,459)	–	–
– to Stage 3	54,263	279,870	(334,133)	–
Decrease/(increase) for the year	24,799	(20,178)	(1,181,062)	(1,176,441)
Write-offs and disposals	–	–	1,950,487	1,950,487
Recovery of written-off financial investments	–	–	(156,546)	(156,546)
As at 31 December 2024	(271,128)	(92,025)	(3,078,249)	(3,441,402)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. FINANCIAL INVESTMENTS (CONTINUED)

(c) Financial investments measured at amortised cost: (Continued)

(3) Movements of gross amount (excluding accrued interest) of financial investments measured at amortised cost:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	134,269,322	900,000	14,225,954	149,395,276
Transferred:				
– to Stage 2	–	168,300	(168,300)	–
– to Stage 3	(1,799,980)	(900,000)	2,699,980	–
Increase/(decrease) for the year	4,763,473	(11,800)	(1,062,776)	3,688,897
Write-offs and disposals	–	–	(2,119,154)	(2,119,154)
As at 31 December 2025	137,232,815	156,500	13,575,704	150,965,019

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	107,867,443	3,710,451	13,617,936	125,195,830
Transferred:				
– to Stage 1	25,500	(25,500)	–	–
– to Stage 2	(361,800)	361,800	–	–
– to Stage 3	(2,456,101)	(2,759,805)	5,215,906	–
Increase/(decrease) for the year	29,194,280	(386,946)	(227,615)	28,579,719
Write-offs and disposals	–	–	(4,380,273)	(4,380,273)
As at 31 December 2024	134,269,322	900,000	14,225,954	149,395,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. LEASE RECEIVABLES

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Finance lease receivables	**3,488,354**	3,058,518
Receivables arising from sales and leaseback arrangements	**35,188,167**	33,296,271
Sub-total	**38,676,521**	36,354,789
Less: Unearned finance lease income	**(5,023,491)**	(4,610,384)
Present value of lease receivables	**33,653,030**	31,744,405
Interest accrued	**299,648**	320,362
Less: Provision for impairment losses	**(1,937,789)**	(1,407,487)
Total	**32,014,889**	30,657,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. LEASE RECEIVABLES (CONTINUED)

(a) Lease receivables, unearned finance lease income and minimum lease receivables analysed by remaining period are listed as follows:

	31 December 2025		
	Minimum lease receivables *RMB'000*	Unearned finance lase income *RMB'000*	Present value of lease receivables *RMB'000*
Less than 1 year	**14,431,323**	**(2,205,313)**	**12,226,010**
1 year to 2 years	**12,340,180**	**(1,804,156)**	**10,536,024**
2 years to 3 years	**7,147,661**	**(661,858)**	**6,485,803**
3 years to 5 years	**4,265,124**	**(315,062)**	**3,950,062**
More than 5 years	**492,233**	**(37,102)**	**455,131**
Total	**38,676,521**	**(5,023,491)**	**33,653,030**

	31 December 2024		
	Minimum lease receivables *RMB'000*	Unearned finance lase income *RMB'000*	Present value of lease receivables *RMB'000*
Less than 1 year	15,957,597	(2,256,624)	13,700,973
1 year to 2 years	10,549,138	(1,300,025)	9,249,113
2 years to 3 years	5,525,058	(666,402)	4,858,656
3 years to 5 years	4,147,252	(352,704)	3,794,548
More than 5 years	175,744	(34,629)	141,115
Total	36,354,789	(4,610,384)	31,744,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LEASE RECEIVABLES (CONTINUED)

(b) Movements of provision for impairment losses:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	(378,415)	(315,686)	(713,386)	(1,407,487)
Transferred:				
– to Stage 2	24,834	(24,834)	–	–
– to Stage 3	14,911	250,767	(265,678)	–
Increase for the year	(38,355)	(183,815)	(602,367)	(824,537)
Write-offs and disposals	–	–	319,716	319,716
Recovery of write-offs	–	–	(25,481)	(25,481)
As at 31 December 2025	(377,025)	(273,568)	(1,287,196)	(1,937,789)

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	(516,205)	(101,059)	(307,689)	(924,953)
Transferred:				
– to Stage 1	(7)	7	–	–
– to Stage 2	19,477	(19,477)	–	–
– to Stage 3	8,476	19,763	(28,239)	–
Decrease/(increase) for the year	109,844	(214,920)	(376,922)	(481,998)
Recovery of write-offs	–	–	(536)	(536)
As at 31 December 2024	(378,415)	(315,686)	(713,386)	(1,407,487)

23. LEASE RECEIVABLES (CONTINUED)

(c) Movements of present value of lease receivables

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	29,187,186	1,512,198	1,045,021	31,744,405
Transferred:				
– to Stage 2	(1,976,156)	1,976,156	–	–
– to Stage 3	(1,192,837)	(951,973)	2,144,810	–
Increase/(decrease) for the year	2,608,346	(289,032)	(44,559)	2,274,755
Write-offs and disposals	–	–	(366,130)	(366,130)
As at 31 December 2025	28,626,539	2,247,349	2,779,142	33,653,030

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	32,121,367	705,937	607,419	33,434,723
Transferred:				
– to Stage 1	42	(42)	–	–
– to Stage 2	(1,239,521)	1,239,521	–	–
– to Stage 3	(560,389)	(141,587)	701,976	–
Decrease for the year	(1,134,313)	(291,631)	(264,374)	(1,690,318)
As at 31 December 2024	29,187,186	1,512,198	1,045,021	31,744,405

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24. INVESTMENTS IN SUBSIDIARIES AND INTEREST IN ASSOCIATES

(a) Investments in subsidiaries of the Bank

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Cost	**1,325,134**	1,260,454
Less: Impairment	**(59,801)**	(59,801)
	1,265,333	1,200,653

The Bank's subsidiaries as at the end of the reporting period are as follows:

Name	**Proportion of equity interest 31 December 2025 %**	2024 %	**Proportion of voting rights 31 December 2025 %**	2024 %	**Paid-in capital 31 December 2025 *RMB'000***	2024 *RMB'000*	**Amount invested by the Bank 31 December 2025 *RMB'000***	2024 *RMB'000*	**Place incorporation/ registration**	**Principal activity**
Fugou Zhengyin County Bank Co., Ltd.	**50.20**	50.20	**50.20**	50.20	**60,000**	60,000	**30,120**	30,120	Fugou Henan, China	Banking
Henan Jiuding Financial Leasing Co., Ltd.	**51.00**	51.00	**51.00**	51.00	**2,000,000**	2,000,000	**1,020,000**	1,020,000	Zhengzhou Henan, China	Leasing
Xinmi Zhengyin County Bank Co., Ltd.	**51.20**	51.20	**51.20**	51.20	**125,000**	125,000	**74,033**	74,033	Xinmi Henan, China	Banking
Xunxian Zhengyin County Bank Co., Ltd.	**100.00**	51.00	**100.00**	51.00	**100,000**	100,000	**115,680**	51,000	Xunxian Henan, China	Banking
Queshan Zhengyin County Bank Co., Ltd.	**51.00**	51.00	**51.00**	51.00	**50,000**	50,000	**25,500**	25,500	Queshan Henan, China	Banking
Xinzheng Zhengyin County Bank Co., Ltd.	**51.00**	51.00	**51.00**	51.00	**105,800**	105,800	**59,801**	59,801	Xinzheng Henan, China	Banking

Fugou Zhengyin County Bank Co., Ltd. was incorporated on 3 December 2015, Henan Jiuding Financial Leasing Co., Ltd. was incorporated on 23 March 2016, Xinmi Zhengyin County Bank Co., Ltd. has become a subsidiary of the Bank since 1 January 2017, Xunxian Zhengyin County Bank Co., Ltd. was incorporated on 6 November 2017, Queshan Zhengyin County Bank Co., Ltd. was incorporated on 14 November 2017, Xinzheng Zhengyin County Bank Co., Ltd. has become a subsidiary of the Bank since 31 July 2022. The non-controlling interest of each subsidiaries are no material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. INVESTMENTS IN SUBSIDIARIES AND INTEREST IN ASSOCIATES (CONTINUED)

(a) Investments in subsidiaries of the Bank (Continued)

In November 2025, the Bank acquired an additional 49% equity interest in Xunxian Zhengyin Country Bank Co., Ltd. from non-controlling shareholders with a total consideration amounted to RMB64,680 thousand, thereby increasing the ownership from 51% to 100%. This transaction resulted in an increase in capital reserve of RMB8,634 (note 37(a)) thousand in the Group's consolidated financial statements, while the non-controlling interests decreased by RMB73,313 thousand.

(b) Interests in associates

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Interests in associates	**618,759**	607,767
Total	**618,759**	607,767

There is no impairment recognised as at 31 December 2025 and 2024.

Name	Proportion of equity and voting right **2025 %**	2024 %	Place of incorporation registration	Business section
Zhongmu Zhengyin County Bank Co., Ltd.	**49.51**	49.51	China	Banking
Yanling Zhengyin County Bank Co., Ltd.	**49.58**	49.58	China	Banking

(1) The following table illustrates the aggregate information of the Group's associates that are not individually material:

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Aggregate carrying amount of the individually immaterial associates in the consolidated statements of financial position of the Group	**618,759**	607,767
Aggregate amounts of the Group's share of results of the associates for the year		
– Profit/(loss) from continuing operations	**12,429**	(1,114)
– Other comprehensive income	**(1,437)**	4,480
– Total comprehensive income	**10,992**	3,366

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25. PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Vehicles	Office equipment and others	Operating leased assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at 1 January 2024	2,549,553	840,838	8,656	251,386	143,983	1,215,234	5,009,650
Additions	1,844	18,372	216	5,336	4,043	98,972	128,783
Disposals	–	(7,606)	–	(10,101)	–	–	(17,707)
As at 31 December 2024	2,551,397	851,604	8,872	246,621	148,026	1,314,206	5,120,726
Additions	–	19,305	–	5,333	4,528	7,985	37,151
Disposals	(919)	(11,417)	(169)	(3,020)	(1,885)	–	(17,410)
As at 31 December 2025	2,550,478	859,492	8,703	248,934	150,669	1,322,191	5,140,467
Accumulated depreciation							
As at 1 January 2024	(627,708)	(704,538)	(7,320)	(233,196)	(8,739)	–	(1,581,501)
Additions	(77,766)	(40,057)	(459)	(15,318)	(14,167)	–	(147,767)
Disposal	–	7,226	–	9,558	–	–	16,784
As at 31 December 2024	(705,474)	(737,369)	(7,779)	(238,956)	(22,906)	–	(1,712,484)
Additions	(77,832)	(37,628)	(312)	(940)	(14,702)	–	(131,414)
Disposal	–	10,843	161	2,835	984	–	14,823
As at 31 December 2025	(783,306)	(764,154)	(7,930)	(237,061)	(36,624)	–	(1,829,075)
Impairment							
As at 31 December 2024 and 31 December 2025	(1,355)	(1,893)	–	(756)	–	–	(4,004)
Net book value							
As at 31 December 2025	1,765,817	93,445	773	11,117	114,045	1,322,191	3,307,388
As at 31 December 2024	1,844,568	112,342	1,093	6,909	125,120	1,314,206	3,404,238

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25. PROPERTY AND EQUIPMENT (CONTINUED)

The carrying amount of premises without title deeds as at 31 December 2025 was RMB154 million (31 December 2024: RMB162 million). The Group is still in the progress of applying for the outstanding title deeds for the above premises. The Group expected that there would be no significant cost in obtaining the title deeds.

The net book values of premises at the end of the reporting period are analysed by the remaining term of the land lease as follows:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Held in mainland China		
– Medium-term leases (10 to 50 years)	**1,660,395**	1,835,206
– Short-term leases (less than 10 years)	**105,422**	9,362
Total	**1,765,817**	1,844,568

26. DEFERRED TAX ASSETS

(a) Deferred tax analysed by nature

	31 December 2025		31 December 2024	
	Deductible/ (taxable) temporary difference ***RMB'000***	**Deferred income tax assets/ (liabilities)** ***RMB'000***	Deductible/ (taxable) temporary difference *RMB'000*	Deferred income tax assets/ (liabilities) *RMB'000*
Allowance for impairment losses	**27,767,869**	**6,941,968**	25,204,720	6,301,180
Accrued staff costs	**485,687**	**121,422**	456,480	114,120
Fair value changes in financial instruments	**(513,393)**	**(128,348)**	(1,596,796)	(399,199)
Provisions	**165,618**	**41,405**	90,397	22,599
Others	**77,128**	**19,281**	109,620	27,405
Total	**27,982,909**	**6,995,728**	24,264,421	6,066,105

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26. DEFERRED TAX ASSETS (CONTINUED)

(b) Deferred tax analysed by movements

	At 1 January 2025 RMB'000	Recognised in profit or loss RMB'000	Recognised in other comprehensive income RMB'000	At 31 December 2025 RMB'000
Allowance for impairment losses	6,301,180	649,189	(8,401)	6,941,968
Accrued staff costs	114,120	7,302	–	121,422
Fair value changes in financial instruments	(399,199)	52,042	218,809	(128,348)
Provisions	22,599	18,806	–	41,405
Others	27,405	(8,124)	–	19,281
Net deferred income tax assets	6,066,105	719,215	210,408	6,995,728

	At 1 January 2024 RMB'000	Recognised in profit or loss RMB'000	Recognised in other comprehensive income RMB'000	At 31 December 2024 RMB'000
Allowance for impairment losses	6,296,082	6,834	(1,736)	6,301,180
Accrued staff costs	86,090	28,030	–	114,120
Fair value changes in financial instruments	(115,868)	(79,741)	(203,590)	(399,199)
Provisions	22,227	372	–	22,599
Others	(10,253)	37,658	–	27,405
Net deferred income tax assets	6,278,278	(6,847)	(205,326)	6,066,105

27. OTHER ASSETS

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Interest receivables	(a)	1,391,465	1,621,557
Other receivables		652,493	1,033,986
Intangible assets	(b)	654,476	746,996
Continuously involved assets		678,065	695,077
Right-of-use assets	(c)	435,337	498,042
Leasehold improvements		52,733	70,628
Prepayments		187,929	190,363
Repossessed assets	(d)	2,652,531	2,857,199
Others		44,522	327,475
Sub-total		6,749,551	8,041,323
Less: Allowance for impairment losses		(725,165)	(601,214)
Total		6,024,386	7,440,109

(a) Interest receivables

	31 December 2025 RMB'000	31 December 2024 RMB'000
Interest receivables arising from:		
– Investments	1,209,516	1,440,346
– Loans and advances to customers	159,845	139,850
– Others	22,104	41,361
Sub-total	1,391,465	1,621,557
Less: Allowance for impairment losses	(460,646)	(473,624)
Total	930,819	1,147,933

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. OTHER ASSETS (CONTINUED)

(b) Intangible assets

	2025 *RMB'000*	2024 *RMB'000*
Cost		
As at 1 January	1,452,326	1,317,578
Additions	53,407	136,709
Decrease	–	(1,961)
As at 31 December	1,505,733	1,452,326
Accumulated amortisation		
As at 1 January	(705,330)	(568,204)
Additions	(145,927)	(138,053)
Decrease	–	927
As at 31 December	(851,257)	(705,330)
Net book value		
As at 1 January	746,996	749,374
As at 31 December	654,476	746,996

Intangible assets of the Group mainly represent computer software.

27. OTHER ASSETS (CONTINUED)

(c) Right-of-use assets

	Premises *RMB'000*	Land use rights *RMB'000*	Vehicles *RMB'000*	Other equipment *RMB'000*	Total *RMB'000*
Cost					
As at 1 January 2024	539,114	369,299	8,953	2,024	919,390
Additions	50,003	–	1,731	3,600	55,334
Disposals	(69,231)	–	(5,093)	(2,025)	(76,349)
As at 31 December 2024	519,886	369,299	5,591	3,599	898,375
Additions	50,837	–	1,212	1,265	53,314
Disposals	(125,072)	–	(2,349)	(4,864)	(132,285)
As at 31 December 2025	445,651	369,299	4,454	–	819,404
Accumulated deprecation					
As at 1 January 2024	(288,696)	(54,166)	(5,472)	(1,446)	(349,780)
Provided for the year	(113,164)	(7,120)	(2,912)	(3,405)	(126,601)
Disposals	69,075	–	5,093	2,025	76,193
As at 31 December 2024	(332,785)	(61,286)	(3,291)	(2,826)	(400,188)
Provided for the year	(104,069)	(7,120)	(1,604)	(2,038)	(114,831)
Disposals	123,739	–	2,349	4,864	130,952
As at 31 December 2025	(313,115)	(68,406)	(2,546)	–	(384,067)
Allowance for impairment losses					
As at 31 December 2025	–	(145)	–	–	(145)
As at 31 December 2024	–	(145)	–	–	(145)
Net book value					
As at 31 December 2025	132,536	300,748	1,908	–	435,192
As at 31 December 2024	187,101	307,868	2,300	773	498,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. OTHER ASSETS (CONTINUED)

(d) Repossessed assets

	31 December 2025 RMB'000	31 December 2024 RMB'000
Premises	2,286,173	2,490,841
Land use rights	116,298	116,298
Others	250,060	250,060
Book value	2,652,531	2,857,199

The Group plans to dispose of the repossessed assets through auction, bidding, and transfer in the future.

28. DUE TO CENTRAL BANK

	31 December 2025 RMB'000	31 December 2024 RMB'000
Medium-term lending facility	13,300,000	22,180,000
Small enterprises and agriculture supporting re-lending	18,920,957	12,596,752
Sub-total	32,220,957	34,776,752
Interest accrued	182,093	261,008
Total	32,403,050	35,037,760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
In mainland China		
– Banks	**10,349,405**	8,237,695
– Other financial institutions	**10,565,805**	4,114,223
Sub-total	**20,915,210**	12,351,918
Interest accrued	**46,871**	28,176
Total	**20,962,081**	12,380,094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025 RMB'000	31 December 2024 RMB'000
In mainland China		
– Banks	27,764,000	24,226,000
– Other financial institutions	2,834,000	3,712,800
Sub-total	30,598,000	27,938,800
Outside mainland China		
– Banks	15,000	500,000
Interest accrued	226,964	288,416
Total	30,839,964	28,727,216

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(a) Analysed by type and location of counterparty

	31 December 2025 RMB'000	31 December 2024 RMB'000
In mainland China		
– PBOC	6,000,000	9,000,000
– Banks	6,742,276	7,696,761
Sub-total	12,742,276	16,696,761
Interest accrued	6,274	2,382
Total	12,748,550	16,699,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

(b) Analysed by type of collateral

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Debt securities	**12,244,659**	14,626,715
Bills	**497,617**	2,070,046
Sub-total	**12,742,276**	16,696,761
Interest accrued	**6,274**	2,382
Total	**12,748,550**	16,699,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. DEPOSITS FROM CUSTOMERS

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Demand deposits		
– Corporate deposits	**66,952,185**	74,067,481
– Personal deposits	**30,479,912**	29,393,888
Sub-total	**97,432,097**	103,461,369
Time deposits		
– Corporate deposits	**109,972,108**	85,731,919
– Personal deposits	**241,367,399**	188,785,501
Sub-total	**351,339,507**	274,517,420
Pledged deposits		
– Acceptances	**11,021,448**	22,354,770
– Letters of guarantees	**227,033**	266,749
– Letters of credit	**1,818,681**	3,126,365
– Others	**395,878**	437,047
Sub-total	**13,463,040**	26,184,931
Others	**840,297**	374,178
Interest accrued	**11,872,281**	8,558,128
Total	**474,947,222**	413,096,026

Deposits from customers are measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. DEBT SECURITIES ISSUED

	Note	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Financial bonds	(a)	**6,999,608**	14,998,784
Interbank deposits		**103,182,095**	95,057,091
Sub-total		**110,181,703**	110,055,875
Interest accrued		**149,455**	186,346
Total		**110,331,158**	110,242,221

(a) Financial bonds

Fixed rate financial green bond of RMB3.0 billion with a term of three years was issued in September 2022. The coupon rate is 2.65% per annum. In September 2025, certain bonds maturated and were redeemed.

Fixed rate financial bond of RMB5.0 billion with a term of three years was issued in November 2022. The coupon rate is 2.95% per annum. In December 2025, certain bonds maturated and were redeemed.

Fixed rate financial bond of RMB5.0 billion with a term of three years was issued in March 2023. The coupon rate is 3.02% per annum.

Fixed rate financial green bond of RMB2.0 billion with a term of three years was issued in May 2024. The coupon rate is 2.25% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. OTHER LIABILITIES

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
Accrued staff costs	(a)	**1,348,605**	1,255,367
Finance lease payable		**96,059**	145,841
Dormant accounts		**48,885**	41,414
Payment and collection clearance accounts		**117,373**	115,571
Dividend payable		**27,022**	26,573
Expected credit losses of credit commitment	(b)	**161,867**	90,397
Lease liabilities	(c)	**116,661**	177,379
Continuously involved liabilities		**678,065**	695,077
Others		**1,456,120**	922,321
Total		**4,050,657**	3,469,940

(a) Accrued staff costs

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
Salary, bonuses and allowances payable		**1,084,034**	1,020,491
Social insurance and annuity payable		**272**	264
Housing allowances payable		**121**	122
Labour union fees and education fees of staff and workers		**7,254**	6,587
Supplementary retirement benefits payable	(1)	**213,967**	226,404
Others		**42,957**	1,499
Total		**1,348,605**	1,255,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. OTHER LIABILITIES (CONTINUED)

(a) Accrued staff costs (Continued)

(1) Supplementary retirement benefits ("SRB")

The supplementary retirement benefits of the Group include early retirement plan and supplementary retirement plan. The early retirement benefits payments are provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Group's eligible employees.

The Group has not forfeited any retirement benefit scheme contributions (i.e., contributions which are processed by the employer on behalf of the employee after the employee has withdrawn from the scheme before the relevant contributions become his/her own). At 31 December 2025 and 2024, there are no forfeited contributions under the Group's retirement benefit plans which can be used to deduct contributions payable for future years.

The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period. The Group's obligations in respect of the SRB were accessed using projected unit credit method by qualified staff (a member of society of Actuaries in China) of an external independent actuary, namely Towers Watson Management Consulting (Shenzhen) Co., Ltd. The signed actuaries are North American Actuary (FSA) and Chinese Actuary (FCAA).

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

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Present value of early retirement plan	**9,189**	11,534
Present value of supplementary retirement plan	**204,778**	214,870
Total	**213,967**	226,404

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

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
As at 1 January	**226,404**	201,435
Benefits paid during the year	**(12,991)**	(13,346)
Defined benefit cost recognised in profit or loss	**7,640**	14,304
Defined benefit cost recognised in other comprehensive income	**(7,086)**	24,011
As at 31 December	**213,967**	226,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. OTHER LIABILITIES (CONTINUED)

(a) Accrued staff costs (Continued)

(1) Supplementary retirement benefits ("SRB") (Continued)

(iii) Key actuarial assumptions and sensitivity analysis:

(1) Key actuarial assumptions of the Group are as follows:

Early retirement plan	**31 December 2025**	31 December 2024
Discount rate	**1.50%**	1.25%
Retired age		
– Male	**63**	63
– Female	**58**	58
Annual increase rate of internal salary	**6.00%**	6.00%

Supplementary retirement plan	**31 December 2025**	31 December 2024
Discount rate	**2.00%**	1.75%
Retired age		
– Male	**63**	63
– Female	**58**	58

Death rate for age 20 to 105	**31 December 2025**	31 December 2024
– Male	**0.0248% – 100%**	0.0248% – 100%
– Female	**0.012% – 100%**	0.012% – 100%

(2) As at the end of the reporting period, while keeping other assumptions unchanged, the reasonable possible changes in the following assumptions will result in a (decrease)/increase in the Group's defined benefit plan obligations as follows:

	2025		2024	
	Up 25 bps	**Down 25 bps**	Up 25 bps	Down 25 bps
Discount rate	**(6,268)**	**6,590**	(6,868)	7,232

34. OTHER LIABILITIES (CONTINUED)

(b) Expected credit losses of credit commitment

The movements of expected credit losses of credit commitment during the years are as follows:

	31 December 2025			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2025	84,754	2,068	3,575	90,397
Transferred:				
– to Stage 1	424	(156)	(268)	–
– to Stage 2	(74)	145	(71)	–
– to Stage 3	(106)	(241)	347	–
Increase/(decrease) for the year	5,583	(1,170)	67,059	71,472
Others	(2)	–	–	(2)
As at 31 December 2025	90,579	646	70,642	161,867

	31 December 2024			
	Stage 1 12-month ECL *RMB'000*	Stage 2 Lifetime ECL not credit impaired *RMB'000*	Stage 3 Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
As at 1 January 2024	86,200	478	2,228	88,906
Transferred:				
– to Stage 1	698	(217)	(481)	–
– to Stage 2	(42)	166	(124)	–
– to Stage 3	(78)	(168)	246	–
(Decrease)/increase for the year	(2,024)	1,809	1,706	1,491
As at 31 December 2024	84,754	2,068	3,575	90,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. OTHER LIABILITIES (CONTINUED)

(c) Lease liabilities

The undiscounted maturity analysis of lease liabilities:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Within one year (inclusive)	**76,323**	89,713
Between one year and two years (inclusive)	**26,811**	58,707
Between two years and three years (inclusive)	**6,423**	21,536
Between three years and five years (inclusive)	**7,621**	9,241
More than five years	**4,122**	7,710
Total undiscounted lease liabilities	**121,300**	186,907
Carrying amount of lease liabilities	**116,661**	177,379

35. SHARE CAPITAL

Authorised and issued share capital

For the year ended 31 December 2025

	1 January 2025		Increase		Decrease		31 December 2025	
	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*
Ordinary shares listed in Mainland China (A-share)	7,071,633	7,071,633	–	–	–	–	7,071,633	7,071,633
Ordinary shares listed in Hong Kong (H-share)	2,020,458	2,020,458	–	–	–	–	2,020,458	2,020,458
Total	9,092,091	9,092,091	–	–	–	–	9,092,091	9,092,091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. SHARE CAPITAL (CONTINUED)

Authorised and issued share capital (Continued)

For the year ended 31 December 2024

	1 January 2024		Increase		Decrease		31 December 2024	
	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*	Quantity *('000)*	Amount *(RMB'000)*
Ordinary shares listed in Mainland China (A-share)	7,071,633	7,071,633	–	–	–	–	7,071,633	7,071,633
Ordinary shares listed in Hong Kong (H-share)	2,020,458	2,020,458	–	–	–	–	2,020,458	2,020,458
Total	9,092,091	9,092,091	–	–	–	–	9,092,091	9,092,091

All the above H-shares have been listed on the Stock Exchange of Hong Kong Limited since 20 January 2016. The H-shares rank pari passu in all respects with the existing A-shares listed in Mainland China including the right to receive all dividends and distributions declared or made.

36. OTHER EQUITY INSTRUMENTS

(a) Other equity instruments outstanding at the end of the period:

Financial instrument outstanding	**Date issued**	**Classification**	**Dividend yield ratio interest rate**	**Issue price**	**Quantity**	**As at 31 December 2025 and 2024** ***(in millions)***	**Maturity**	**Conversion conditions**
Undated additional tier 1 capital bonds (Note 36b(i))	2021/11/11	Equity	4.8%	RMB 100	100,000,000	10,000	perpetual	None
Less: Issuing cost						(2)		
Total						9,998		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. OTHER EQUITY INSTRUMENTS (CONTINUED)

(b) Main clause

(i) Undated additional tier 1 capital bonds

(1) Issuance

With the approvals by relevant regulatory authorities, the Bank issued undated additional tier 1 capital bonds with the amount of RMB10,000 million in the national interbank bond market on 11 November 2021 (hereinafter referred to as "Perpetual Bonds"). Each Perpetual Bond has a par value of RMB100, and the annual coupon rate of the Bonds for the first five years is 4.80%, resetting every 5 years. The rate is determined by a benchmark rate plus a fixed spread. The fixed spread is the difference between the distribution rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period.

(2) Conditional redemption

The duration of the Perpetual Bonds is the same as the continuing operation of the Bank. 5 years after the issuance date of the Perpetual Bonds, the Bank shall have the right to redeem the Perpetual Bonds in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). Upon the issuance of the Perpetual Bonds, in the event that the Perpetual Bonds is not classified as other tier-one capital bonds due to unpredictable changes in regulations, the Bank shall have the right to redeem the Perpetual Bonds fully instead of partly.

(3) The claims of the holders of the Bonds

The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks prior to the Bonds; and shall rank in priority to all classes of shares held by shareholders and will rank pari passu with the claims in respect of any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

(4) Write-down clauses

Upon the occurrence of the non-survival trigger event, without the need for the consent of the holders of the Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The non-survival trigger event means the earlier of the following events: (1) the CBRC having concluded that without a write-off of the Bank's capital, the Bank would become non-viable, and (2) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write-down is unrecoverable.

36. OTHER EQUITY INSTRUMENTS (CONTINUED)

(b) Main clause (Continued)

(i) Undated additional tier 1 capital bonds (Continued)

(5) Distributions

The distributions on the Perpetual Bonds are non-cumulative. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and any such cancellation shall not constitute an event of default. The Bank may at its discretion use the proceeds from the cancelled distribution to meet other obligations as they fall due. However, the Bank shall not make any distribution to ordinary shareholders until its decision to resume the distribution payments in whole to the holders of the Bonds is made.

The funds raised by the Bank from the above-mentioned Perpetual Bonds will be approved by applicable laws and regulatory agencies to supplement other Tier 1 capital of the Bank.

37. RESERVES

(a) Capital reserve

2025

	31 December 2024 *RMB'000*	Increase *RMB'000*	Decrease *RMB'000*	31 December 2025 *RMB'000*
Share premium	5,920,487	–	–	5,920,487
Others (Note 24(a))	64,615	8,634	–	73,249
Total	5,985,102	8,634	–	5,993,736

2024

	31 December 2023 *RMB'000*	Increase *RMB'000*	Decrease *RMB'000*	31 December 2024 *RMB'000*
Share premium	5,920,487	–	–	5,920,487
Others	64,615	–	–	64,615
Total	5,985,102	–	–	5,985,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RESERVES (CONTINUED)

(b) Surplus reserve

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

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the PRC GAAP, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital. In 2025, the Bank appropriated statutory surplus reserve of approximately RMB188 million (In 2024: RMB186 million).

The Bank may also appropriate discretionary surplus reserve fund in accordance with the resolution of the shareholders.

(c) General reserve

With effect from 1 July 2012, pursuant to the Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance in 2012, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets. In 2025, the bank set aside a general reserve of approximately RMB707 million (In 2024: RMB876 million).

37. RESERVES (CONTINUED)

(d) Fair value reserve

	2025 *RMB'000*	2024 *RMB'000*
As at 1 January	**809,842**	189,386
Change in fair value/credit losses from debt investments measured at fair value through other comprehensive income	**(293,681)**	728,346
Less: Transfer to profit or loss upon disposal	**(608,583)**	(86,923)
Add/(less): Deferred income tax effect	**225,566**	(160,356)
Sub-total	**(676,698)**	481,067
Share of other comprehensive income of associates	**(1,437)**	4,480
Change in fair value of equity instruments recognised in other comprehensive income	**60,631**	179,879
Less: Deferred income tax effect	**(15,158)**	(44,970)
Sub-total	**45,473**	134,909
As at 31 December	**177,180**	809,842

(e) Remeasurement of net defined benefit liability

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

	2025 *RMB'000*	2024 *RMB'000*
As at 1 January	**(98,054)**	(74,043)
Remeasurement of net defined benefit liability	**7,086**	(24,011)
As at 31 December	**(90,968)**	(98,054)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. RESERVES (CONTINUED)

(f) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below:

The Bank

	Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement of net defined benefit liability RMB'000	Retained earnings RMB'000	Sub-total RMB'000
Balance at 1 January 2025		9,092,091	9,998,855	5,985,160	3,875,978	8,826,752	809,842	(98,054)	15,238,302	53,728,926
Profit for the year		-	-	-	-	-	-	-	1,880,559	1,880,559
Other comprehensive income		-	-	-	-	-	(632,662)	7,086	-	(625,576)
Total comprehensive income		-	-	-	-	-	(632,662)	7,086	1,880,559	1,254,983
Appropriation of profit:										
– Appropriation to surplus reserve	37(b)	-	-	-	188,056	-	-	-	(188,056)	-
– Appropriation to general reserve	37(c)	-	-	-	-	707,000	-	-	(707,000)	-
– Cash dividends on perpetual debts	38(a)	-	-	-	-	-	-	-	(480,000)	(480,000)
– Cash dividend on ordinary shares	38(c)	-	-		-	-	-	-	(181,842)	(181,842)
Sub-total		-	-		188,056	707,000	(632,662)	7,086	323,661	593,141
Balance at 31 December 2025		9,092,091	9,998,855	5,985,160	4,064,034	9,533,752	177,180	(90,968)	15,561,963	54,322,067

37. RESERVES (CONTINUED)

(f) Movements in components of equity (Continued)

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Bank's individual components of equity between the beginning and the end of the year are set out below: (Continued)

The Bank

	Notes	Share capital RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	General reserve RMB'000	Fair value reserve RMB'000	Remeasurement of net defined benefit liability RMB'000	Retained earnings RMB'000	Sub-total RMB'000
Balance at 1 January 2024		9,092,091	9,998,855	5,985,160	3,689,605	7,950,752	189,386	(74,043)	14,916,948	51,748,754
Profit for the year		–	–	–	–	–	–	–	1,863,727	1,863,727
Other comprehensive income		–	–	–	–	–	620,456	(24,011)	–	596,445
Total comprehensive income		–	–	–	–	–	620,456	(24,011)	1,863,727	2,460,172
Appropriation of profit:										
– Appropriation to surplus reserve	37(b)	–	–	–	186,373	–	–	–	(186,373)	–
– Appropriation to general reserve	37(c)	–	–	–	–	876,000	–	–	(876,000)	–
– Dividend for perpetual debts	38(a)	–	–	–	–	–	–	–	(480,000)	(480,000)
Sub-total		–	–	–	186,373	876,000	620,456	(24,011)	321,354	1,980,172
Balance at 31 December 2024		9,092,091	9,998,855	5,985,160	3,875,978	8,826,752	809,842	(98,054)	15,238,302	53,728,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PROFIT DISTRIBUTION

(a) Dividends for Perpetual Bond

The Bank distributed a dividend of 480 million to the perpetual bond holders in November 2025 and November 2024 respectively.

(b) Retained earnings

As of 31 December 2025, retained earnings of the Group included the statutory surplus reserve of RMB132 million appropriated by the subsidiaries and attributable to the Bank (31 December 2024: RMB116 million).

(c) Dividends for Ordinary Shares

In accordance with the resolution of the Bank's Annual General Meeting held on 27 June 2025, the shareholders approved the profit distribution plan for the year ended 31 December 2024 and declared cash dividends of RMB0.2 per ten shares before tax and in an aggregation amount of approximately RMB181,842 thousand to all existing shareholders who held 9,092,091,358 ordinary shares (of which, 7,071,633,358 shares are A Shares and 2,020,458,000 shares are H Shares).

39. TRANSFER OF FINANCIAL ASSETS

During the year ended 31 December 2025, the Group transferred non-performing loans with principal balance of RMB2.75 billion to other third parties.

On 4 September 2024, the Group entered into an asset transfer agreement with Zhongyuan Asset Management Co., Ltd. to transfer a portfolio of non-performing financial assets. As of the transaction benchmark date, the total principal balance and interest of the portfolio was RMB15.01 billion. The transfer price was RMB10 billion, to be settled with RMB5 billion in cash and trust beneficial rights valued at RMB5 billion.

Except the transactions mentioned above, the Group transferred non-performing loans with principal balance of RMB1.25 billion to other third parties during the year ended 31 December 2024.

Regarding the aforementioned transfer of non-performing financial assets, the Group, based on the assessment of risk and reward transfer conditions mentioned in "Derecognition of financial assets" of Note 4 "Material Accounting Policy Information" and Note 5 "Critical Accounting Judgements and Key Sources of Estimation Uncertainty". The management assessed that the financial assets mentioned above meet the derecognition criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Cash and cash equivalents comprise:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Cash on hand	**677,838**	757,394
Surplus deposit reserves with Central Bank	**6,800,344**	8,160,698
Deposits with banks and other financial institutions with original maturity of three months or less	**1,275,345**	1,799,084
Placements with banks and other financial institutions with original maturity of three months or less	**6,284,345**	3,205,101
Total	**15,037,872**	13,922,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Debt securities issued *RMB'000*	Lease liabilities *RMB'000*	Dividend payable *RMB'000*
As at 1 January 2024	102,068,783	243,455	26,584
Financing cash flows:			
– Proceeds received from debt securities issued	163,041,068	–	–
– Repayment of debt securities issued	(154,676,000)	–	–
– Interest paid	(2,660,644)	–	–
– Dividends paid	–	–	(480,011)
– Repayment of principal of lease liabilities	–	(128,270)	–
Non-cash changes:			
– Interest expenses	2,469,014	6,457	–
– New leases	–	55,737	–
– Dividend declared	–	–	480,000
As at 31 December 2024 and 1 January 2025	110,242,221	177,379	26,573
Financing cash flows:			
– Proceeds received from debt securities issued	167,278,915	–	–
– Repayment of debt securities issued	(167,154,200)	–	–
– Interest paid	(2,228,800)	–	–
– Dividends paid	–	–	(661,392)
– Repayment of principal of lease liabilities	–	(116,386)	–
Non-cash changes:			
– Interest expenses	2,193,022	3,835	–
– New leases	–	51,833	–
– Dividend declared	–	–	661,841
As at 31 December 2025	110,331,158	116,661	27,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Major non-cash transactions

During the year ended 31 December 2025, the Group has no material non-cash transactions.

During the year ended 31 December 2024, the Bank completed a disposal of financial assets amounting to RMB10 billion. This transaction included a non-cash component, with RMB5 billion settled in cash and the remaining RMB5 billion through the issuance of Trust beneficial rights. The transaction details are in accordance with the relevant provisions outlined in the announcement dated 10 September 2024.

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Relationship of related parties:

(i) Major shareholders

Major shareholders include shareholders of the Bank with shareholding of 5% or above.

Shareholding in the Bank:

	31 December 2025	31 December 2024
Zhengzhou Finance Bureau	**7.23%**	7.23%
Zhengzhou Investment Holdings Co., Ltd.	**6.69%**	6.69%

(ii) Subsidiaries and associates of the Bank

The detailed information of the Bank's subsidiaries and associates is set out in Note 24.

(iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors, the board of supervisors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 41(a)(i) or their controlling shareholders. Other related parties also include post-employment benefit plans of the Bank (Note 34(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances

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

(i) Transactions with major shareholders

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Balances at the end of the year:		
Financial investments measured at amortised cost	**–**	587,539
Loans and advances to customers	**801,067**	831,108
Deposits from customers	**12,388,121**	2,150,877
Other liabilities	**64,285**	64,285

	2025 ***RMB'000***	2024 *RMB'000*
Transactions during the year:		
Interest income	**39,189**	70,623
Interest expense	**83,548**	64,440

(ii) Transactions with subsidiaries

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Balances at the end of the year:		
Deposits/placements with banks and other financial institutions	**3,169,300**	2,888,982
Deposits from banks and other financial institutions	**3,298,562**	3,052,286
Guarantee for subsidiaries	**70,000**	163,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(ii) Transactions with subsidiaries (Continued)

	2025 *RMB'000*	2024 *RMB'000*
Transactions during the year:		
Interest income	**74,351**	85,729
Interest expense	**52,117**	62,085
Fee and commission income	**1**	–

The above balances and transactions with subsidiaries have been eliminated in full in the consolidated financial statements.

(iii) Transactions with associates

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Balances at the end of the year:		
Deposits/placements with banks and other financial institutions	**965**	958
Deposits from banks and other financial institutions	**1,091,042**	563,539

	2025 *RMB'000*	2024 *RMB'000*
Transactions during the year:		
Interest income	**7**	7
Interest expense	**13,642**	14,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(b) Related party transactions and balances (Continued)

(iv) Transactions with other major related parties

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Balances at the end of the year:		
Loans and advances to customers	**14,518,685**	15,826,175
Financial assets held under resale agreements	**–**	200,010
Deposits with banks and other financial institutions	**103,856**	2,610
Financial investments measured at amortised cost	**4,671,265**	4,553,251
Financial investments at fair value through profit or loss	**136,592**	136,592
Other assets	**25,394**	39,816
Deposits from customers	**2,610,500**	3,373,706
Deposits from banks and other financial institutions	**62,554**	202,535
Other liabilities	**–**	300,000
Guarantees	**–**	131,580
Bank acceptances	**121**	58,053
Unused credit card commitments	**83,810**	82,511
Loan commitments	**1,000,000**	910,000

	2025 *RMB'000*	2024 *RMB'000*
Transactions during the year:		
Interest income	**679,288**	947,107
Interest expense	**22,762**	32,594
Fee and commission income	**53,763**	3,757
Asset trading	**333,767**	161,484

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel

(i) Transactions with key management personnel

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Balances at the end of the year:		
Deposits from customers	**4,580**	11,190
Unused credit card commitments	**2,524**	6,512

	2025 ***RMB'000***	2024 *RMB'000*
Transactions during the year:		
Interest income	**–**	3,153
Interest expense	**61**	498

(ii) Key management personnel remuneration

	2025 ***RMB'000***	2024 *RMB'000*
Salaries and other emoluments	**6,480**	15,802
Discretionary bonuses	**4,418**	6,261
Social insurance and welfare plans, housing allowance, etc.	**673**	1,013
Total	**11,571**	23,076

No post-employment benefits, termination benefits or other long-term benefits were provided to key management personnel for the year ended 31 December 2025 (31 December 2024: the same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Key management personnel (Continued)

(iii) Loans to key officers

The Group had no balance of loans to directors, supervisors and senior management as at the end of reporting period (31 December 2024: the same).

42. SEGMENT REPORTING

(a) Business segment

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

Corporate banking

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

Retail banking

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

Treasury business

This segment covers the Group's treasury business including interbank money market transactions, repurchase transactions and bonds investments. The treasury segment also covers management of the Group's overall liquidity position, including issuance of debts.

42. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

Others

These represent equity investments and related income and any other businesses which do not form a single reportable segment.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

	Year ended 31 December 2025				
	Corporate banking *RMB'000*	Retail banking *RMB'000*	Treasury business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Operating income					
Net interest income (Note 1)	6,807,730	1,670,855	2,385,525	–	10,864,110
Net fee and commission income	275,820	49,733	80,837	–	406,390
Net trading gains	2,289	–	365,963	–	368,252
Net gains arising from investments	–	–	1,130,540	–	1,130,540
Other operating income	–	–	–	171,947	171,947
Operating income	7,085,839	1,720,588	3,962,865	171,947	12,941,239
Operating expenses	(1,994,286)	(722,344)	(1,023,931)	(15,163)	(3,755,724)
Credit impairment losses	(4,389,297)	(797,320)	(2,095,275)	–	(7,281,892)
Other operating expenses	–	–	–	(15,995)	(15,995)
Operating profit	702,256	200,924	843,659	140,789	1,887,628
Share of results of associates	–	–	–	12,429	12,429
Profit before taxation	702,256	200,924	843,659	153,218	1,900,057
Other segment information					
– Depreciation and amortisation	138,578	263,333	17,693	–	419,604
– Capital expenditure	31,619	64,762	3,550	–	99,931

42. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

	Year ended 31 December 2025				
	Corporate banking *RMB'000*	Retail banking *RMB'000*	Treasury business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	352,302,554	114,952,015	267,674,142	1,749,860	736,678,571
Deferred tax assets					6,995,728
Total assets					743,674,299
Segment liabilities/total liabilities	194,186,017	283,225,366	207,567,422	1,843,924	686,822,729
Credit commitments	64,810,368	10,955,448	–	–	75,765,816

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For the year ended 31 December 2025

42. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

	Year ended 31 December 2024				
	Corporate banking *RMB'000*	Retail banking *RMB'000*	Treasury business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Operating income					
Net interest income (Note 1)	7,981,689	1,340,184	1,042,732	–	10,364,605
Net fee and commission income	273,012	74,080	125,170	–	472,262
Net trading gains	2,125	–	1,052,345	–	1,054,470
Net gains arising from investments	–	–	912,723	–	912,723
Other operating income	–	–	–	86,263	86,263
Operating income	8,256,826	1,414,264	3,132,970	86,263	12,890,323
Operating expenses	(2,345,841)	(694,248)	(820,401)	(43,724)	(3,904,214)
Credit impairment losses	(5,557,544)	(518,026)	(1,107,906)	–	(7,183,476)
Other operating expenses	–	–	–	(15,088)	(15,088)
Operating profit	353,441	201,990	1,204,663	27,451	1,787,545
Share of results of associates	–	–	–	(1,114)	(1,114)
Profit before taxation	353,441	201,990	1,204,663	26,337	1,786,431
Other segment information					
– Depreciation and amortisation	135,755	288,123	25,317	–	449,195
– Capital expenditure	162,662	48,259	59,494	1,355	271,770

42. SEGMENT REPORTING (CONTINUED)

(a) Business segment (Continued)

	Year ended 31 December 2024				
	Corporate banking *RMB'000*	Retail banking *RMB'000*	Treasury business *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	336,548,805	106,461,065	223,181,628	4,107,637	670,299,135
Deferred tax assets					6,066,105
Total assets					676,365,240
Segment liabilities/total liabilities	188,994,976	225,882,569	203,399,300	1,793,624	620,070,469
Credit commitments	61,770,133	10,051,341	–	–	71,821,474

(1) The amount included 'external net interest income/expense' and 'internal net interest income/expense'.

(b) Geographical information

Geographically, the Group mainly conducts its business in Henan Province of the PRC and majority of its customers and assets are located in Henan Province of the PRC.

43. RISK MANAGEMENT

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk

Credit risk refers to the risk that the Group's creditors or counterparties default on their contractual obligations resulting in financial losses to the Group. Credit risk primarily arises from the loan and advance portfolio, debt securities portfolio, and various forms of guarantees.

Credit business

The Board is responsible for establishing the Group's risk management strategies and the overall risk tolerance level. The Board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies, ensures that credit risk in various businesses are properly identified, assessed, calculated and monitored. The Credit Management Department is responsible for credit risk management. Departments such as the Credit Approval Department, the Corporate Business Department, the Retail Banking Department, and the Financial Market Department carry out credit businesses and investment portfolio business according to the Group's risk management policies and procedures. The Group adopts a loan risk classification approach to manage its loans and advances portfolio risk.

Treasury Business

The Group's treasury business are exposed to the credit risk associated with the investment business and interbank business. The Group sets credit risk limits based on trading products, counterparties, and credit ratings. Credit risk exposure is closely monitored on a systematic, real-time basis. Credit risk limits are reviewed and updated regularly.

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECL

Based on whether there is a significant increase in credit risk and whether the asset has incurred credit impairment, he Group measures provision for loss of different assets with 12-month ECL or lifetime ECL respectively.

The Group measures loss provision of the financial instruments that meet the following conditions according to the amount of expected credit losses within next 12 months, and measures loss provision for other financial instruments in accordance with the amount of lifetime expected credit losses.

– The financial instruments that are determined to have low credit risk at the reporting date; or

– The financial instruments for which credit risk has not increased significantly since initial recognition.

(i) Significant increase in credit risk

When assessing whether credit risk has significantly increased since initial recognition, the Group compares the risk of default on the financial instrument as of the reporting date with the risk of default at the initial recognition date. In making this assessment, the Group considers reasonable and supportable quantitative and qualitative data, including past experience and forward-looking data that can be obtained without incurring unnecessary costs or efforts.

The following information is considered when assessing whether credit risk has significantly increased:

– The credit spread increasing significantly

– Significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status

– Significant changes with an adverse effect in the borrower's business conditions

– Lower value of the collateral (for the collateral loans and pledged loans only)

– Early indicators of problems of cash flow/liquidity, such as late payment of accounts payable/repayment of loans

Regardless of the result of the above assessment, the Group assumes that credit risk has significantly increased since initial recognition if contractual payments are more than 30 days past due, unless there is sufficient and reasonable information to demonstrate that credit risk has not significantly increased.

The Group regularly monitors and reviews the information used to assess whether credit risk has significantly increased and makes judgements as necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(ii) Definition of “default” and “credit-impaired assets”

The following information is considered when assessing whether credit impairment has occurred:

– the death of the borrower;

– the borrower’s bankruptcy;

– the borrower breaching (one or more) terms of the contract that the debtor shall be subject to;

– the disappearance of an active market for the related financial asset because of financial difficulties faced by the borrower;

– the creditor making concessions due to the economic or contracts about financial difficulties faced by the borrower, which the creditor will not make under any other circumstances;

– a higher discount was obtained during the acquisition of assets, and the assets has incurred credit loss when they are acquired.

Regardless of the results of the above assessment, the Group assumes that credit impairment has occurred if contractual payments are more than 90 days past due, unless there is sufficient and reasonable information to demonstrate that credit impairment has not occurred.

The Group regularly monitors and reviews the information used to assess whether credit impairment has occurred and makes adjustments as necessary.

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(iii) Notes to the Parameters, assumptions and valuation techniques

The Group classifies credit risk exposures according to credit risk characteristics including product type, customer type, customer industry and market distribution.

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

– PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan.

– EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan.

– LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collateral or other credit support.

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

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the development rule of the defaults of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Measurement of ECL (Continued)

(iii) Parameters, assumptions and valuation techniques (Continued)

The relevant parameters for the measurement of expected credit losses include PD, LGD, and EAD. According to the requirements of the new financial instrument standards, the Group has established PD, LGD, and EAD models by considering quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods, collateral types, and repayment methods).

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

– In respect of the products of revolving credit agreement, the Group estimates the remaining withdrawal within the limits by using the balance of the loans and advances after previous withdrawals and the "credit conversion factor", so as to predict the exposure at default. Based on the Group's analysis on recent default data, these assumptions vary based on differences in product type and utilisation rate of the limits.

– The Group determines the 12-month LGD and lifetime LGD based on the factors that affect post-default recovery. LGD for different product types are different.

– Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD. Forward-looking information that needs to be considered is different due to different product types.

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

There has been no significant changes in the valuation techniques and key assumptions during the reporting period.

(1) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the carrying amount of each type of financial assets as at the end of each of the reporting period. The maximum exposure to credit risk in respect of those off-balance sheet items as at the end of each of the reporting period is disclosed in Note 45(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(2) Loans and advances to customers

(i) Loans and advances to customers were analysed as follows:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Gross balance of loans and advances that are assessed for 12-month ECL		
– Overdue but not credit-impaired	**2,643,341**	2,322,849
– Neither overdue nor credit-impaired	**374,833,491**	350,934,041
Sub-total	**377,476,832**	353,256,890
Gross balance of loans advances that are not credit-impaired and assessed for lifetime ECL		
– Overdue but not credit-impaired	**807,473**	3,114,229
– Neither overdue nor credit-impaired	**8,511,922**	11,692,854
Sub-total	**9,319,395**	14,807,083
Gross balance of credit-impaired loans and advances that are assessed for lifetime ECL		
– Overdue and credit-impaired	**14,213,549**	14,100,559
– Not overdue but credit-impaired	**9,253,796**	5,525,920
Sub-total	**23,467,345**	19,626,479
Interest accrued	**1,311,498**	1,014,709
Less: Provision for impairment losses	**(13,023,348)**	(12,656,502)
Net loans and advances to customers	**398,551,722**	376,048,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(2) Loans and advances to customers (Continued)

(ii) Neither overdue nor credit-impaired

Credit risk of loans and advances to customers neither overdue nor credit-impaired was analysed as follows:

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Corporate loans and advances	**292,603,587**	276,796,748
Personal loans and advances	**90,741,826**	85,830,147
Total gross balance	**383,345,413**	362,626,895

(iii) Overdue but not credit-impaired

Credit risk of loans and advances to customers overdue but not credit-impaired was analysed as follows:

	31 December 2025		
	Less than 1 month (inclusive) ***RMB'000***	**1 to 3 months (inclusive)** ***RMB'000***	**Total** ***RMB'000***
Corporate loans and advances	**2,252,871**	**189,077**	**2,441,948**
Personal loans and advances	**474,711**	**534,155**	**1,008,866**
Total gross balance	**2,727,582**	**723,232**	**3,450,814**

	31 December 2024		
	Less than 1 month (inclusive) *RMB'000*	1 to 3 months (inclusive) *RMB'000*	Total *RMB'000*
Corporate loans and advances	2,433,025	1,999,660	4,432,685
Personal loans and advances	469,176	535,217	1,004,393
Total gross balance	2,902,201	2,534,877	5,437,078

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(2) Loans and advances to customers (Continued)

(iii) Overdue but not credit-impaired (Continued)

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

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Fair value of collateral held against loans and advances overdue but not credit-impaired	**2,153,536**	2,930,074

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(2) Loans and advances to customers (Continued)

(iv) Credit-impaired loans and advances to customers

Credit-impaired loans and advances to customers were analysed as follows:

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Gross balances		
Corporate loans and advances	18,204,117	15,504,272
Personal loans and advances	5,263,228	4,122,207
Sub-total	23,467,345	19,626,479
Interest accrued		
Corporate loans and advances	218,511	71,120
Personal loans and advances	599	167
Sub-total	219,110	71,287
Provision for impairment losses		
Corporate loans and advances	(6,340,076)	(5,745,315)
Personal loans and advances	(1,966,890)	(1,547,601)
Sub-total	(8,306,966)	(7,292,916)
Net balance		
Corporate loans and advances	12,082, 552	9,830,077
Personal loans and advances	3,296,937	2,574,773
Total	15,379,489	12,404,850
Fair value of collateral held against credit-impaired loans and advances	12,595,284	11,233,887

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(2) Loans and advances to customers (Continued)

(iv) Credit-impaired loans and advances to customers (Continued)

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

(3) Amounts due from banks and other financial institutions

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

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Carrying amount		
– Grade A to AAA	**31,261,062**	21,730,130
– Unrated	**18,255**	53,311
Total	**31,279,317**	21,783,441

As at 31 December 2025, amounts due from banks and other financial institutions of the Group were neither overdue nor credit-impaired (31 December 2024: the same).

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For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(4) Debt securities investments

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from major rating agencies recognised by the People's Bank of China. The gross balance amounts of debt securities investments analysed by rating as at the end of the reporting year are as follows:

	31 December 2025						
	Unrated *RMB'000*	AAA *RMB'000*	AA+ *RMB'000*	AA *RMB'000*	AA- *RMB'000*	Below A+ *RMB'000*	Total *RMB'000*
Debt securities							
– Government	40,013,883	32,303,000	–	–	–	–	72,316,883
– Policy banks	48,706,661	–	–	–	–	–	48,706,661
– Banks and other financial institutions	18,864,765	12,031,806	648,974	–	–	–	31,545,545
– Corporate	789,156	16,361,869	12,165,446	1,422,739	–	103,666	30,842,876
Total	108,374,465	60,696,675	12,814,420	1,422,739	–	103,666	183,411,965

	31 December 2024						
	Unrated *RMB'000*	AAA *RMB'000*	AA+ *RMB'000*	AA *RMB'000*	AA- *RMB'000*	Below A+ *RMB'000*	Total *RMB'000*
Debt securities							
– Government	61,708,874	–	–	–	–	–	61,708,874
– Policy banks	38,709,240	–	–	–	–	–	38,709,240
– Banks and other financial institutions	–	19,240,097	1,634,805	–	–	–	20,874,902
– Corporate	42,287	10,983,937	11,259,909	831,159	–	231,721	23,349,013
Total	100,460,401	30,224,034	12,894,714	831,159	–	231,721	144,642,029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(5) Financial investments measured at amortised cost

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Balance of financial investments measured at amortised cost that are assessed for 12-month ECL		
– Neither overdue nor credit-impaired	**137,232,815**	134,269,322
Less: Provision for impairment losses	**(328,626)**	(271,128)
Sub-total	**136,904,189**	133,998,194
Balance of not credit-impaired financial investments measured at amortised cost that are assessed for lifetime ECL		
– Neither overdue nor credit-impaired	**156,500**	900,000
Less: Provision for impairment losses	**(16,500)**	(92,025)
Sub-total	**140,000**	807,975
Balance of credit-impaired financial investments measured at amortised cost that are assessed for lifetime ECL		
– Overdue and credit-impaired	**13,575,704**	14,225,954
Less: Provision for impairment losses	**(3,156,245)**	(3,078,249)
Sub-total	**10,419,459**	11,147,705
Interest accrued	**1,632,916**	1,463,000
Total	**149,096,564**	147,416,874
Fair value of collateral held against credit-impaired financial investments that are measured at amortised cost	**1,632,730**	2,958,966

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

(6) Forward looking information

Both the assessment of the significant increase in credit risk and the measurement of expected credit losses involve forward looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and expected credit losses of all asset portfolios, including GDP, PPE investment, CPI, etc.

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 increase or decrease by 10%, the Group expected the respective decrease or increase in ECL will not exceed 5%. (2024: the same)

The Group also provide other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. Among them, the "central" scenario is defined as the most likely scenario in the future and serves as a basis for comparison with other scenarios. "Upside" scenarios and "downside" scenarios are better and worse than the "central" scenarios and are likely to happen. The number of scenarios and their attributes are reassessed at a semi-annual basis. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECLs should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by considering each scenarios through the relevant ECL model and multiplying it by the appropriate scenario weightings (as opposed to weighting the inputs). As at 31 December 2025, the weights assigned to various macro scenarios were: "central" 60%, "upside" 20%, and "downside" 20%. (2024: the same)

The multi-scenario weight is based on the principle of the benchmark scenario and supplemented by other scenarios. According to the sensitivity analysis, when the weight of the "upside" scenario increases by 10% and the weight of the "central" scenario decreases by 10%, or the weight of the "downside" scenario increases by 10% and the weight of the "central" scenario decreases by 10%, the Group expected the respective decrease or increase in ECL will not exceed 5%. (2024: the same)

The impact of these economic indicators on the PD and the LGD is various for different business types. The Group mainly applies external data, supplemented by internal expert judgement to determine the relationship between these economic indicators and the PD, and LGD through regression analysis.

The Group regularly updates the forecast value of macroeconomic indicators, and measures a probability weighted 12-month ECL (Stage 1), or a probability weighted Lifetime ECL (Stages 2 and 3).

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk

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

The Board is responsible for approving the market risk management policies, determining the acceptable level of market risk and authorising the Risk Management Committee to supervise the market risk management conducted by the senior management. The Risk Management Department, the Financial Markets Department and the Asset and Liability Management Department are responsible for identifying, measuring, monitoring and reporting the market risk.

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(1) Interest rate risk

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

(i) Repricing risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(1) Interest rate risk (Continued)

(i) Repricing risk (Continued)

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

	31 December 2025						
	Total *RMB'000*	Non-interest-bearing *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five years *RMB'000*
Assets							
Cash and deposits with Central Bank	30,516,423	843,962	29,672,461	-	-	-	-
Deposits/placements with banks and other financial institutions	26,881,797	187,530	3,672,497	3,882,356	19,139,414	-	-
Derivative financial assets	1,052	1,052	-	-	-	-	-
Financial assets held under resale agreements	4,397,520	977	4,396,543	-	-	-	-
Loans and advances to customers *(note (1))*	398,551,722	1,311,498	59,281,726	57,148,523	186,635,376	73,666,847	20,507,752
Investments *(note (2))*	234,983,394	3,497,671	37,949,544	14,535,275	35,336,083	94,301,214	49,363,607
Lease receivables *(note (1))*	32,014,889	299,648	1,695,634	2,049,403	8,176,074	19,345,051	449,079
Others	1,443,666	1,368,436	-	-	-	37,615	37,615
Total assets	728,790,463	7,510,774	136,668,405	77,615,557	249,286,947	187,350,727	70,358,053
Liabilities							
Due to Central Bank	32,403,050	182,093	1,508,708	7,215,111	23,497,138	-	-
Deposits/placements from banks and other financial institutions	51,802,045	273,835	7,440,210	11,012,000	33,021,000	55,000	-
Financial assets sold under repurchase agreements	12,748,550	6,274	12,531,412	210,864	-	-	-
Deposits from customers	474,947,222	11,872,281	118,069,760	38,571,219	145,816,881	160,617,081	-
Debt securities issued	110,331,158	149,455	12,326,887	29,614,939	66,240,247	1,999,630	-
Others	1,339,401	1,222,740	5,384	19,151	48,941	39,222	3,963
Total liabilities	683,571,426	13,706,678	151,882,361	86,643,284	268,624,207	162,710,933	3,963
Asset-liability gap	45,219,037	(6,195,904)	(15,213,956)	(9,027,727)	(19,337,260)	24,639,794	70,354,090

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For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(1) Interest rate risk (Continued)

(i) Repricing risk (Continued)

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

	31 December 2024						
	Total *RMB'000*	Non-interest-bearing *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five years *RMB'000*
Assets							
Cash and deposits with Central Bank	29,008,339	1,028,253	27,980,086	–	–	–	–
Deposits/placements with banks and other financial institutions	15,897,660	129,061	4,201,627	2,798,875	8,768,097	–	–
Financial assets held under resale agreements	5,885,781	705	5,885,076	–	–	–	–
Loans and advances to customers *(note (1))*	376,048,659	1,014,709	43,961,856	58,173,638	191,942,174	65,852,837	15,103,445
Investments *(note (2))*	201,957,069	3,184,361	23,660,058	15,107,950	27,107,339	75,280,624	57,616,737
Lease receivables *(note (1))*	30,657,280	320,362	1,352,068	2,290,672	9,340,023	17,214,933	139,222
Others	2,049,729	1,974,500	–	–	–	18,807	56,422
Total assets	661,504,517	7,651,951	107,040,771	78,371,135	237,157,633	158,367,201	72,915,826
Liabilities							
Due to Central Bank	35,037,760	261,008	3,000,000	3,501,558	28,275,194	–	–
Deposits/placements from banks and other financial institutions	41,107,310	342,974	5,268,218	6,570,500	28,425,618	500,000	–
Financial assets sold under repurchase agreements	16,699,143	2,382	16,696,761	–	–	–	–
Deposits from customers	413,096,026	8,558,128	122,102,727	37,605,793	103,389,242	141,440,136	–
Debt securities issued	110,242,221	186,345	5,954,863	28,496,755	68,604,917	6,999,341	–
Others	1,188,865	1,188,865	–	–	–	–	–
Total liabilities	617,371,325	10,539,702	153,022,569	76,174,606	228,694,971	148,939,477	–
Asset-liability gap	44,133,192	(2,887,751)	(45,981,798)	2,196,529	8,462,662	9,427,724	72,915,826

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(1) Interest rate risk (Continued)

(i) Repricing risk (Continued)

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

(1) For the Group's loans and advances to customers, overdue amounts (net of allowance for impairment losses) of RMB12,514 million (31 December 2024: RMB14,084 million) are included in the category "Within one months (inclusive)" as at 31 December 2025. For the Group's lease receivables, overdue amounts (net of allowance for impairment losses) of RMB516 million (31 December 2024: RMB317 million) are included in the category "Within one months (inclusive)" as at 31 December 2025.

(2) As at 31 December 2025, investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates. Overdue amounts (net of allowance for impairment losses) of RMB12,032 million (31 December 2024: RMB13,972 million) are included in the category "Within one month (inclusive)" as at 31 December 2025.

(ii) Interest rate sensitivity analysis

Changes in net profit	**31 December 2025 (Decrease)/ increase *RMB'000***	31 December 2024 (Decrease)/ increase *RMB'000*
Up 100 bps parallel shift in yield curves	**(220,160)**	(292,965)
Down 100 bps parallel shift in yield curves	**220,160**	292,965

Changes in net equity	**31 December 2025 (Decrease)/ increase *RMB'000***	31 December 2024 (Decrease)/ increase *RMB'000*
Up 100 bps parallel shift in yield curves	**(645,395)**	(340,377)
Down 100 bps parallel shift in yield curves	**645,395**	340,377

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For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(1) Interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (Continued)

The sensitivity analysis above is based on a static interest risk exposure profile of assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The effect of equity is the effect of the assumed changes in interest rates on the Group's net interest income and other comprehensive income, calculated by revaluing financial investments at fair value through other comprehensive income and loans and advances to customers measured at fair value through other comprehensive income held at year end. The sensitivity analysis is based on the following assumptions:

– All assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the beginning of the respective periods;

– There is a parallel shift in the yield curve with the changes in interest rates;

– There are no other changes to the assets and liabilities portfolio, all the position will be held and keep unchanged after matured;

– The analysis does not take into account the effect of risk management measures taken by the management; and

– The impact of income tax is uniformly estimated at 25%.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(2) Currency risk

The Group's currency risk mainly arises from foreign currency assets and liabilities from customers. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

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

	31 December 2025			
	RMB'000	USD *(RMB'000 equivalents)*	Other *(RMB'000 equivalents)*	Total *(RMB'000 equivalents)*
Assets				
Cash and deposits with Central Bank	30,514,264	1,504	655	30,516,423
Deposits/placements with banks and other financial institutions	26,697,680	169,505	14,612	26,881,797
Derivative financial assets	–	1,052	–	1,052
Financial assets held under resale agreements	4,397,520	–	–	4,397,520
Loans and advances to customers	398,551,722	–	–	398,551,722
Investments *(note(i))*	231,382,228	3,601,166	–	234,983,394
Lease receivables	32,014,889	–	–	32,014,889
Others	1,442,839	827	–	1,443,666
Total assets	725,001,142	3,774,054	15,267	728,790,463
Liabilities				
Due to Central Bank	32,403,050	–	–	32,403,050
Deposits/placements from banks and other financial institutions	51,802,045	–	–	51,802,045
Financial assets sold under repurchase agreements	10,391,988	2,356,562	–	12,748,550
Deposits from customers	474,944,088	3,066	68	474,947,222
Debt securities issued	110,331,158	–	–	110,331,158
Others	1,339,275	126	–	1,339,401
Total liabilities	681,211,604	2,359,754	68	683,571,426
Net position	43,789,538	1,414,300	15,199	45,219,037
Off-balance sheet credit commitments	75,694,942	68,739	2,135	75,765,816

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For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(2) Currency risk (Continued)

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

	31 December 2024			
	RMB'000	USD *(RMB'000 equivalents)*	Other *(RMB'000 equivalents)*	Total *(RMB'000 equivalents)*
Assets				
Cash and deposits with Central Bank	29,004,024	956	3,359	29,008,339
Deposits/placements with banks and other financial institutions	15,019,886	868,643	9,131	15,897,660
Financial assets held under resale agreements	5,885,781	–	–	5,885,781
Loans and advances to customers	376,048,659	–	–	376,048,659
Investments (note(i))	201,070,221	886,848	–	201,957,069
Lease receivables	30,657,280	–	–	30,657,280
Others	2,048,920	809	–	2,049,729
Total assets	659,734,771	1,757,256	12,490	661,504,517
Liabilities				
Due to Central Bank	35,037,760	–	–	35,037,760
Deposits/placements from banks and other financial institutions	41,107,310	–	–	41,107,310
Financial assets sold under repurchase agreements	15,980,212	718,931	–	16,699,143
Deposits from customers	413,092,438	3,235	353	413,096,026
Debt securities issued	110,242,221	–	–	110,242,221
Others	1,188,769	96	–	1,188,865
Total liabilities	616,648,710	722,262	353	617,371,325
Net position	43,086,061	1,034,994	12,137	44,133,192
Off-balance sheet credit commitments	71,818,723	934	1,817	71,821,474

(i) At 31 December 2025 and 31 December 2024, the Group's investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates.

(ii) Others mainly includes Euros, British Pounds, Japanese Yen, Hong Kong Dollars, etc.

43. RISK MANAGEMENT (CONTINUED)

(b) Market risk (Continued)

(2) Currency risk (Continued)

Change in profit after taxation equity	31 December 2025 Increase/ (decrease) *RMB'000*	31 December 2024 Increase/ (decrease) *RMB'000*
Up 100 bps change of foreign exchange rate	10,721	10,471
Down 100 bps change of foreign exchange rate	(10,721)	(10,471)

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

– The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis point fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;

– The exchange rates against RMB for the United States dollars and other foreign currencies change in the same direction simultaneously;

– The foreign currency exposures calculated include spot and forward foreign exchange exposures, and all factors keep unchanged (include interest rate); and

– The analysis does not take into account the effect of risk management measures taken by the Group.

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

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43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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

The Group has implemented the centralised management of the Group-wide liquidity risk and established a liquidity risk management structure which mainly comprises decision-making organisation, execution organisation and supervision organisation. The responsibilities of them are as follows:

– The Board and its Risk Management Committee are the decision-making organisations for liquidity risk management that assume the ultimate responsibility for liquidity risk management and are responsible for formulating the guidelines and policies for liquidity risk management;

– Senior management and its Risk Management Committee, Asset and Liability Management Committee, Asset and Liability Management Department and other relevant business departments are the executive organisations for liquidity risk management. Senior management is responsible for organisations, and the Asset and Liability Management Department is responsible for implementing relevant liquidity risk management policies, monitoring various liquidity risk indicators, formulating, implementing and evaluating relevant systems, guiding various business departments to manage liquidity risk on a daily basis, regularly carrying out risk analysis and reporting to the senior management;

– The Internal Audit Office under the Board are the supervisory organisations for liquidity risk management and are responsible for supervising and evaluating the fulfilment of duties of the Board and senior management in liquidity risk management.

The Group manages liquidity risk by monitoring the maturities of the assets and liabilities, while actively monitoring multiple liquidity indicators, including liquidity ratio, reserve ratio, liquidity coverage ratio, net stable funding ratio and liquidity matching ratio, etc.

These deposits from customers are widely diversified in terms of types and durations and represent a major source of funds.

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43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(1) Maturity analysis

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

	31 December 2025							
	Indefinite *RMB'000*	Repayable on demand *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five year *RMB'000*	Total *RMB'000*
Assets								
Cash and deposits with Central Bank *(note(i))*	23,547,074	6,957,452	–	11,897	–	–	–	30,516,423
Deposits/placements with banks and other financial institutions	–	1,273,616	2,415,166	3,944,187	19,248,828	–	–	26,881,797
Derivative financial assets	–	–	1,052	–	–	–	–	1,052
Financial assets held under resale agreements	–	–	4,397,520	–	–	–	–	4,397,520
Loans and advances to customers *(note(ii))*	15,940,292	2,676,072	37,898,994	46,760,635	133,518,450	100,697,546	61,059,733	398,551,722
Investments *(note(iii))*	12,218,891	11,856,971	15,443,873	14,721,219	35,504,746	95,459,835	49,777,859	234,983,394
Lease receivables *(note(iv))*	703,580	–	994,822	2,057,112	8,465,245	19,345,051	449,079	32,014,889
Others	919,419	–	416,369	1,313	11,857	57,093	37,615	1,443,666
Total assets	53,329,256	22,764,111	61,567,796	67,496,363	196,749,126	215,559,525	111,324,286	728,790,463
Liabilities								
Due to Central Bank	–	–	1,509,441	7,329,625	23,563,984	–	–	32,403,050
Deposits/placements from banks and other financial institutions	–	223,235	7,311,554	10,307,842	33,902,967	56,447	–	51,802,045
Financial assets sold under repurchase agreements	–	–	12,536,820	211,730	–	–	–	12,748,550
Deposits from customers	–	100,067,676	19,023,271	39,626,701	147,136,718	169,092,856	–	474,947,222
Debt securities issued	–	–	12,326,887	29,737,517	66,267,124	1,999,630	–	110,331,158
Others	–	749,042	15,965	19,719	249,644	292,710	12,321	1,339,401
Total liabilities	–	101,039,953	52,723,938	87,233,134	271,120,437	171,441,643	12,321	683,571,426
Long/(short) position	53,329,256	(78,275,842)	8,843,858	(19,736,771)	(74,371,311)	44,117,882	111,311,965	45,219,037

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For the year ended 31 December 2025

43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(1) Maturity analysis (Continued)

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

	31 December 2024							
	Indefinite *RMB'000*	Repayable on demand *RMB'000*	Within three months (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five year *RMB'000*	Total *RMB'000*
Assets								
Cash and deposits with Central Bank (note(i))	20,684,525	8,313,283	–	10,531	–	–	–	29,008,339
Deposits/placements with banks and other financial institutions	–	1,797,639	2,407,887	2,831,329	8,860,805	–	–	15,897,660
Financial assets held under resale agreements	–	–	5,885,781	–	–	–	–	5,885,781
Loans and advances to customers (note(ii))	14,041,943	2,827,281	24,666,898	50,257,703	137,552,942	94,263,802	52,438,090	376,048,659
Investments (note(iii))	14,150,549	1,702,564	10,109,160	14,395,916	27,236,990	76,233,602	58,128,288	201,957,069
Lease receivables (note(iv))	476,513	–	878,070	2,559,288	9,389,254	17,214,933	139,222	30,657,280
Others	1,177,858	–	768,000	1,010	6,481	39,958	56,422	2,049,729
Total assets	50,531,388	14,640,767	44,715,796	70,055,777	183,046,472	187,752,295	110,762,022	661,504,517
Liabilities								
Due to Central Bank	–	–	3,073,333	3,575,240	28,389,187	–	–	35,037,760
Deposits/placements from banks and other financial institutions	–	1,095,387	4,316,520	6,637,105	28,541,676	516,622	–	41,107,310
Financial assets sold under repurchase agreements	–	–	16,699,143	–	–	–	–	16,699,143
Deposits from customers	–	108,530,164	14,120,295	38,420,422	105,394,360	146,630,785	–	413,096,026
Debt securities issued	–	–	5,954,863	28,619,210	68,668,808	6,999,340	–	110,242,221
Others	–	228,523	8,456	8,910	323,350	593,858	25,768	1,188,865
Total liabilities	–	109,854,074	44,172,610	77,260,887	231,317,381	154,740,605	25,768	617,371,325
Long/(short) position	50,531,388	(95,213,307)	543,186	(7,205,110)	(48,270,909)	33,011,690	110,736,254	44,133,192

43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(1) Maturity analysis (Continued)

(i) For cash and deposits with Central Bank, the indefinite period amount represents statutory deposit reserves and fiscal deposits maintained with the PBOC.

(ii) For loans and advances to customers, the "indefinite" period amount represents the balance being impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not impaired is included in "repayable on demand".

(iii) Investments include financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, financial investments measured at amortised cost and interests in associates. The "indefinite" period amount represents the balance being credit-impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not credit-impaired is included in "repayable on demand". Equity investments are reported under indefinite period.

(iv) For lease receivables, the "indefinite" period amount represents the balance being impaired or overdue for more than one month, and the balance overdue within one month (inclusive) but not impaired is included in "repayable on demand".

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43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(2) Analysis on contractual counted cash flows of financial liabilities

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

	31 December 2025							
	Carrying amount *RMB'000*	Total *RMB'000*	Repayable on demand *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five years *RMB'000*
Non-derivative cash flows:								
Due to Central Bank	32,403,050	32,662,379	–	1,511,055	7,442,069	23,709,255	–	–
Deposits/placements from banks and other financial institutions	51,802,045	51,971,912	223,235	7,314,961	10,381,332	33,995,937	56,447	–
Financial assets sold under repurchase agreements	12,748,550	12,752,057	–	12,539,097	212,960	–	–	–
Deposits from customers	474,947,222	485,425,988	100,068,101	19,109,071	39,913,314	149,542,228	176,793,274	–
Debt securities issued	110,331,158	111,081,827	–	12,340,000	29,841,827	66,855,000	2,045,000	–
Others	1,339,401	1,344,040	749,042	16,173	20,466	251,536	294,343	12,480
Total	683,571,426	695,238,203	101,040,378	52,830,357	87,811,968	274,353,956	179,189,064	12,480

43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(2) Analysis on contractual counted cash flows of financial liabilities (Continued)

(i) The following tables provides an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period: (Continued)

	31 December 2024							
	Carrying amount *RMB'000*	Total *RMB'000*	Repayable on demand *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five years *RMB'000*
Non-derivative cash flows:								
Due to Central Bank	35,037,760	35,439,245	–	3,075,000	3,625,204	28,739,041	–	–
Deposits/placements from banks and other financial institutions	41,107,310	41,641,428	1,096,601	4,311,482	6,818,507	28,880,366	534,472	–
Financial assets sold under repurchase agreements	16,699,143	16,701,475	–	16,701,475	–	–	–	–
Deposits from customers	413,096,026	423,361,705	108,530,164	14,540,424	39,721,594	107,092,057	153,477,466	–
Debt securities issued	110,242,221	111,386,662	–	6,111,000	28,873,834	69,401,828	7,000,000	–
Others	1,188,865	1,188,865	228,523	8,456	8,910	323,350	593,858	25,768
Total	617,371,325	629,719,380	109,855,288	44,747,837	79,048,049	234,436,642	161,605,796	25,768

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43. RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

(3) Analysis on contractual counted cash flows of derivative financial instrument

(i) The following tables provides an analysis of the contractual undiscounted cash flow of the derivative financial instruments at the end of the reporting period:

	Carrying amount *RMB'000*	Total *RMB'000*	Repayable on demand *RMB'000*	Within one month (inclusive) *RMB'000*	Between one month and three months (inclusive) *RMB'000*	Between three months and one year (inclusive) *RMB'000*	Between one year and five years (inclusive) *RMB'000*	More than five years *RMB'000*
Derivative cash flows								
Derivative financial instruments settled on net basis	1,052	1,160	-	1,160	-	-	-	-
Total	1,052	1,160	-	1,160	-	-	-	-

At 31 December 2024, the Group had not held any derivative instruments.

(d) Operational risk

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

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

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

– making use of risk alert system and paying attention to risk product and early risk alert on each aspect of business, making business risk assessment in time; carrying out centralised risk management on major business controlling unit so as to reduce business operational risk;

– establishing a supervision system combining "on-site and off-site", "regular and special", "self and external" examinations, identifying, monitoring, collecting risk factors and risk signals in the course of business operations, using centralised operational risk management tools, supervising, analysing and reporting the sufficiency and effectiveness of operational risk management;

43. RISK MANAGEMENT (CONTINUED)

(d) Operational risk (Continued)

- the Compliance Department, the Risk Management Department and the Internal Audit Office constitute "three lines of defence" for operational risk management base on the separating responsibilities of the front, middle and the back offices. The business and functional departments act as the first line of defence, the Compliance Department and the Risk Management Department act as the second line of defence and the Internal Audit Office acts as the third line of defence;

- establishing a compulsory leave and rotation policies to staff in key position or important process;

- establishing an expertise grade appraisal system for all employees, and selecting qualified employees through strict qualification examination and professional evaluation in accordance with the expertise and skills required by the various positions; and

- establishing a mechanism for emergency management and business continuity.

(e) Capital management

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

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

- based on the Group's business strategy, effectively identify, quantify, monitor, mitigate and control the major risks to which the Group is exposed, and maintain adequate capital to support the implementation of the Group's strategic development plan and meet the regulatory requirements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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43. RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

The Group calculates the capital adequacy ratios in accordance with the Regulation Governing Capital of Commercial Banks《商業銀行資本管理辦法》issued by the former CBRC and relevant requirements promulgated by the former CBRC. The calculations based on statutory financial statements of the Group prepared under Accounting Standards for Business Enterprises. At 31 December 2025 and 2024, the capital adequacy ratios are as follows:

	Note	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Total core tier-one capital			
– Share capital		**9,092,091**	9,092,091
– Valid portion of capital reserve		**5,993,736**	5,985,102
– Fair value reserve		**180,224**	814,800
– Remeasurement of net defined benefit liability		**(90,968)**	(98,054)
– Surplus reserve		**4,064,033**	3,875,978
– General reserve		**9,954,836**	9,243,217
– Retained earnings		**15,782,412**	15,537,398
– Valid portion of minority interests		**1,843,587**	1,686,766
Core tier-one capital		**46,819,951**	46,137,298
Core tier-one capital deductions		**(3,270,426)**	(2,437,921)
Net core tier-one capital		**43,549,525**	43,699,377
Additional tier-one capital			
– Additional tier-one capital instruments and related premium		**9,998,855**	9,998,855
– Valid portion of non-controlling interests		**245,812**	239,256
Net tier-one capital		**53,794,192**	53,937,488

43. RISK MANAGEMENT (CONTINUED)

(e) Capital management (Continued)

	Note	**31 December 2025** ***RMB'000***	31 December 2024 *RMB'000*
Tier two capital			
– Surplus provision for loan impairment		**6,052,059**	5,757,707
– Valid portion of non-controlling interests		**491,623**	478,512
Net tier-two capital		**6,543,682**	6,236,219
Net capital base		**60,337,874**	60,173,707
Total risk weighted assets	(1)	**515,405,180**	498,780,953
Core tier-one capital adequacy ratio	(2)	**8.45%**	8.76%
Tier-one capital adequacy ratio	(2)	**10.44%**	10.81%
Capital adequacy ratio	(2)	**11.71%**	12.06%

(1) Both the on-balance and off-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty as well as any eligible collateral or guarantees.

(2) Pursuant to the Regulation Governing Capital of Commercial Banks《商業銀行資本管理辦法》, National Financial Regulatory Administration requires that the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio for commercial banks shall not fall below 10.5%, 8.5% and 7.5% at 31 December 2025 and 31 December 2024.

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44. FAIR VALUE

(a) Methods and assumptions for measurement of fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13 "Fair Value Measurement". The hierarchy of fair value measurement depends on the lowest level of input that is significant to the overall fair value measurement. The definitions of the three levels of inputs are as follows:

Level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 inputs: observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

Level 3 inputs: financial assets or liabilities using significant unobservable inputs.

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

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

(1) Debt securities investments and equity investments

Regarding the fair values of debt securities investments, the Bank performs valuation by referring to prices from valuation service providers or on the basis of discounted cash flows models. Valuation parameters include market interest rates, expected future default rates, prepayment rates and market liquidity. The fair values of RMB bonds are mainly determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd.. The fair values of unlisted equity investments are estimated using comparable approach, after adjustment for the specific circumstances of the issuers.

(2) Other debt investments and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of each of the reporting period.

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44. FAIR VALUE (CONTINUED)

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

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

Fair values of debt securities issued are based on their quoted market prices at the end of each of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of each of the reporting period.

(4) Derivative financial instruments

Derivative financial instruments that are valued using valuation techniques include the discounted cash flow model and the Blair Scholes model. The model parameters include forward foreign exchange rates, foreign exchange rate volatility, and interest rate curves.

(b) Financial instruments recorded at fair value

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

	31 December 2025			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets measured at fair value on a recurring basis				
Derivative financial assets	–	1,052	–	1,052
Financial investments at fair value through profit or loss				
– Debt securities	–	17,626,941	–	17,626,941
– Investment funds	–	22,211,949	–	22,211,949
– Equity investments	195,441	–	350,731	546,172
– Other financial investments at fair value through profit or loss	–	–	5,013,540	5,013,540
Financial investments at fair value through other comprehensive income				
– Debt instruments	–	39,562,647	–	39,562,647
– Equity investments	–	–	306,822	306,822
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	57,920,224	–	57,920,224
Total	195,441	137,322,813	5,671,093	143,189,347

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For the year ended 31 December 2025

44. FAIR VALUE (CONTINUED)

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

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

	31 December 2024			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Assets measured at fair value on a recurring basis				
Financial investments at fair value through profit or loss				
– Debt securities	–	10,825,665	–	10,825,665
– Investment funds	–	15,032,167	–	15,032,167
– Equity investments	271,860	–	350,731	622,591
– Other financial investments at fair value through profit or loss	–	–	6,004,524	6,004,524
Financial investments at fair value through other comprehensive income				
– Debt instruments	–	21,201,289	–	21,201,289
– Equity investments	–	–	246,192	246,192
Loans and advances to customers measured at fair value through other comprehensive income				
– Corporate loans and advances	–	49,480,284	–	49,480,284
Total	271,860	96,539,405	6,601,447	103,412,712

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or between level 2 and Level 3 (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. FAIR VALUE (CONTINUED)

(c) Movement in level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year:

	1 January 2025 *RMB'000*	Total effects of profit and loss during the year *RMB'000*	Total effects of other comprehensive income during the year *RMB'000*	Acquisition *RMB'000*	Sale/ Settlement *RMB'000*	Transferred from Level 3 to Level 2 *RMB'000*	31 December 2025 *RMB'000*	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year *RMB'000*
Financial assets								
Financial investments at fair value through profit or loss								
– Other financial investments at fair value through profit or loss	6,004,524	218,407	-	14,301,814	(15,511,205)	-	5,013,540	(68,340)
– Equity investments	350,731	-	-	-	-	-	350,731	-
Financial investments at fair value through other comprehensive income								
– Equity investments	246,192	-	60,630	-	-	-	306,822	-
Total	6,601,447	218,407	60,630	14,301,814	(15,511,205)	-	5,671,093	(68,340)

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44. FAIR VALUE (CONTINUED)

(c) Movement in level 3 financial instruments measured at fair value (Continued)

The following table shows a reconciliation of the opening and closing balances of level 3 financial assets and liabilities which are recorded at fair value and the movement during the year: (Continued)

	1 January 2024 RMB'000	Total effects of profit and loss during the year RMB'000	Total effects of other comprehensive income during the year RMB'000	Acquisition RMB'000	Sale/ Settlement RMB'000	Transferred from Level 3 to Level 2 RMB'000	31 December 2024 RMB'000	Profit attributable to the change in unrealised gains and losses relating to assets held at the end of the year RMB'000
Financial assets								
Financial investments at fair value through profit or loss								
– Other financial investments at fair value through profit or loss	14,690,048	508,905	–	5,313,806	(14,508,235)	–	6,004,524	209,413
– Equity investments	176,012	–	–	174,719	–	–	350,731	–
Financial investments at fair value through other comprehensive income								
– Equity investments	66,313	–	179,879	–	–	–	246,192	–
Total	14,932,373	508,905	179,879	5,488,525	(14,508,235)	–	6,601,447	209,413

During the reporting period, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

At 31 December 2025, total gains recorded in profit or loss were recognised in the line item "net gains arising from investments" on the face of the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. FAIR VALUE (CONTINUED)

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

	31 December 2025				
	Carrying amount *RMB'000*	Fair value *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Financial assets					
Financial investments measured at amortised cost					
– Debt securities	126,142,196	128,923,165	–	128,923,165	–
Total	126,142,196	128,923,165	–	128,923,165	–
Financial liabilities					
Debt securities issued					
– Financial bonds	7,149,063	7,174,695	–	7,174,695	–
– Interbank deposits	103,182,095	103,199,673	–	103,199,673	–
Total	110,331,158	110,374,368	–	110,374,368	–

	31 December 2024				
	Carrying amount *RMB'000*	Fair value *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Financial assets					
Financial investments measured at amortised cost					
– Debt securities	112,518,324	117,817,218	–	117,817,218	–
Total	112,518,324	117,817,218	–	117,817,218	–
Financial liabilities					
Debt securities issued					
– Financial bonds	15,185,130	15,361,275	–	15,361,275	–
– Interbank deposits	95,057,091	95,150,475	–	95,150,475	–
Total	110,242,221	110,511,750	–	110,511,750	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. FAIR VALUE (CONTINUED)

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

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

The fair values of debt securities in financial investments measured at amortised cost and debt securities issued are determined with reference to the available market values. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows.

Financial investments measured at amortised cost with the exception of debt securities are stated at amortised cost using the effective interest method. The fair value of financial investments measured at amortised cost are estimated based on future cash flows expected to be received which is discounted at current market rates. The majority of financial investments measured at amortised cost are repriced at least annually to the market rate. Accordingly, their carrying values approximate their fair values.

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

Those financial instruments for which their carrying amounts are the reasonable approximations of their fair values because, for example, they are short-term in nature or repriced at current market rates frequently, are as below:

Assets	**Liabilities**
Cash and deposits with Central Bank	Due to Central Bank
Deposits with banks and other financial institutions	Deposits from banks and other financial institutions
Placements with banks and other financial institutions	Placements from banks and other financial institutions
Financial assets held under resale agreements	Financial assets sold under repurchase agreements
Loans and advances to customers (measured at amortised cost)	Deposits from customers
Lease receivables	Other financial liabilities
Other financial assets	

45. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit commitments

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

Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from its customers. The contractual amounts of unused credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Bank acceptances	**53,882,347**	51,346,071
Letters of credit	**5,189,787**	7,416,763
Guarantees	**245,986**	369,023
Unused credit card commitments	**10,955,448**	10,051,341
Loan commitments	**5,492,248**	2,638,276
Total	**75,765,816**	71,821,474

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

(b) Credit risk-weighted amount

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Credit risk-weighted amount of contingent liabilities and commitments	**8,458,774**	8,289,281

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

45. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

(c) Capital commitments

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

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Contracted but not paid for	**189,790**	178,873
Approved but not contracted for	**57,088**	41,839
Total	**246,878**	220,712

(d) Outstanding litigations and disputes

As at 31 December 2025, there are no outstanding legal proceedings that have a significant impact on the financial statements against the Group (31 December 2024: Nil).

(e) Pledged assets

	31 December 2025 ***RMB'000***	31 December 2024 *RMB'000*
Debt securities	**46,547,662**	50,822,463
Notes	**497,617**	2,070,046
Total	**47,045,279**	52,892,509

Some of the Group's assets are pledged as collateral under repurchase agreements and due to Central Bank.

46. STRUCTURED ENTITIES

(a) Consolidated structured entities

The consolidated structured entities are wealth management products and asset-backed securities. The Group considers whether there is control over the structured entity as the sponsor of the wealth management products and asset-backed securities, and judges whether it needs to be included in the merger based on the decision-making scope, the power held, the remuneration for providing management services and the variable income risk exposure faced. In 2025, the Group did not provide financial support to the consolidated structured entities (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

46. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities

(1) Structured entities sponsored by third party institutions in which the Group holds on interest

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

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

	31 December 2025	
	Carrying amount *RMB'000*	**Maximum exposure** *RMB'000*
Financial investments		
– Financial investments at fair value through profit or loss	**27,096,461**	**27,096,461**
– Financial investments measured at amortised cost	**22,754,859**	**22,754,859**
Interest receivables	**199,509**	**199,509**
Total	**50,050,829**	**50,050,829**

	31 December 2024	
	Carrying amount *RMB'000*	Maximum exposure *RMB'000*
Financial investments		
– Financial investments at fair value through profit or loss	20,715,325	20,715,325
– Financial investments measured at amortised cost	34,596,768	34,596,768
Interest receivables	41,312	41,312
Total	55,353,405	55,353,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

46. STRUCTURED ENTITIES (CONTINUED)

(b) Unconsolidated structured entities (Continued)

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

The maximum exposures to loss in the above investment management products and wealth management products are the carrying amounts of the assets held by the Group and the related interest receivables at the end of each of the reporting period.

The interest income, changes in fair value and investment gains arising from the above unconsolidated structured entities for the year ended 31 December 2025 amounted to RMB1,544 million (2024: RMB2,525 million).

(2) Structured entities sponsored by the Group which the Group does not consolidate but holds interests in

The types of unstructured entities sponsored by the Group include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to earning fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes fees charged by providing management services.

As at 31 December 2025, the amount of non-principal-guaranteed wealth management products which are sponsored by the Group but are not consolidated into was RMB35,069 million (31 December 2024: RMB40,428 million).

For the year ended 31 December 2025, the Group recognised net commission income from the non-principal-guaranteed wealth management products with the amount of RMB102 million through provision of asset management services (2024: RMB167 million). The Group expected that the variable return would be insignificant to the structured entities.

For the year ended 31 December 2025, the Group did not provide financial support to the unconsolidated structured entities (2024: Nil).

47. FIDUCIARY ACTIVITIES

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are not included in these financial statements as they are not the Group's assets.

As at 31 December 2025, the balance of entrusted loans of the Group was RMB16,557 million (31 December 2024: RMB23,468 million).

48. EVENTS AFTER THE REPORTING PERIOD

(a) Profit distribution

According to the resolution of the fifth meeting of the eighth section of the Board on 30 March 2026, the Profit Distribution Plan of the Bank is as follow:

1) Appropriate the statutory surplus reserve of about RMB188,056 thousand at 10% of the net profit in 2025;

2) Set aside a general reserve of about RMB707,000 thousand.

The resolution of the Profit Distribution Plan was approved at the fifth meeting of the eighth session of the Board on 30 March 2026, and will be submitted to the general meeting for approval.

(b) Other events after the reporting period

On 30 December 2025, the Bank received the approval from the Hebi Financial Regulatory Bureau regarding this acquisition (Hebi Jinfu [2025] No. 44), which consented to the Bank by way of merger by absorption with Xunxian Zhengyin County Bank Co., Ltd. The Bank assumed all of its assets, liabilities, rights, and obligations as at the date of this report.

On 30 December 2025, the Bank received approval from the Xuchang Regulatory Bureau of the National Financial Regulatory Administration for the acquisition of Yanling Zhengyin County Bank Co., Ltd. and establishment of branches (Xuchang Jinfu [2025] No. 131). The Bank is processing the absorption of all its assets, liabilities, rights, and obligations as at the date of this report.

In addition to the above matters, the Group has no other significant events after the reporting period to be disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. STATEMENT OF FINANCIAL POSITION OF THE BANK

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Assets		
Cash and deposits with Central Bank	**30,066,971**	28,541,892
Deposits with banks and other financial institutions	**1,813,059**	1,271,416
Placements with banks and other financial institutions	**27,724,521**	16,126,208
Derivative financial assets	**1,052**	–
Financial assets held under resale agreements	**3,049,761**	5,805,626
Loans and advances to customers	**395,189,598**	372,344,575
Financial investments:		
Financial investments at fair value through profit or loss	**47,876,501**	32,965,933
Financial investments at fair value through other comprehensive income	**39,869,469**	21,447,481
Financial investments measured at amortised cost	**146,043,233**	143,504,866
Interests in associates and subsidiaries	**1,884,092**	1,808,420
Property and equipment	**3,100,078**	3,181,399
Deferred tax assets	**6,127,732**	5,531,920
Other assets	**5,504,495**	6,684,142
Total assets	**708,250,562**	639,213,878
Liabilities		
Due to Central Bank	**32,333,021**	34,876,496
Deposits from banks and other financial institutions	**24,260,643**	15,432,380
Placements from banks and other financial institutions	**2,314,162**	–
Financial assets sold under repurchase agreements	**11,655,919**	14,284,268
Deposits from customers	**469,181,779**	407,266,633
Tax payable	**281,480**	280,762
Debt securities issued	**110,331,158**	110,242,221
Other liabilities	**3,570,333**	3,102,192
Total liabilities	**653,928,495**	585,484,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

49. STATEMENT OF FINANCIAL POSITION OF THE BANK (CONTINUED)

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Equity		
Share capital	9,092,091	9,092,091
Other equity instruments	9,998,855	9,998,855
Capital reserve	5,985,160	5,985,160
Surplus reserve	4,064,034	3,875,978
General reserve	9,533,752	8,826,752
Fair value reserve	177,180	809,842
Remeasurement of net defined benefit liability	(90,968)	(98,054)
Retained earnings	15,561,963	15,238,302
Total equity	54,322,067	53,728,926
Total liabilities and equity	708,250,562	639,213,878

Approved and authorised for issue by the board of directors on 30 March 2026.

Zhao Fei
Chairman of the Board of Directors

ZHANG HOULIN
PERSON IN CHARGE OF ACCOUNTING AFFAIRS

Fu Qiang
Head of Accounting Department

BANK OF ZHENGZHOU CO., LTD.
(COMPANY CHOP)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the year ended 31 December 2025

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

1. CURRENCY CONCENTRATIONS

	31 December 2025			
	United States Dollars *(RMB'000 equivalent)*	Hong Kong Dollars *(RMB'000 equivalent)*	Other *(RMB'000 equivalent)*	Total *(RMB'000 equivalent)*
Spot assets	3,774,054	6,119	9,148	3,789,321
Spot liabilities	(2,359,754)	(63)	(5)	(2,359,822)
Net position	1,414,300	6,056	9,143	1,429,499

	31 December 2024			
	United States Dollars *(RMB'000 equivalent)*	Hong Kong Dollars *(RMB'000 equivalent)*	Other *(RMB'000 equivalent)*	Total *(RMB'000 equivalent)*
Spot assets	1,757,256	6,484	6,006	1,769,746
Spot liabilities	(722,262)	(64)	(289)	(722,615)
Net position	1,034,994	6,420	5,717	1,047,131

The Group has no structural position at the reporting period.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the year ended 31 December 2025

2. INTERNATIONAL CLAIMS

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

International claims include loans and advances to customers, amounts due from banks and other financial institutions and debt investments.

After all risk transfers of a country or geographical area taking into account, it is reported when the claims constitute 10% or more of the aggregate amount of international claims. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	31 December 2025			
	Banks and other financial institutions *RMB'000*	**Public sector entities** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Asia Pacific excluding mainland China	**7,785**	**–**	**–**	**7,785**
Europe	**10,185**	**–**	**–**	**10,185**
North America	**3,000,514**	**767,537**	**3,578**	**3,771,629**
Total	**3,018,484**	**767,537**	**3,578**	**3,789,599**

	31 December 2024			
	Banks and other financial institutions *RMB'000*	Public sector entities *RMB'000*	Others *RMB'000*	Total *RMB'000*
Asia Pacific excluding mainland China	5,813	–	–	5,813
Europe	3,316	–	–	3,316
North America	868,282	–	–	868,282
Total	877,411	–	–	877,411