招商銀行
CHINA MERCHANTS BANK

CHINA MERCHANTS BANK CO., LTD.

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

H Share Stock Code : 03968

2026 Interim Report

Contents

Definitions

The Company, the Bank, CMB or China Merchants Bank:

China Merchants Bank Co., Ltd.

The Group:

China Merchants Bank and its subsidiaries

CSRC:

China Securities Regulatory Commission

Hong Kong Stock Exchange or SEHK:

The Stock Exchange of Hong Kong Limited

Hong Kong Listing Rules:

The Rules Governing the Listing of Securities on the SEHK

CMB Wing Lung Bank:

CMB Wing Lung Bank Limited

CMB Wing Lung Group:

CMB Wing Lung Bank and its subsidiaries

CMB International Capital or CMBIC:

CMB International Capital Holdings Corporation Limited

CMB Financial Leasing or CMBFL:

CMB Financial Leasing Co., Ltd.

CMB Wealth Management:

CMB Wealth Management Company Limited

CMB Europe S.A.:

China Merchants Bank (Europe) Co., Ltd.

CMB Investment:

China Merchants Bank Financial Asset Investment Co., Ltd.

China Merchants Fund or CMFM:

China Merchants Fund Management Co., Ltd.

CIGNA & CMAM:

CIGNA & CMB Asset Management Company Limited

CIGNA & CMB Life Insurance:

CIGNA & CMB Life Insurance Co., Ltd.

Merchants Union Consumer Finance or MUCFC:

Merchants Union Consumer Finance Company Limited

CMB YunChuang:

CMB YunChuang Information Technology Co., Ltd. with 100% equity interest held by the Company indirectly

CMB Network Technology:

China Merchants Bank Network Technology (Shenzhen) Co., Ltd. with 100% equity interest held by the Company indirectly

Ernst & Young Hua Ming:

Ernst & Young Hua Ming LLP

Articles of Association:

Articles of Association of China Merchants Bank Co., Ltd.

Corporate Governance Code:

Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules

SFO:

Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Model Code:

Model Code for Securities Transactions by Directors of Listed Issuers of Hong Kong Stock Exchange

Significant Risk Warning

The Company has disclosed herein the major risks involved in its operations and the proposed risk management measures. Please refer to Chapter III for the details in relation to risk management.

Important Notice

1. The Board of Directors, Directors and senior management of the Company confirm that the contents in this interim report are true, accurate, and complete and have no false representations, misleading statements or material omissions, and they will severally and jointly accept legal responsibility for such contents.
2. This report has been reviewed and approved at the Board meeting of the Company held on 28 August 2026. All Directors of the Company attended the meeting.
3. The 2026 interim profit appropriation plan has been approved at the 2025 Annual General Meeting and will be specifically implemented by the Board based on the items approved by the general meeting. The date for cash dividend distribution of the 2026 interim profit appropriation is between January and February 2027. The specific date for cash dividend distribution and the record date for shareholding will be announced separately by the Company.
4. The financial report in this report is unaudited. The 2026 interim financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles have been reviewed by Ernst & Young Hua Ming, and the 2026 interim financial statements prepared in accordance with the IFRS Accounting Standards have been reviewed by Ernst & Young.
5. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.
6. Miao Jianmin, Chairman of the Company, Wang Xiaoqing, President, Peng Jiawen, Executive Vice President, Chief Financial Officer and Secretary of the Board of Directors and Sun Zhihua, the person in charge of the Financial Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in this report.
7. We have included in this report certain forward-looking statements with respect to the financial position, operating results and business development of the Group. We use words such as "will", "may", "expect", "try", "strive", "plan", "anticipate", "aim at", and similar expressions to indicate forward-looking statements. These statements are based on current plans, estimates and projections. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we give no assurance that these expectations will turn into reality or prove to be correct. Therefore, they should not be deemed as the Group's commitments. Investors should not place undue reliance on such statements and should pay attention to investment risks. You are cautioned that such forward-looking statements are related to future events or future financial position, business, or other performances of the Group, and are subject to a number of uncertainties which may cause substantial differences from those in the actual results.

Company Profile

1.1 Company Profile

1.1.1 **Registered Company Name in Chinese:** 招商銀行股份有限公司(Abbreviated Name in Chinese: 招商銀行)

Registered Company Name in English: China Merchants Bank Co., Ltd.

1.1.2 **Legal Representative:** Miao Jianmin

Authorised Representative: Wang Xiaoqing, Peng Jiawen

Secretary of the Board of Directors: Peng Jiawen

Joint Company Secretaries: Peng Jiawen, Kwan Sau In

Securities Representative: Xia Yangfang

1.1.3 **Registered and Office Address:** 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

1.1.4 **Contact Details:**

Address: 7088 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China

Postcode: 518040

Tel: +86 755 8319 8888

Fax: +86 755 8319 5555

E-mail: cmb@cmbchina.com

Website: www.cmbchina.com

Customer complaint hotline: 95555-7

Credit card complaint hotline: +86 400 820 5555-7

1.1.5 **Principal Place of Business in Hong Kong:** 31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, the PRC

1.1.6 **Share Listing:**

A Shares: Shanghai Stock Exchange
Abbreviated Name of A Shares: 招商銀行
Stock Code: 600036

H Shares: SEHK
Abbreviated Name of H Shares: CM BANK
Stock Code: 03968

1.1.7 **Domestic Auditor:** Ernst & Young Hua Ming
Office Address: Room 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC
Signing Certified Public Accountants: Feng Suoteng, Fan Xun

International Auditor: Ernst & Young
Office Address: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, the PRC

1.1.8 **Legal Advisor as to PRC Law:** JunHe LLP

Legal Advisor as to Hong Kong Law: Herbert Smith Freehills Kramer

1.1.9 **Registrar for A Shares:**

China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

Address: 188 South-Yanggao Road, Pudong New Area, Shanghai, the PRC

Tel: +86 4008 058 058

Share Register and Transfer Office as to H Shares:

Computershare Hong Kong Investor Services Ltd.

Address: Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the PRC

Tel: +852 2862 8555

1.1.10 **Newspapers and Websites Designated for Information Disclosure:**

The Chinese mainland:	"China Securities Journal" (www.cs.com.cn), "Securities Times" (www.stcn.com), "Shanghai Securities News" (www.cnstock.com)
	website of Shanghai Stock Exchange (www.sse.com.cn)
	website of the Company (www.cmbchina.com)
Hong Kong:	website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk)
	website of the Company (www.cmbchina.com)

Place for maintenance of periodic reports: Office of the Board of Directors of the Company and principal place of business of the Company

1.2 Corporate Business Overview

Founded in 1987, the Company is headquartered in Shenzhen, China. The branches of the Company are mainly located in major cities in the Chinese mainland, as well as international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. The Company was listed on the Shanghai Stock Exchange in April 2002 and the SEHK in September 2006.

The Company provides customers with various wholesale and retail banking products and services, and maintains financial markets businesses for proprietary purpose and client flow trading. Many innovative products and services of the Company have been well accepted by the market. Retail banking services include the account, payment and settlement services based on the "All-in-one" multifunction debit card and credit card, segmentation and classification-based wealth management services including the "Sunflower Wealth Management" services and private banking services, retail credit services, CMB APP, CMB Life APP, "All-in-one Net" comprehensive online banking service platform, and other online services. Wholesale banking services include payment and settlement, wealth management, investment and financing and digital services, cash management, technology finance, green finance, inclusive finance, retirement finance, digital finance, supply chain finance and cross-border finance services, asset management, asset custody and investment banking services etc. The Company continues to tap further into the living and business circles of customers to provide customers with customised, intelligent and comprehensive solutions for their supply chains and investment chains.

The Company has come up with the strategic vision of "building the best value creation bank that is innovation-driven, model-leading, and distinctive in features" based on the internal and external situation and its own development. In line with the trends of Chinese modernisation, economic globalisation, a new wave of technological revolution and industrial upgrade, the Company accelerates transformation through "the Comprehensive Operation Initiative, the Internationalisation Initiative, the Differentiation Initiative, and the Intelligence Initiative", and strives to create more value for customers, employees, shareholders, partners and society and to play a greater role in serving the real economy and enhancing people's well-being, with the aim of making greater contributions to Chinese modernisation and the construction of a financial powerhouse.

Summary of Accounting Data and Financial Indicators

2.1 Key Accounting Data and Financial Indicators of the Group

(in millions of RMB, unless otherwise specified)	January to June 2026	January to June 2025	Changes +/-%
Operating Results			
Net operating income[1]	**178,135**	169,923	4.83
Profit before tax	**90,737**	88,906	2.06
Net profit attributable to shareholders of the Bank	**76,445**	74,930	2.02
Per Share (RMB yuan)			
Basic earnings attributable to ordinary shareholders of the Bank [2]	**2.98**	2.89	3.11
Diluted earnings attributable to ordinary shareholders of the Bank	**2.98**	2.89	3.11

(in millions of RMB, unless otherwise specified)	30 June 2026	31 December 2025	Changes +/-%
Volume Indicators			
Total assets	**13,785,280**	13,070,523	5.47
of which: total loans and advances to customers[3]	**7,453,033**	7,258,058	2.69
Total liabilities	**12,431,979**	11,789,624	5.45
of which: total deposits from customers[3]	**10,162,498**	9,836,130	3.32
Total equity attributable to shareholders of the Bank	**1,345,033**	1,272,875	5.67
Net assets per share attributable to ordinary shareholders of the Bank (RMB yuan)[2]	**45.40**	43.43	4.54

Notes:

(1) Net operating income is the sum of net interest income, net fee and commission income, other net income as well as share of profits of joint ventures and associates.

(2) When calculating the indicators such as basic earnings per share attributable to ordinary shareholders, return on average equity and net assets per share, dividends on the preference shares and interests on perpetual bonds shall be deducted from "net profit attributable to shareholders of the Bank", while the preference shares and perpetual bonds shall be deducted from both the "average equity" and the "net assets".

(3) Unless otherwise stated, the balance of the relevant financial instrument items herein and set out below excludes accrued interest.

2.2 Financial Ratios of the Group

(%)	January to June 2026	January to June 2025	Changes
Profitability indicators (annualised)			
Return on average assets attributable to shareholders of the Bank	**1.14**	1.21	Decreased by 0.07 percentage point
Return on average equity attributable to ordinary shareholders of the Bank	**13.42**	13.85	Decreased by 0.43 percentage point
Net interest spread(1)	**1.77**	1.79	Decreased by 0.02 percentage point
Net interest margin(2)	**1.83**	1.88	Decreased by 0.05 percentage point
As percentage of net operating income			
– Net interest income	**62.89**	62.43	Increased by 0.46 percentage point
– Net non-interest income	**37.11**	37.57	Decreased by 0.46 percentage point
Cost-to-income ratio(3)	**29.70**	30.11	Decreased by 0.41 percentage point

(%)	30 June 2026	31 December 2025	Changes over 2025 year-end
Capital adequacy indicators under the Advanced Measurement Approach(4)			
Common equity Tier 1 capital adequacy ratio	**14.07**	14.16	Decreased by 0.09 percentage point
Tier 1 capital adequacy ratio	**16.59**	16.51	Increased by 0.08 percentage point
Capital adequacy ratio	**18.33**	18.24	Increased by 0.09 percentage point
Equity to total assets	**9.82**	9.80	Increased by 0.02 percentage point
Asset quality indicators			
Non-performing loan ratio	**0.94**	0.94	–
Allowance coverage ratio(5)	**385.10**	391.79	Decreased by 6.69 percentage points
Allowance-to-loan ratio(6)	**3.63**	3.68	Decreased by 0.05 percentage point

	January to June 2026	January to June 2025	Changes
Credit cost (annualised)(7)	**0.69**	0.67	Increased by 0.02 percentage point

Notes:

(1) Net interest spread = average yield of the total interest-earning assets – average cost ratio of total interest-bearing liabilities.

(2) Net interest margin = net interest income/average balance of total interest-earning assets.

(3) Cost-to-income ratio = operating expenses/net operating income. The numerator does not include taxes and surcharges and the depreciation charges on fixed assets under operating lease and investment properties and others.

(4) As at the end of the reporting period, the Group's common equity Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and capital adequacy ratio under the Weighted Approach were 11.84%, 13.96% and 15.06% respectively.

(5) Allowance coverage ratio = allowances for impairment losses/balance of non-performing loans.

(6) Allowance-to-loan ratio = allowances for impairment losses/total loans and advances to customers.

(7) Credit cost = expected credit losses of loans and advances to customers/the average of total loans and advances to customers, the average of total loans and advances to customers = (total loans and advances to customers at the beginning of the period + total loans and advances to customers at the end of the period)/2.

Management Discussion and Analysis

3.1 Analysis of Overall Operation

3.1.1 External economic situation and industry development

In the first half of 2026, China's economy made a robust start, maintaining a sound operating momentum in the starting year of the 15th Five-Year Plan. Supply upgrading, export resilience, investment growth in new growth engines, and the recovery of industrial profits collectively served as crucial support for the steady operation of the economy, and the transition from old to new growth drivers further accelerated.

Against this backdrop, China's banking industry has operated steadily overall, with continued steady growth in its asset scale. Impacted by factors including the low-interest-rate cycle, the rising proportion of direct financing, household deleveraging, and insufficient effective credit demand, banks' net interest margins have further narrowed, and net operating income growth remained under pressure. The overall asset quality remained stable, although retail loans faced risk pressure. Confronted with numerous challenges, the banking industry remained committed to high-quality development, actively implemented various macroeconomic policies, and continuously enhanced the quality and efficiency of its services to the real economy.

3.1.2 Summary of operations

During the reporting period, the Group has consistently upheld the philosophy of coordinated development of quality, profitability, and scale, with the strategic target of building a value creation bank. All businesses advanced steadily. Both the scale of assets and liabilities grew steadily. The operating profitability remained stable with positive momentum, and the asset quality remained generally stable.

During the reporting period, the Group realised the net operating income of RMB178.135 billion, representing a year-on-year increase of 4.83%; realised the net profit attributable to shareholders of the Bank of RMB76.445 billion, representing a year-on-year increase of 2.02%; realised the net interest income of RMB112.022 billion, representing a year-on-year increase of 5.60%; and realised the net non-interest income of RMB66.113 billion, representing a year-on-year increase of 3.56%. The annualised return on average assets (ROAA) attributable to shareholders of the Bank and the annualised return on average equity (ROAE) attributable to ordinary shareholders of the Bank were 1.14% and 13.42%, down by 0.07 percentage point and 0.43 percentage point year-on-year, respectively.

As at the end of the reporting period, the Group's total assets amounted to RMB13,785.280 billion, representing an increase of 5.47% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB7,453.033 billion, representing an increase of 2.69% as compared with the end of the previous year. Total liabilities amounted to RMB12,431.979 billion, representing an increase of 5.45% as compared with the end of the previous year. Total deposits from customers amounted to RMB10,162.498 billion, representing an increase of 3.32% as compared with the end of the previous year.

As at the end of the reporting period, the Group had a balance of non-performing loans of RMB70.251 billion, representing an increase of RMB2.045 billion as compared with the end of the previous year. The non-performing loan ratio was 0.94%, unchanged compared with the end of the previous year. The allowance coverage ratio was 385.10%, representing a decrease of 6.69 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 3.63%, representing a decrease of 0.05 percentage point as compared with the end of the previous year.

3.2 Analysis of Income Statement

3.2.1 Financial highlights

During the reporting period, the Group realised a profit before tax of RMB90.737 billion, representing a year-on-year increase of 2.06%. The effective income tax rate was 15.23%, representing a year-on-year increase of 0.04 percentage point. The following table sets out the major income/loss items of the Group during the reporting period.

(in millions of RMB)	January to June 2026	January to June 2025
Net interest income	**112,022**	106,085
Net fee and commission income	**39,855**	37,602
Other net income	**22,885**	24,564
Operating expenses	**(58,207)**	(56,383)
Expected credit losses	**(29,177)**	(24,623)
Impairment losses on other assets	**(14)**	(11)
Share of profits of joint ventures and associates	**3,373**	1,672
Profit before tax	**90,737**	88,906
Income tax	**(13,818)**	(13,501)
Net profit	**76,919**	75,405
Net profit attributable to shareholders of the Bank	**76,445**	74,930

3.2.2 Net operating income

During the reporting period, the Group realised the net operating income of RMB178.135 billion, representing a year-on-year increase of 4.83%, of which net interest income accounted for 62.89%, and net non-interest income accounted for 37.11% with a year-on-year decrease of 0.46 percentage point.

3.2.3 Interest income

During the reporting period, the Group recorded an interest income of RMB172.733 billion, representing a year-on-year decrease of 2.42%, mainly due to the declined yields on interest-earning assets.

Interest income from loans and advances to customers

During the reporting period, the interest income from loans and advances to customers of the Group was RMB111.947 billion, representing a year-on-year decrease of 5.99%, which was mainly attributable to the impact of re-pricing resulting from the downturn of the LPR (Loan Prime Rate).

The following table sets forth the average balance (daily average balance, same as below), interest income and average yield of each component of loans and advances to customers of the Group for the periods indicated.

(in millions of RMB, except for percentages)	January to June 2026			2025			January to June 2025		
	Average balance	Interest income	Annualised Average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Annualised Average yield (%)
Corporate loans	**3,377,861**	**43,358**	**2.59**	3,044,925	85,688	2.81	2,983,898	43,421	2.93
Retail loans	**3,671,164**	**67,286**	**3.70**	3,660,919	144,315	3.94	3,634,069	73,526	4.08
Discounted bills	**200,315**	**1,303**	**1.31**	289,117	3,544	1.23	337,400	2,133	1.27
Loans and advances to customers	**7,249,340**	**111,947**	**3.11**	6,994,961	233,547	3.34	6,955,367	119,080	3.45

During the reporting period, from the perspective of the maturity structure of loans and advances to customers of the Group, the average balance of short-term loans was RMB2,711.455 billion with the interest income amounting to RMB48.156 billion, and the annualised average yield reached 3.58%; the average balance of medium- and long-term loans was RMB4,537.885 billion with the interest income amounting to RMB63.791 billion, and the annualised average yield reached 2.83%. The average yield of short-term loans was higher than that of medium- and long-term loans, which was mainly attributable to the higher yield of credit card loans and consumer loans (as short-term loans) and the higher proportion thereof.

Interest income from investments

During the reporting period, the interest income from investments of the Group was RMB47.527 billion, representing a year-on-year increase of 5.77%, which was mainly attributable to the increase in the scale of bond investments. The annualised average yield of investments was 2.66%, representing a year-on-year decrease of 23 basis points, which was mainly attributable to the impact of the falling market interest rates.

Interest income from balances and placements with banks and other financial institutions

During the reporting period, the interest income of the Group from balances and placements with banks and other financial institutions was RMB8.878 billion, representing a year-on-year increase of 5.51%, which was primarily attributable to the growth in the scale of balances and placements with banks and other financial institutions.

3.2.4 Interest expense

During the reporting period, the interest expense of the Group was RMB60.711 billion, representing a year-on-year decrease of 14.41%, mainly due to the decrease in the cost ratio of the interest-bearing liabilities.

Interest expense on deposits from customers

During the reporting period, the Group's interest expense on deposits from customers was RMB47.387 billion, representing a year-on-year decrease of 16.16%, mainly due to the decrease in the cost ratio of the deposits.

The following table sets forth the average balances, interest expenses and average cost ratios of the deposits from corporate and retail customers of the Group for the periods indicated.

	January to June 2026			2025			January to June 2025		
(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Deposits from corporate customers									
Demand	2,689,514	4,833	0.36	2,552,842	13,323	0.52	2,543,886	7,848	0.62
Time	2,688,555	22,369	1.68	2,492,472	48,692	1.95	2,412,901	24,830	2.08
Subtotal	5,378,069	27,202	1.02	5,045,314	62,015	1.23	4,956,787	32,678	1.33
Deposits from retail customers									
Demand	2,206,680	604	0.06	1,993,112	1,394	0.07	1,950,792	791	0.08
Time	2,286,326	19,581	1.73	2,164,074	44,460	2.05	2,132,669	23,050	2.18
Subtotal	4,493,006	20,185	0.91	4,157,186	45,854	1.10	4,083,461	23,841	1.18
Total	9,871,075	47,387	0.97	9,202,500	107,869	1.17	9,040,248	56,519	1.26

Interest expense on deposits and placements from banks and other financial institutions and other amounts

During the reporting period, the interest expense on deposits and placements from banks and other financial institutions and other amounts[1] of the Group amounted to RMB10.351 billion, representing a year-on-year increase of 5.85%, which was primarily attributable to the increase in the scale of deposits and placements from banks and other financial institutions.

Interest expense on debt securities issued

During the reporting period, the interest expense on debt securities issued of the Group amounted to RMB2.144 billion, representing a year-on-year decrease of 26.65%, mainly due to the year-on-year decrease of scale of interbank certificates of deposits and financial bonds issued.

1 Deposits and placements from banks and other financial institutions and other amounts include deposits from banks and other financial institutions, placements from banks and other financial institutions, amounts sold under repurchase agreements, etc, same as below.

3.2.5 Net interest income

During the reporting period, the Group's net interest income amounted to RMB112.022 billion, representing a year-on-year increase of 5.60%.

The following table sets out the average balances, interest income/interest expense and average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

	January to June 2026			2025			January to June 2025		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets									
Loans and advances to customers	**7,249,340**	**111,947**	**3.11**	6,994,961	233,547	3.34	6,955,367	119,080	3.45
Financial investments	**3,604,229**	**47,527**	**2.66**	3,244,024	91,477	2.82	3,134,608	44,933	2.89
Balances with the central bank	**554,006**	**4,381**	**1.59**	541,000	8,864	1.64	554,452	4,587	1.67
Balances and placements with banks and other financial institutions	**962,369**	**8,878**	**1.86**	778,083	17,463	2.24	714,185	8,414	2.38
Total	**12,369,944**	**172,733**	**2.82**	11,558,068	351,351	3.04	11,358,612	177,014	3.14

(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities									
Deposits from customers	**9,871,075**	**47,387**	**0.97**	9,202,500	107,869	1.17	9,040,248	56,519	1.26
Deposits and placements from banks and other financial institutions and other amounts	**1,487,588**	**10,351**	**1.40**	1,265,266	20,001	1.58	1,169,487	9,779	1.69
Debt securities issued	**141,493**	**2,144**	**3.06**	168,539	5,383	3.19	187,954	2,923	3.14
Borrowings from the central bank	**109,355**	**829**	**1.53**	140,140	2,505	1.79	190,440	1,708	1.81
Total	**11,609,511**	**60,711**	**1.05**	10,776,445	135,758	1.26	10,588,129	70,929	1.35
Net interest income	**/**	**112,022**	**/**	/	215,593	/	/	106,085	/
Net interest spread	**/**	**/**	**1.77**	/	/	1.78	/	/	1.79
Net interest margin	**/**	**/**	**1.83**	/	/	1.87	/	/	1.88

During the reporting period, the annualised average yield of the interest-earning assets of the Group was 2.82%, representing a year-on-year decrease of 32 basis points; the annualised average cost ratio of the interest-bearing liabilities was 1.05%, representing a year-on-year decrease of 30 basis points; the net interest spread was 1.77%, representing a year-on-year decrease of 2 basis points and the net interest margin was 1.83%, representing a year-on-year decrease of 5 basis points.

The following table sets forth the breakdown of changes in interest income and interest expense due to changes in volumes and interest rates of the Group for the periods indicated. Changes in volumes were measured by changes in average balances, while changes in interest rates were measured by changes in the average interest rates; the changes in interest income and interest expense due to changes in both volumes and interest rates have been included in the amounts of changes in interest income and interest expense due to changes in volumes.

(in millions of RMB)	January to June 2026 compared to January to June 2025		
	Increase (decrease) due to		
	Volume	Interest rate	Net increase (decrease)
Interest-earning assets			
Loans and advances to customers	4,594	(11,727)	(7,133)
Financial investments	6,169	(3,575)	2,594
Balances with the central bank	14	(220)	(206)
Balances and placements with banks and other financial institutions	2,306	(1,842)	464
Changes in interest income	13,083	(17,364)	(4,281)
Interest-bearing liabilities			
Deposits from customers	3,869	(13,001)	(9,132)
Deposits and placements from banks and other financial institutions and other amounts	2,254	(1,682)	572
Debt securities issued	(704)	(75)	(779)
Borrowings from the central bank	(615)	(264)	(879)
Changes in interest expense	4,804	(15,022)	(10,218)
Changes in net interest income	8,279	(2,342)	5,937

The following table sets out the average balances, interest income/interest expense and annualised average yield/cost ratio of assets and liabilities items of the Group for the periods indicated.

(in millions of RMB, except for percentages)	April to June 2026			January to March 2026		
	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	7,235,338	55,961	3.10	7,263,498	55,986	3.13
Financial investments	3,667,709	24,132	2.64	3,540,044	23,395	2.68
Balances with the central bank	556,691	2,198	1.58	551,291	2,183	1.61
Balances and placements with banks and other financial institutions	977,322	4,334	1.78	947,250	4,544	1.95
Total	12,437,060	86,625	2.79	12,302,083	86,108	2.84

(in millions of RMB, except for percentages)	Average balance	Interest expense	Annualised average cost ratio (%)	Average balance	Interest expense	Annualised average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	9,931,912	23,520	0.95	9,809,562	23,867	0.99
Deposits and placements from banks and other financial institutions and other amounts	1,521,856	5,267	1.39	1,452,939	5,084	1.42
Debt securities issued	140,520	1,064	3.04	142,477	1,080	3.07
Borrowings from the central bank	106,664	394	1.48	112,076	435	1.57
Total	11,700,952	30,245	1.04	11,517,054	30,466	1.07
Net interest income	/	56,380	/	/	55,642	/
Net interest spread	/	/	1.75	/	/	1.77
Net interest margin	/	/	1.82	/	/	1.83

In the second quarter of 2026, the net interest margin of the Group was 1.82%, representing a quarter-to-quarter decrease of 1 basis point, and its net interest spread was 1.75%, representing a quarter-to-quarter decrease of 2 basis points. For the analysis of the reasons behind the decrease in the net interest margin, please refer to 3.9.1 "Net interest margin" in this chapter.

3.2.6 Net non-interest income

During the reporting period, the Group recorded a net non-interest income of RMB66.113 billion, representing a year-on-year increase of 3.56%. The components of which are as follows:

Net fee and commission income amounted to RMB39.855 billion, representing a year-on-year increase of 5.99%. Among the fee and commission income, fee and commission income from wealth management amounted to RMB16.192 billion, representing a year-on-year increase of 26.53%; fee and commission income from asset management amounted to RMB5.370 billion, representing a year-on-year decrease of 1.52%; income from bank card fees amounted to RMB6.374 billion, representing a year-on-year decrease of 11.73%; income from settlement and clearing fees amounted to RMB7.961 billion, representing a year-on-year increase of 4.72%; commission income from credit commitment and loan business amounted to RMB2.145 billion, representing a year-on-year decrease of 6.29%; commission income from custody businesses amounted to RMB3.142 billion, representing a year-on-year increase of 20.52%; and income from others amounted to RMB3.258 billion, representing a year-on-year decrease of 16.42%. For analysis of the reasons for changes in fee and commission income, please refer to 3.9.2 "Net non-interest income" in this chapter.

Other net non-interest income amounted to RMB26.258 billion, representing a year-on-year increase of 0.08%, of which net investment income amounted to RMB9.438 billion, representing a year-on-year decrease of 53.33%, which was mainly due to the base-effect impact on investment income from financial instruments such as bonds; net profit from changes in fair value amounted to RMB4.581 billion, representing a year-on-year increase of RMB9.400 billion, mainly due to the increase in valuation gains and losses on bond investment and non-money-market fund investment; the net exchange gain amounted to RMB1.859 billion, representing a year-on-year increase of 28.12%, mainly due to the increase in the gains and losses arising from foreign currency derivative transactions and foreign exchange gains and losses arising from the foreign currency-denominated monetary items; and other income amounted to RMB7.007 billion, representing a year-on-year decrease of 9.12%, mainly due to the decrease in revenue related to the operating leasing business of CMB Financial Leasing.

In terms of business segments, the net non-interest income from retail finance business amounted to RMB28.360 billion, representing a year-on-year increase of 11.47% and accounting for 42.90% of the Group's net non-interest income; the net non-interest income from wholesale finance business amounted to RMB27.290 billion, representing a year-on-year decrease of 11.04% and accounting for 41.28% of the Group's net non-interest income; the net non-interest income from other businesses[2] amounted to RMB10.463 billion, benefiting from the growth in investment business income of subsidiaries, representing a year-on-year increase of 35.57% and accounting for 15.82% of the Group's net non-interest income.

(in millions of RMB, except for percentages)	January to June 2026	January to June 2025	Changes +/-%
Fee and commission income[Note]	**44,442**	41,867	6.15
Fees and commissions from wealth management	**16,192**	12,797	26.53
Fees and commissions from asset management	**5,370**	5,453	-1.52
Bank card fees	**6,374**	7,221	-11.73
Settlement and clearing fees	**7,961**	7,602	4.72
Commissions from credit commitment and loan business	**2,145**	2,289	-6.29
Commissions from custody businesses	**3,142**	2,607	20.52
Others	**3,258**	3,898	-16.42
Fee and commission expense	**(4,587)**	(4,265)	7.55
Net fee and commission income	**39,855**	37,602	5.99
Other net non-interest income	**26,258**	26,236	0.08
Other net income	**22,885**	24,564	-6.84
Net profit from fair value change	**4,581**	(4,819)	N/A
Net investment income	**9,438**	20,222	-53.33
Net exchange gain	**1,859**	1,451	28.12
Other income	**7,007**	7,710	-9.12
Share of profits of joint ventures and associates	**3,373**	1,672	101.73
Total net non-interest income	**66,113**	63,838	3.56

Note: Fees and commissions from wealth management include income from the agency distribution of various wealth products (including funds, insurance policies, trust schemes, wealth management products, precious metals, etc.) and securities brokerage. Fees and commissions from asset management mainly include income derived from the issuance and management of various asset management products by various subsidiaries. Commissions from custody businesses include income from basic asset custody services and value-added services. Others mainly include fee income from various services such as bond and equity underwriting, credit asset securitisation, advisory and consulting, and other services.

2 Includes investment properties and related businesses of subsidiaries, associates and joint ventures except for CMB Wing Lung Bank and CMBFL.

3.2.7 Operating expenses

During the reporting period, the Group's operating expenses amounted to RMB58.207 billion, representing a year-on-year increase of 3.24%, among which staff costs amounted to RMB36.428 billion, representing a year-on-year increase of 2.66%. Other operating expenses amounted to RMB21.779 billion, representing a year-on-year increase of 4.21%. During the reporting period, the cost-to-income ratio of the Group was 29.70%, representing a decrease of 0.41 percentage point as compared with the corresponding period of the previous year. The Group adhered to lean management, continuously advanced quality and efficiency enhancement, guaranteed cost inputs in key strategic projects, and strengthened input-output monitoring to improve cost efficiency.

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

(in millions of RMB)	January to June 2026	January to June 2025
Staff costs	**36,428**	35,484
Other operating expenses	**21,779**	20,899
Of which: depreciation, amortisation and rental expenses	**8,352**	8,118
Other general and administrative expenses	**11,919**	11,290
Taxes and surcharges	**1,508**	1,491
Total operating expenses	**58,207**	56,383

3.2.8 Expected credit losses

During the reporting period, the expected credit losses of the Group were RMB29.177 billion, representing a year-on-year increase of 18.49%.

The following table sets forth, for the periods indicated, the principal components of expected credit losses of the Group.

(in millions of RMB)	January to June 2026	January to June 2025
Loans and advances to customers	**25,463**	23,341
Financial investments	**(610)**	(415)
Amounts due from banks and other financial institutions	**797**	182
Off-balance sheet items	**3,708**	1,446
Others	**(181)**	69
Total expected credit losses	**29,177**	24,623

According to the standards for financial instruments, the Group prudently assessed and measured the allowances for credit risk losses by taking the expected credit loss model as the foundation and using the risk quantification parameters such as the probability of customer defaults and the loss given defaults, after taking into consideration the latest forward-looking information indicators. During the reporting period, the expected credit losses of loans and advances to customers of the Group were RMB25.463 billion, representing a year-on-year increase of RMB2.122 billion, which was mainly affected by the increase in the scale of corporate loans and changes in the asset quality of retail loans; the expected credit losses relating to off-balance sheet items amounted to RMB3.708 billion, representing a year-on-year increase of RMB2.262 billion, which was mainly attributable to the changes in the structure and scale of off-balance sheet businesses.

3.3 Analysis of Balance Sheet

3.3.1 Assets

As at the end of the reporting period, the total assets of the Group amounted to RMB13,785.280 billion, representing an increase of 5.47% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and financial investments of the Group.

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

	30 June 2026		31 December 2025	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Total loans and advances to customers	**7,453,033**	**54.07**	7,258,058	55.53
Allowances for impairment losses on loans[1]	**(268,222)**	**(1.95)**	(262,973)	(2.01)
Net loans and advances to customers	**7,184,811**	**52.12**	6,995,085	53.52
Investment securities and other financial assets	**4,404,368**	**31.95**	4,152,347	31.77
Cash, precious metals and balances with the central bank	**722,619**	**5.24**	613,444	4.69
Inter-bank transactions	**1,116,425**	**8.10**	961,921	7.36
Goodwill	**9,954**	**0.07**	9,954	0.08
Other assets[2]	**347,103**	**2.52**	337,772	2.58
Total assets	**13,785,280**	**100.00**	13,070,523	100.00

Notes:

(1) The allowances for impairment losses on loans represent the allowance for impairment losses on loans and advances to customers measured at amortised cost.

(2) "Other assets" include fixed assets, right-of-use assets, intangible assets, investment properties, deferred tax assets, accrued interest and other assets.

3.3.1.1 Loans and advances to customers

As at the end of the reporting period, total loans and advances to customers of the Group amounted to RMB7,453.033 billion, representing an increase of 2.69% as compared with the end of the previous year; total loans and advances to customers accounted for 54.07% of the total assets, representing a decrease of 1.46 percentage points as compared with the end of the previous year. For details of the loans and advances to customers of the Group, please refer to section 3.4 "Analysis of Loan Quality" in this chapter.

3.3.1.2 Investment securities and other financial assets

The Group's investment securities and other financial assets consist of listed and unlisted financial instruments denominated in RMB and foreign currencies.

The following table sets forth, as at the dates indicated, the components of investment securities and other financial assets of the Group by line items.

(in millions of RMB, except for percentages)	30 June 2026 Amount	30 June 2026 Percentage of the total amount (%)	31 December 2025 Amount	31 December 2025 Percentage of the total amount (%)
Derivative financial assets	22,787	0.52	18,823	0.45
Financial investments	4,345,703	98.67	4,100,610	98.76
Financial investments at fair value through profit or loss	678,092	15.40	647,796	15.60
– Bond investments	433,589	9.85	356,271	8.58
– Non-standardised asset investments	21,233	0.48	9,146	0.22
– Others(Note)	223,270	5.07	282,379	6.80
Debt investments at amortised cost	2,172,370	49.32	2,103,090	50.65
– Bond investments	2,112,623	47.97	2,036,223	49.04
– Non-standardised asset investments	90,950	2.06	100,141	2.41
– Others	–	–	336	0.01
– Less: allowances for impairment losses	(31,203)	(0.71)	(33,610)	(0.81)
Debt investments at fair value through other comprehensive income	1,471,341	33.41	1,325,300	31.92
– Bond investments	1,461,245	33.18	1,325,100	31.91
– Others	10,096	0.23	200	0.01
Equity investments designated at fair value through other comprehensive income	23,900	0.54	24,424	0.59
Investments in joint ventures and associates	35,878	0.81	32,914	0.79
Total investment securities and other financial assets	4,404,368	100.00	4,152,347	100.00

Note: Includes equity investments, investments in funds, wealth management products, long position in precious metal contracts and others.

Derivative financial instruments

As at the end of the reporting period, the major categories and amount of derivative financial instruments held by the Group are indicated in the following table. For details, please refer to Note 41(f) to the financial statements.

(in millions of RMB)	30 June 2026 Notional amount	30 June 2026 Fair value Assets	30 June 2026 Fair value Liabilities	31 December 2025 Notional amount	31 December 2025 Fair value Assets	31 December 2025 Fair value Liabilities
Interest rate derivatives	4,385,160	7,258	(7,460)	3,313,300	6,827	(6,959)
Currency derivatives	2,724,348	15,084	(21,547)	2,191,499	11,742	(11,432)
Other derivatives	15,678	445	(424)	10,501	254	(261)
Total	7,125,186	22,787	(29,431)	5,515,300	18,823	(18,652)

The above table shows the notional amount and fair value of the Group's derivatives on each balance sheet date. The notional amount refers only to the transaction value that have not yet been due or completed on the balance sheet date, and does not represent the amount at risk.

During the reporting period, as an integrated market maker in the interbank RMB foreign exchange market and a quote provider for derivatives in the local currency market, the Group continued to participate deeply in market making trading to actively facilitate the steady operation of the market. Meanwhile, by leveraging its expertise in financial markets derivative transactions, the Group continuously promoted the adoption and implementation of the "exchange rate risk-neutral" concept, assisting customers to carry out hedging transactions to mitigate exchange rate and interest rate risks arising from financial market volatility; and through fee reductions and profit concessions, enhanced its exchange rate risk hedging services for micro-, small- and medium-sized enterprises, effectively supporting high-quality development of the real economy.

Financial investments at fair value through profit or loss

As at the end of the reporting period, the balance of the financial investments at fair value through profit or loss of the Group amounted to RMB678.092 billion, with bonds and funds investments constituting the major categories. The investments were primarily made by the Group based on a comprehensive analysis of, among other factors, macro economy, monetary and fiscal policies, industrial policies and market supply and demand dynamics, so as to obtain investment income by capturing trading opportunities in the market. During the reporting period, the Group actively captured structural trading opportunities, while stepping up the execution of hedging strategies to smooth out the impact of market fluctuations. For details, please refer to Note 17(a) to the financial statements.

Debt investments at amortised cost

As at the end of the reporting period, the balance of the Group's debt investments at amortised cost amounted to RMB2,172.370 billion. Among them, the bond investments mainly involved bonds issued by government and policy banks. This type of investment was held on a long-term basis for the strategic allocation of assets and liabilities of the Group, based on the requirements of interest rate risk management of banking book and liquidity management, while taking into account returns and risks. For details, please refer to Note 17(b) to the financial statements.

Debt investments at fair value through other comprehensive income

As at the end of the reporting period, the balance of debt investments at fair value through other comprehensive income of the Group amounted to RMB1,471.341 billion, with interest rate bonds such as government bonds and policy bank bonds, and medium-to-high rating quality credit bonds being the major categories. This type of investment is primarily made by the Group based on its in-depth research on the bond market and capturing investment and allocation opportunities, with the purpose of achieving stable and sustainable investment returns by constantly optimising asset allocation plans. For details, please refer to Note 17(c) to the financial statements.

Equity investments designated at fair value through other comprehensive income

As at the end of the reporting period, the balance of equity investments designated at fair value through other comprehensive income of the Group amounted to RMB23.900 billion. Such investments were mainly non-trading equity investments held by the Group in the investees over which the Group had no control, joint control or significant influence. For details, please refer to Note 17(d) to the financial statements.

The composition of the Group's total bond investments classified by the issuing entities

(in millions of RMB)	**30 June 2026**	31 December 2025
Official authorities	**2,722,866**	2,514,687
Policy banks	**591,410**	600,996
Commercial banks and other financial institutions	**476,681**	430,353
Others	**216,500**	171,558
Total bond investments	**4,007,457**	3,717,594

Note: "Official authorities" include the Ministry of Finance of the PRC, local governments and the central bank, etc.; "Others" mainly refer to enterprises.

Investments in joint ventures and associates

As at the end of the reporting period, the Group's net investments in joint ventures and associates amounted to RMB35.878 billion, up by 9.01% as compared with the end of the previous year. For details, please refer to Note 18 and Note 19 to the financial statements.

3.3.1.3 Goodwill

As at the end of the reporting period, the Group had the carrying amount of goodwill of RMB9.954 billion and a balance of allowances for impairment losses on goodwill of RMB579 million.

3.3.2 Liabilities

As at the end of the reporting period, the total liabilities of the Group amounted to RMB12,431.979 billion, representing an increase of 5.45% as compared with the end of the previous year, which was primarily attributable to the steady growth of customer deposits as compared with the end of the previous year.

The following table sets forth, as at the dates indicated, the components of the total liabilities of the Group.

(in millions of RMB, except for percentages)	30 June 2026		31 December 2025	
	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from customers	10,162,498	81.74	9,836,130	83.43
Inter-bank transactions	1,516,229	12.20	1,255,385	10.65
Borrowings from the central bank	58,539	0.47	110,679	0.94
Financial liabilities at fair value through profit or loss and derivative financial liabilities	224,493	1.81	139,151	1.18
Debt securities issued	135,162	1.09	142,403	1.21
Others(Note)	335,058	2.69	305,876	2.59
Total liabilities	**12,431,979**	**100.00**	11,789,624	100.00

Note: "Others" include salaries and welfare payable, taxes payable, contract liabilities, lease liabilities, provisions, deferred income tax liabilities, accrued interest and other liabilities.

Deposits from customers

As at the end of the reporting period, total deposits from customers of the Group amounted to RMB10,162.498 billion, representing an increase of 3.32% as compared with the end of the previous year, accounting for 81.74% of the total liabilities of the Group.

The following table sets forth, as at the dates indicated, the deposits from customers of the Group by product type and customer type.

(in millions of RMB, except for percentages)	30 June 2026		31 December 2025	
	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Deposits from corporate customers				
Demand	2,878,139	28.32	2,761,092	28.07
Time	2,638,367	25.96	2,579,124	26.22
Subtotal	**5,516,506**	**54.28**	5,340,216	54.29
Deposits from retail customers				
Demand	2,335,473	22.98	2,234,851	22.72
Time	2,310,519	22.74	2,261,063	22.99
Subtotal	**4,645,992**	**45.72**	4,495,914	45.71
Total deposits from customers	**10,162,498**	**100.00**	9,836,130	100.00

During the reporting period, the percentage of daily average balance of the demand deposits to that of the total deposits from customers of the Group was 49.60%, representing an increase of 0.20 percentage point as compared with the previous year. Among these, the daily average balance of demand deposits from corporate customers accounted for 50.01% of that of the total deposits from corporate customers, representing a decrease of 0.59 percentage point as compared with the previous year; the daily average balance of demand deposits from retail customers accounted for 49.11% of that of the total deposits from retail customers, representing an increase of 1.17 percentage points as compared with the previous year. The increase in the proportion of demand deposits was mainly attributable to a recovery in residents' investment activity and the Group's continued efforts to expand demand deposits, thereby facilitating the optimisation of debt structure.

3.3.3 Shareholders' equity

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank was RMB1,345.033 billion, representing an increase of 5.67% as compared with the end of the previous year, among which retained profits (including proposed profit appropriations) amounted to RMB729.193 billion, representing an increase of 7.26% as compared with the end of the previous year; investment revaluation reserve amounted to RMB26.869 billion, representing an increase of 13.98% as compared with the end of the previous year, mainly due to the increase in the fair value of investments measured at fair value through other comprehensive income as compared with the end of the previous year; exchange reserve amounted to RMB-1.631 billion, representing a decrease of RMB3.272 billion as compared with the end of the previous year, mainly due to the fluctuations in RMB exchange rate.

3.4 Analysis of Loan Quality

3.4.1 Distribution of loans by 5-tier loan classification

The following table sets forth the 5-tier loan classification of the Group as at the dates indicated.

The Group

	30 June 2026		31 December 2025	
(in millions of RMB, except for percentages)	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Normal	7,268,688	97.53	7,085,992	97.63
Special mention	114,094	1.53	103,860	1.43
Substandard	17,163	0.23	16,252	0.23
Doubtful	20,192	0.27	19,689	0.27
Loss	32,896	0.44	32,265	0.44
Total loans and advances to customers	7,453,033	100.00	7,258,058	100.00
Non-performing loans	70,251	0.94	68,206	0.94

Note: Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans and loss loans.

During the reporting period, the Group insisted on strict classification of asset risks to truly reflect the asset quality. As at the end of the reporting period, the balance of the Group's non-performing loans amounted to RMB70.251 billion, representing an increase of RMB2.045 billion as compared with the end of the previous year, with a non-performing loan ratio of 0.94%, unchanged as compared with the end of the previous year.

3.4.2 Distribution of loans and non-performing loans by product type

The Group

(in millions of RMB, except for percentages)	30 June 2026				31 December 2025			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]
Corporate loans	3,507,630	47.06	27,419	0.78	3,215,750	44.31	28,622	0.89
Working capital loans	1,611,915	21.63	7,416	0.46	1,380,707	19.02	7,522	0.54
Fixed asset loans	922,646	12.38	13,743	1.49	888,193	12.24	13,820	1.56
Trade finance	478,501	6.42	178	0.04	499,761	6.89	188	0.04
Others[2]	494,568	6.63	6,082	1.23	447,089	6.16	7,092	1.59
Discounted bills[3]	265,375	3.56	–	–	322,117	4.43	–	–
Retail loans	3,680,028	49.38	42,832	1.16	3,720,191	51.26	39,584	1.06
Micro-finance loans	887,864	11.91	11,866	1.34	875,696	12.07	10,663	1.22
Residential mortgage loans	1,400,450	18.79	6,786	0.48	1,425,236	19.64	7,231	0.51
Credit card loans	890,908	11.95	16,949	1.90	939,115	12.94	16,373	1.74
Consumer loans	447,902	6.01	6,232	1.39	426,653	5.88	4,349	1.02
Others[4]	52,904	0.72	999	1.89	53,491	0.73	968	1.81
Total loans and advances to customers	7,453,033	100.00	70,251	0.94	7,258,058	100.00	68,206	0.94

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Consists primarily of other corporate loans such as financial leasing, M&A loans and corporate mortgage loans.

(3) The Company will transfer discounted bills to corporate loans for accounting purposes once overdue.

(4) Consists primarily of commercial housing loans, automobile loans and other personal loans.

With regard to corporate loans, the Group actively responded to national initiatives and adhered to the fundamental mission of financial services to support the real economy. Focusing on key areas of the real economy, including green finance, manufacturing industry, technology and inclusive finance, the Group promoted the structural adjustment of its asset business. As at the end of the reporting period, the balance of the Group's corporate loans amounted to RMB3,507.630 billion, representing an increase of 9.08% as compared to the end of the previous year. Corporate loans accounted for 47.06% of the total loans. As at the end of the reporting period, the amount of non-performing corporate loans of the Group reached RMB27.419 billion, representing a decrease of RMB1.203 billion as compared with the end of the previous year; and the non-performing loan ratio of corporate loans was 0.78%, down by 0.11 percentage point as compared with the end of the previous year.

With regard to retail loans, the Group proactively implemented various national policies concerning the real estate, adopted city-specific approaches, seized structural opportunities and continued to focus on meeting demands of first-time home buyers and diversified housing demands for improvement of home upgraders, thus achieving stable and healthy development of the residential mortgage loan business. While maintaining proper risk management, the Group maintained its efforts in the reasonable granting of micro-finance loans and consumer loans, and continuously optimised its business structure. Furthermore, the Group continued to deepen its "stability and low volatility" operation strategy for credit cards by optimising its customer groups and asset structure, establishing reasonable customer groups and asset portfolio aligned with economic cycles, and strengthening dynamic management of risk early warnings, thereby promoting the steady and healthy development of its credit card business. As at the end of the reporting period, the balance of the Group's retail loans amounted to RMB3,680.028 billion, representing a decrease of 1.08% as compared to the end of the previous year. Retail loans accounted for 49.38% of the total loans. As at the end of the reporting period, the balance of non-performing retail loans of the Group amounted to RMB42.832 billion, representing an increase of RMB3.248 billion as compared with the end of the previous year. The non-performing loan ratio of retail loans was 1.16%, representing an increase of 0.10 percentage point as compared to the end of the previous year.

3.4.3 Distribution of loans and non-performing loans by industry

The Group

(in millions of RMB, except for percentages)	30 June 2026				31 December 2025			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]
Corporate loans	3,507,630	47.06	27,419	0.78	3,215,750	44.31	28,622	0.89
Manufacturing	831,212	11.15	3,264	0.39	753,412	10.38	3,260	0.43
Transportation, storage and postal services	594,969	7.98	824	0.14	569,528	7.85	1,063	0.19
Production and supply of electric power, heat, gas and water	435,726	5.85	833	0.19	408,029	5.62	851	0.21
Property development	326,295	4.38	14,599	4.47	313,651	4.32	14,993	4.78
Wholesale and retail	308,258	4.14	1,648	0.53	279,496	3.85	1,819	0.65
Leasing and commercial services	289,291	3.88	226	0.08	247,962	3.42	333	0.13
Information transmission, software and IT services	189,509	2.54	625	0.33	178,208	2.46	447	0.25
Finance	157,760	2.12	735	0.47	146,117	2.01	695	0.48
Construction	131,177	1.76	1,302	0.99	110,616	1.52	1,394	1.26
Mining	86,566	1.16	96	0.11	69,017	0.95	94	0.14
Water conservancy, environment and public utilities	38,896	0.52	337	0.87	36,147	0.50	119	0.33
Others[2]	117,971	1.58	2,930	2.48	103,567	1.43	3,554	3.43
Discounted bills	265,375	3.56	–	–	322,117	4.43	–	–
Retail loans	3,680,028	49.38	42,832	1.16	3,720,191	51.26	39,584	1.06
Total loans and advances to customers	7,453,033	100.00	70,251	0.94	7,258,058	100.00	68,206	0.94

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of scientific research and technical services, accommodation and catering, health and social work, etc.

The Group adhered to the strategy of "stabilising growth, preventing risks and optimising structure". While adhering to the risk bottom line, the Group continued to deepen engagement in such areas as technology finance, green finance, inclusive finance, retirement finance and digital finance. Furthermore, the Group focused on key areas relating to national strategies and new quality productive forces, and strengthened control over key risk areas, with a view to enhancing the quality and efficiency in serving the real economy. As at the end of the reporting period, the balance of the Group's loans extended to the manufacturing industry amounted to RMB831.212 billion, representing an increase of 10.33% as compared with the end of the previous year, and accounting for 11.15% of the total loans and advances to customers, with the proportion up by 0.77 percentage point as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2026				31 December 2025			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)(1)	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)(1)
Corporate loans	3,201,386	45.21	23,427	0.73	2,929,737	42.42	24,523	0.84
Manufacturing	811,969	11.47	3,237	0.40	733,612	10.62	3,260	0.44
Transportation, storage and postal services	514,954	7.27	824	0.16	495,178	7.17	1,063	0.21
Production and supply of electric power, heat, gas and water	344,108	4.86	154	0.04	323,723	4.69	158	0.05
Wholesale and retail	304,028	4.29	1,644	0.54	277,000	4.01	1,815	0.66
Property development	296,739	4.19	12,666	4.27	283,114	4.10	13,126	4.64
Leasing and commercial services	276,187	3.90	176	0.06	236,936	3.43	173	0.07
Information transmission, software and IT services	169,649	2.40	625	0.37	162,886	2.36	447	0.27
Construction	129,424	1.83	1,302	1.01	108,775	1.57	1,363	1.25
Finance	121,552	1.72	731	0.60	110,648	1.60	674	0.61
Mining	84,428	1.19	96	0.11	66,897	0.97	94	0.14
Water conservancy, environment and public utilities	37,974	0.54	307	0.81	34,536	0.50	87	0.25
Others(2)	110,374	1.55	1,665	1.51	96,432	1.40	2,263	2.35
Discounted bills	265,375	3.75	–	–	322,117	4.66	–	–
Retail loans	3,614,219	51.04	42,671	1.18	3,654,670	52.92	39,457	1.08
Total loans and advances to customers	7,080,980	100.00	66,098	0.93	6,906,524	100.00	63,980	0.93

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) Primarily consists of scientific research and technical services, accommodation and catering, health and social work, etc.

3.4.4 Distribution of loans and non-performing loans by region

The Group

(in millions of RMB, except for percentages)	30 June 2026 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]	31 December 2025 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)[1]
Head Office[2]	975,062	13.08	19,023	1.95	969,599	13.36	18,085	1.87
Yangtze River Delta	1,710,689	22.95	14,630	0.86	1,650,475	22.74	14,337	0.87
Bohai Rim	1,122,284	15.06	6,215	0.55	1,095,207	15.09	5,260	0.48
Pearl River Delta and Western Taiwan Straits Economic Zone	1,398,305	18.76	12,562	0.90	1,360,047	18.74	12,994	0.96
North-eastern China	178,520	2.40	1,911	1.07	173,442	2.39	1,907	1.10
Central China	774,925	10.40	5,564	0.72	759,153	10.46	5,645	0.74
Western China	803,098	10.78	5,311	0.66	788,784	10.87	4,829	0.61
Overseas	103,183	1.38	882	0.85	96,836	1.33	923	0.95
Subsidiaries	386,967	5.19	4,153	1.07	364,515	5.02	4,226	1.16
Total loans and advances to customers	7,453,033	100.00	70,251	0.94	7,258,058	100.00	68,206	0.94

Notes:

(1) Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

(2) The Head Office includes Credit Card Centre.

The Group proactively responded to the national strategies of coordinated regional development and followed the trend of the industrial cluster development. Focusing on the modern industrial system, the Group implemented differentiated regional operation strategies and continuously promoted the accelerated development of key branches in regions including the Yangtze River Delta, the Pearl River Delta, the Western Taiwan Straits Economic Zone and the Chengdu-Chongqing Region, thereby facilitating high-quality regional development through the accelerated development of its branches. During the reporting period, the Group's newly granted loans were principally extended to regions including the Yangtze River Delta, the Bohai Rim and the Pearl River Delta.

3.4.5 Distribution of loans and non-performing loans by type of guarantees

The Group

(in millions of RMB, except for percentages)	30 June 2026 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)(Note)	31 December 2025 Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-performing loan ratio (%)(Note)
Credit loans	3,171,890	42.56	33,092	1.04	2,980,421	41.06	30,029	1.01
Guaranteed loans	1,017,388	13.65	12,954	1.27	1,007,233	13.88	14,665	1.46
Collateralised loans	2,493,132	33.45	21,267	0.85	2,462,399	33.93	20,264	0.82
Pledged loans	505,248	6.78	2,938	0.58	485,888	6.70	3,248	0.67
Discounted bills	265,375	3.56	–	–	322,117	4.43	–	–
Total loans and advances to customers	7,453,033	100.00	70,251	0.94	7,258,058	100.00	68,206	0.94

Note: Represents the percentage of the non-performing loans in a certain category to the total loans of that category.

As at the end of the reporting period, the Group's credit loans, guaranteed loans, collateralised loans and the pledged loans increased by 6.42%, 1.01%, 1.25% and 3.98% respectively as compared with the end of the previous year.

3.4.6 Loans to the top ten single borrowers

The Group

(in millions of RMB, except for percentages)

Top ten borrowers	Industry	Loan balance as at 30 June 2026	Percentage of net capital (under the Advanced Measurement Approach) (%)	Percentage of the total loans and advances (%)
A	Leasing and commercial services	27,386	1.88	0.37
B	Transportation, storage and postal services	25,782	1.77	0.35
C	Information transmission, software and IT services	24,999	1.72	0.34
D	Transportation, storage and postal services	20,426	1.41	0.27
E	Leasing and commercial services	20,000	1.38	0.27
F	Information transmission, software and IT services	13,312	0.92	0.18
G	Transportation, storage and postal services	12,447	0.86	0.17
H	Transportation, storage and postal services	12,116	0.83	0.16
I	Transportation, storage and postal services	11,708	0.81	0.15
J	Production and supply of electric power, heat, gas and water	10,252	0.70	0.13
Total		178,428	12.28	2.39

As at the end of the reporting period, the loan balance of the Group's largest single borrower amounted to RMB27.386 billion, representing 1.88% of the Group's net capital under the Advanced Measurement Approach. As at the end of the reporting period, the loan balance of the Group's top ten single borrowers totalled RMB178.428 billion, representing 12.28% of the Group's net capital under the Advanced Measurement Approach, 12.58% of the Group's net capital under the Weighted Approach, and 2.39% of the Group's total loans and advances, respectively.

3.4.7 Distribution of loans by overdue term

The Group

(in millions of RMB, except for percentages)	30 June 2026		31 December 2025	
	Loans and advances to customers	Percentage of the total loans (%)	Loans and advances to customers	Percentage of the total loans (%)
Overdue within 3 months (inclusive)	40,151	0.54	38,551	0.53
Overdue from 3 months up to 1 year (inclusive)	29,150	0.39	26,666	0.37
Overdue from 1 year up to 3 years (inclusive)	19,869	0.27	17,405	0.24
Overdue more than 3 years	8,178	0.11	8,024	0.11
Total overdue loans	97,348	1.31	90,646	1.25
Total loans and advances to customers	7,453,033	100.00	7,258,058	100.00

As at the end of the reporting period, overdue loans of the Group amounted to RMB97.348 billion, up by RMB6.702 billion from the end of the previous year and accounting for 1.31% of its total loans and advances, representing an increase of 0.06 percentage point as compared with the end of the previous year. Of the overdue loans, collateralised and pledged loans accounted for 38.79%; guaranteed loans accounted for 12.75%; and credit loans accounted for 48.46% (the majority of which were overdue loans of credit cards). The Group adopted prudent asset classification criteria for overdue loans. As at the end of the reporting period, the Group's ratio of non-performing loans to the loans overdue more than 90 days was 1.23, and the Company's ratio of non-performing loans to the loans overdue more than 60 days was 1.12.

3.4.8 Restructured loans

The Group

(in millions of RMB, except for percentages)	30 June 2026 Loan balance	30 June 2026 Percentage of total loans and advances (%)	31 December 2025 Loan balance	31 December 2025 Percentage of total loans and advances (%)
Restructured loans	29,968	0.40	28,307	0.39
Of which: restructured loans overdue more than 90 days	10,019	0.13	8,165	0.11

The Group imposed strict and prudent management and control over loan restructuring. As at the end of the reporting period, the percentage of the Group's restructured loans to total loans and advances was 0.40%, up by 0.01 percentage point as compared with the end of the previous year.

3.4.9 Repossessed assets and impairment allowances

As at the end of the reporting period, the balance of repossessed assets (other than financial instruments) of the Group amounted to RMB444 million. After deducting the impairment allowances of RMB110 million, the net carrying value amounted to RMB334 million. The balance of repossessed financial instruments amounted to RMB4.168 billion.

3.4.10 Changes in the allowances for impairment losses on loans

The following table sets forth the changes in the allowances for impairment losses on loans of the Group.

The Group

(in millions of RMB)	January to June 2026	2025
Balance as at the end of the previous year	267,222	270,301
Charge for the period	25,463	42,582
Recovery of loans written off	6,698	10,851
Write-offs/disposal for the period	(28,371)	(56,067)
Foreign exchange rate and other movements	(476)	(445)
Balance as at the end of the period	270,536	267,222

The Group continued to adopt a stable and prudent policy in respect of making allowances. As at the end of the reporting period, the balance of allowances for impairment losses on loans of the Group amounted to RMB270.536 billion, representing an increase of RMB3.314 billion as compared with the end of the previous year. The allowance coverage ratio was 385.10%, representing a decrease of 6.69 percentage points as compared with the end of the previous year; and the allowance-to-loan ratio was 3.63%, representing a decrease of 0.05 percentage point as compared with the end of the previous year. For details of the changes in allowances for impairment losses on loans, please refer to Note 16(c) to the financial statements.

3.5 Analysis of Capital Adequacy

3.5.1 Capital regulatory requirements

In accordance with the capital requirements of the financial regulatory authorities and additional capital and leverage ratio requirements under the Additional Regulatory Rules on Systemically Important Banks (Provisional), the capital adequacy ratio, Tier 1 capital adequacy ratio and common equity Tier 1 capital adequacy ratio of the Group and the Company shall be no less than 11.25%, 9.25% and 8.25% respectively, and the leverage ratio shall be no less than 4.375%. During the reporting period, the Group and the Company have consistently met the regulatory requirements for capital and leverage ratio.

3.5.2 Scope for calculating capital adequacy ratio

The scope for calculating the Group's capital adequacy ratio includes China Merchants Bank and the financial institutions in which the Company has direct or indirect investments in compliance with the requirements under the Rules on Capital Management of Commercial Banks (hereinafter referred to as the "Rules on Capital Management"). The scope of entities for calculating the capital adequacy ratio of the Company includes all the domestic and overseas branches and sub-branches of China Merchants Bank. As at the end of the reporting period, the Group's subsidiaries that were within the scope of consolidated statements in respect of the capital adequacy ratio included: CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, CMB Wealth Management, CMB Europe S.A., CMB Investment, China Merchants Fund and CIGNA & CMAM.

According to the regulatory requirements, the Group includes neither the industrial and commercial enterprises, nor the companies of the insurance type in the calculation of consolidated capital adequacy ratio. Different types of investees are given different treatments for the calculation of consolidated capital adequacy ratio.

No.	Type of investee	Treatment
1	Financial institutions with majority voting rights or controlling interests (excluding insurance companies)	Included in the calculation of consolidated capital adequacy ratio.
2	Insurance companies with majority voting rights or controlling interests	Excluded from the calculation of consolidated capital adequacy ratio, deducted corresponding capital investment from capital at all tiers; deducted the corresponding capital shortfall, if any.
3	Significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio, deducted the part of common equity Tier 1 capital investments exceeding 10% of the Company's net common equity Tier 1 capital and deducted all of additional Tier 1 and Tier 2 capital investments from corresponding tiers of capital. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets.
4	Non-significant minority investments in capital instruments issued by financial institutions	Excluded from the calculation of consolidated capital adequacy ratio and correspondingly deducted the part of total investments exceeding 10% of the Company's net common equity Tier 1 capital from regulatory capital at all tiers. The part failing to reach the deduction threshold shall be calculated as risk-weighted assets.
5	Investments in the equity of industrial and commercial enterprises	Excluded from the calculation of consolidated capital adequacy ratio and calculated as risk-weighted assets.

As at the end of the reporting period, there was no regulatory capital shortfall in the financial institutions in which the majority or controlling interests are held by the Company as measured in accordance with local regulatory requirements. During the reporting period, there was no major restriction on capital transfer within the Group.

3.5.3 Information on capital adequacy ratio

As at the end of the reporting period, the common equity Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Advanced Measurement Approach were 14.07%, 16.59% and 18.33% respectively, representing a decrease of 0.09 percentage point, an increase of 0.08 percentage point and an increase of 0.09 percentage point respectively, as compared with the end of the previous year.

The Group

(in millions of RMB, except for percentages)	30 June 2026	31 December 2025	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach[1]			
Net common equity Tier 1 capital	**1,115,273**	1,067,560	4.47
Net Tier 1 capital	**1,315,262**	1,245,017	5.64
Net capital	**1,452,992**	1,375,031	5.67
Risk-weighted assets (without taking into consideration the capital floor requirements)	**7,928,939**	7,540,202	5.16
Of which: Credit risk-weighted assets	**6,890,889**	6,524,376	5.62
Market risk-weighted assets	**340,080**	317,856	6.99
Operational risk-weighted assets	**697,970**	697,970	–
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,928,939**	7,540,202	5.16
Common equity Tier 1 capital adequacy ratio	**14.07%**	14.16%	Decreased by 0.09 percentage point
Tier 1 capital adequacy ratio	**16.59%**	16.51%	Increased by 0.08 percentage point
Capital adequacy ratio	**18.33%**	18.24%	Increased by 0.09 percentage point
Information on leverage ratio[2]			
Balance of adjusted on- and off-balance sheet assets	**16,570,021**	15,555,866	6.52
Leverage ratio	**7.94%**	8.00%	Decreased by 0.06 percentage point

Notes:

(1) The "Advanced Measurement Approach" refers to the Internal Ratings-Based (IRB) Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk set out in the Rules on Capital Management issued by the National Financial Regulatory Administration (NFRA) on 1 November 2023 (same as below). A commercial bank shall use both the Advanced Measurement Approach for capital measurement and other approaches to calculate capital adequacy ratios, and comply with the capital floor requirements.

(2) Starting from 2024, the leverage ratio shall be calculated based on the provisions of the Rules on Capital Management (leverage ratio = net Tier 1 capital/balance of adjusted on- and off-balance sheet assets). The leverage ratios of the Group were 7.84%, 8.00% and 8.22% respectively as at the end of the first quarter of 2026, the end of 2025 and the end of the third quarter of 2025.

As at the end of the reporting period, the common equity Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Advanced Measurement Approach were 13.67%, 16.08% and 17.88% respectively, each representing a decrease of 0.07 percentage point, as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2026	31 December 2025	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach			
Net common equity Tier 1 capital	979,282	934,780	4.76
Net Tier 1 capital	1,151,899	1,098,660	4.85
Net capital	1,281,123	1,220,932	4.93
Risk-weighted assets (without taking into consideration the capital floor requirements)	7,165,527	6,801,840	5.35
Of which: Credit risk-weighted assets	6,198,901	5,894,854	5.16
Market risk-weighted assets	322,572	262,932	22.68
Operational risk-weighted assets	644,054	644,054	–
Risk-weighted assets (taking into consideration the capital floor requirements)	7,165,527	6,801,840	5.35
Common equity Tier 1 capital adequacy ratio	13.67%	13.74%	Decreased by 0.07 percentage point
Tier 1 capital adequacy ratio	16.08%	16.15%	Decreased by 0.07 percentage point
Capital adequacy ratio	17.88%	17.95%	Decreased by 0.07 percentage point

As at the end of the reporting period, the common equity Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Group under the Weighted Approach were 11.84%, 13.96% and 15.06% respectively, representing a decrease of 0.08 percentage point, an increase of 0.06 percentage point and an increase of 0.06 percentage point respectively as compared with the end of the previous year.

The Group

(in millions of RMB, except for percentages)	30 June 2026	31 December 2025	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach(Note)			
Net common equity Tier 1 capital	1,115,273	1,067,560	4.47
Net Tier 1 capital	1,315,262	1,245,017	5.64
Net capital	1,418,771	1,343,023	5.64
Risk-weighted assets	9,422,276	8,954,305	5.23
Common equity Tier 1 capital adequacy ratio	11.84%	11.92%	Decreased by 0.08 percentage point
Tier 1 capital adequacy ratio	13.96%	13.90%	Increased by 0.06 percentage point
Capital adequacy ratio	15.06%	15.00%	Increased by 0.06 percentage point

Note: The "Weighted Approach" refers to the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in accordance with the provisions of the Rules on Capital Management. Same as below.

As at the end of the reporting period, the common equity Tier 1 capital adequacy ratio, the Tier 1 capital adequacy ratio and the capital adequacy ratio of the Company under the Weighted Approach were 11.31%, 13.30% and 14.40% respectively, each representing a decrease of 0.07 percentage point, as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	30 June 2026	31 December 2025	Increase/decrease at the end of the current period as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach			
Net common equity Tier 1 capital	979,282	934,780	4.76
Net Tier 1 capital	1,151,899	1,098,660	4.85
Net capital	1,246,866	1,188,894	4.88
Risk-weighted assets	8,658,924	8,215,906	5.39
Common equity Tier 1 capital adequacy ratio	11.31%	11.38%	Decreased by 0.07 percentage point
Tier 1 capital adequacy ratio	13.30%	13.37%	Decreased by 0.07 percentage point
Capital adequacy ratio	14.40%	14.47%	Decreased by 0.07 percentage point

3.5.4 Measurement of credit risk capital

Balance of credit risk exposures

During the reporting period, the credit risk of the Company and the Group under the IRB Approach was classified into six types of risk exposures: sovereign, financial institution, corporate, retail, equity and others. As at the end of the reporting period, the balances of various risk exposures were as follows.

		30 June 2026	
(in millions of RMB)	Type of risk exposure	The Company	The Group
Portion covered by the IRB Approach	Financial institution	1,671,155	1,667,213
	Corporate	3,284,057	3,284,057
	Retail	4,867,486	4,867,486
	Of which: Residential mortgage loans	1,379,557	1,379,557
	Qualified revolving retail	2,659,432	2,659,432
	Other retail	828,497	828,497
Portion not covered by the IRB Approach	On-balance sheet	6,402,193	7,306,061
	Off-balance sheet	244,666	263,034
	Counterparty	40,613	48,959

Balance of asset securitisation risk exposures

The Group uses the Standardised Approach to calculate its capital requirements of asset securitisation risk exposures. Risk weight is determined according to the credit ratings of eligible external rating institutions and the type of asset securitisation. As at the end of the reporting period, the capital requirement of asset securitisation risk exposure of the Group was RMB6.877 billion and the risk-weighted assets were RMB85.964 billion. As at the end of the reporting period, the balance of the asset securitisation risk exposures of the Group was as follows.

Items	30 June 2026	
(in millions of RMB)	Traditional	Synthetic
Balance of on-balance sheet asset securitisation risk exposures	7,504	–
Balance of off-balance sheet asset securitisation risk exposures	1,116	–

3.5.5 Measurement of market risk capital

The Group uses the Standardised Approach to calculate its market risk capital requirement. As at the end of the reporting period, the market risk-weighted assets of the Group were RMB340.080 billion, and the market risk capital requirement was RMB27.206 billion.

3.5.6 Measurement of operational risk capital

The Group uses the Standardised Approach to calculate its operational risk capital requirement. As at the end of the reporting period, the operational risk-weighted assets of the Group were RMB697.970 billion and the operational risk capital requirement was RMB55.838 billion.

3.6 Results of Operating Segments

The principal business segments of the Group include retail finance and wholesale finance. The following table summarises the operating results of each business segment of the Group for the periods indicated.

Items	January to June 2026		January to June 2025	
(in millions of RMB)	Profit before tax by business segments	Net operating income	Profit before tax by business segments	Net operating income
Retail finance	42,888	96,814	52,036	96,179
Wholesale finance	45,703	75,506	37,057	70,301
Other businesses	2,146	5,815	(187)	3,443
Total	90,737	178,135	88,906	169,923

During the reporting period, profit before tax of retail finance business of the Group amounted to RMB42.888 billion, down by 17.58% year-on-year, and accounting for 47.27% of the profit before tax of the Group, representing a year-on-year decrease of 11.26 percentage points; net operating income amounted to RMB96.814 billion, up by 0.66% year-on-year, and accounting for 54.35% of the net operating income of the Group, representing a year-on-year decrease of 2.25 percentage points. At the same time, during the reporting period, the cost-to-income ratio of retail finance business of the Group was 29.17%, representing a year-on-year decrease of 2.20 percentage points.

For the detailed figures of the Group's business and geographical segments, please refer to Note 38(a) to the financial statements.

3.7 Other Financial Disclosures under the Regulatory Requirements

Balance of off-balance sheet items that may have a material effect on the financial position and operating results and the related information

The Group's off-balance sheet items include derivative financial instruments, commitments and contingent liabilities. Commitments and contingent liabilities include credit commitments, leasing commitments, capital commitments, securities underwriting commitments, bonds redemption commitments, outstanding litigations and disputes and other contingent liabilities, among which the credit commitments are the primary component. As at the end of the reporting period, the balance of credit commitments of the Group was RMB3,570.331 billion. For details of the contingent liabilities and commitments, please refer to Note 39 to the financial statements.

3.8 Implementation of Development Strategies

During the reporting period, China Merchants Bank remained committed to its strategic vision, and further advanced the strategy of "building a value creation bank". It adhered to the coordinated development of quality, profitability and scale, accelerated transformation through "the Comprehensive Operation Initiative, the Internationalisation Initiative, the Differentiation Initiative, and the Intelligence Initiative", achieving steady and improving operating results.

3.8.1 Enhancing value creation capabilities

During the reporting period, the Group maintained its strategic focus and continued to create greater overall value for its customers, employees, shareholders, partners and society. **The Company strove to become the best bank in customer service** by upholding its core value of "being customer-centric and creating value for customers", continuously enhancing the quality and efficiency of its services, and striving to improve customers' sense of recognition and gain and service experience. As a result, the Company earned the trust and preference of an increasing number of customers. As of the end of the reporting period, the Company's retail customers reached 231 million in total, representing an increase of 3.13% as compared with the end of the previous year; and the number of the Company's corporate customers reached 3.8603 million in total, representing an increase of 6.56% as compared with the end of the previous year. **The Company strove to become the best bank in employee development** by accelerating the development of a "professional, diverse, market-driven, and international" talent system, and providing a platform for employee growth. The total number of employees exceeded 120,000, and employee satisfaction remained at a relatively high level. **The Company strove to become the best bank in shareholders' return**, with ROAA and ROAE of 1.14% and 13.42% respectively during the reporting period, maintaining a leading position in the industry, while its dividend payout ratio remained at a relatively high level in the industry. **The Company strove to become the most trusted bank by partners**, continuously strengthening its ecosystem of partners in extensive wealth management, investment banking, financial institutions, and technology finance. **The Company strove to become the most socially responsible bank**, actively fulfilling its mission of serving the real economy, vigorously supporting rural revitalisation, continuously participating in public welfare and charitable initiatives, and adhering to the ESG concept, with its MSCI ESG rating remaining at the highest "AAA" level.

3.8.2 Advancing comprehensive operations

The Group adhered to the "One CMB" philosophy, fully leveraging the advantages of its diverse financial licences covering commercial banking, financial leasing, fund management, life insurance, international investment banking, consumer finance, wealth management subsidiary, insurance asset management, and financial asset investment to provide customers with comprehensive financial services. **The Group promoted high-quality development of all of its operating institutions.** It enhanced their market competitiveness and brand influence. During the reporting period, the net profit of CMB Wing Lung Bank was HKD4.734 billion, representing a year-on-year increase of 55.88%. As of the end of the reporting period, the balance of wealth management products of CMB Wealth Management was RMB2.74 trillion, maintaining a leading position among wealth management subsidiaries of banks. During the reporting period, the total lease financing extended by CMB Financial Leasing was RMB70.494 billion, maintaining at the forefront of the financial leasing industry; and the net profit of CMB International Capital increased significantly year-on-year, with the scale of its overseas asset management business reaching HKD94.369 billion at the end of the reporting period, representing an increase of 25.27% as compared with the end of the previous year. As of the end of the reporting period, the scale of non-money-market mutual funds of China Merchants Fund was RMB623.145 billion, representing an increase of 5.78% as compared with the end of the previous year; the balance of loans of Merchants Union Consumer Finance was RMB150.959 billion, with net profit of RMB1.381 billion during the reporting period, both ranking among the leaders in the consumer finance industry; and the total entrusted management of insurance funds of CIGNA & CMAM was RMB279.452 billion, representing an increase of 19.78% as compared with the end of the previous year. During the reporting period, total premium income of CIGNA & CMB Life Insurance was RMB31.157 billion, representing a year-on-year increase of 21.47%. **The Group enhanced coordination and synergy.** Adhering to a customer-centric approach, it enhanced business collaboration across the Head Office and branches, between parent company and subsidiaries, and among branches, thereby providing customers with comprehensive services. As of the end of the reporting period, the total assets of major subsidiaries[3] reached RMB1,049.623 billion, up by 10.16% as compared with the end of the previous year, and the net operating income of major subsidiaries accounted for 12.93% of the total net operating income of the Group during the reporting period, up by 0.39 percentage point year-on-year.

3 Includes CMB Wing Lung Bank, CMB International Capital, CMB Financial Leasing, CMB Wealth Management, CMB Europe S.A., CMB Investment, China Merchants Fund and CIGNA & CMAM.

3.8.3 Accelerating and enhancing efficiency of international development

The Group actively supported the country's high-level opening-up, the global operations of Chinese enterprises and the global wealth allocation needs of residents. It further strengthened empowerment and support for overseas institutions, enhanced its cross-border financial service system, and intensified the cultivation of international talents. **The contribution from overseas institutions continued to rise.** As of the end of the reporting period, the Company had 6 branches and 3 wholly-owned subsidiaries overseas. The total assets of overseas institutions[4] at the end of the reporting period increased by 7.01% as compared with the end of the previous year, and the net operating income during the reporting period increased by 30.50% year-on-year. The Group's institutions[5] in Hong Kong seized market opportunities to strengthen, optimise and expand their operations, with net operating income for the reporting period increasing by 32.71% year-on-year. The assets under custody of the global custody Hong Kong centre exceeded RMB1 trillion. **The cross-border business developed at an accelerated pace.** The Company enhanced cross-border customer service and acquisition, digital intelligence upgrades of cross-border financial products, and global service capabilities, to intensify coordination between domestic and overseas operations. During the reporting period, the number of corporate customers in respect of international balance of payments of the Company reached 93,700, and the international balance of payments for corporate customers amounted to USD263.259 billion, respectively. Accounts opened and quota utilised under Cross-Border Wealth Management Connect ranked among the leading positions in the market. **Foreign exchange business grew rapidly.** By capitalising on market opportunities and continuously optimising products and strategies, the transaction value of client flow trading of wholesale customers of financial market increased by 33.64% year-on-year during the reporting period.

3.8.4 Continuously strengthening differentiated characteristics

The Group continued to consolidate and cultivate new competitive advantages in specialised segments across its businesses, products and regions, thereby strengthening its capabilities for differentiated and distinctive development. Upholding the dominant position of retail finance, the Group continuously advanced the balanced and coordinated development of its four major business segments, namely retail finance, corporate finance, investment banking and financial markets, wealth management and asset management. It strengthened capital-heavy businesses while expanding capital-light businesses, and promoted featured services and strengths of CMB in key regions.

The systematic advantages of the Company's retail finance sector were continuously consolidated. Focusing on the needs of customers in "deposit, loan, and remittance", the Company enriched its product offerings, upgraded its service models, and deepened channel collaboration, thereby providing customers with comprehensive retail financial services. As of the end of the reporting period, the Company's balance of total assets under management (AUM) from retail customers amounted to RMB18.44 trillion, representing an increase of 7.96% as compared with the end of the previous year; the balance of deposits from retail customers amounted to RMB4,423.327 billion; and the balance of retail loans amounted to RMB3,614.219 billion. Retail finance business contributed more than 50% to the net operating income of the Company. During the reporting period, the fee and commission income from retail wealth management business grew by 24.81% year-on-year.

The competitive advantages of the Company's corporate finance sector continued to strengthen. Focusing on areas such as technology finance, green finance, inclusive finance, retirement finance, digital finance, intelligent manufacturing finance, and cross-border finance, the Company optimised its segmentation and classification-based customer service model, enhanced the synergistic operating effectiveness of the "One Entire Bank for One Customer" approach, and built systematic, distinctive, specialised, digital-intelligent, and brand-driven competitive advantages. As of the end of the reporting period, the balance of deposits from corporate customers amounted to RMB5,356.039 billion, representing an increase of 3.09% as compared with the end of the previous year; and the balance of loans to corporate customers amounted to RMB3,201.386 billion, representing an increase of 9.27% as compared with the end of the previous year. Among them, the growth rate of green loans, manufacturing loans, and agriculture-related loans was significantly higher than the average growth rate of the loans extended by the Company. As of the end of the reporting period, the Company served 378,300 sci-tech enterprise customers, including more than 200,000 enterprises[6] listed on sci-tech rankings. The balance of corporate green loans was RMB494.435 billion, representing an increase of 11.50% as compared with the end of the previous year; and the balances of loans to the manufacturing industry and agriculture-related loans increased by 10.68% and 10.57%, respectively.

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4 The data for overseas institutions and institutions in Hong Kong in this paragraph is before elimination on consolidation.

5 Includes the Company's Hong Kong branch, CMB Wing Lung Bank and CMB International Capital, etc.

6 Includes enterprises featured on technology-focused lists such as National Champion Enterprises in Manufacturing, National Demonstration Enterprises for Technological Innovation, Specialised, Refined, Distinctive and Innovative "Little Giant" Enterprises, and Specialised, Refined, Distinctive and Innovative SMEs.

The specialised capabilities of the Company's investment banking and financial markets sector continued to strengthen. The Company accelerated the transformation of its investment banking business and improved the comprehensive service system. Its capabilities in bond underwriting, M&A financing business and other businesses continued to improve. As of the end of the reporting period, the balance of the financing products aggregate to corporate customers (FPA) contributed by the investment banking business increased by 8.64% as compared with the beginning of the year; and the M&A financing business value achieved a year-on-year increase of 19.84% during the reporting period, of which the amount of RMB M&A loans extended increased by 29.34% year-on-year. The Company continuously enhanced its global investment trading and customer service capabilities in the financial markets business. During the reporting period, the number of the Company's wholesale customers involved in client flow tradings of financial market was 78,821, representing a year-on-year increase of 18.38%. The Company continued to deepen the comprehensive customer service for its bill business. During the reporting period, the number of customers of bill business of the Company was 191,400 with a year-on-year increase of 11.49%.

The Company seized opportunities to scale up and strengthen its wealth management and asset management sector. It continued to advance the development of its extensive wealth management business, strengthening synergies and collaboration to meet the wealth preservation and appreciation needs of residents and enterprises, capturing opportunities across assets and enhancing customers' asset allocation. The Company promoted the wealth management, asset management and asset custody as mutually reinforcing components of a virtuous cycle. As of the end of the reporting period, the number of retail customers holding wealth management products distributed by the Company reached 66.7169 million, representing an increase of 4.05% as compared with the end of the previous year. The number of customers covered by "CMB TREE Asset Allocation Service" reached 12.5771 million, representing an increase of 6.98% as compared with the end of the previous year. During the reporting period, the average daily balance of corporate wealth management products reached RMB632.611 billion, representing an increase of 20.51% as compared with the previous year. As of the end of the reporting period, the total scale of asset management business amounted to RMB4.98 trillion[7], representing an increase of 5.29% as compared with the beginning of the year. As of the end of the reporting period, the balance of assets under custody of the Company reached RMB23.58 trillion[8], representing an increase of 8.17% as compared with the beginning of the year. The total scale of custody of the Company ranked among the top in the industry.

Development of the branches located in key regions advanced in depth. During the reporting period, the Company proactively responded to the national strategies of coordinated regional development, followed the trend of the industrial cluster development, and accelerated the promotion of the development of the branches located in key regions, including the Yangtze River Delta, the Pearl River Delta, the Western Taiwan Straits Economic Zone, Chengdu-Chongqing Region and other regions, thereby enhancing the quality and efficiency of its services to the local economy and society. As of the end of the reporting period, the growth rates of the customer base, total assets under management (AUM) from retail customers, core deposits, corporate loans and other core indicators of the branches in key regions were all higher than the average level of domestic branches as compared with the end of the previous year. The year-on-year growth rates of net operating income and economic value added (EVA) during the reporting period were also higher than the average level of domestic branches. As of the end of the reporting period, the proportion of total assets under management (AUM) from retail customers of the branches in key regions in the total of all domestic branches increased by 0.26 percentage point as compared with the end of the previous year. During the reporting period, the proportion of average daily balance of core deposits[9] from the branches in key regions in the total of all domestic branches increased by 0.22 percentage point as compared with the previous year. The proportion of corporate loan balance from the branches in key regions in the total of all domestic branches increased by 0.56 percentage point as compared with the end of the previous year.

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7 Refers to the total scale of asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM and CMB International Capital, all being subsidiaries of the Company. The regulatory-calibre adjustment was made to the data of China Merchants Fund at the end of the period, and the same-calibre adjustment was made to the data at the beginning of the period accordingly.

8 Calculated in accordance with the Measures for the Supervision and Administration of Custody Business of Commercial Banks (Trial) 《商業銀行託管業務監督管理辦法(試行)》, with same-calibre adjustment made to the data at the beginning of the period accordingly. The adjusted balance of assets under custody at the beginning of the period was RMB21.80 trillion.

9 The core deposits represent the internal management indicator for the Company's deposits, excluding structured deposits, time deposits with maturities of three years or more, large-denomination certificates of deposit with maturities of three years or more, and other relatively high-cost deposits.

3.8.5 Practising "AI First" philosophy and accelerating the intelligent transformation

With adherence to "upholding fundamental principles and breaking new ground (守正創新)", the Company firmly implemented the strategy of developing the Bank with technology. Evolving towards the direction of "online, data-based, intelligent, platform-based and ecological operation", and adhering to the "AI First" philosophy, the Company resolutely executed the principles of AI "priority", "leadership", and "pioneering", with a view to unlocking its full value. During the reporting period, the Company's information technology input amounted to RMB4.679 billion, representing 2.99% of the Company's net operating income. The Company strengthened the construction of a talent pool with intelligent expertise. As of the end of the reporting period, the number of R&D personnel of the Group reached 10,946, accounting for 8.98% of the total number of employees of the Group. Leveraging the Fintech Innovation Project Fund which focused on the strategic directions, AI development, and cutting-edge technology, the Company comprehensively promoted its construction of intelligent capabilities. During the reporting period, 241 new Fintech innovation projects were launched, and 156 new projects were put into operation. As of the end of the reporting period, the number of the Bank's Fintech innovation projects launched and put into operation reached an aggregate of 5,335 and 4,494, respectively.

In terms of retail business, the Company comprehensively promoted the construction and application of intelligent retail sector, leveraging intelligent technologies to enhance customer experience and accelerate the creation of a new, intelligence-driven retail paradigm. Regarding customer service, "Xiao Zhao (小招)" intelligent service system for retail business was upgraded from being capable of handling transactions to handling them well, improving service precision and enhancing capabilities for addressing complex business requirements. The Company also strengthened professional empowerment in private banking services and upgraded AI tools to provide customers with one-stop, visualised service solutions for asset allocation as well as protection and succession planning. During the reporting period, the monthly active users (MAU) of the CMB APP and the CMB Life APP totalled 124 million. **Regarding product optimisation**, the Company empowered its retail credit business with intelligent technologies, improving operational efficiency in key processes such as pre-lending application submission and post-lending risk screening, thereby delivering more efficient credit services to customers. It also enhanced the intelligent operation of its credit card instalment business and expanded marketing scenarios through digital and intelligent technologies.

In terms of the wholesale business, the Company advanced the development of intelligent capabilities in corporate finance and facilitated the intelligent transformation and upgrading of its business model. Regarding customer services, the Company deepened the development of wholesale online channels to drive enhancements in online service capabilities. It launched "AI Xiao Zhao (AI 小招)" for corporate banking, accelerated the development of intelligent services and intelligent application scenarios, and reshaped the intelligent customer service system for wholesale banking. In addition, the Company established an AI-powered intelligent customer service and AI digital human service system for government affairs, covering scenarios such as housing provident fund, education and healthcare. As of the end of the reporting period, the number of monthly active customers of wholesale online channels reached 2.3867 million, representing a year-on-year increase of 12.03%; "AI Xiao Zhao (AI 小招)" had accumulatively served 799,900 corporate customers; and the AI intelligent customer service and digital human services for institutional scenarios served customers for a total of 37,664,900 times. **Regarding product optimisation**, adhering to a customer-centric approach, the Company continued to optimise end-to-end processes, leveraged "AI + finance" to facilitate the intelligent transformation of industries and empowered enterprises to enhance the efficiency of financial resource allocation. The Company enhanced the intelligence level of its corporate credit processes. Its payables agency facility business achieved fully automated straight-through loan disbursement, with funds credited to customers' accounts as quickly as 15 minutes after submission of financing applications. It also enhanced the competitiveness of its cross-border financial services by optimising its cross-border financial product portfolio comprising "remittance, foreign exchange, deposits and loans", thereby improving the efficiency and customer experience of cross-border business processing. As of the end of the reporting period, Treasury Management Cloud (財資管理雲) served 913,300 customers, representing an increase of 14.26% as compared with the end of the previous year.

In terms of risk management, the Company focused on leveraging AI to reshape its credit processes, enhance the quality and efficiency of credit operation and risk management capabilities, and fortify a "fortress-style" risk management system. At the pre-lending stage, the Company implemented "AI-assisted due diligence" and "AI preliminary review" applications to improve the quality and efficiency of credit application. 90% of the content in the due diligence reports for small businesses can be generated under AI assistance. **At the lending stage**, the Company advanced intelligent upgrades and, while ensuring risks remain under control, further enhanced the level of automation in loan disbursement. **At the post-lending stage**, the Company utilised AI to empower the upgrade of post-lending management, strengthened the forward-looking capability of risk identification, and enhanced the comprehensiveness and standardisation of post-lending review through intelligent means.

In terms of operation management, the Company promoted the scaled application of AI and large model technology across its front, middle and back offices, steadily enhancing automated processing capabilities and intelligent decision-making levels. The Company deepened the development and application of intelligent tools across various business lines: The retail series "Assistant (小助)" tools focused on key scenarios including wealth management, private banking, retail credit and credit cards, continuously empowering core roles such as relationship managers and improving service quality and efficiency. The corporate banking "CRM Assistant (CRM 小助)" was upgraded to cover scenarios such as intelligent sales dashboards and AI-powered sales champion coaching, thereby enhancing relationship manager productivity. The "AI Xiao Zhu (AI 小助)" matrix for investment banking and financial markets provided intelligent support for financial institutions, investment banking, financial markets, custody and bill businesses, contributing to improved operational efficiency. The optimisation and upgrading of the "Risk Assistant (風險小助)" progressed steadily, accelerating the rollout of scenario-based applications and enhancing the quality and efficiency of risk management. The Company also strengthened the development of the "Ying Xiao Zhu (營小助)", progressing from building foundational AI capabilities to creating two intelligent-agent clusters for business and management, with AI's empowering effect on operational functions continuing to improve.

In terms of technological infrastructure, the Company continued to strengthen its intelligent foundation of "cloud + AI + middle platform" and built a full-stack technology system encompassing computing power, models and applications, thereby comprehensively driving the rollout of large model applications. The cloud platform was optimised and upgraded by enhancing its highly available multi-location, multi-data-centre cloud architecture. Cloud resource utilisation continued to improve and the business system availability exceeded 99.999%, providing robust support for business development. **The construction of the middle platform achieved remarkable results.** In terms of the technical middle platform, the Company continuously enhanced the scale, quality and reusability level of application components, consolidating enterprise-level technological capabilities. As of the end of the reporting period, a total of 7,303 application components were launched, efficiently supporting the rapid deployment of diverse intelligent applications. In terms of the data middle platform, with continuous improvement in data asset management, the Company actively participated in building the data factor market and in the development and application of public data, fully unlocking data value. Big data services covered approximately 76% of the Bank's business personnel, and data had become a core basis for employees' daily work and decision-making. **AI development and application were comprehensively promoted**, with synergised efforts across four dimensions of technical system, knowledge management, scenario application and ecosystem construction. **In terms of technical system**, the Company continued to refine its self-developed large model infrastructure technology system. During the reporting period, average daily Tokens throughput increased by over 78% as compared with the previous year, and 256 domain-specific models were deployed, representing an increase of 40% as compared with the end of the previous year, thereby facilitating precise and efficient application of large model technologies in business scenarios. **In terms of knowledge management**, the Company further advanced the development of an enterprise-level knowledge management and application system. **In terms of scenario applications,** a total of 1,386 intelligent scenarios were deployed across multiple areas, including retail finance, wholesale finance, risk control, operation, office and other areas, representing an increase of 62% as compared with the end of the previous year. Large model applications have been deployed across China Merchants Bank, delivering tangible quality and efficiency gains. During the reporting period, AI contributed 13.88 million equivalent employee working hours in terms of efficiency gains. **In terms of ecosystem building**, the Company continued to fulfil its roles as founder, maintainer and core contributor to mainstream open-source projects. In key areas of large model infrastructure, it cumulatively contributed more than 200 core technological achievements in mainstream open-source projects, contributing CMB's strength to the development of the global AI open-source ecosystem.

3.8.6 Consolidating the fortress-style risk and compliance management system

The Company adhered to the principle of "asset quality as the foundation" and focused on the strategy of "controlling new risk generation and strengthening recoveries", thereby continuously reinforcing its fortress-style risk and compliance management system. Asset quality remained stable. As of the end of the reporting period, the Company's non-performing loan ratio stood at 0.93%, and its allowance coverage ratio reached 390.39%, reflecting sound asset quality and robust risk compensation capacity. The Company prevented and mitigated risks in key areas by comprehensively strengthening risk management for retail loans and enhancing the quality and efficiency of retail loan asset quality management and control. It also reinforced management of existing real estate projects while optimising the structure of new real estate exposures. The Company continued to optimise its risk management system by reinforcing four key pillars: organisational structure, evaluation, institutional and process framework, and information systems. It strengthened supervisory oversight and control over retail loans, consolidated management and off-balance-sheet businesses, among others. It also intensified efforts to recover non-performing assets, enhancing the effectiveness of risk mitigation and disposal. The Company enhanced its internal control and compliance management by advancing the "Year of Deepening Compliance Management" activities, proactively responding to the evolving landscape of sanctions and money laundering risks, and fostering a strong compliance culture.

3.8.7 Continuously enhancing management capabilities

The Company continuously enhanced its management capabilities, quality and efficiency, so as to safeguard high-quality development. **The Company strengthened asset-liability portfolio management**, improved asset allocation capabilities, promoted balance of volume, pricing and quality in asset business, and consolidated its low-cost advantage in liabilities, achieving an industry-leading net interest margin. **The Company strengthened cost management**, pressed on with the long-term mechanism of cost reduction and efficiency enhancement, and improved its financial and accounting oversight framework. It promoted steady growth in strategic input alongside moderate reductions in baseline operating expenses, thereby improving input-output effectiveness. **The Company strengthened team management** by optimising organisational structure in alignment with strategic direction. It continued to build a "professional, diverse, market-driven, and international" talent system. The Company also enhanced end-to-end management of the selection, appointment, evaluation and supervision of management staff. **The Company strengthened operation management**, continuously improving operational service quality and efficiency and customer experience. **The Company strengthened consumer rights protection** by refining its long-term consumer protection mechanisms and reinforcing root-cause governance of customer complaints. The consumer rights protection review coverage rate of the Company's products and services was 100%.

3.9 Key Business Concerns in Operation

3.9.1 Net interest margin

During the reporting period, the Group's net interest margin was 1.83%, representing a decrease of 5 basis points year-on-year; and the Company's net interest margin was 1.87%, representing a decrease of 7 basis points year-on-year. The net interest margin of the Group and the Company recorded a decrease of 4 and 5 basis points, respectively, as compared to the previous year. In the second quarter of 2026, the net interest margin of the Group was 1.82%, representing a decrease of 1 basis point, as compared with the first quarter of 2026. The primary reasons for the decrease in net interest margin were as follows. On the asset side, firstly, impacted by the reduction in the LPR (Loan Prime Rate) in the second quarter of the previous year, the average loan yields continued to decline following loan repricing; secondly, insufficient effective credit demand, particularly for retail loans, exerted downward pressure on average asset yields; and thirdly, the overall yield on the bond investment portfolio continued to decline, as the sustained downward trend in market interest rates in recent years widened the yield spread between newly acquired and existing bonds, thus making the interest rates on newly invested bonds lower than those on maturing bonds. On the liability side, the Group continued to advance high-quality liability development. The share of relatively low-cost core deposits and demand deposits remained at elevated levels. However, there was relatively limited room for further improvement in deposit costs, and the decline in the cost ratio of liabilities was insufficient to offset the impact of falling asset yields. To maintain relative stability of net interest margin, the Group strengthened its asset-liability portfolio management during the reporting period. On the asset side, it enhanced efforts in effective asset origination and optimised coordinated management mechanisms across assets. On the liability side, it persisted in driving the growth of high-quality deposits and maintained its advantage in liability cost.

Looking ahead to the second half of the year, the Group expects the decline in its net interest margin to narrow further. In terms of the pressures faced, on the asset side, challenges in deploying effective assets persist and may continue to exert downward pressure on asset yields; on the liability side, further improvement in liability structure remains challenging. Although the trend of shifting towards time deposits has shown signs of marginal stabilisation, the Group already had an elevated base of demand deposits. At the same time, several favourable factors are emerging. On the one hand, as the effects of monetary and fiscal policies continue to materialise, the fundamentals of the domestic economy are expected to keep recovering, which could stimulate growth in effective credit demand. On the other hand, the ongoing optimisation of the market interest rate pricing self-discipline mechanism is helping to gradually stabilise loan pricing, while further deepening of marketisation of interest rates of deposits is creating a more favourable external environment for banks' net interest margin improvement.

The Group will continue to strengthen its asset-liability portfolio management to promote a continuous growth in net interest income and the stable operation of net interest margin. On the asset side, the Group will promote steady growth in credit extension while focusing on key business lines, continuously optimising its industry, maturity, regional and customer mix. It will also enhance forward-looking management and strategic allocation of assets including bills, bonds and interbank instruments to help stabilise asset yields. On the liability side, the Group will remain committed to high-quality liability development by deepening integrated customer management, actively growing high-quality core deposits, and strengthening centralised group-wide fund management alongside efficient global treasury operations. These measures aim to further reduce the Group's overall funding costs and reinforce its advantage in terms of the overall cost of liabilities.

3.9.2 Net non-interest income

During the reporting period, the Group realised net non-interest income of RMB66.113 billion, representing an increase of 3.56% year-on-year, accounting for 37.11% of net operating income and representing a decrease of 0.46 percentage point year-on-year. Among the Group's net non-interest income, net fee and commission income was RMB39.855 billion, representing an increase of 5.99% year-on-year, accounting for 60.28% of the net non-interest income; and other net non-interest income was RMB26.258 billion, representing an increase of 0.08% year-on-year. For reasons for the changes in other net non-interest income, please refer to 3.2.6 "Net non-interest income" in this chapter. During the reporting period, the Group's income contributed by extensive wealth management was RMB24.704 billion[10], representing an increase of 18.44% year-on-year.

The major items under the Group's net fee and commission income during the reporting period are analysed as follows. **Fee and commission income from wealth management** amounted to RMB16.192 billion, representing a year-on-year increase of 26.53%. Among them, income from agency distribution of wealth management products was RMB5.076 billion, representing a year-on-year increase of 10.56%, which was mainly driven by the growth of the volume of agency distribution and the optimisation of product structure. Income from agency distribution of funds amounted to RMB3.935 billion, representing a year-on-year increase of 61.40%, mainly due to the year-on-year increase in the holding volume and sales of equity funds. Income from agency distribution of insurance policies amounted to RMB3.439 billion, representing a year-on-year increase of 7.17%, which was mainly due to optimisation of business structure. Income from agency distribution of trust schemes amounted to RMB2.247 billion, representing a year-on-year increase of 43.76%, which was mainly due to the increase in the volume of agency distribution of trust schemes. Income from securities brokerage was RMB1.202 billion, representing a year-on-year increase of 46.05%, which was mainly due to the increasing customer demand for securities transactions in Hong Kong capital market. **Fee and commission income from asset management** amounted to RMB5.370 billion, representing a year-on-year decrease of 1.52%. **Commission income from custody business** was RMB3.142 billion, representing a year-on-year increase of 20.52%, mainly due to the increase of the scale of custody and structural optimisation. **Income from bank card fees** amounted to RMB6.374 billion, representing a year-on-year decrease of 11.73%, mainly due to a decrease in fees from offline credit card transactions. **Income from settlement and clearing fees** amounted to RMB7.961 billion, representing a year-on-year increase of 4.72%, mainly driven by the growth in electronic payment transaction volume. **Commission income from credit commitment and loan business** amounted to RMB2.145 billion, representing a year-on-year decrease of 6.29%.

Looking forward to the second half of the year, the Group will continue to promote high-quality development of net non-interest income. Firstly, the Group will continue to leverage the advantages of its systematic retail finance business, capitalise on opportunities arising from changes in residents' wealth allocation needs and opportunities in the capital market, optimise the structure of wealth products, deepen asset allocation services, seize opportunities from structural recovery in consumption, and enhance payment and settlement scenarios as well as online operations. Secondly, the Group will continue to impel the specialised development of its corporate finance business, consolidate and expand its wholesale customer base, leverage technological advantages to deepen operations in financing, settlement, cross-border activities and other scenarios, enhance customer service capabilities, and focus on creating a new growth pole for net non-interest income. Thirdly, the Group will further tap into the market potential of the investment banking and financial markets sector, strengthen market research and enhance investment capabilities, deeply explore structural opportunities in underwriting, mergers & acquisitions and financial advisory services, increase its market share in corporate wealth management, expand and improve the custody business, and improve the integrated service system. Fourthly, the Group will expedite the transformation and upgrading of its asset management business, strengthen innovation in asset management products and system development, and enhance its investment research capabilities in asset allocation and multi-asset strategies.

[10] The income from extensive wealth management includes the fee and commission income from wealth management, asset management and custody business.

3.9.3 Risk management and control in the real estate sector

During the reporting period, the Company closely aligned with the national policy direction of implementing city-specific measures to "control incremental supply, reduce inventory and optimise supply". It adhered to its overall strategy of "enhancing strategic positioning, focusing on key regions, selectively identifying projects and enforcing rigorous management". Under the premise of controllable risks and in light of the differentiated characteristics of the real estate market, the Company explored structural business opportunities, concentrated on high-quality urban agglomerations, supported demands of first-time home buyers and demands for improvement of home upgraders, backed the development of affordable housing, and contributed to building a new model for real estate development. At the same time, the Company actively implemented the urban real estate financing coordination mechanism, upheld a "project-centric" approach, met reasonable financing needs of real estate projects, and helped stabilise the real estate market.

As of the end of the reporting period, the Group's total balance of real estate related businesses which were subject to credit risks, such as the actual and contingent credit, proprietary bond investments, and proprietary investment of non-standardised assets, amounted to RMB359.209 billion, representing an increase of 1.48% as compared with the end of the previous year. The Group's total balance of businesses which were not subject to credit risks, such as wealth management fund financing, entrusted loans, agency distribution of trust schemes under the active management by cooperative institutions, and debt financing instruments with the Group as the lead underwriter, amounted to RMB170.713 billion, representing a decrease of 4.26% as compared with the end of the previous year. As of the end of the reporting period, the Company's balance of loans granted to the property development industry was RMB296.739 billion, representing an increase of RMB13.625 billion as compared with the end of the previous year, accounting for 4.19% of the Company's total loans and advances to customers, representing an increase of 0.09 percentage point as compared with the end of the previous year, among which, over 85% of loans for property development were in the urban areas of first-tier and second-tier cities and the regional structure remained sound. As of the end of the reporting period, the Company's non-performing loan ratio of the property development industry was 4.27%, representing a decrease of 0.37 percentage point as compared with the end of the previous year.

The Company will continue to closely follow the national policies and market situation, actively support the establishment of a new model for real estate development, and uphold prudent operations. It will fully leverage the urban real estate financing coordination mechanism, and increase its support for "whitelist" projects adhering to market-oriented and law-based principles, thereby promoting the stable and healthy development of the real estate market. At the same time, the Company will continue to reasonably differentiate between the risks of project companies and those of the holding companies of the groups, return to the fundamentals of the projects, and continuously strengthen centralised risk management and post-investment and post-loan management. It will strictly enforce requirements for the closed management of real estate loans to effectively prevent and control project risks. The Company will proactively facilitate the mitigation and resolution of risks at real estate enterprises, maintain the overall stability of its real estate asset quality, and ensure adequate risk compensation.

3.9.4 Deposits from customers

As of the end of the reporting period, the balance of customer deposits of the Group amounted to RMB10,162.498 billion, representing an increase of 3.32% as compared with the end of the previous year, maintaining steady growth. In the first half of 2026, along with the changes of the macro-economy, the liquidity of enterprises' funds improved to a certain extent. However, the residents' demand for time deposits remained strong, and the trend of shifting towards time deposits in the whole market continued. The Company adhered to its strategy of high-quality deposit growth. It maintained a relatively favourable deposit structure by taking various measures such as strengthening customer orientation, expanding the source of low-cost deposits, tightening deposit cost control, and improving capital retention capabilities. During the reporting period, the Company's average daily balance of core deposits[11] was RMB7,794.058 billion, representing an increase of 9.02% on the same calibre as compared with the previous year; it accounted for 82.06% of the average daily balance of customer deposits, representing an increase of 1.37 percentage points on the same calibre as compared with the previous year. The average daily balance of demand deposits was RMB4,755.424 billion, representing an increase of 7.55% as compared with the previous year; it accounted for 50.07% of the average daily balance of customer deposits, representing an increase of 0.17 percentage point as compared with the previous year.

11 The core deposits represent the internal management indicator for the Company's deposits, excluding structured deposits, time deposits with maturities of three years or more, large-denomination certificates of deposit with maturities of three years or more, and other relatively high-cost deposits.

Looking forward to the future, the competition for high-quality deposits acquisition among banks is expected to intensify. The industry-wide trend of shifting towards time deposits is likely to continue. Meanwhile, declining interest rates and recovering capital markets will accelerate the diversion of deposits into wealth management products, the stock market and other channels, further increasing pressure on deposit growth. In order to promote high-quality growth of deposits, the Group will take the following measures. Firstly, the Group will expand the customer base, enhance the quality and efficiency of existing customer management, and consolidate the foundation for deposit growth. Secondly, the Group will adhere to the priority of growth in core deposits, and consolidate its advantage in the proportion of demand deposits by optimising assessment mechanisms and resource allocation. Thirdly, the Group will enhance comprehensive service offerings to attract low-cost deposits through payment and settlement, wealth management, and other channels. Fourthly, the Group will reinforce the volume and pricing management of high-cost deposits to optimise the deposit structure. Through comprehensive policy implementation, the Group will ensure its deposit cost ratio remains at a desirable level.

3.9.5 Assets allocation

During the reporting period, the Group closely aligned with policy and market developments, strengthening its asset origination through a range of measures. As of the end of the reporting period, the Group's total loans and advances to customers amounted to RMB7,453.033 billion, representing an increase of 2.69% as compared with the end of the previous year, accounting for 54.07% of the total assets of the Group, representing a decrease of 1.46 percentage points as compared with the end of the previous year. Among them, the Group's retail loans were RMB3,680.028 billion, representing a decrease of 1.08% as compared with the end of the previous year, accounting for 49.38% of the loans and advances to customers of the Group, representing a decrease of 1.88 percentage points as compared with the end of the previous year. This was mainly attributable to lower balances of residential mortgage loans and credit card loans during the first half of the year, as a result of factors including the continued adjustment of the real estate market and further room for recovery in residents' consumption. As of the end of the reporting period, the Group's corporate loans amounted to RMB3,507.630 billion, representing an increase of 9.08% as compared with the end of the previous year, accounting for 47.06% of the loans and advances to customers of the Group, representing an increase of 2.75 percentage points as compared with the end of the previous year. This was mainly attributable to a recovery in corporate financing demand supported by proactive fiscal policies and moderately accommodative monetary policies alongside the Group's effective capture of market opportunities and continuous improvement in the quality and efficiency of serving the real economy. As of the end of the reporting period, the Group's financial investments amounted to RMB4,345.703 billion, representing an increase of 5.98% as compared with the end of the previous year, accounting for 31.52% of the total assets of the Group, representing an increase of 0.15 percentage point as compared with the end of the previous year.

In the second half of the year, the Group will continue to monitor changes in the internal and external operating environment and persist in strengthening effective asset origination. In terms of retail loans, the Group will closely monitor developments in the real estate market and actively seize opportunities in the residential mortgage loan market. Subject to effective risk management and control, it will promote steady growth in micro-finance loans and consumer credit business, while continuously enhancing its service capabilities for retail customers. In terms of corporate loans, the Group will further strengthen effective asset origination, continuously optimise the structure of its credit customer base, continue to increase the allocation of credit resources to key sectors, and enhance its comprehensive service level. In terms of bond investments and interbank asset allocation, the Group will continue to conduct forward-looking assessments of domestic and overseas market conditions, capture market investment opportunities, allocate assets rationally, and continuously enhance fund utilisation efficiency.

3.9.6 The formation and disposal of non-performing assets

During the reporting period, the newly formed non-performing loans of the Company amounted to RMB37.186 billion, representing a year-on-year increase of RMB4.465 billion; the formation ratio of non-performing loans (annualised) was 1.06%, representing a year-on-year increase of 0.08 percentage point. From the perspective of major business categories, the amount of newly formed non-performing corporate loans was RMB2.511 billion, representing a year-on-year increase of RMB289 million. The amount of newly formed non-performing retail loans (excluding credit card loans) was RMB10.977 billion, representing a year-on-year increase of RMB247 million. The amount of newly formed non-performing credit card loans was RMB23.698 billion, representing a year-on-year increase of RMB3.929 billion.

The Company continued to deepen its engagement with value customers, optimised the asset portfolio allocation, and ensured adequate risk compensation in key areas of credit assets. As of the end of the reporting period, the balance of the Company's allowances for impairment losses on loans was RMB258.040 billion, representing an increase of RMB2.370 billion as compared with the end of the previous year. The allowance coverage ratio was 390.39%, representing a decrease of 9.22 percentage points as compared with the end of the previous year. The allowance-to-loan ratio was 3.64%, representing a decrease of 0.06 percentage point as compared with the end of the previous year. During the reporting period, the credit cost was 0.70% (annualised), representing a year-on-year increase of 0.03 percentage point.

During the reporting period, the Company actively disposed of non-performing assets, taking various approaches to reduce and dispose of risk assets. During the reporting period, the disposal of non-performing loans by the Company amounted to RMB35.013 billion, of which RMB21.774 billion was securitised, RMB8.017 billion was written off, RMB3.607 billion was recovered by cash collection, and RMB1.615 billion was disposed of by repossession and other means.

In the second half of the year, the Company will continue to closely monitor changes in the macroeconomic environment, enhance its forward-looking risk assessment capabilities, optimise its business and risk management strategies, and strictly control risks in key areas. It will implement strict asset classification, make adequate allowances, strengthen the refined management of special-mentioned and overdue loans, and take multiple measures to intensify the recovery and resolution of non-performing assets, thereby safeguarding the overall asset quality.

3.9.7 Asset quality in key areas

During the reporting period, the Company strengthened risk control over residential mortgage loans, consumer credit business, micro-finance loans and other key areas, and the asset quality was generally stable. In the second half of the year, the Company will continue to closely monitor changes in the external macroeconomic environment, proactively optimise its risk management and control strategies, continuously enhance its capabilities in identifying and mitigating risks in key areas, and improve the quality and efficiency of asset quality oversight, thereby ensuring that overall asset quality remains stable and under control. For details of the quality of real estate assets, please refer to 3.9.3 "Risk management and control in the real estate sector" in this chapter.

The following table sets out the asset quality of the Company's loans and advances by product type as of the date indicated.

	30 June 2026						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	3,201,386	23,427	0.73	22,937	0.72	26,265	0.82
Discounted bills	265,375	–	–	1	0.00	–	–
Retail loans	3,614,219	42,671	1.18	80,489	2.23	64,001	1.77
Micro-finance loans	885,800	11,866	1.34	7,306	0.82	14,347	1.62
Residential mortgage loans	1,386,052	6,720	0.48	25,537	1.84	12,623	0.91
Consumer credit business	1,338,699	23,179	1.73	47,608	3.56	36,117	2.70
Credit card loans	890,797	16,947	1.90	44,494	4.99	28,467	3.20
Consumer loans	447,902	6,232	1.39	3,114	0.70	7,650	1.71
Others (Note)	3,668	906	24.70	38	1.04	914	24.92
Total loans and advances to customers	7,080,980	66,098	0.93	103,427	1.46	90,266	1.27

	31 December 2025						
(In millions of RMB, except for percentages)	Balance of loans and advances	Balance of non-performing loans	Non-performing loan ratio (%)	Balance of special-mentioned loans	Percentage of special-mentioned loans (%)	Balance of overdue loans	Percentage of overdue loans (%)
Corporate loans	2,929,737	24,523	0.84	20,090	0.69	22,584	0.77
Discounted bills	322,117	–	–	2	0.00	–	–
Retail loans	3,654,670	39,457	1.08	75,145	2.06	62,408	1.71
Micro-finance loans	873,559	10,663	1.22	5,268	0.60	12,449	1.43
Residential mortgage loans	1,411,093	7,160	0.51	22,096	1.57	12,323	0.87
Consumer credit business	1,365,644	20,719	1.52	47,757	3.50	36,718	2.69
Credit card loans	938,991	16,370	1.74	45,139	4.81	31,075	3.31
Consumer loans	426,653	4,349	1.02	2,618	0.61	5,643	1.32
Others (Note)	4,374	915	20.92	24	0.55	918	20.99
Total loans and advances to customers	6,906,524	63,980	0.93	95,237	1.38	84,992	1.23

Note: Primarily consists of commercial housing loans, automobile loans and other personal loans.

Risk control over residential mortgage loans

The Company actively implemented the national and regional policy requirements, adopted city-specific approaches, and focused on supporting the demands of customers who are first-time homebuyers and home upgraders, so as to steadily conduct residential mortgage loan business. During the reporting period, the amount of residential mortgage loans newly granted by the Company in the first-tier and second-tier cities accounted for 91.26% of the total amount of residential mortgage loans newly granted by the Company. The closing balance of residential mortgage loans in the first-tier and second-tier cities accounted for 88.17% of the closing balance of the Company's residential mortgage loans.

As of the end of the reporting period, the non-performing loan ratio of the Company's residential mortgage loans was 0.48%, representing a decrease of 0.03 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 1.84%, representing an increase of 0.27 percentage point as compared with the end of the previous year; and the overdue loan ratio was 0.91%, representing an increase of 0.04 percentage point as compared with the end of the previous year. The Company has always been regularly monitoring and revaluing the value of the existing collateral so that adjustments to their values have been timely made. As of the end of the reporting period, the weighted average loan-to-value ratio of the Company's residential mortgage loans was 41.96%, representing an increase of 1.37 percentage points as compared with the end of the previous year, and the collateral was sufficient and stable. The overall risk of residential mortgage loans was controllable.

In the future, the Company will continue to adhere to selecting high-quality customer groups, and offer priority support to customers who are first-time homebuyers and home upgraders, so as to ensure the sound development of the residential mortgage loan business from the origin. At the same time, the Company will continue to strengthen its human-robot collaborative risk control capabilities and accelerate the build-out of a proactive risk management system. With support from national policies and the continued accumulation of favourable external factors, the Company will strive to maintain a relatively outstanding level of quality of residential mortgage loan assets in the industry.

Risk control over consumer credit business

For consumer loans, the Company remained committed to focusing on acquiring high-quality customers, enhancing refined customer management capabilities, and prudently developing its consumer loan business. For credit cards, the Company continued to deepen its "stability and low volatility" operation strategy by optimising its customer base and asset structure to build a balanced portfolio suited to economic cycles, while strengthening dynamic risk early warning management and enhancing post-loan risk management effectiveness.

As of the end of the reporting period, the non-performing loan amount of the Company's consumer credit business (including credit card loans and consumer loans) was RMB23.179 billion, representing an increase of RMB2.460 billion as compared with the end of the previous year; the non-performing loan ratio was 1.73%, representing an increase of 0.21 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 3.56%, representing an increase of 0.06 percentage point as compared with the end of the previous year; and the overdue loan ratio was 2.70%, representing an increase of 0.01 percentage point as compared with the end of the previous year.

In the future, the Company will continue to improve the refined risk management and control strategy for consumer credit business and further optimise its asset structure. In terms of risk management and control, firstly, the Company will strengthen monitoring and assessment of market risk conditions and promptly adjust its risk management and control strategies in response to market changes; secondly, it will continue to broaden external data resources and enhance big data-driven quantitative risk management capabilities to accurately identify and effectively manage risks; and thirdly, on the post-loan side, it will persist in adopting targeted measures, strengthen risk early warning and collection effectiveness, and proactively utilise a range of diversified resolution tools to enhance the quality and efficiency of risk asset disposal. Through these combined measures, the Company will strive to maintain a relatively outstanding level of quality of consumer credit business assets in the industry.

Risk control over micro-finance loan business

The Company adhered to the implementation of the national strategy of vigorously supporting the development of small- and micro-sized enterprises, and continuously enhanced the quality and efficiency of its services for small- and micro-sized customers.

As of the end of the reporting period, the non-performing loan ratio of the Company's retail micro-finance loans was 1.34%, representing an increase of 0.12 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 0.82%, representing an increase of 0.22 percentage point as compared with the end of the previous year; and the overdue loan ratio was 1.62%, representing an increase of 0.19 percentage point as compared with the end of the previous year.

In the future, the Company will continue to guard the risk bottom line, pay close attention to changes in the market situation, and improve the capabilities to analyse and judge the risk situation. First, it will continue to consolidate a business structure centred on high-quality customers; second, it will continue to bolster support for key industries and key regions; third, it will continue to optimise its risk strategies; and fourth, it will strengthen post-loan risk management and control, to identify the risks of high-risk businesses earlier, give warnings earlier, and settle risks earlier. Through the above measures, the Company will strive to maintain a relatively outstanding level of quality of retail micro-finance loan assets in the industry.

3.9.8 Capital management

During the reporting period, the Group steadily advanced the optimisation and adjustment of its business structure and operating strategies under the guidance of the Rules on Capital Management of Commercial Banks. It continued to strengthen the refined management of capital and optimise its capital structure. The Group's capital adequacy ratio at all levels, leverage ratio and other key operating indicators were maintained at a relatively outstanding level, which met various capital requirements and additional regulatory requirements of the regulatory authorities of the finance industry with sufficient capital buffer. As of the end of the reporting period, the ratio of risk-weighted assets to total assets of the Group under the Advanced Measurement Approach was 57.52%. During the reporting period, the risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach of the Group was 22.35%.

The Group continued to advance its asset securitisation business. During the reporting period, the Company issued 7 asset securitisation projects through the inter-bank market with a total scale of RMB2.071 billion.

In the future, the Group will aim to maintain the stable operation of its capital adequacy ratio and comprehensively enhance the level of refined capital management. First, it will improve capital utilisation efficiency by continuously optimising the capital allocation strategies, reinforcing the asset-liability management, improving the capital return management mechanism and deepening integrated customer management. Second, it will continue to consolidate its capital base by coordinating internal and external capital replenishment, flexibly making use of various capital instruments, and raising capital in numerous channels and methods.

3.10 Business Operation

3.10.1 Retail finance business

Business overview

By adhering to its core value of "being customer-centric and creating value for customers", the Group has focused on customers' needs in "deposit, loan, and remittance", enriched its product offerings, enhanced service models, deepened channel synergies, and continued to consolidate its systematic strengths in retail finance to provide customers with comprehensive retail finance services.

During the reporting period, the profit before tax from the retail finance business of the Group amounted to RMB42.888 billion, representing a year-on-year decrease of 17.58%. The net operating income from the retail finance business amounted to RMB96.814 billion, representing a year-on-year increase of 0.66% and accounting for 54.35% of the net operating income of the Group. The net interest income from the retail finance business amounted to RMB68.454 billion, representing a year-on-year decrease of 3.23% and accounting for 70.71% of the net operating income from retail finance business of the Group; the net non-interest income from the retail finance business amounted to RMB28.360 billion, representing a year-on-year increase of 11.47%, accounting for 29.29% of the net operating income from retail finance business of the Group and 42.90% of the net non-interest income of the Group. During the reporting period, the fee and commission income from retail wealth management business of the Company was RMB14.069 billion, representing a year-on-year increase of 24.81% and accounting for 56.47% of the net fee and commission income from retail finance business of the Company; and the Company recorded a fee income of RMB6.321 billion from retail bank card business, representing a year-on-year decrease of 11.71%.

Retail customers and total assets under management for retail customers

During the reporting period, the Company always took the needs of customers as the starting point, adhered to a value creation-driven approach, refined its customer acquisition and operation system and persistently enhanced quality and efficiency of customer services. On the one hand, the Company strengthened customer acquisition. The Company deeply promoted the strategic deployment in key regions and expanded high-quality customer acquisition channels. It also continuously strengthened its customer acquisition capabilities in group finance service to unlock the growth potential of customer base. On the other hand, the Company enhanced customer service and operations. Closely aligning with customer needs, the Company enhanced professional capabilities and technological empowerment, and advanced the digital and intelligent transformation of customer services, so as to provide customers with precisely tailored professional services. During the reporting period, the number of retail customers and the balance of the total assets under management (AUM) from retail customers of the Company maintained stable growth.

As of the end of the reporting period, the Company had 231 million retail customers (including debit and credit card customers), representing an increase of 3.13% as compared with the end of the previous year, among which the number of customers in the level of Golden Sunflower and above (those with minimum daily average total assets of RMB500,000 for each month) reached 6,407,400, representing an increase of 8.02% as compared with the end of the previous year.

As of the end of the reporting period, the balance of total assets under management (AUM) from retail customers of the Company amounted to RMB18,441.463 billion, representing an increase of 7.96% as compared with the end of the previous year. As of the end of the reporting period, the balance of deposits from retail customers of the Company amounted to RMB4,423.327 billion, representing an increase of 3.70% as compared with the end of the previous year. During the reporting period, 49.98% of the daily average balance of deposits from retail customers of the Company was demand deposits.

Wealth management

As of the end of the reporting period, the Company's balance of retail wealth management products amounted to RMB4,583.943 billion, representing an increase of 3.88% as compared with the end of the previous year, which was mainly due to the Company's increased supply of stable products in response to customers' diversified wealth management allocation needs, as well as its deployment of diversified strategies to facilitate the transition towards "fixed income+" products, which drove continued growth in the scale of wealth management products. During the reporting period, the agency distribution of non-money-market mutual funds of the Company totalled RMB486.761 billion, representing an increase of 82.73% year-on-year, which was mainly due to the marginal improvement in customers' risk appetite and the continued increase in demand for allocation of option-embedded products. During the reporting period, the Company recorded RMB129.015 billion in agency distribution of trust schemes, representing an increase of 40.48% as compared with the corresponding period of the previous year, which was mainly due to the increased demand from customers for diversified asset allocation. During the reporting period, the Company achieved the agency distribution of insurance premiums of RMB69.369 billion, representing a decrease of 18.54% year-on-year. Despite the year-on-year decline in the premium scale, income from agency distribution of insurance policies recorded a year-on-year increase of 2.78%. This was primarily attributable to the Company's proactive adjustment of the pace of its wealth management business and the allocation mix of its insurance products in response to market trends and changes in customer demand.

During the reporting period, the Company recorded a fee and commission income from retail wealth management business of RMB14.069 billion. Among them, income from agency distribution of wealth management products amounted to RMB4.840 billion. Income from agency distribution of funds amounted to RMB3.997 billion. Income from agency distribution of insurance policies amounted to RMB2.697 billion. Income from agency distribution of trust schemes amounted to RMB2.242 billion. Other income amounted to RMB293 million. For details of the reasons for changes in fee and commission income from wealth management business, please refer to 3.9.2 "Net non-interest income" in this chapter.

During the reporting period, driven by customers' needs, the Company focused on value creation, seized market opportunities, continuously upgraded its omni-channel, whole-journey and all-product service system to provide customers with high-quality wealth management experience.

First, the Company improved its wealth management operation system, and strengthened the professional service capability of wealth management. Drawing on insights into customers' core wealth management needs in protection, investment and functional needs, the Company provided differentiated products and services, continuously enhanced customers' end-to-end service experience and constantly expanded coverage of customers holding wealth management products. As of the end of the reporting period, the number of customers holding wealth management products distributed by the Company reached 66,716,900, representing an increase of 4.05% as compared with the end of the previous year.

Second, in response to market trends and changes in customer demand, the Company continued to optimise its diversified product offering. In terms of wealth management, while continuing to strengthen the allocation of stable products, the Company advanced the deployment of diversified strategies to meet customers' allocation needs. In terms of funds, the Company enhanced its research and analysis of market trends and policies, and adhered to a multi-asset and multi-strategy approach to improve the product holding experience. In terms of insurance, the Company made appropriate use of products with different functional characteristics to meet customers' diverse needs, such as health, elderly care, and inheritance. At the same time, the Company continued to deepen customer service. It met customers' diverse needs and promoted continuous business growth, and steadily expanded customer coverage through the segmentation and classification-based refined operation and better-suited product offerings.

Third, the Company constantly promoted the "CMB TREE Asset Allocation Service". The Company continuously optimised asset review and accompanying wealth management services, and leveraged the "TREE Long Earnings Plan" to implement multi-asset and multi-strategy allocations, thereby providing a one-stop asset allocation solution for customers. As of the end of the reporting period, the Company had 12,577,100 customers who conducted asset allocation under such system, representing an increase of 6.98% as compared with the end of the previous year.

Fourth, the Company worked with partners to build a wealth management ecosystem to enhance comprehensive wealth management service capabilities. The Company continued to strengthen its digital and intelligent capabilities, upgraded China Merchants Bank's retail partner ecosystem portal, and newly launched "AI Xiao Ban (AI 小伴)", an AI agent application serving its partners. Focusing on core application scenarios including investment research collaboration, creative design, intelligent setup, event configuration, review and error correction, and data analysis, the Company further promoted ecosystem openness and operational collaboration, and incorporated intelligent capabilities into every stage of the workflows, creating value for customers and partners.

Private banking

As of the end of the reporting period, the Company had 215,988 private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million for each month), representing an increase of 8.36% as compared with the end of the previous year.

During the reporting period, the Company strengthened its professional guidance and coordination between corporate banking business and private banking business, reinforced digital and intelligent empowerment and built an efficient integrated service system by enhancing its capabilities in terms of investment research and asset allocation to provide customers with exclusive comprehensive private banking services.

Firstly, the Company closely followed market changes to strengthen diversified asset allocation. Rooted in customers' core demand for the robust preservation of their assets, and taking into account their varying risk preferences, the Company strategically allocated products across all categories, multiple assets and multiple strategies. It tailored prudent, balanced and tiered personalised asset allocation solutions to suit specific customers' needs. Centring on customers' long-term objectives such as retirement planning and wealth succession, the Company continued to deepen the allocation of protection-oriented insurance products. Leveraging its professional investment and research capabilities, the Company conducted regular asset reviews, provided continuous customer support, and consistently enhanced customers' investment experience.

Secondly, the Company deepened technological empowerment and optimised customer experience. The Company enhanced the customer online service journey to deliver a more user-friendly online service experience. The Company leveraged digital and intelligent technologies to improve its professional service capabilities, and provided customers with one-stop and visualised asset allocation and protection service solutions. It also continued to build its digital support capabilities for family trust operation, and upgraded personalised AI assistants for relationship managers, thereby enhancing the quality and efficiency of customer services.

Thirdly, the Company fulfilled its social responsibility and promoted wealth for common good. Staying true to its core purpose of serving the real economy, the Company integrated resources through collaboration between its corporate banking business and private banking business to fully meet the diverse and comprehensive needs of entrepreneurial clients in wealth management, corporate financing, and public welfare and charity, etc. By enhancing the end-to-end support service system for public welfare and charity and expanding innovative service models such as charitable trust, the Company actively promoted the philosophy of wealth for common good and empowered its customers to create social value.

Fourthly, the Company strengthened compliance foundation and enhanced risk management capabilities. Focusing on key consumer rights protection initiatives, the Company continued to advance the whole-process compliance in sales by building digital monitoring models, standardising marketing activities and improving inspection mechanisms. It implemented investor suitability management, and strengthened matching between customers and products, so as to effectively prevent risks and ensure the sound operation of the business.

Credit cards

As of the end of the reporting period, the Company had issued an aggregate of 97.7073 million active credit cards, and there were 70.4322 million active credit card users. During the reporting period, the credit card transactions of the Company amounted to RMB1,911.184 billion, representing a decrease of 5.43% as compared with the corresponding period of the previous year. Interest income from credit cards amounted to RMB26.903 billion, representing a decrease of 12.12% as compared with the corresponding period of the previous year. Non-interest income from credit cards amounted to RMB9.776 billion, representing a decrease of 6.64% as compared with the corresponding period of the previous year. For details of the scale and quality of the credit card loans of the Company, please refer to 3.9.7 "Asset quality in key areas" in this chapter.

At present, consumer demand continues its recovery, and the development of the credit card industry still faces certain challenges. The Company continued to deepen its operation strategy focusing on "stability and low volatility". It advanced the optimisation of its customer base and asset structure, promoted service and product upgrades, strengthened its digital and intelligent operational capabilities, enhanced the dynamic management of risk early warning, and improved the effectiveness of post-loan risk management, thereby driving the steady development of its credit card business. Firstly, the Company deepened high-quality customer acquisition and engagement to enhance the card usage experience. Keeping pace with technological development trends, it innovatively launched AI-related benefits. The "Engineer Card (工程師卡)" is the industry's first credit card to feature Token-related benefits, meeting customers' demand for AI-related benefits. Secondly, closely aligning with pro-consumption policy directives, the Company took multiple measures to boost consumption. Focusing on key consumption periods such as the Spring Festival and May Day, it tapped into consumption scenarios such as travel and national subsidies to launch marketing campaigns. Leveraging major e-commerce promotions and other key events, it offered spend-and-save discounts to help unlock consumption potential. Thirdly, the Company strengthened asset origination to drive the development of its instalment business. It capitalised on the fiscal interest subsidy policy for statement instalments and streamlined the subsidy application process. Furthermore, it advanced its automobile instalment business, leveraging digital and intelligent technologies to expand marketing scenarios and optimise the car-buying experience for customers. Fourthly, the Company deepened technological empowerment, and expanded both the depth and breadth of AI applications. By identifying and analysing AI application opportunities and strengthening their deployment in key scenarios, it facilitated the deep integration of technology and business operations, thereby driving improvements in both customer experience and operational efficiency. In addition, the Company has further deepened the operation of the CMB Life APP. For details of the CMB Life APP, please refer to 3.10.3 "Distribution channels" in this chapter.

Retail loans

As of the end of the reporting period, the balance of retail loans of the Company amounted to RMB3,614.219 billion, representing a decrease of 1.11% as compared with the end of the previous year and accounting for 51.04% of the Company's total loans and advances to customers, down by 1.88 percentage points as compared with the end of the previous year. Among them, the balance of the Company's retail loans (excluding credit card loans) reached RMB2,723.422 billion, representing an increase of 0.29% as compared with the end of the previous year, accounting for 38.46% of total loans and advances to customers of the Company and representing a decrease of 0.86 percentage point as compared with the end of the previous year.

During the reporting period, the Company proactively implemented various national policies concerning real estate, adapted to structural changes in real estate market transactions, seized the structural opportunities arising from the real estate market recovery in certain cities, adopted city-specific approaches, continued to focus on meeting demands of first-time home buyers and diversified housing demands for improvement of home upgraders, and accelerated the promotion of second-hand housing business, thus achieving stable and healthy development of the residential mortgage loan business. Furthermore, while maintaining proper risk control management, the Company continuously optimised its business structure and maintained its efforts in the reasonable granting of micro-finance loans and consumer loans. With respect to micro-finance loans, the Company strictly followed various regulatory requirements, leveraged Fintech to continuously promote product innovation and process optimisation, enhanced its capacity to address the differentiated financing needs of small- and micro-sized enterprises, and implemented a scientific and reasonable pricing mechanism, thus fully enhancing the quality and efficiency of services for micro-finance loan customers. With respect to the consumer loan business, the Company capitalised on national policies aimed at stimulating consumption, continued to focus on acquiring high-quality customers, strengthened product innovation and enhanced its refined customer management capabilities to meet customers' diversified needs. At the same time, the Company continuously enhanced its risk pricing capabilities to promote a dynamic balance among business growth, risk pricing and asset quality. As of the end of the reporting period, the Company recorded a balance of residential mortgage loans of RMB1,386.052 billion, representing a decrease of 1.77% as compared with the end of the previous year. The balance of retail micro-finance loans amounted to RMB885.800 billion, representing an increase of 1.40% as compared with the end of the previous year. The balance of consumer loans amounted to RMB447.902 billion, up by 4.98% as compared with the end of the previous year.

3.10.2 Wholesale finance

Business overview

During the reporting period, the Group proactively capitalised on opportunities arising from the shift in economic growth drivers and industrial transformation and upgrading. Remaining committed to serving the real economy, the Group continued to optimise its customer and business mix and upgrade its operating model, thereby enhancing its core competitiveness and the quality and efficiency of its real economy support.

During the reporting period, the Group achieved profit before tax from wholesale finance business of RMB45.703 billion, representing an increase of 23.33% as compared with the corresponding period of the previous year. The net operating income from wholesale finance business of the Group was RMB75.506 billion, representing an increase of 7.40% as compared with the corresponding period of the previous year, accounting for 42.39% of the net operating income of the Group. Among them, net interest income of wholesale finance business amounted to RMB48.216 billion, representing an increase of 21.69% as compared with the corresponding period of the previous year, accounting for 63.86% of the net operating income of wholesale finance business of the Group; the net non-interest income of wholesale finance business amounted to RMB27.290 billion, representing a decrease of 11.04% as compared with the corresponding period of the previous year, and accounting for 36.14% of the net operating income of wholesale finance business of the Group, and 41.28% of the net non-interest income of the Group.

Closely aligning with customer requirements, the Company continuously integrated diverse market funding sources encompassing direct and indirect financing to provide customers with the on- and off-balance-sheet financing services. As of the end of the reporting period, the Company's balance of the financing products aggregate to corporate customers (FPA) was RMB7,271.997 billion[12], representing an increase of RMB546.560 billion over the beginning of the year. Among them, the balance of traditional financing[13] was RMB4,345.405 billion, representing an increase of RMB353.050 billion over the beginning of the year; the balance of non-traditional financing[14] was RMB2,926.592 billion, representing an increase of RMB193.510 billion over the beginning of the year. The balance of non-traditional financing accounted for 40.24% of the balance of FPA, representing a decrease of 0.40 percentage point over the beginning of the year, mainly due to the growth in corporate loans increasing the proportion of traditional financing in the FPA.

12 Since the scope of cross-border coordination financing and other businesses included in FPA was adjusted in this period, the same-calibre adjustment was made to the data at the beginning of the period, with the opening balance of the adjusted FPA of RMB6,725.437 billion, of which the balance of traditional financing totalled RMB3,992.355 billion and the balance of non-traditional financing totalled RMB2,733.082 billion.

13 Traditional financing comprises general corporate loans and commercial bills discounting (including transfer-out of outstanding bills), acceptance, letters of credit, financial letters of guarantee and non-financial letters of guarantee.

14 The eight compositions of non-traditional financing include: asset operation, proprietary non-standardised corporate investments, financing wealth management, debt financing instruments with the Company as the lead underwriter, matching transactions, financial leasing, cross-border coordination financing and arranging syndicated loans.

Wholesale customers

The Company has established a corporate customer service system with segmentation and classification-based management for strategic customers, institutional customers, financial institution customers, cross-border customers and basic customers. During the reporting period, the Company continued to refine its segmentation-based customer management approach, deepened classification-based customer operations, focused on strategic direction of the modern industrial system, and strengthened its capacity for high-quality customer acquisition. Accordingly, both the scale and quality of wholesale customers have been improved. As of the end of the reporting period, the total number of corporate customers of the Company was 3,860,300, representing an increase of 6.56% as compared with the end of the previous year. The number of newly acquired corporate customers during the reporting period was 347,900.

In terms of its strategic customers, the Company continued to enhance its industry insights and comprehensively deepened its industry-focused operations. It continuously optimised the specialised operational and risk management systems for strategic customers and accelerated the development of industry-specific financial framework, thereby strengthening its specialised, comprehensive and differentiated competitiveness. As of the end of the reporting period, the Company had 328 strategic customers of the Head Office level[15], with a daily average balance of deposits of RMB1,082.604 billion, representing a decrease of 0.69% as compared with the previous year, and the balance of loans was RMB1,284.859 billion, representing an increase of 7.16% as compared with the end of the previous year. As of the end of the reporting period, the number of strategic customers of the Company of the branch level[16] was 9,843, with a daily average balance of deposits of RMB1,001.883 billion, representing an increase of 6.78% on the same calibre as compared with the previous year, and the balance of loans was RMB582.409 billion, representing an increase of 5.73% as compared with the beginning of the year.

With regard to its institutional customers, the Company continued to solidify its service and operating foundation with key customers from sectors such as finance, housing and construction, tobacco, and government investment funds, while actively expanding its reach to potential customers, continuously developing a distinctive digital and intelligent product and service system and steadily advancing specialised services for target customers. In terms of serving national government institutions, the Company aligned with policy directions, and strove to build a new benchmark for specialised, featured, digital and differentiated services by centring on qualification acquisition, platform access and data collaboration. During the reporting period, the Company achieved several industry firsts: it was among the first batch of banks to share commercial loan data with the Ministry of Housing and Urban-Rural Development, one of the pioneering banks to integrate with the Ministry of Public Security's National Online Identity Authentication Service Platform, and one of the first institutions to obtain pilot qualification for the State Taxation Administration's "Bank-Tax Interaction" programme. In terms of serving local government institutions, the Company took promoting high-quality development as its core orientation, focusing on the demands for intellectual, financing, project, and technology support to build an investment and financing service system for local governments, continuously iterated and upgraded solutions, and earned market recognition with its comprehensive service capabilities. As of the end of the reporting period, the Company had 78,500 institutional customers, representing an increase of 3.70% as compared with the end of the previous year, with an average daily RMB deposit balance of RMB1,168.904 billion, representing an increase of 10.39% as compared with the previous year.

With regard to financial institution customers, the Company continued to deepen its segmentation and classification-based customer management. It strengthened full-cycle, comprehensive engagement with key customers as well as specialised engagement with industry customers. It also continuously improved its cross-border infrastructure services for financial institutions, supporting Chinese enterprises to "go global", and facilitating cooperation channels connecting with major global financial institutions.

With regard to its cross-border customers, the Company capitalised on market opportunities arising from the continued growth in China's total import and export value, industrial structure upgrading and the globalised operations of Chinese enterprises. Leveraging its integrated domestic and overseas service advantages, the Company actively expanded its cross-border customer base and deepened its segmentation and classification-based customer management. During the reporting period, the Company had 93,700 corporate customers in respect of international balance of payments.

15 The number of strategic customers of the Head Office level refers to the number of strategic customer groups at the Head Office level served by the Company.

16 The number of strategic customers of the branch level refers to the corporate legal entity number of strategic customers of the branch level served by the Company. There was an adjustment to the list of strategic customers of the branch level in 2026, and the same-calibre adjustment was made to the relevant 2025 data.

With regard to basic customers, the Company leveraged digital intelligence as an engine to drive service upgrades, optimised service processes for its basic customer base through online channels, and continuously enhanced the customer service experience. This promoted the upward migration of these customers to higher-value segments, achieving the simultaneous optimisation of customer tier structure and customer value. During the reporting period, the Company effectively reached and served 2,362,900 corporate customers through online and offline channels, representing a year-on-year increase of 16.84%. During the reporting period, the Company had 1,531,900 corporate customers for withholding transactions, representing a year-on-year increase of 14.97%. The transaction amount was RMB1.39 trillion, representing a year-on-year increase of 8.59%.

Corporate customer deposits

During the reporting period, the Company maintained a close watch on market liquidity growth and structural shifts. It capitalised on opportunities to attract funds arising from proactive fiscal policies, active capital markets and export growth. Furthermore, it continuously deepened its high-quality liability management system across dimensions including customer segments, scenarios, products and management. As of the end of the reporting period, corporate customer deposit balance was RMB5,356.039 billion, representing an increase of 3.09% as compared with the end of the previous year. The average daily balance of corporate customer deposits was RMB5,230.449 billion, representing an increase of 6.10% as compared with the previous year. Demand deposits accounted for 50.14% of the average daily balance of corporate customer deposits, representing a decrease of 0.48 percentage point as compared with the previous year. During the reporting period, the average cost rate of corporate customer deposits was 0.99%, representing a decrease of 22 basis points as compared with the previous year.

Corporate loans

As of the end of the reporting period, the Company's balance of corporate loans amounted to RMB3,201.386 billion, representing an increase of 9.27% as compared with the end of the previous year, accounting for 45.21% of the Company's total loans and advances and representing an increase of 2.79 percentage points as compared with the end of the previous year. Among them, the balance of medium- and long-term domestic corporate loans amounted to RMB1,781.142 billion, representing an increase of 7.97% as compared with the end of the previous year, accounting for 57.65% of the balance of domestic corporate loans and representing a decrease of 0.78 percentage point as compared with the end of the previous year. As of the end of the reporting period, the non-performing loan ratio of the corporate loans was 0.73%, representing a decrease of 0.11 percentage point as compared with the end of the previous year.

As of the end of the reporting period, the balance of loans to domestic national-standard large enterprises was RMB1,294.526 billion, representing an increase of 11.19% as compared with the end of the previous year, accounting for 41.90% of the balance of domestic corporate loans, and representing an increase of 0.66 percentage point as compared with the end of the previous year. The balance of loans to domestic national-standard medium-sized enterprises was RMB600.861 billion, representing an increase of 2.67% as compared with the end of the previous year, accounting for 19.45% of the balance of domestic corporate loans and representing a decrease of 1.28 percentage points as compared with the end of the previous year. The balance of domestic national-standard small- and micro-sized enterprise loans was RMB945.795 billion, representing an increase of 12.31% as compared with the end of the previous year, accounting for 30.61% of the balance of domestic corporate loans and representing an increase of 0.78 percentage point as compared with the end of the previous year. The balance of other loans extended by domestic institutions to enterprises[17] was RMB248.377 billion, representing an increase of 7.20% as compared with the end of the previous year, accounting for 8.04% of the balance of domestic corporate loans and representing a decrease of 0.16 percentage point as compared with the end of the previous year.

During the reporting period, the Company closely followed national policy directions and market development trends. Staying true to its commitment to serving the real economy, it drove loan deployment with a focus on technology finance, green finance and inclusive finance. The Company continuously optimised the industry, customer and regional mix of its loans, thereby driving high-quality development of its corporate loans characterised by increased volume, stable pricing and sound asset quality. As of the end of the reporting period, the balance of the corporate loans extended to the manufacturing industry was RMB811.969 billion, representing an increase of 10.68% as compared with the end of the previous year, accounting for 25.36% of the balance of corporate loans, and representing an increase of 0.32 percentage point as compared with the end of the previous year. The balance of corporate green loans was RMB494.435 billion, representing an increase of 11.50% as compared with the end of the previous year, accounting for 15.44% of the balance of corporate loans, and representing an increase of 0.30 percentage point as compared with the end of the previous year. For loans in the field of real estate, please refer to Chapter 3.9.3. For the details of green finance business, please refer to Chapter 4.2.3.

17 Such loans include loans extended by domestic institutions to overseas and offshore customers, domestic non-enterprise customers and self-employed businesses.

Technology finance business

During the reporting period, embracing the significant development opportunities presented by technological innovation under the 15th Five-Year Plan, the Company established an "extensive perspective on technology". Centred on panoramic customer management, ecosystem-based channel synergy, specialised product innovation, and systematic mechanism development, the Company further upgraded its service system for technology finance. Furthermore, it established a "Technology+" task force to ensure the efficient operation of technology finance services bank-wide, drive high-quality development of financial services for technological innovation, and continuously build the brand influence of "CMB: The Go-To for Technology Finance".

In respect of panoramic customer management, the Company continuously improved its multi-faceted capability to identify the tech-innovation attributes of enterprises. Focusing on aspects such as industry, technology, talent and capital, the Company established a panoramic identification model to assess enterprise "technology intensity", and enhanced its support for tech start-ups and hard-tech enterprises.

In respect of ecosystem-based channel synergy, the Company fully leveraged the Group's flywheel effect to enhance the quality and efficiency of its diversified financing services for sci-tech enterprises. It strengthened cooperation with ecosystem partners including government authorities, research institutions, capital markets and industry chains, to improve the quality and efficiency of full-spectrum services for a broader scope of sci-tech enterprises. In addition, the Company worked with partners of various channels to host a series of small-scale, high-calibre technology finance events, building a one-stop, comprehensive service platform for sci-tech enterprises.

In respect of specialised product innovation, the Company upgraded its financing product exclusively designed for sci-tech enterprises, the "Sci-Tech Loan (科創貸)". Based on the core characteristics of enterprises and high-frequency scenarios, the Company established a sub-product matrix comprising the "Sci-Tech Talent Loan (科創人才貸)", the "Sci-Tech Technical Renovation Loan (科創技改貸)" and the "Sci-Tech Industry Loan (科創產業貸)", providing differentiated, scenario-based financing support to start-up and growth-stage sci-tech enterprises.

In respect of the systematic mechanism development, the Company continued to deepen the construction of the "six specialised" work mechanism for technology finance which covers specialised policies, products, processes, institutions, teams, and assessments. It scaled up policy support and resource allocation for technology finance and further refined its organisational structure. By establishing technology finance departments across all 44 domestic branches and enhancing the service footprint of specialised technology finance sub-branches, the Company formed a "1+20+150" institutional matrix[18]. Through these efforts, the Company strived to build a technology finance system commensurate with technological innovation.

As of the end of the reporting period, the Company served 378,300 sci-tech enterprise customers, including more than 200,000 enterprises[19] listed on sci-tech rankings.

Inclusive finance business

During the reporting period, the Company actively promoted high-quality development of inclusive finance, continuously increased resource allocation and optimised service offerings, with a view to enhancing the quality and efficiency of serving the real economy. As of the end of the reporting period, the balance of loans granted by the Company to inclusive small- and micro-sized enterprises amounted to RMB977.359 billion, representing an increase of RMB15.220 billion or 1.58% as compared with the end of the previous year. The number of inclusive small- and micro-sized enterprises with loan balance was 1,197,000. During the reporting period, the Company has newly issued inclusive loans of RMB325.786 billion for inclusive small- and micro-sized enterprises, with an average interest rate of 3.72%.

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18 Refers to the organisational structure comprising 1 technology finance committee, 20 key technology finance branches, and 150 specialised technology finance sub-branches.

19 Includes enterprises featured on technology-focused lists such as National Champion Enterprises in Manufacturing, National Demonstration Enterprises for Technological Innovation, Specialised, Refined, Distinctive and Innovative "Little Giant" Enterprises, and Specialised, Refined, Distinctive and Innovative SMEs.

With regard to its supply chain and scenario-based finance, the Company actively responded to the national call to "better serve SME financing", accelerated innovation in supply chain product models and deepened its presence in segmented scenarios across the industrial chain. It comprehensively optimised the product system functionality and credit processes while continuously improving process efficiency and user experience. Concurrently, the Company persistently built benchmark projects. Both product offerings and customer base grew steadily, with further enhancements in scenario-based data risk control capabilities, data governance capabilities, and industry-specific professional service capabilities. During the reporting period, the business value of the Company's supply chain financing amounted to RMB501.390 billion[20], representing an increase of 3.45% on the same calibre as compared with the corresponding period of the previous year. The Company served 6,958 core enterprises of the supply chain, representing an increase of 6.29% on the same calibre as compared with the corresponding period of the previous year, and served 39,598 upstream and downstream entities, representing an increase of 10.90% on the same calibre as compared with the corresponding period of the previous year.

Retirement finance business

During the reporting period, the Company, with the goal of establishing itself as the best professional retirement financial service organisation in China, continued to deepen its business presence in the three major areas of pension finance, elderly care service finance and elderly care industry finance. In terms of elderly care service finance, the Company focused on the full-scenario elderly care needs of individual customers, continuously enriched the supply of elderly care financial products, iteratively upgraded its elderly-oriented service capabilities, and established and refined an elderly care service finance system covering the entire customer life cycle. In terms of elderly care industry finance, the Company provided tailored corporate loan products and services for various key customer groups within the elderly care sector, driving rapid growth in loans to the elderly care industry. In terms of pension finance, the Company built upon the development of the three-pillar pension system, fully leveraged its advantages of multi-licensed operations, and solidified its comprehensive pension service capabilities.

In terms of the first pillar, the Company participated in the national social security informatisation initiative, actively cooperating with human resources and social security departments to promote the issuance and application of the electronic social security cards nationwide, and enhancing digital services for basic pension insurance. During the reporting period, the Company offered convenient online services for 12,378,000 insured persons, such as social security inquiry and business handling, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for social security. As of the end of the reporting period, the Company has issued a total of 102 million electronic social security cards, representing an increase of 8.36% as compared with the end of the previous year.

In terms of the second pillar, the Company leveraged its advantages of multiple licenses, including entrustment, custody and account management, to provide high-quality services to occupational annuity agents and corporate annuity trustees. Through service systems such as "Trustee with Excellence in Returns, Risk Control, and Services (三好受託人)", "Custody+" and "Operation+", the Company provided customers with differentiated long-term investment services. As of the end of the reporting period, the Company's scale of entrusted annuity exceeded RMB350 billion, and the number of individual customers associated with account management services of corporate annuity was close to 2.50 million.

In terms of the third pillar, the Company continued to promote private pension accounts, providing customers with high-quality private pension services. As of the end of the reporting period, the number of private pension accounts opened exceeded 17 million, and the amount of contributions was among the highest in the market.

At the same time, the Company provided in-depth services to the three-pillar pension system through its custody operations, continuously enhancing specialised operational service standards to support the preservation and growth of pension assets. As of the end of the reporting period, the pension funds under custody amounted to RMB1.70 trillion.

[20] Due to adjustments to the scope of the supply chain financing business during the current period, the same-calibre adjustment was made to the data for the corresponding period of the previous year. Following such adjustment, the supply chain financing business value for the corresponding period of the previous year amounted to RMB484.689 billion, serving 6,546 core enterprises and 35,706 upstream and downstream entities.

Bill business

During the reporting period, the Company remained steadfastly customer-centric and committed to serving the real economy. By leveraging Fintech to provide more intelligent customer services, the Company continuously enhanced its professional capabilities, captured market opportunities and consolidated its advantages in specialized segments. During the reporting period, the number of customers of bill business of the Company was 191,400 with a year-on-year increase of 11.49%, of which micro-, small- and medium-sized customers amounted to 162,800, accounting for 85.06%. The value of direct bill discounting business of the Company was RMB1,726.414 billion during the reporting period, representing a year-on-year increase of 26.61%, ranking second in the market (data from the China Banking Association), of which the value of commercial acceptance bill discounting business was RMB170.961 billion. As of the end of the reporting period, the Company's bill discounting balance was RMB265.375 billion, representing a decrease of 17.62% as compared with the end of the previous year, mainly due to the fact that the Company proactively adjusted and optimised asset allocation driven by the decreased interest rate in the bill market.

Transaction banking business

During the reporting period, the Company continued to cultivate its distinctive "Enterprise Digital Intelligent Finance (企業數智金融)" brand. Centring on the full spectrum of corporate production and operation scenarios, it leveraged "AI + Finance" to reshape its service ecosystem. Through providing an integrated product service system[21] of "Collection, Payment, Treasury Management, Financing, and Connection", the Company deeply integrated itself into the digital transformation processes of enterprises, continuously creating value for its corporate customers and forging differentiated competitive advantages in corporate finance.

Leveraging Fintech, the Company accelerated the digital and intelligent transformation of corporate banking business and enhanced the convenience and efficiency of inclusive digital intelligence services. During the reporting period, leveraging its digital and intelligent capabilities, the Company continued to drive customer-centric, end-to-end process optimisation. The domestic trade finance "Flash Series (閃電系列)" products, represented by "Instant Issuance of Letter of Guarantee (保函閃電開)" service and the Guarantee e-Butler service, were further upgraded to improve the processing efficiency of short-term financing and respond more swiftly to differentiated customer needs. Meanwhile, the Company accelerated the reshaping of intelligent customer services in wholesale banking. The corporate "AI Xiao Zhao (AI 小招)" platform advanced the development of intelligent services and scenarios, continuously enhancing the "self-service + intelligent operations" capabilities across the corporate customer full-life cycle. As of the end of the reporting period, corporate "AI Xiao Zhao (AI 小招)" platform accumulatively served 799,900 corporate customers. The balance of domestic letter of guarantee business amounted to RMB267.805 billion, representing an increase of 5.10% as compared with the end of the previous year.

The Company also actively explored the comprehensive digital services for enterprises under the scenario of "integration of business and finance". As for the procurement scenario, based on the whole procurement process of enterprises, the Company leveraged the "Payment Centre (付款中心)", a key product, to provide one-stop services that are secure, efficient, cost-effective and intelligent. Focusing on the needs of key industry chains, it upgraded payment solutions for industry-chain scenarios. As for the corporate sales scenario, the Company built upon the "Corporate Cashier (企業收銀台)" to further deepen its services across specialised industry sectors. Based on the distinct settlement models of customers in different industries, it developed industry-specific and scenario-based solutions to facilitate the digital upgrade of their sales management. During the reporting period, the Company served 70,800 corporate customers via Corporate Cashier, representing a year-on-year increase of 0.43%; and the transaction amount was RMB1.67 trillion, representing a year-on-year increase of 4.38%.

Based on the demand for upgrading treasury management, the Company took the Treasury Management Cloud as the digital service platform for enterprises to continuously enhance its globalised, intelligent, ecosystem-driven and platform-enabled service capabilities. Concurrently, actively responding to the needs of state-owned enterprises to strengthen the construction of treasury systems, the Company upgraded its service offerings to facilitate the digital and intelligent financial transformation of state-owned enterprises. Furthermore, utilising a diagnostic consulting model, the Company provided professional and comprehensive treasury management solutions to listed companies, pre-IPO companies and cross-border customers. During the reporting period, the Company successfully implemented treasury management projects of numerous leading enterprises, continuously enhancing its market competitiveness in providing treasury management for globally operating businesses, and further reinforcing its brand reputation in industries such as high-end manufacturing, new economy and consumer goods. As of the end of the reporting period, the number of customers of Treasury Management Cloud services reached 913,300, representing an increase of 14.26% as compared with the end of the previous year.

21 The integrated product service system of "Collection, Payment, Treasury Management, Financing and Connection" refers to a series of products and services in the scenarios of enterprise collection, payment, treasury management, financing and ecological connection.

Also, the Company continued to innovate the "H2H Connection" model to expand the connection between its digital platforms such as the Treasury Management Cloud with digital systems of government agencies, Internet platforms and enterprises. For customers under different segmentation and classification using SaaS digital systems, the Company provided flexible and convenient access to its financial services. By introducing AI-powered delivery capabilities, the Company helped customers rapidly achieve digital connectivity across multiple scenarios and systems. As of the end of the reporting period, the number of customers using Cloud-based H2H Connection services reached 327,400, representing an increase of 13.44% as compared with the end of the previous year.

Cross-border finance business

During the reporting period, the Company thoroughly implemented the national policy directives on advancing high-level opening-up, building on its internationalisation strategy. It continuously consolidated its cross-border customer base, upgraded the experience of its digital and intelligent cross-border products, and improved the quality and efficiency of cross-border financial services in serving the real economy, thereby supporting high-quality development of cross-border trade, investment and financing. During the reporting period, the Company recorded USD263.259 billion of international balance of payments for corporate customers.

To enhance the digitalisation of its cross-border business, the Company took three key initiatives. First, it created a digital cross-border settlement journey covering domestic and foreign currencies, onshore and offshore transactions, multiple accounts and various settlement methods, thereby enabling the fully online processing of international settlement. Second, it launched digital foreign exchange trading products and refined the "CMB Hedging (招銀避險)" service system; through an online trading platform, it achieved 5×24 round-the-clock response and integrated services across its domestic and overseas branches. Third, it continued to innovate its "Flash (閃電)" series of international trade finance, offering online trade finance products to import and export enterprises. **To serve enterprises' global operations**, the Company leveraged its integrated domestic and overseas service capabilities to achieve "single-point access, global services" via its non-resident and overseas institution online banking platforms, providing enterprises with one-stop comprehensive solutions for their global operations. **To enhance its cross-border RMB services**, the Company aimed to facilitate cross-border RMB trade and investment for market participants. It comprehensively optimised services such as online cross-border RMB settlement and financing, and actively conducted policy promotion initiatives in diverse formats. **To advance the reform of bank foreign exchange operations**, the Company expanded the scope of reform in an orderly manner and reshaped its foreign exchange business processes through digital and intelligent technologies. By deepening customer insight, the Company precisely matched cross-border services to customers and elevated the facilitation level of cross-border trade, investment and financing, while achieving early detection and identification of risks.

Investment banking business

During the reporting period, the Company focused on serving the real economy. It accelerated product innovation, upgraded business models, and advanced ecosystem development to better meet the multi-tiered and differentiated financial needs of its customers, thereby continuously enhancing value creation.

With respect to its bond underwriting business, the Company continued to improve its full-cycle underwriting services for issuers and investors, leveraging the bond market to support the development of China's modern industrial system. During the reporting period, the debt financing instruments with the Company as the lead underwriter amounted to RMB284.160 billion. Among them, the Company ranked first in the market in terms of the underwriting size of perpetual bonds, ranked second in the market in terms of the underwriting size of green bonds, and ranked third in the market in terms of the underwriting size of merger and acquisition notes (based on the data from WIND and the National Association of Financial Market Institutional Investors). Leveraging diversified debt financing products, the Company precisely served key areas of technology finance, green finance, inclusive finance, retirement finance and digital finance.

With respect to its M&A financing business, the Company capitalised on key opportunities driven by rising demand from listed companies for mergers, acquisitions, restructurings and control transfers, as well as central and state-owned enterprises' strategic expansion into emerging industries and efforts to elevate asset securitisation ratios. Leveraging a diversified product portfolio, the Company made a major push in the capital markets. In parallel, buoyed by the robust development of the multi-tiered REITs market, the Company zeroed in on high-quality asset classes, expanded its partnership network, and delivered comprehensive financial services to customers across the full-life cycle. During the reporting period, the Company's M&A financing business value amounted to RMB165.921 billion, representing a year-on-year increase of 19.84%. Among them, the amount of RMB M&A loans granted increased by 29.34% year-on-year. This increase was primarily driven by the successful execution of several major projects with market influence.

With respect to its corporate wealth management business, the Company actively developed institutional partners, continuously improved its product system, and constantly optimised the customer service experience. During the reporting period, the Company's average daily balance of corporate wealth management products was RMB632.611 billion, representing an increase of 20.51% as compared with the previous year, which was mainly attributable to the gradual improvement of the Company's corporate wealth management service system and continuous enhancement of its market competitiveness.

With respect to its market transactions (matching services) business, the Company remained committed to serving the real economy, focused on the multi-tiered and diversified financial needs of corporate clients, and continuously strengthened the development of its ecosystem-based service capabilities. During the reporting period, the Company effectively promoted business expansion, with the value of market transaction (matching services) amounting to RMB266.800 billion, representing a year-on-year increase of 16.85%.

CMB International Capital, a subsidiary of the Company, made active business coordination with the Bank, strengthening the coordination mechanism of investment banking and commercial banking. During the reporting period, according to the statistics of Bloomberg and Wind, CMB International Capital completed a total of 3 Hong Kong IPO sponsorship projects and 24 Hong Kong IPO underwriting projects, ranking fifth in the overall market in terms of number of underwriting projects, maintaining its leading position in terms of Hong Kong IPO underwriting business.

Financial institution business

During the reporting period, the Company actively implemented a series of self-regulatory policies on financial institution liability business, strengthened cost management, promoted asset origination, and improved business efficiency.

With respect to financial institution liability business, the Company strengthened its business management to expand its low-cost deposit base, optimised its segmentation and classification-based pricing management system, and effectively controlled the cost of financial institution deposits. During the reporting period, the daily average balance of financial institution deposits of the Company amounted to RMB1,092.891 billion, among which financial institution demand deposits accounted for 94.54%.

With respect to its depository service, during the reporting period, the Company partnered with 107 securities companies in third-party depository services. The Company had 22,196,200 customers at the end of the reporting period, representing an increase of 8.14% as compared with the end of the previous year. Also, the Company cooperated with 146 futures companies on bank-futures fund transfer, securing 644,200 customers at the end of the reporting period, representing an increase of 9.69% as compared with the end of the previous year.

With respect to interbank assets, the Company strengthened asset origination and improved lending efficiency through product innovation and process optimisation. As of the end of the reporting period, the balance of interbank borrowings of the Company amounted to RMB401.186 billion.

Asset management business

As of the end of the reporting period, the total asset management business of CMB Wealth Management, China Merchants Fund, CIGNA & CMAM, and CMB International Capital, all being subsidiaries of the Company, amounted to RMB4.98 trillion[22], representing an increase of 5.29% as compared with the beginning of the year. Among them, the balance of wealth management products of CMB Wealth Management amounted to RMB2.74 trillion, representing an increase of 3.79% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.69 trillion, representing an increase of 4.97% as compared with the beginning of the year; the scale of asset management business of CIGNA & CMAM amounted to RMB371.638 billion, representing an increase of 16.71% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB178.165 billion, representing an increase of 8.48% as compared with the end of the previous year.

[22] The scale data of asset management business of China Merchants Fund and CMB International Capital includes their respective subsidiaries. In particular, the regulatory-calibre adjustment was made to the data of China Merchants Fund at the end of period, and the same-calibre adjustment was made to the data at the beginning of the period accordingly.

CMB Wealth Management adhered to the investment and management philosophy of keeping moving forward while maintaining stability, continuously deepening its capabilities building. **In terms of product scale**, CMB Wealth Management focused on market demand and maintained a sound growth momentum. As of the end of the reporting period, the balance of wealth management products managed by CMB Wealth Management amounted to RMB2.74 trillion, of which non-cash wealth management products amounted to RMB1.89 trillion, representing an increase of 14.08% as compared with the end of the previous year. **In terms of product layout**, CMB Wealth Management continued to build a full-category wealth management product line focusing on absolute return targets, supplemented by relative return targets. It continuously refined its fixed-income product brand matrix represented by "Cash Family (現金家族)", "Short-term Bonds Suite (短債三寶)", "Wen An Bao (穩安寶)" and "Gu Ying Jia (固盈家)", while enriching its "Quan + Fu (全+福)" line of multi-asset, multi-strategy option-embedded products[23], thereby providing investors with extensive and diversified investment options to enhance their investment experience. **In terms of investment and research capabilities building**, CMB Wealth Management adopted prudence as its anchor to build a matching investment and research system. It deepened the synergy between investment and research to promote integrated, specialised and platform-based development. CMB Wealth Management also accelerated the rollout of low-volatility, prudent strategies and continuously enhanced its multi-asset allocation capabilities, leading to steady growth in the scale and market share of its option-embedded products. **In terms of risk management**, CMB Wealth Management upheld a prudent and robust philosophy. During the reporting period, it further strengthened credit risk management, endeavoured to enhance the forward-looking nature and effectiveness of market risk management, reinforced liquidity risk monitoring and prioritised the effectiveness of internal controls. **In terms of technology empowerment**, CMB Wealth Management promoted the application of AI in core business scenarios such as investment research and risk control. Its intelligent trading robots have achieved end-to-end automated trading for interest rate bonds, substantially improving investment efficiency.

China Merchants Fund thoroughly implemented the requirements for high-quality development for mutual funds. By leveraging a dual-drive approach combining "active management business" and "passive index business", it sustained an overall positive development momentum characterised by improved quality, efficiency and steady growth. As of the end of the reporting period, the scale of asset management business of China Merchants Fund amounted to RMB1.69 trillion, of which the scale of mutual funds under management amounted to RMB996.317 billion, representing an increase of 3.62% as compared with the end of the previous year; and the scale of non-money-market mutual funds under management amounted to RMB623.145 billion, representing an increase of 5.78% as compared with the end of the previous year. **In terms of investment and research capabilities building**, China Merchants Fund continued to build its strengths in equities, fixed income, multi-asset, pension and quantitative investments. Enhanced integration between investment and research drove a significant improvement in annuity portfolio performance during the reporting period. **In terms of asset origination**, China Merchants Fund focused on market opportunities across various product categories and continued to enrich its diversified product offerings. **In terms of risk management**, China Merchants Fund continued to promote comprehensive risk management, reinforced risk management and control in key areas, and improved the level of internal control and compliance management, keeping business risks under great control. No major compliance risk incidents occurred during the reporting period. **In terms of technological support**, China Merchants Fund focused on building five major AI agents for active equity, fixed income/fixed income+, pensions, and ETFs, with several use cases already delivering substantial business value. **In terms of business innovation**, China Merchants Fund drove orderly growth across multiple fronts: scaling up multi-asset operations, accelerating ETF growth, fully expanding investment advisory services, actively exploring the first batch of pilot programs for actively managed ETFs and upgrading separately managed accounts. **In terms of talent development**, by pairing market-driven incentives with corporate culture development, China Merchants Fund sustained its endogenous momentum for high-quality growth.

[23] Option-embedded wealth management products refer to wealth management products whose underlying asset portfolio includes equity assets. Such products primarily encompass enhanced fixed-income, hybrid, equity-based, and commodity-derivative products with a risk rating of R3 or higher.

CIGNA & CMAM, as a long-term capital manager and high-quality asset originator, is positioned as an asset management institution characterised by "prudent operations, professional focus, distinctive strengths and industry leadership", leveraging its differentiated advantages to support the Group's integrated operations. **In terms of the insurance fund fiduciary business**, by strengthening its asset allocation leadership and enhancing its investment and research capabilities, CIGNA & CMAM strived to achieve its investment return targets. As of the end of the reporting period, the total entrusted management of insurance funds was RMB279.452 billion, representing an increase of 19.78% as compared with the end of the previous year. **In terms of product creation**, CIGNA & CMAM steadily advanced the transformation of its alternative product business, continuously optimised its business structure, enhanced its customer service capabilities and strengthened product risk and compliance management. It focused on expanding the customer base for portfolio-based asset management products, accelerated the refinement of its product system, and continued to integrate channel resources. As a result, assets under management for portfolio-based products reached RMB56.701 billion, representing an increase of 30.73% as compared with the end of the previous year. **In terms of risk and compliance management**, CIGNA & CMAM continued to refine its risk management practices and bolstered the comprehensiveness and effectiveness of its compliance management. **In terms of operational management**, CIGNA & CMAM advanced the development of key systems, rolled out intelligent applications and tools, and sustained its push for lean operations.

CMB International Capital kept leveraging its differentiated advantages and serving national strategies, with its overall operating efficiency steadily improving. **In terms of business layout**, the investment performance and industry influence of its equity investment funds business continued to strengthen, with five portfolio companies successfully completing IPOs during the reporting period. CMB International Capital continued to deepen its footprint in the mutual fund sector by launching one new equity mutual fund in Hong Kong during the reporting period. This resulted in an increase of RMB10.621 billion in mutual funds under management and brought the total mutual funds under management to RMB47.245 billion. **In terms of the investment and research capabilities building**, CMB International Capital adhered to a prudent investment philosophy and continuously consolidated its core equity investment capabilities. As of the end of the reporting period, the performance of the USD money-market mutual funds, HKD money-market mutual funds and investment-grade bond mutual funds issued by CMB International Capital remained industry-leading in Hong Kong. **In terms of risk management**, CMB International Capital maintained a prudent and robust operating approach, closely monitoring changes in macroeconomic market and industry conditions. It strictly observed the risk bottom line, safeguarding high-quality and steady development of all business lines.

Assets custody business

The Company actively served national strategies and the real economy, strengthened the fulfilment of its fundamental custodian duties, and remained committed to high-quality development of its custody business. As of the end of the reporting period, the balance of assets under custody of the Company was RMB23.58 trillion[24], representing an increase of 8.17% as compared with the beginning of the year, maintaining its leading market position.

The Company remained true to the fundamentals of its custody business. Leveraging its differentiated "Custody+" services, it deepened its custody offerings for innovative products, such as REITs and technological innovation bonds. It comprehensively supported the development of the three-pillar pension system and continuously contributed its custody expertise to the real economy. The Company accelerated the development of intelligent custody, centring on its intelligent agent service platform to progressively upgrade both fundamental custodian duties and customer service processes. Concurrently, it stepped up its global network expansion, leveraging technology to connect the global custody ecosystem and streamline service chains, thereby enhancing the professional service capabilities of its global custody Hong Kong centre and Singapore centre. Through these efforts, the brand influence of the Company's custody business continued to rise, with the Company successfully retaining the "Best Custodian Bank in China" and "Best Joint Stock Custodian Bank in China" awards by The Asian Banker.

Financial markets business

During the reporting period, the Company continued to strengthen its proprietary investment and research capabilities, accelerated its overseas business expansion, and enhanced its customer service capabilities and market influence on a global scale, thereby driving high-quality and resilient development of its financial markets business.

24 Calculated in accordance with the Measures for the Supervision and Administration of Custody Business of Commercial Banks (Trial) 《商業銀行託管業務監督管理辦法(試行)》, with the same-calibre adjustment made to the data at the beginning of the period accordingly. The adjusted balance of assets under custody at the beginning of the period was RMB21.80 trillion.

In terms of investment transactions, adhering to a prudent operating philosophy, the Company diversified its trading strategies and actively seized market opportunities. By fully leveraging derivatives for risk hedging, it enhanced returns while effectively mitigating the impact of volatility. The Company also steadily solidified its all-product quoting and liquidity provision capabilities, further boosting its market-making activity. During the reporting period, the transaction value of RMB bonds amounted to RMB4.93 trillion[25], representing a year-on-year increase of 7.64%; and the transaction value of RMB interest rate derivatives amounted to RMB3.25 trillion[26], representing a year-on-year increase of 83.48%.

In terms of client flow trading business, the Company intensified its client services and thoroughly identified core client needs. It deepened its "product + customer base" scenario-based business model and reinforced the promotion of the concept of exchange rate risk neutrality, equipping enterprises with risk management solutions for exchange rates, interest rates and other financial market risks. The Company also actively reduced fees and offered concessions on hedging services for micro-, small- and medium-sized enterprises, thereby assisting enterprises in reducing costs and enhancing operational efficiency. During the reporting period, the number of wholesale customers of the Company involved in client flow trading of financial market was 78,821, representing a year-on-year increase of 18.38%, and the transaction value of client flow trading of wholesale customers of financial market amounted to USD212.716 billion, representing a year-on-year increase of 33.64%.

Furthermore, the Company continued to expand the application of artificial intelligence within its financial markets business. First, it leveraged AI large models to empower market research, investment analysis and trading strategy development, driving the digital and intelligent transformation of its investment transactions. Second, it utilised AI technologies to explore a new, data-driven and AI-enabled customer service model, thereby enhancing the quality and efficiency of its customer services.

The Company steadily advanced the internationalisation of its trading business and established an integrated global client service system. First, it actively participated in "Bond Connect" and "Swap Connect" trading, and received the "Northbound Top Market Maker" award from Bond Connect Company Limited for seven consecutive years, contributing to the high-level opening-up of China's capital markets. Second, it actively served clients expanding overseas, built a differentiated product matrix, and effectively met enterprises' needs in respect of cross-border operations and risk management.

3.10.3 Distribution channels

The Company provides products and services via multiple distribution channels, which mainly consist of offline distribution channels and online banking channels.

Offline channels

The Company's business is mainly in the market of China, and its distribution network is mainly located in major cities in the Chinese mainland and some international financial centres such as China's Hong Kong, New York, London, Singapore, Luxembourg and Sydney. As of the end of the reporting period, the Company has 143 branches and 1,807 sub-branches in the Chinese mainland, two branch-level specialised institutions (a Credit Card Centre and a Global Markets Centre), 2,147 self-service banks, 5,028 cash self-service devices and 4,497 visual counters. The Company has a Hong Kong branch in China's Hong Kong, a Taipei representative office in China's Taiwan, a London branch in the United Kingdom, a New York branch in the United States, a Singapore branch in Singapore, a Luxembourg branch in Luxembourg, and a Sydney branch in Australia. The Company also has a Melbourne branch, a city-level branch under Sydney branch.

[25] Refers to transaction value of RMB bonds of the Company's Global Markets Centre.

[26] Refers to transaction value of RMB interest rate derivatives of the Company's Global Markets Centre.

Online channels

Major online channels for retail

CMB APP and CMB Life APP for Credit Card

During the reporting period, the Company continuously upgraded CMB APP in response to national economic development needs, the advancements of artificial intelligence technology and changes in customer demands. Firstly, the Company enhanced its comprehensive wealth management services and further strengthened its asset allocation and retirement financial service capabilities, translating its professional asset allocation framework into integrated customer services to meet customers' differentiated and customised wealth planning and investment needs. Secondly, the Company continued to deepen its master account services, improve the user experience in core scenarios, meet users' personalised allocation needs upon receipt of funds, and provide professional asset allocation recommendations. Thirdly, the Company further improved its retail credit services, expanded the range of online loan products, strengthened the operation of credit card-related scenarios and precisely matched users' diversified funding needs for consumption and daily cash flow. Fourthly, the Company continued to optimise its payment and settlement service system and enhance transaction security and protection capabilities, making customers' daily fund transfers more convenient and secure.

During the reporting period, the Company continued to enhance the customer service and customer engagement capabilities of the CMB Life APP. By tapping further into high-frequency consumption scenarios, the Company improved the online service ecosystem, upgraded platform interaction capabilities, and optimised the user experience. The Company launched the English version of the CMB Life APP, optimised the user journey for expatriate customers and enhanced the APP's international service capabilities. It also expanded its livelihood and government service scenarios and improved its online healthcare convenience service system, leveraging technology to support public welfare protection and strengthen its comprehensive customer service capabilities.

During the reporting period, the number of monthly active users (MAU) of the CMB APP and the CMB Life APP totalled 124 million.

Remote Operation Service

Leveraging multimedia service channels including telephone, internet and video, the Company has continuously deepened its remote service system featuring integration, intelligence and personalisation, thereby comprehensively enhancing customer service efficiency and experience. Firstly, it enhanced intelligent application capabilities to automatically match more suitable service modes for different scenarios, and further expanded the coverage of common business scenarios and the query-handling capabilities of intelligent services, thereby improving the service experience. Secondly, it promoted synergy between online and offline services and established a one-stop "remote + outlet" service loop through the real-time sharing and transfer of information, so as to respond to customer needs more efficiently. During the reporting period, the remote online omni-channel manual service connection rate was 99.23%; the remote online omni-channel manual service 20-second response rate was 96.01%; and the remote online omni-channel customer satisfaction rate was 99.95%.

Intelligent Service System

In terms of debit card intelligent service system, during the reporting period, the Company continued to deepen the intelligent service capabilities of "Xiao Zhao (小招)" and actively explored innovative AI service approaches, promoting "Xiao Zhao (小招)" from being capable of handling transactions to handling them well, thereby improving service accuracy and enhancing its ability for addressing complex business requirements.

In terms of credit card intelligent service system, during the reporting period, the Company accelerated the digital and intelligent transformation of customer service for credit card business, and optimised the interaction experience. It expanded the deployment of intelligent service channels, strengthened service synergy between the CMB APP and the CMB Life APP, broadened customer reach and coverage, and improved the customer service experience. It also strengthened capability building in areas such as intelligent agent collaboration, developed intelligent agent applications covering the entire credit card service process, enabled efficient responses to customer needs, and improved the effectiveness of intelligent service applications.

Major wholesale online channels

The Company focuses on the digital transformation needs of corporate treasury management and continues to optimise the two major service channels of CMB Corporate U-Bank and CMB Corporate APP. During the reporting period, the Company accelerated the digital and intelligent upgrade of its online corporate finance customer service platform, with a focus on supporting fully online "self-service + intelligent operations" services for corporate customers. It continued to develop the "CMB User-Friendly Corporate Banking (招行企銀好用)" product matrix, optimise customer experience and enhance the platform's capability to provide differentiated treasury management services to segmentation-based customer groups. As of the end of the reporting period, the Company had 3,767,700 wholesale customers on the online channels, representing an increase of 6.80% as compared with the end of the previous year. The coverage rate of wholesale customers on the online channels was 97.60%, representing an increase of 0.21 percentage point as compared with the end of the previous year. During the reporting period, the Company had 2,386,700 monthly active customers of wholesale online channels, representing a year-on-year increase of 12.03%; the total number of wholesale transactions handled by the Company through online channels reached 271 million, representing a year-on-year increase of 5.04%; and the total value of wholesale transactions through online channels amounted to RMB135.43 trillion, representing a year-on-year increase of 19.34%.

3.10.4 Overseas branches

Hong Kong Branch

Established in 2002, the Hong Kong Branch of the Company is the first branch duly established overseas by the Company, which can engage in comprehensive commercial banking businesses, including corporate and retail banking businesses. With regard to corporate banking business, the Hong Kong Branch provides diversified corporate banking products and services, such as deposit-taking, settlement, trade financing, bilateral loans, syndicated loans, cross-border M&A comprehensive solutions and asset custody, and engages in transaction of funds, bond trading and foreign exchange trading with financial institutions, and conducts funds clearing and asset transfer with financial institution customers. With regard to retail banking business, the Hong Kong Branch can provide personal banking services and private wealth management services for customers. Featured products include "Hong Kong All-in-one Card" and "Hong Kong Bank-Securities Express".

During the reporting period, the Hong Kong Branch further developed its core business segments, advanced its digital and intelligent transformation, and optimised its interest-earning asset structure, thereby achieving growth in scale and improved efficiency. In the wealth management business, it established a diversified product portfolio while strengthening its asset allocation capabilities and customer service effectiveness, so as to better meet customer needs. During the reporting period, the Hong Kong Branch achieved the net operating income of HKD1.695 billion.

New York Branch

Established in 2008, the New York Branch of the Company is the first branch of Chinese banks approved in the U.S. since the implementation of U.S. Foreign Bank Supervision Enhancement Act in 1991. The New York Branch is located in the global financial centre and is committed to establishing a cross-border finance platform characterised by coordination between China and the U.S., so as to offer diversified and all-round banking services for the companies in China and the U.S. Such services and products mainly include: deposit-taking, settlement, foreign exchange transactions, international settlement documents, trade financing, bilateral loans, syndicated loans, working capital financing, M&A financing, privatisation financing, fund financing, etc. At the same time, the New York Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the New York Branch actively pursued its high-quality sustainable development strategy and continued to strengthen its efforts in key areas such as customer base expansion, liability management, as well as risk and compliance management. It also advanced its digital and intelligent transformation, thereby continuously enhancing its comprehensive financial service capabilities. During the reporting period, the New York Branch achieved the net operating income of USD48.6328 million.

Singapore Branch

Established in 2013, the Singapore Branch of the Company is positioned as a significant cross-border finance platform in Southeast Asia. Based in Singapore and expanding to Southeast Asia, the Singapore Branch takes cross-border finance and wealth management as its core businesses. In terms of cross-border finance business, leveraging its geographical advantages and cross-border service experience, the Singapore Branch strives to provide comprehensive one-stop service solutions to the Chinese companies "going global" and the foreign companies located in Singapore and other Southeast Asian countries. The main services of the Singapore Branch include: corporate deposits and account services, settlement, foreign exchange transactions, trade financing, cash management, syndicated loans, asset custody and other related services, providing ongoing support for customers' stable cross-border operations and capital management. In terms of wealth management business, the Private Banking (Singapore) Centre provides high-net-worth customers with comprehensive one-stop services encompassing global asset allocation, domestic and overseas investment and financing, wealth protection and succession planning and non-financial services, etc.

During the reporting period, the Singapore Branch capitalised on development opportunities in the regional market, advanced its digital and intelligent transformation, and deepened its service presence among core customer groups, including high-quality Chinese enterprises "going global". It developed integrated service solutions covering customers' entire lifecycle, thereby achieving continued growth in asset scale and steady improvement in operating efficiency. During the reporting period, the Singapore Branch achieved the net operating income of USD22.5494 million.

Luxembourg Branch

The Luxembourg Branch of the Company, established in 2015, is positioned as an important cross-border finance platform in continental Europe, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and the European companies investing in China. Its main services and products include: deposit-taking, loans, project financing, trade financing, M&A financing, M&A consulting and bond underwriting, etc. The branch is also committed to building a business platform for the Company in Europe by combining the advantages of the Bank and European characteristics. In addition, the branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services to high-net-worth private banking customers.

During the reporting period, the Luxembourg Branch deepened customer engagement, focused on key businesses such as asset origination, client flow trading and interbank business, and advanced its digital and intelligent transformation. It also continued to strengthen its risk management foundation, resulting in significant improvements in both customer service quality and efficiency, as well as comprehensive operating capabilities. During the reporting period, the Luxembourg Branch achieved the net operating income of EUR14.3686 million.

London Branch

Established in 2016, the London Branch of the Company was the first branch approved to be established in the United Kingdom among all Chinese joint-stock commercial banks, providing comprehensive cross-border one-stop financial solutions to Chinese companies "going global" and leading UK companies investing in China. The main services and products of the London Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, bilateral loans, syndicated loans and M&A financing, etc. At the same time, the London Branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the London Branch steadfastly implemented the development philosophy of "emphasising both scale and quality, putting quality and efficiency first", focusing on high-quality asset origination and the development of valuable customer base. It continued to strengthen operational resilience, consolidate its development foundation, cultivate distinctive business lines and advance its digital and intelligent transformation. All businesses developed steadily, with further improvements in operating quality and efficiency. During the reporting period, the London Branch achieved the net operating income of USD25.4531 million.

Sydney Branch

The Sydney Branch of the Company was established in 2017 and was the first branch approved to be established in Australia among all Chinese joint-stock commercial banks. The Melbourne Branch under the Sydney Branch, the Company's first overseas city-level branch, was established in 2025. The Sydney Branch established a foothold in businesses derived from China-Australia economic, trade and investment exchanges. The Sydney Branch focuses on the needs of the strategic customers "going global" and top-tiered customers of Australia and New Zealand, creating value for customers through providing two-way cross-border financial services. The main services and products of the Sydney Branch include: deposit-taking, settlement, foreign exchange transactions, trade financing, M&A financing and commitment, project financing, syndicated loans and fund financing, etc. At the same time, the branch actively builds a global service network for private banking customers and provides high-quality non-financial value-added services for high-net-worth private banking customers.

During the reporting period, the Sydney Branch leveraged the dual-core service advantages of "Sydney + Melbourne" across the north and south, deepened its presence in key areas of economic and trade cooperation between China and Australia, and continued to expand and strengthen its cross-border business. It also focused on industries characteristic of the Australian and New Zealand markets to strengthen customer base development. Meanwhile, it advanced its digital and intelligent transformation and comprehensively enhanced its service capabilities. During the reporting period, the Sydney Branch achieved the net operating income of AUD34.8274 million.

3.10.5 Major subsidiaries

The Company exercises the rights of shareholders in compliance with the law, keeps on strengthening the comprehensive management over the corporate governance, capital management, risk management, financial management and other aspects of its subsidiaries, and capitalises on the synergy of comprehensive operation to enhance the Group's capabilities of providing comprehensive financial services to customers while achieving their own high-quality growth.

CMB Wing Lung Bank

Founded in 1933, CMB Wing Lung Bank has a registered capital of HKD1.161 billion, and it is a wholly-owned subsidiary of the Company in Hong Kong. CMB Wing Lung Bank provides customers with diversified banking products and services, including retail and private banking, corporate banking and other banking businesses. CMB Wing Lung Bank also provides trust, asset management and insurance brokerage services through its subsidiaries.

As of the end of the reporting period, the total assets of CMB Wing Lung Group amounted to HKD587.802 billion. Total equity attributable to shareholders amounted to HKD57.338 billion. During the reporting period, the net profit was HKD4.734 billion, representing a year-on-year increase of 55.88%.

CMB International Capital

Established in 1993, CMB International Capital is a wholly-owned subsidiary of the Company in Hong Kong with a registered capital of HKD4.129 billion. The business scope of CMB International Capital and its subsidiaries mainly covers corporate financing, asset management, wealth management, global markets business and structured financing.

As of the end of the reporting period, the total assets of CMB International Capital amounted to HKD125.499 billion, and its net assets amounted to HKD27.067 billion. During the reporting period, it realised a net profit of HKD3.073 billion, representing a year-on-year increase of 124.14%.

CMB Financial Leasing

CMB Financial Leasing was established in 2008 with a registered capital of RMB18 billion. It is a wholly-owned subsidiary of the Company. CMB Financial Leasing has established three major business segments, namely aviation, shipping and equipment, aiming to build a financial leasing service system based on the "six new" industries of new energy, new infrastructure, new technology, new mobility, new intelligent manufacturing and new materials, so as to meet the needs of lessees to purchase equipment, promote sales, revitalise assets, balance tax burden and improve financial structure.

As of the end of the reporting period, the total assets of CMB Financial Leasing were RMB366.226 billion and the net assets were RMB42.268 billion. During the reporting period, the net profit was RMB1.634 billion, representing a year-on-year decrease of 42.44%.

CMB Wealth Management

CMB Wealth Management was established in 2019 with a registered capital of approximately RMB5.556 billion. As of the end of the reporting period, the Company and JPMorgan Asset Management (Asia Pacific) Limited held 90% and 10% of CMB Wealth Management's shares respectively. The business scope of CMB Wealth Management includes the issuance of wealth management products, the provision of wealth management consultancy and advisory services, and other businesses approved by regulatory authorities.

As of the end of the reporting period, CMB Wealth Management had total assets of RMB28.386 billion and net assets of RMB27.245 billion. During the reporting period, the net profit was RMB1.513 billion, representing a year-on-year increase of 10.92%.

CMB Europe S.A.

CMB Europe S.A. was established in 2021 with a registered capital of EUR100 million. It is a wholly-owned subsidiary of the Company in Europe and the regional headquarters of the Company in the European Union and European Economic Area. CMB Europe S.A. provides its customers with diversified financial products and services such as cross-border financing, M&A finance, private banking, investment management, global markets, bond underwriting, trade financing, and operates and allocates the global assets of enterprises and individuals.

As of the end of the reporting period, CMB Europe S.A. had total assets of EUR734 million and net assets of EUR90 million. It achieved a net profit of EUR1,650,900 during the reporting period, representing a year-on-year increase of EUR2,675,900.

CMB Investment

CMB Investment, a wholly-owned subsidiary of the Company, was established in 2025, with a registered capital of RMB15 billion. It is mainly engaged in market-based debt-to-equity swaps and other businesses approved by regulatory authorities.

As of the end of the reporting period, CMB Investment had total assets of RMB15.119 billion and net assets of RMB15.068 billion. It achieved a net profit of RMB55 million during the reporting period.

China Merchants Fund

Established in 2002, China Merchants Fund had a registered capital of RMB1.31 billion. As of the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of China Merchants Fund's shares, respectively. The business scope of China Merchants Fund covers fund establishment, fund management and other businesses approved by the CSRC.

As of the end of the reporting period, the total assets of China Merchants Fund amounted to RMB15.767 billion, and its net assets amounted to RMB11.428 billion. It realised a net profit of RMB802 million during the reporting period, representing a year-on-year increase of 1.65%.

CIGNA & CMAM

CIGNA & CMAM was established in 2020 with a registered capital of RMB500 million, and it is an indirectly owned subsidiary of the Company, which is owned as to 87.3458% and 12.6542% by CIGNA & CMB Life Insurance, a joint venture of the Company, and CMB International Capital, a subsidiary of the Company, respectively. The business scope of CIGNA & CMAM includes entrusted management of client's funds, issuance of insurance asset management products and consultation business related to asset management.

As of the end of the reporting period, CIGNA & CMAM had total assets of RMB1.268 billion, with net assets of RMB1.032 billion, and achieved a net profit of RMB62 million during the reporting period, representing a year-on-year decrease of 12.68%.

3.10.6 Major joint ventures[27]

CIGNA & CMB Life Insurance

CIGNA & CMB Life Insurance, a joint venture of the Company, was established in 2003 with a registered capital of RMB2.8 billion. As of the end of the reporting period, the Company held 50% shares in CIGNA & CMB Life Insurance and Cigna Health and Life Insurance Company held the other 50% shares. CIGNA & CMB Life Insurance is mainly engaged in insurance businesses such as life insurance, health insurance, accident injury insurance and the reinsurance of the above insurances.

As of the end of the reporting period, the total assets of CIGNA & CMB Life Insurance amounted to RMB287.695 billion, and its net assets amounted to RMB18.414 billion. During the reporting period, CIGNA & CMB Life Insurance realised a net profit of RMB1.641 billion.

Merchants Union Consumer Finance

Merchants Union Consumer Finance, a joint venture of the Company, was established in 2015 with a registered capital of RMB10.0 billion. As of the end of the reporting period, the Company held 50% shares in Merchants Union Consumer Finance and China United Network Communications Limited held the other 50% shares. Merchants Union Consumer Finance is mainly engaged in the granting of personal consumer loans.

As of the end of the reporting period, the total assets of Merchants Union Consumer Finance amounted to RMB147.356 billion and the net assets were RMB25.898 billion. It realised a net profit of RMB1.381 billion during the reporting period.

3.11 Risk Management

The Company closely focused on the strategy of building a value creation bank, consistently adhered to a solid and prudent risk culture and risk appetite, continued to consolidate a fortress-style risk and compliance management system, and firmly upheld the bottom line of preventing systemic risks. The Risk and Compliance Management Committee of the Head Office is responsible for reviewing and determining significant bank-wide risk management policies, strategies, reports and other significant issues under the framework of risk appetite, strategies, policies and authorisations approved by the Board of Directors.

During the reporting period, the Company continuously improved its effective organisational system of risk and compliance management, effectively optimised its robust and prudent risk and compliance evaluation system, continuously refined its institutional and process framework for overall risk management featuring independent checks and balances, and accelerated the expansion of its intelligent and efficient risk and compliance management information system. The Company has maintained the overall stability of various risk indicators such as credit risk, market risk, and operational risk through continuously deepening its comprehensive risk management.

[27] The major joint ventures of the Company include CIGNA & CMB Life Insurance and Merchants Union Consumer Finance, and their financial data has been adjusted in accordance with the accounting policies of the Group, where necessary.

3.11.1 Credit risk management

Credit risk refers to the risk arising from a bank's borrowers or counterparties failing to perform their obligations as agreed. The Company consistently adhered to the concept of balanced returns and risks and the prudent business strategy in which risks can be ultimately covered by capital, insisted on a coordinated development of quality, profitability and scale, put emphasis on the alignment of business scale, profitability and risk-taking, and continuously improved the full-lifecycle credit risk management process. The Company also upgraded risk management strategy tools, allocated appropriate risk management resources, and constantly enhanced the forward-looking capability of risk management, so as to prevent and reduce credit risk loss.

During the reporting period, the Company actively responded to the changes in the risk situation, adhered to the principle of quality-first operation, improved management quality and efficiency, and maintained a firm risk bottom line. With regard to corporate loans, the Company mainly took the following measures to enhance credit risk management. Firstly, the Company refined policies and optimised authorisation to facilitate the expansion of coverage and volume of the asset origination. Focusing on the national 15th Five-Year Plan and the Company's asset business practices, the Company improved credit and investment policies, optimised approval and authorisation for credit risk, consolidated the customer base, and optimised asset allocation. Secondly, the Company focused on key priorities and took proactive measures to strengthen risk prevention and mitigation. Focusing on the new model of real estate development and the mitigation of local debts, the Company strictly implemented the latest national and regulatory policies, steadily mitigated existing risks, and strictly controlled incremental risks. The Company conducted risk screening for corporate customers granted with large credit facility and various special screenings, enhanced differentiated risk management and control according to the "one client, one strategy" approach, and facilitated the reduction of risk exposures in an orderly manner. Thirdly, the Company promoted mechanism enhancement and foundation consolidation to promote the improvement of quality and efficiency of risk management. The Company optimised the risk management evaluation system and conveyance mechanism, refined the risk performance evaluation indicators for overseas branches and subsidiaries, conducted the annual credit risk management rating for domestic branches, and continuously improved the whole process control of credit risk monitoring, early warning, classification, disposal, etc. Fourthly, the Company accelerated the reduction of risk exposures and increased efforts to tackle key challenges with an aim to recover and dispose of assets with exposed risks. The Company focused on the three major directions of "in-depth project workout, channel-style business rectification and asset marketing", deepened the implementation of the list-based system and project responsibility system, optimised the management systems and procedures for non-performing assets, and steadily improved the quality and efficiency of recovery and disposal. Fifthly, the Company promoted technology empowerment and enhanced its application to accelerate the digital and intelligent construction in risk management. The Company comprehensively deepened the development of the Group Risk-management System (GRS) in a globalised, group-based, and on- and off-balance sheet integration manner, systematically reviewed the operating procedures for credit systems, incorporated artificial intelligence (AI) tools, and focused on building an end-to-end closed loop of intelligent agent applications, so as to strengthen digital and intelligent risk control capabilities. For details on credit risk management of retail loans, please refer to section 3.9.7.

For more information about the Company's credit risk management, please refer to Note 41(a) to the financial statements.

3.11.2 Management of large exposure

In accordance with provisions of the Rules on Large Exposure of Commercial Banks (《商業銀行大額風險暴露管理辦法》), large exposure refers to the risk exposure (including risk exposures in the banking book and trading book) to a single customer or a group of related customers of a commercial bank that exceeds 2.5% of its net Tier 1 capital. In accordance with regulatory requirements, the Company's management structure for large exposure comprises the Board of Directors, senior management and the execution level. The Board of Directors assumes the ultimate responsibility for large exposure management, senior management assumes the implementation responsibility for large exposure management, and the execution level is responsible for taking the lead in conducting various specific tasks relating to large exposure. During the reporting period, the Company continued to improve the development of the large exposure management system, strengthen the limit management of large exposure and enhance the management standards for large exposure, so as to effectively control customer concentration risks. As of the end of the reporting period, various indicators in respect of single non-financial institution customers, group non-financial institution customers, single financial institution customers and group financial institution customers of the Company were all in compliance with the regulatory requirements.

3.11.3 Country risk management

Country risks represent the risks of political, economic, social changes and incidents in a country or region that may cause debtors in that country or region to be unable or unwilling to fulfil their obligations to banks, or incur losses to commercial presences of the Company in that country or region, or other losses to the Company in that country or region.

The Company strictly implemented relevant regulatory requirements and followed the principles of soundness and prudence, established a country risk management system compatible with strategic objectives, risk profile and complexity, and incorporated country risk management into its overall risk management system so as to promptly identify, measure, evaluate, monitor, report, control and mitigate country risks, assess the country risk in a regular manner and implement limit management, while steering business towards relatively-low-risk countries or regions.

During the reporting period, the Company dynamically evaluated and updated the country risk ratings in response to changes in the international political and economic situation, tightened the limit control of country risk in key regions and strictly restricted the growth of business in high-risk countries or regions. At the end of the reporting period, the Company's country risk exposure was mainly concentrated in relatively-low-risk countries or regions. The country risk would not have a significant impact on the Company's business operation.

3.11.4 Market risk management

The Company's market risk arises from trading book and banking book, and the interest rate risk and exchange rate risk are the major market risks faced by the Company.

Interest rate risk management

Trading book

The Company uses indicators of volume, interest rate sensitivity, accumulative loss, interest rate stress testing loss, market risk capital, market risk value, etc., to measure, monitor and manage the interest rate risk of the trading book. The interest rate risk factors used for risk measurement cover all businesses under the trading book, and are comprised of around 200 interest rate or bond yield curves. Major interest rate sensitivity indicators include the duration of bonds, PV01 of bonds and interest rate derivatives (the change in the market value when an interest rate fluctuates unfavourably by 1 basis point), among others. The interest rate stress testing scenarios include the upward parallel move, upward steep move and twisted change of interest rates at various degrees and various unfavourable market scenarios designed based on the characteristics of investment portfolios. Among them, the extreme interest rate scenario may move up by 300 basis points and cover the extremely unfavourable conditions of the market. Market risk capital is measured using the Standardised Approach, primarily comprising capital provisions for general interest rate risk, credit spread risk and default risk. Market risk value is calculated using historical simulation based on a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. For routine management, the Company set annual limits on authorisation associated with interest rate risks under the trading book and relevant market exposure at the beginning of the year according to the risk appetite, business planning and risk forecast of the Board of Directors, and delegated the Market Risk Management Department to perform routine monitoring and ongoing reporting.

During the reporting period, China's monetary policy remained moderately loose. RMB interest rates exhibited an overall downward trend, with the yield on China 10-year government bonds decreasing from 1.85% to 1.73%. The rise in energy prices resulting from geopolitical conflicts intensified global inflationary pressures, while monetary policy adjustments by major economies were subject to significant uncertainties. The scope of investment in the Company's trading book mainly covered RMB bonds. The Company generally adopted a prudent trading strategy and prudent risk control measures to ensure that risk indicators were controlled within the risk appetite range.

Banking book

In accordance with external regulatory requirements and internal banking book interest rate risk management policies, the Company has established and continuously improved the banking book interest rate risk management system, clarified the interest rate risk governance structure and established the management process of interest rate risk identification, measurement, monitoring, control and reporting. The Company mainly adopts the re-pricing gap analysis, duration analysis, interest rate benchmark-correlated analysis, scenario simulation and other methods to regularly measure and analyse the interest rate risk of the banking book. The re-pricing gap analysis mainly monitors the distribution of re-pricing duration and mismatch of assets and liabilities; the duration analysis monitors the duration of major product types and the change in the duration gap of assets and liabilities of the Bank as a whole; the benchmark-correlated analysis assesses the benchmark risk existing between different pricing benchmark interest rate curves, as well as between the different duration points on each of such curves based on the benchmark-correlated coefficients calculated using our internal models; the scenario simulation is the major approach for the Company to conduct interest rate risk analysis and measurement, which comprises a number of ordinary scenarios and stress scenarios, including the interest rate benchmark impact, the parallel move and the change in the shape of yield curves, the extreme changes in interest rates in history, and the most possible changes in interest rates in the future as predicted by experts and other scenarios. The changes in net interest income (NII) and economic value of equity (EVE) are calculated through simulation of the scenario of changes in interest rates. The NII changes and the EVE changes of certain scenarios are included into the interest rate risk limit indicator system of the Bank. In addition, the internal limit indicator system has included the standardised measurement indicators set out in the Guidelines on the Management of Interest Rate Risk of Banking Book of Commercial Banks (Revised).

During the reporting period, with adherence to a sound and prudent interest rate risk preference, the Company paid close attention to changes in the domestic and international macroeconomic and financial environment as well as its own interest rate risk exposure structure, and continued to monitor and analyse various interest rate risks, especially the gap risk as a result of asset and liability re-pricing maturity mismatches, benchmark risk arising from inconsistent changes in the benchmark interest rates of product pricing, and optionality risk due to the prepayment of loans or withdrawal of time deposits triggered by changes in external interest rates. The Company assessed interest rate trends based on macro-quantitative models and experts' research and judgement, prospectively deployed active interest rate risk management strategies and adjusted them flexibly considering the level and changing trends of its interest rate risk exposure. The Company managed interest rate risk through a combination of measures, including the re-pricing maturity structures and investment portfolio duration adjustments. In addition, the Company selectively utilised interest rate derivatives for risk hedging purposes and applied hedge accounting accordingly. As of the end of the reporting period, the Company's on- and off-balance-sheet management measures were carried out as planned, the interest rate risk level was controlled within the interest rate risk control target range of the year, and various indicators including the stress test results were kept within the limits and warning values. The banking book interest rate risk was generally stable.

Exchange rate risk management

Trading book

The Company uses indicators of risk exposure, exchange rate sensitivity, accumulated loss, exchange loss under stress test, market risk capital, market risk value, etc., to conduct risk measurement and monitoring management. As for risk measurement, the selected exchange rate risk factor is applied on spot prices, forward prices and volatilities in all transaction currencies under the trading book. Major exchange rate-sensitive indicators include Delta, Vega, Gamma, Curvature and other indicators. Exchange rate stress test scenarios cover 5%, 10%, 15% or more adverse changes in every transaction currency against RMB, and changed volatility of foreign exchange options. Market risk capital is measured using the Standardised Approach, primarily comprising capital provisions for exchange rate risk. Market risk value is calculated using historical simulation based on a confidence coefficient of 99%, an observation period of 250 days and a holding period of 10 days. For routine management, the Company set annual limits on authorisation associated with interest rate risks under the trading book and relevant market exposure at the beginning of the year according to the risk appetite, business planning and risk forecast of the Board of Directors, and delegated the Market Risk Management Department to perform routine monitoring and ongoing reporting.

During the reporting period, supported by the fundamentals of China's trade surplus, the RMB exchange rate maintained a steady and orderly appreciation trend. The Company's trading book implemented rigorous internal control and management through a well-established and efficient management system, and closely monitored changes of limit indicators. The risk indicators were controlled within the risk appetite range.

Banking book

The Company mainly uses foreign exchange exposure analysis, scenario simulation analysis, stress test, and other methods for measurement and analysis of exchange rate risk of its banking book. The foreign exchange exposure measurement uses the short-sided method, the aggregation approach and the correlation approach; scenario simulation and stress test analysis are two important exchange rate risk management tools of the Company for managing foreign exchange rate risk, covering the standard scenario, historical scenario, forward scenario and stress scenario, which include scenarios such as spot and forward exchange rate fluctuations, historical maximum exposures and historical extreme exchange rate fluctuations of various currencies. Each scenario could simulate the impact on the Company's profit or loss. The effects of certain scenario simulation on the profit and loss as a share of net capital are taken as reference in the routine management as a limit indicator. The Company conducts back-testing and assessment on relevant model parameters on a regular basis to verify the effectiveness of measurement models.

The Company regularly measures and analyses foreign exchange exposure of banking book and scenario simulation results, monitors and reports exchange rate risk on a monthly basis under its quota limit framework, and adjusts its foreign exchange exposure accordingly based on the trend of foreign exchange movements, so as to avoid the relevant foreign exchange risk.

During the reporting period, the Company paid close attention to exchange rate movements, studied and analysed the impact of exchange rate changes in light of the macroeconomic conditions at home and abroad, and proposed a balance sheet optimisation program and exposure management strategies as a scientific reference for the management's decision-making. During the reporting period, the Company increased its efforts to monitor and analyse foreign exchange exposure and imposed a stringent control over the scale of foreign exchange risk exposure. The Company was prudent about the exchange rate risk. As of the end of the reporting period, the scale of foreign exchange exposure of the Company's banking book was at a relatively low level. The exchange rate risk of the Company was generally stable with all the core limit indicators, general scenarios and stress testing results satisfying the regulatory limit requirement.

For more information about the Company's market risk management, please refer to Note 41(b) to the financial statements.

3.11.5 Operational risk management

Operational risk refers to the risk of loss arising from problematic internal procedures, incompetent personnel or IT systems, or external events, including legal risk but not strategy risk and reputational risk. In view of the various aspects and a wide range of operational risks, the Company's operational risk management is based on the management principles of prudence, comprehensiveness, compatibility and effectiveness. The Company strengthened the establishment of operational risk management system, implemented internal control system, continued to carry out various businesses steadily and reduced or prevented losses from operational risk. In the process of operational risk management, within the risk limits set by the Board of Directors, the Company, through measures such as improving the risk management mechanism, strengthening risk prevention and control in key areas, conducting in-depth risk monitoring and early warning, improving assessment and evaluation mechanism, and cultivating operational risk prevention and control culture, further improved operational risk management capabilities and effectiveness, and prevented and reduced operational risk losses.

During the reporting period, aiming at preventing losses arising from systemic operational risk and major operational risk, the Company continued to improve its operational risk management system. Firstly, in alignment with regulatory requirements, the Company further strengthened its operational risk management system at the Group level and promoted the implementation of operational risk management enhancement initiatives across subsidiaries subject to consolidated risk management. Secondly, the Company established fundamental requirements for the risk management of cooperative institutions and further refined the management mechanism of cooperative institutions. Thirdly, with a focus on network security and data security, the Company consolidated the foundation of technology security management and enhanced its capabilities in responding to external risks. Fourthly, the Company strengthened outsourcing risk management by exercising prudent admission of outsourced service categories, and conducting regular monitoring of outsourcing risk indicators. Fifthly, the Company further optimised its business continuity management platform and strengthened the refined management. Sixthly, the Company improved the management tools and functions of the system to enhance its digitisation capability.

3.11.6 Liquidity risk management

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds at a reasonable cost in a timely manner to grow its assets, pay maturing debts and perform other payment obligations. The liquidity risk management of the Company is based on the principles of prudence, foresight and comprehensiveness, which is appropriate for the current development stage of the Company. The current liquidity risk management policies and systems of the Company have satisfied the regulatory requirements and its own management needs.

Based on the principle of separating policy-making, strategy implementation and supervision of liquidity risk management, the Company has established a liquidity risk management governance structure under which the roles, responsibilities and reporting lines of the Board of Directors, senior management, special committees and relevant departments are clarified to ensure the effectiveness of liquidity risk management.

During the reporting period, based on the analysis of macroeconomic and market trends, the Company dynamically quantified and forecasted the future risk situation, and proactively arranged the asset-liability management strategy to achieve the balance between risk and yield. Firstly, the Company constantly optimised the asset-liability structure. On the one hand, it strengthened the mobilisation of deposits, optimised the deposit mix and facilitated the orderly and stable deployment of available funds. On the other hand, it enhanced asset origination efforts and optimised the growth mix, thereby maintaining the stable operation of assets and liabilities. Secondly, the Company flexibly carried out active liability management of treasury. Taking into account the performance of its deposit and lending businesses and liquidity indicators, as well as prevailing market liquidity conditions, the Company expanded diversified financing channels as and when appropriate, and stabilised the sources of long-term liabilities. Thirdly, the Company strengthened liquidity risk monitoring and management for business lines, overseas branches and subsidiaries with reasonable control of maturity mismatches. Fourthly, the Company continued to carry out liquidity stress testing and contingency simulation drills, implemented liquidity emergency management, and effectively improved the ability to respond to liquidity risk events.

As of the end of the reporting period, all liquidity indicators of the Company met the regulatory requirements and the Company had sufficient funding sources to meet the needs of sustainable and healthy development of its business. In accordance with the requirements of the PBOC, the Company's statutory reserve requirement ratio for RMB deposit was 5.5%, and the statutory reserve requirement ratio for foreign exchange deposit was 4%. The Company's liquidity indicators operated well. Deposits maintained steady growth. Liquidity reserves were sufficient and overall liquidity was at a safe level.

For more information about the Company's liquidity risk management, please refer to Note 41(c) to the financial statements.

3.11.7 Reputational risk management

Reputational risk refers to the risk that the Company might be negatively evaluated by relevant stakeholders, the public and the media due to behaviours of the Company, its employees or external incidents, which is detrimental to the brand value and normal operation of the Company, or, to the extent, affects the market and social stability. Reputational risk management is an important part of the corporate governance and the overall risk management system of the Company, covering all activities, operations and businesses undertaken by the Company and its subsidiaries. The Company has established and formulated the reputational risk management rules and system, taking the initiative to effectively prevent the reputational risk and coping with any incidents in relation to reputation, so as to reduce loss and negative impact to the greatest extent.

During the reporting period, the Company strictly fulfilled the relevant requirements of the "Rules on Reputational Risk Management of Banking and Insurance Institutions (Provisional)", while adhering to the management principles of forward-looking, compatibility, full-coverage, effectiveness, and accountability. The Company continued to optimise the reputational risk management mechanism and deepened management of the entire process. Specifically, the Company strengthened ex ante prevention by enhancing its pre-assessment mechanism, conducting regular risk screening, and reinforcing controls at the source. Leveraging its public opinion incidents management system, the Company classified and managed incidents by category and severity and responded in a timely and appropriate manner. It also conducted root-cause analyses and implemented corrective actions, promoting improvements in operation management and services. The Company strengthened contingency simulation drills for public opinion incidents and training to foster a sound and prudent reputation risk culture. The Company conducted positive publicity campaigns to effectively safeguard the brand image.

3.11.8 Compliance risk management

Compliance risk refers to the possibility that financial institutions or their employees will bear criminal, administrative, or civil legal liabilities, property losses, reputational losses, or other negative impacts due to violations of compliance regulations with respect to financial institutions' operating and management behaviours or employee performance behaviours. The Company set up three lines of defence for compliance management comprising business lines, compliance management department and auditing department, and established a compliance management structure comprising the Board of Directors, the Risk and Capital Management Committee, senior management, the Risk and Compliance Management Committee, the heads of compliance, compliance officers as well as compliance supervisors, thereby forming a compliance management organisational system with well-developed organisation, clearly defined rights and responsibilities, reasonable work allocation and mutual coordination and collaboration. Meanwhile, through system management, legal compliance reviews, compliance risk assessment and monitoring, compliance inspections and remediation, compliance culture development, employee behaviour management and compliance system building, the Company continuously improved compliance risk management techniques and optimised management procedures, thereby ensuring effective control of compliance risks.

During the reporting period, in the face of the severe and complex domestic and international environment, risks and challenges, the Company adopted a range of measures to continuously strengthen compliance risk management. First, it further enhanced the internalisation of external regulatory requirements and promoted the effective implementation of new regulations. Second, it rigorously implemented strict legal compliance review requirements, effectively identifying, evaluating and preventing the legal compliance risks of new products, new businesses and major projects. Third, it organised and implemented the "2026 Year of Deepening Compliance Management" initiative to further consolidate its fortress-style risk and compliance management system. Fourth, it strengthened the coordinated management of supervisory inspections and issue remediation, continuously improving the quality and effectiveness of both inspection and rectification efforts. Fifth, it advanced the restructuring of the Group Compliance Management System (GCS) in an orderly manner, enhancing the digital and intelligent capabilities of its internal control and compliance management.

3.11.9 Money laundering risk management

Money laundering risk refers to the risk that the Company may be exposed to because of being used by the three types of activities, namely "money laundering", "terrorist financing" and "proliferation financing" in the course of conducting business and managing operations. The Company has established a relatively sound money laundering risk management mechanism, including a money laundering risk management structure with clear responsibilities assumed by the Board of Directors, senior management, functional departments, branches and subsidiaries, an anti-money laundering system with comprehensive coverage, an effective risk assessment and dynamic monitoring mechanism, scientific and reasonable anti-money laundering data governance mechanism, targeted management strategy of customers and businesses associated with high risks, advanced and efficient IT system support, independent inspection and auditing mechanism, as well as continuous anti-money laundering training and promotion mechanism, so as to provide compliance guarantee for the Company's stable operations.

During the reporting period, the Company proactively fulfilled its anti-money laundering obligations and constantly improved the quality and efficiency of its money laundering risk management. The Company resolutely implemented laws and regulations and regulatory requirements in relation to anti-money laundering, optimised the money laundering risk management policies and procedures, and improved the anti-money laundering mechanism. It continuously strengthened money laundering risk management for customers and products, with a focus on identifying, assessing, and managing high-risk customers and products. The Company improved the tools for monitoring suspicious transactions and endeavoured to enhance the quality and efficiency of suspicious transaction monitoring and analysis. It continued to increase technology input in key anti-money laundering fields, improved the development of digital intelligence in anti-money laundering, and provided more efficient digital and intelligent management tools and data-powered decision support.

3.12 Implementation of the Action Plan of "Corporate Value and Return Enhancement"

During the reporting period, the Company conscientiously implemented the requirements of the Regulatory Guidelines for the Listed Companies No. 10 – Market Value Management from the CSRC, and proactively responded to the Initiative of the Shanghai Stock Exchange on Carrying Out the Special Action of "Corporate Value and Return Enhancement". The specific implementation details are as follows:

Firstly, the Company remained committed to high-quality development, and its overall operations stayed stable and improved. The Company has consistently upheld the philosophy of coordinated development of quality, profitability, and scale, with the strategic target of building a value creation bank. All businesses advanced steadily. Both the scale of assets and liabilities grew steadily. The operating profitability remained stable with positive momentum, and the asset quality remained generally stable. The transformation through "the Comprehensive Operation Initiative, the Internationalisation Initiative, the Differentiation Initiative, and the Intelligence Initiative" yielded positive results, further strengthening its core competitiveness. The return on average assets (ROAA) and the return on average equity (ROAE) maintained at a relatively high level in the industry. For details, please refer to Chapter III "Management Discussion and Analysis" in this report.

Secondly, the Company continued to enhance its corporate governance standards and actively put into practice the principles of sustainable development. The Shareholders' Meeting, the Board of Directors, and the special committees under the Board of Directors of the Company each performed their respective duties and operated efficiently, thereby fully supporting the Company's compliant and prudent operations as well as its sustainable and sound development. The Company prudently advanced the transition arrangements for assuming supervisory functions following the abolition of the Board of Supervisors. The Audit Committee under the Board of Directors fulfilled its supervisory responsibilities in accordance with laws and regulations, continuously strengthened oversight effectiveness, and effectively exercised its supervisory and checks-and-balances role in corporate governance. At the same time, the Company integrated sustainable development objectives into its daily operations and management, earnestly fulfilled its environmental and social responsibilities, and continued to create comprehensive value for customers, employees, shareholders, partners and society, thereby further enhancing its sustainable development capabilities. For details of the Company's adherence to modern corporate governance mechanism and implementation of sustainable development philosophy, please refer to Chapter IV "Environmental, Social and Governance (ESG)" and Chapter V "Corporate Governance".

Thirdly, the Company continued to enhance the quality and effectiveness of information disclosure and investor communications. The Company further improved its information disclosure regime, fulfilled its statutory information disclosure obligations to a high standard, and continuously enhanced the proactivity and transparency of its information disclosure. Through periodic reports, the Company provided a detailed account of the operating results achieved in strengthening the strategic guidance of a value creation bank and accelerating the transformation through the "Four Initiatives", thereby effectively safeguarding investors' right to know. Meanwhile, the Company continued to proactively engage in multi-level and multi-channel investor communications, fully demonstrating to the market its steadily improving operating performance and long-term sustainable value creation capabilities, thereby enhancing market confidence. During the reporting period, the Company held its 2025 annual results press conference onsite and via live webcast, conducted global roadshows for its 2025 annual results, participated in 20 investment strategy meetings, received 24 groups of investors for research, diligently handled investor telephone inquiries, and responded promptly to investor emails and messages. The Company conducted over 5,000 investor interactions.

Fourthly, the Company attached great importance to shareholder returns and maintained an industry-leading cash dividend level. The Company has established a strong sense of commitment to rewarding shareholders, placing emphasis on the stability and continuity of its cash dividend policy, and remains committed to creating long-term sustainable value for shareholders, as reflected in the following aspects. First, the Company continued to implement a high cash dividend payout ratio. Since 2013, the cash dividend payout ratio has consistently remained above 30%, and since 2024 it has remained above 35%. For 2025, the cash dividend payout ratio was 35.34%, with total cash dividends of RMB50.843 billion (tax included). The dividend payout ratio continued to rank among the highest in the industry. Second, the Company continued to optimise its dividend policy. In 2025, it introduced an interim dividend for the first time and plans to continue this practice in 2026, further enhancing investors' sense of gain. Third, the Company actively optimised its capital structure. During the first half of this year, it fully redeemed RMB27.5 billion of domestic preference shares and issued RMB50.0 billion of perpetual bonds, effectively reducing capital costs and enhancing shareholder returns. For details, please refer to Sections 5.4 "Profit Appropriation" and 7.5 "Issuance, Listing and Redemption of Preference Shares".

3.13 Outlook and Coping Tactics

On the international front, the global economy has been driven by the expansion of AI and geopolitical realignment. Major economies have shared in the growth benefits along the AI industry chain, while internal structural divergences have further deepened. Major central banks have adopted increasingly cautious policy stances, with the high-interest-rate environment persisting and room for monetary easing remaining limited. Modest rate hikes in certain economies cannot be ruled out.

On the domestic front, real economic growth for the full year of 2026 is expected to remain within a reasonable range. Nominal growth is expected to improve alongside a recovery in prices, while growth drivers are anticipated to shift further from property, credit and land finance toward AI, energy and high-end manufacturing. Structurally, investment in new growth drivers is expected to accelerate, exports are expected to remain relatively resilient, the drag from real estate investment is expected to moderate, and consumption and infrastructure investment are expected to recover gradually. In the financial markets, market interest rates are expected to remain at low levels, and the RMB exchange rate is expected to remain basically stable at a reasonable and equilibrium level.

In the second half of the year, the Company will proactively address the opportunities and challenges arising from the interplay of multiple factors and advance the implementation of China Merchants Bank's "15th Five-Year Plan" Strategic Plan. The Company will remain steadfast in its strategic direction, consistently uphold a customer-centric approach, persist in consolidating its position in retail finance through wealth management, insist on the principle of "asset quality as the foundation", strengthen technology as a key enabler, refine and deepen its core businesses, and continue to cultivate medium- and long-term growth drivers, thereby contributing to the construction of a financial powerhouse and the path of financial development with Chinese characteristics.

First, the Company will continue to enhance the systematic strengths of its retail business. The Company will focus on the core businesses of "deposit, loan, and remittance", adhere to high-quality customer acquisition, and deepen segmentation and classification-based customer management, striving to become the "master financial account" for more customers and enhance its ability to create value for customers. By focusing on customers' sense of fulfilment and experience, the Company will accelerate the systematic upgrade of wealth management, optimise the evaluation system for relationship managers, comprehensively improve service capabilities centred on asset allocation, and enhance the precision and effectiveness of product strategies through forward-looking judgement. The Company will adhere to the strategic positioning of its retail asset business, optimise asset structure, strengthen risk management and control, and accelerate its transformational development.

Second, the Company will continue to develop differentiated strengths in its wholesale business. Focusing on major tasks of the national "15th Five-Year Plan", the Company will continue to excel in technology finance, green finance, inclusive finance, retirement finance and digital finance. Through high-quality financial provision, the Company will contribute to high-quality development of the economy and society. The Company will also deepen industry insights, stay aligned with policies and industries, and enhance its industry-specialised operating capabilities, so as to provide customers with professional and integrated financial solutions. The Company will seize structural market opportunities, work to strengthen its investment banking and financial markets businesses, reinforce the development of professional capabilities, enhance asset allocation and integrated customer services, and consolidate and expand its competitive strengths in specialised segments.

Third, the Company will advance comprehensive operation. Leveraging the advantages of its subsidiaries in financial licences alongside their professional value in asset origination, industry insights, and comprehensive solutions, the Company will deepen the synergy between the parent company and its subsidiaries, better seize development opportunities in fields such as technology finance, and provide customers with full-scenario and full-cycle services. The Company will continuously enhance the competitiveness of its subsidiaries and increase their contribution to value creation.

Fourth, the Company will advance internationalisation development. The Company will seize opportunities presented by the global expansion of Chinese enterprises and the accelerating internationalisation of RMB, strengthen the building of the cross-border product system, the international talent pool, and the overseas risk management system, and build a development framework comprising the "Head Office + institutions in Hong Kong + five regional hubs[28]". The Company will fully unleash the growth momentum of its overseas institutions and pursue high-quality development in light of local conditions.

[28] Refers to the New York Branch, London Branch, Singapore Branch, Luxembourg Branch and Sydney Branch of the Company.

Fifth, the Company will accelerate its intelligent transformation. It will sustain technology input, strengthen forward-looking assessment, and further enhance technology enablement to achieve coordinated development of technology and business. The Company will broaden and deepen the application of AI to enhance customer experience, improve internal efficiency and strengthen risk management capabilities. It will expedite the development of an AI-driven organisation, reshape workforce capabilities, and advance the in-depth evolution of the "people + digital intelligence" model. The Company will adhere to safe development, placing high importance on, and rigorously guarding against, information technology risks.

Sixth, the Company will continuously enhance its management standards. It will consolidate a fortress-style risk and compliance management system, strengthen risk prevention and control in key areas, and enhance system and capability building. The Company will strengthen internal control and compliance management, continue to carry out the "Year of Deepening Compliance Management" activities, and rigorously guard against sanctions risks, money laundering risks and country risks. The Company will optimise the assessment and evaluation system, build a high-calibre and professional workforce, foster a work culture of openness, inclusiveness, pragmatism, and simplicity, fully mobilise workforce vitality, and establish an agile and efficient organisation.

Environmental, Social and Governance (ESG)

4.1 ESG Review

The Company actively embraces ESG philosophy, effectively fulfils social responsibility, and continuously creates comprehensive value for customers, employees, shareholders, partners and the society, contributing to the sustainable development of the economy and society.

4.2 Environmental Information

During the reporting period, in active response to the national strategic objectives of carbon peak and carbon neutrality, the Company accelerated the development of green finance, improved the management system for green operation, promoted the transformation of green development, and boosted the harmonious coexistence of human and nature. During the reporting period, the Company did not experience any unexpected major environmental incidents, nor was it subject to any serious administrative penalties or criminal liabilities imposed by the Ministry of Ecology and Environment and other relevant departments as a result of environmental incidents, and did not receive any major complaints from groups such as local community residents regarding environmental pollution issues.

4.2.1 Environment (climate) related governance framework

The Board of Directors of the Company plays its strategic leadership role in environmental (climate) management and green finance, regularly reviews the sustainable development report, strategic implementation report and comprehensive risk report, and effectively assumes its primary responsibility for environmental governance, climate risk management and green finance, so as to improve the Company's ESG management capability and performance. At the same time, relevant special committees under the Board of Directors are in place to enhance the Company's oversight of environmental (climate) management, green finance and green operation, and provide professional opinions and advice to the Board of Directors.

In terms of green finance, the Green Finance Business Development Committee of the Company is responsible for coordinating and promoting work related to green finance across the Bank, including formulating strategic plans, setting development targets, defining key customer bases and developing business operation strategies regarding green finance, and promoting green finance product service system and green risk management system construction, studying resource allocation and green finance assessment supporting policies, advancing information disclosure competency, building the green finance brand, and enhancing the effectiveness of the Company's ESG governance. Meanwhile, the committee has set up relevant project teams that operate in close and effective coordination and collaboration. During the reporting period, the Green Finance Business Development Committee organised working meetings, and formulated the "2026 Green Finance Action Plan of CMB", which clarified the annual green finance development goals and promoted the development of green finance business across the Bank. **In terms of green operation,** the Green Operation Management Committee of the Company is responsible for deliberating on major matters relating to green operations such as the annual green operation plan, setting of carbon emission targets and implementation plans for key emission reduction projects; regularly hearing progress reports of member units on work related to green operation; overseeing key tasks in critical areas, such as energy efficiency optimisation of data centres and green office promotion. During the reporting period, the Green Operation Management Committee formulated the "2026 Green Operation Work Plan" to actively promote the Group's solid implementation of green operation work.

At the same time, the Company has established a green finance team at the General Office of Corporate Finance of the Head Office, which is responsible for the coordination and operation of the development of the green finance business across the Bank, including the formulation of business strategies for green customer groups and customer base construction, product and service system construction and asset origination, etc. The Company has set up the office of Green Operation Management Committee within the Financial Accounting Department of the Head Office, which is responsible for leading the formulation of work plans and action plans for green operations, coordinating and promoting the implementation of green operation action plans and the establishment of operational carbon management system.

Domestic and overseas branches, sub-branches and subsidiaries of the Company continue to enrich and improve green finance products and services according to local conditions and based on the regional characteristics and their own business development advantages. As of the end of the reporting period, green finance business personnel were appointed at the office of corporate finance of domestic branches, who were responsible for promoting the development of green finance business within their respective jurisdictions.

4.2.2 Environmental (climate) risk response at the business side

During the reporting period, the Company formulated the "Credit and Investment Policies of China Merchants Bank for 2026 (《招商銀行2026年授信與投資政策》)" applicable to all of the investment and financing business. The policy includes a special chapter on green finance (ESG), which specifies the overall objectives and specific strategies of green finance, and calls for the continuous improvement of policies and systems, and the effective enhancement of the full-process management of ESG risks (including climate risks).

In terms of risk appetite, based on the external macro situation, changes in regulatory policies and the Company's strategic planning, and in conjunction with the existing risk management practices, the Company incorporated ESG factors, including climate, into its risk appetite. In accordance with the relevant requirements of green finance, the Company clarified the classification criteria, optimised risk assessment criteria, strictly controlled customers and projects with significant ESG risks, steadily increased the proportion of green financial assets, promoted the green transformation of investment and financing structure, and promoted high-quality development of green finance. At the same time, the Company set a risk appetite indicator related to the proportion of green loans, continued to monitor and regularly reported the implementation of risk appetite to the Board of Directors.

In terms of customer admission, the Company explicitly required customers and projects to comply with the requirements of national policies in terms of site selection, production processes, resource consumption and pollutant emissions, strictly implemented ESG risk review standards, strengthened risk management of high-carbon assets, and resolutely curbed the blind development of energy-intensive, high-emissions and low-standard projects.

In terms of customer classification, the Company formulated the "Administrative Measures for the Classification of ESG Risks of Corporate Customers of China Merchants Bank《招商銀行對公客戶ESG風險分類管理辦法》". Based on the extent of environmental (climate) and social impact of enterprises and their projects, as well as the level of exposure to ESG risks in terms of energy consumption, carbon emissions, environmental pollution, ecological protection, climate change, land acquisition and demolition, occupational health, gender equality, work safety, and resettlement of affected populations, corporate customers are classified into "four colours and six categories (四色六類)": green (ESG friendly), blue (ESG qualified I and ESG qualified II), yellow (ESG concerned) and red (ESG missing I and ESG missing II), and differentiated credit strategies are adopted.

In terms of risk monitoring and early warning, the Company comprehensively collected official information from the National Development and Reform Commission, the Ministry of Ecology and Environment, the Ministry of Industry and Information Technology and other governmental and regulatory authorities, as well as feedback from the media and the public, and information from on-site surveys conducted by business personnel, to monitor and assess the ESG risks of investment and financing clients or projects in a dynamic manner. The Company continued to enrich customer ESG risk data, optimised special models, formed ESG risk signals and transferred them to platforms such as early warning systems and online risk control systems, and continuously improved the comprehensiveness and accuracy of ESG risk monitoring.

In terms of management measures, ESG risk information was embedded in the credit business process for prompt risk warning. Differentiated approval authorities were assigned to customers based on their ESG risk classifications, and special inspections were regularly conducted on customers classified as having high ESG risks. At the same time, the Company also strictly reviewed enterprises in the relevant industries with high levels of pollution and energy consumption. For projects and enterprises that do not comply with requirements of ESG (including climate) and relevant industrial policies, the Company shall not grant credit and shall recover the financing already granted.

In terms of inspection and supervision, the Company formulated the "Guiding Opinions on Risk Inspection and Supervision for 2026 (《關於2026年風險檢查監督工作的指導意見》)", clearly including green finance and customers' ESG risks into the scope of daily risk inspection and supervision, and set up key points of relevant inspection and supervision. The development of green finance was included in the inspection of branches and sub-branches, so as to identify problems and urge them to implement rectification in a timely manner.

In terms of audit inspection, the Company included green finance management in the 2026 regular audits of branches and sub-branches, and urged branches and sub-branches to implement timely rectifications for issues identified. For matters from previous years' special audits on green finance management that remain outstanding, the Company will continue to track the implementation of rectification measures by the Head Office departments, carry out rectification verification, and strengthen audit supervision and evaluation.

4.2.3 Green finance

In terms of green credit, during the reporting period, the Company constantly improved the management systems, as well as incentive and restraint mechanisms of green credit to meet the requirements of the Green Finance Guidelines of regulatory authorities. As of the end of the reporting period, the Company's green loan balance was RMB655.883 billion, representing an increase of 7.63% as compared with the end of the previous year, mainly in the fields of energy conservation and carbon emission reduction, environmental protection, resource recycling, green and low-carbon transformation of energy, ecological protection, restoration, and utilisation, green upgrade of infrastructure, green services, green trade and green consumption. As of the end of the reporting period, the Company cumulatively granted RMB11.922 billion of sustainability-linked loans; CMB Financial Leasing, a subsidiary of the Company, extended RMB32.355 billion of green lease financing during the reporting period, accounting for 45.90% of total lease financing extended by CMB Financial Leasing, with a closing balance in green lease financing amounting to RMB129.683 billion, representing an increase of 12.96% as compared with the end of the previous year.

In terms of green deposits[29], the Company not only met the deposit needs of corporate customers, but also helped them closely integrate environmental protection responsibilities with development practices. As of the end of the reporting period, the Company handled a cumulative amount of RMB18.896 billion in green deposits.

In terms of green bonds, as of the end of the reporting period, the balance of proceeds from outstanding RMB-denominated green finance bonds, the balance of proceeds from outstanding overseas USD-denominated green bonds and the balance of proceeds from outstanding overseas USD-denominated social responsibility bonds of the Company amounted to RMB5.0 billion, USD700 million and USD300 million respectively. The funds raised from the domestic and overseas ESG financial bonds of the Company mainly supported industries such as energy conservation and environmental protection, clean production, clean transportation, marine resources protection, clean energy, green upgrade of infrastructure, etc. During the reporting period, the Company assisted 30 companies in issuing 39 green bonds, of which the Company has acted as lead underwriter for a total value of RMB17.589 billion, and the funds raised were invested in fields such as construction and operation of clean energy facilities, advanced transport equipment manufacturing, new energy and clean energy equipment manufacturing, ecological agriculture, forestry, animal husbandry and fishery, green consumption, advanced environmental protection equipment and raw materials manufacturing, and green transportation. During the reporting period, CMB International Capital, a subsidiary of the Company, assisted 7 companies in issuing 9 green bonds, with a fundraising scale of USD3.322 billion.

In terms of green investment, the Company and its subsidiaries continued to practise the ESG investment philosophy. As of the end of the reporting period, the green bonds held by the Company amounted to RMB30.751 billion. CMB Wealth Management, a subsidiary of the Company, gave priority to the investment in green bonds. As of the end of the reporting period, the balance of investments in green bonds of CMB Wealth Management was RMB30.083 billion. China Merchants Fund, a subsidiary of the Company, actively promoted ESG products. As of the end of the reporting period, China Merchants Fund had a total of 19 existing ESG-related products, with an existing fund size of RMB18.618 billion. CMB International Capital, a subsidiary of the Company, actively promoted the transformation, upgrading and sustainable development of the green industry and invested in 2 green finance projects during the reporting period.

In terms of green wealth management, as of the end of the reporting period, the Company had a total of 28 existing ESG-themed wealth management products from its agency distribution, with an existing fund size of RMB10.389 billion; CMB Wealth Management, a subsidiary of the Company, accumulatively issued 26 green finance-related wealth management products, with an existing fund size of RMB24.633 billion.

29 Green deposit is a green finance product that raises funds for sustainable projects of green economy, helping drive the economic transition to low-carbon, climate-change-adapted and sustainable development.

4.2.4 Green operation

In terms of green operation, the Company continued to improve the management system for green operation, deepened carbon emission reduction measures, strengthened green concept promotion, and simultaneously improved the level of refined management of energy, paper, water resources and waste in accordance with the green operation work plan, further advancing green operation in various aspects.

In terms of carbon management for operations, the Company conducted a semi-annual accounting of its own operational carbon emissions at the Group level for the first time, regularly evaluated the operational carbon emissions of its various entities, and monitored the progress towards its annual carbon emission targets; iteratively upgraded the carbon management system and leveraged technological means to empower operational carbon management. In addition, the Company promoted carbon management knowledge reserve and capacity building to strengthen the professional talent team. The performance appraisal indicators of "green operation" have been set up at the Head Office, branches and subsidiaries, dynamically optimising the appraisal criteria to drive the enhancement of management quality and efficiency.

In terms of carbon emission reduction for operations, the Company further intensified its emission reduction initiatives and released the updated "Carbon Emission Reduction Toolbox for Green and Low-carbon Operation of China Merchants Bank 2.0 (《招商銀行綠色低碳運營碳減排工具箱2.0》)" to enrich the emission reduction guidelines. Based on the energy efficiency assessment results of office buildings, the Company selected pilot buildings to carry out specific green operation initiatives; and continued to establish special funds and management mechanisms for energy-saving retrofitting to support energy-saving retrofitting and technological upgrades, thereby facilitating the achievement of emission reduction targets.

In terms of energy management, the Company continued to increase its efforts to promote energy conservation and consumption reduction. During the reporting period, the Company issued the 2026 Green Administrative Action Plan of China Merchants Bank (《招商銀行2026年綠色行政行動方案》), which set annual energy consumption targets and specified the key tasks and specific measures for green operations. The Company issued the Checklist for Green Operations of Office Properties (《辦公物業綠色運營工作清單》), which specified the daily, monthly, quarterly and annual tasks for green operation positions. It also issued the Recommended Scheme for Energy-Saving Design in the Construction of Business Outlets (《營業網點建設節能設計建議方案》) to provide scientific and practical standardized guidance for the construction of business outlets, thereby reducing operational energy consumption and carbon emissions of business outlets while ensuring a comfortable experience for employees and customers. In addition, the Company promoted the installation of smart energy metering equipment across the Bank. During the reporting period, 1,128 business outlets across the Bank installed smart energy metering equipment and were connected to the energy management platform, achieving real-time monitoring, analysis and control of power consumption. Furthermore, the Company carried out scheduled maintenance for official vehicles, strengthened the promotion of fuel-saving and consumption reduction awareness among drivers, continuously optimised the dispatch of official vehicles, and increased the frequency of using new energy vehicles, effectively reducing overall energy consumption.

In terms of paper management, the Company actively promoted paper saving. In terms of paperless office, the Company promoted paperless office and electronic business cards, and advocated double-sided printing. In terms of paperless reimbursement, during the reporting period, the Company completed 612,700 paperless reimbursements, replacing 2,450,800 paper vouchers. In terms of electronic seals, during the reporting period, electronic seals were used 83.6651 million times, replacing 148 million paper vouchers. In terms of paperless business operations, during the reporting period, 729 million paper vouchers were replaced through means such as electronification of business agreements, paperless business operation approval and handover, and the provision of electronic receipt services for corporate customers. In terms of paperless credit card services, all personal credit card products supported paperless application, and credit card customers were encouraged to use electronic bills, saving 992 million pieces of paper for paper bills during the reporting period. In terms of paperless procurement, the Company gradually realised the electronification of the whole procurement process and online bidding and contract signing, reducing paper usage by 6,751,300 pieces during the reporting period.

In terms of water resources management, the Company advocated the recycling of wastewater and strengthened water usage management to reduce water resources consumption. By increasing internal publicity efforts and popularising water-saving knowledge, the Company raised the awareness and sense of responsibility of all employees to save water. The Company set water conservation targets for the headquarters buildings of its domestic branches, enhancing the quality and efficiency of water resources management through a target responsibility system.

In terms of waste management, the storage, sorting and resource utilisation processes in the premises of Shenzhen region of the Head Office were standardized, and the resource recovery of waste was achieved by engaging professional cleaning companies. For the staff canteens in the Shenzhen region of the Head Office, the anti-food waste initiatives were continuously promoted from the aspects of system construction, food ingredient management, catering supply management, publicity and education, as well as supervision and inspection. During the reporting period, the volume of kitchen waste generated recorded a year-on-year decrease of 6.53%.

In terms of green outlets, the coverage of green prefabricated outlets was continuously expanded. During the reporting period, the construction of 70 prefabricated outlets was initiated, covering an aggregate of 36 domestic branches. As at the end of the reporting period, 134 prefabricated outlets had been built. Benchmarking against the industry's cutting-edge low-carbon and environmental protection construction technologies, the Company continued to enrich the product categories of low-carbon prefabricated materials to provide a solid material guarantee for the low-carbon construction of prefabricated outlets.

In terms of green publicity, the Company carried out publicity events on themes such as green and low-carbon, environmental protection and sustainable lifestyle promotion on social media via its official account, guiding the public to pay attention to environmental protection, experience low-carbon lifestyle and participate in the recycling of items. During the reporting period, the total exposure of related contents published reached 8,468,600 times. Meanwhile, the Company continuously carried out green operation publicity using platforms such as the "Employee Service Platform" and "Energy Management Assistant". During the reporting period, through the "Green Life" column, the Company released articles about green-living on important environmental protection festivals such as "World Earth Day", "World Environment Day" and "Water Saving Promotion Week". The Company carried out publicity and educational activities on the theme of anti-food waste, encouraging employees to actively practise the "Clean Plate Campaign". The Company carried out employee carbon account publicity activities covering 44 branches. As at the end of the reporting period, employees had completed carbon reduction tasks 12.22 million times, theoretically avoiding over 354 tons of carbon emissions. The Company regularly operated the internal column "Low-carbon China Merchants Bank with Green Operation" to share low-carbon practice achievements and promote the dissemination of green concepts and exchange of experience. It released the "Exploring the Future of 'Carbon'" online series courses to popularise knowledge on low-carbon emission reduction, advancing the low-carbon transition through a green culture.

4.3 Social Responsibility Information

4.3.1 Serving the real economy

The Company continuously improved the quality and efficiency in serving the real economy by increasing loan issuance in key areas such as green economy, manufacturing, technological innovation, inclusive finance for small- and micro-sized enterprises, and agriculture-related sectors. As of the end of the reporting period, the Company's balance of loans extended to manufacturing industry was RMB811.969 billion, representing an increase of 10.68% as compared with the end of the previous year. During the reporting period, the Company granted loans totaling RMB325.786 billion to inclusive small- and micro-sized enterprises, and at the end of the reporting period, the balance of loans extended to inclusive small- and micro-sized enterprises was RMB977.359 billion. At the same time, the Company actively supported the comprehensive promotion of rural revitalisation by increasing its extension of agriculture-related loans to promote the integrated development of urban and rural areas. As of the end of the reporting period, the balance of the Company's agriculture-related loans amounted to RMB304.194 billion, representing an increase of 10.57% as compared with the end of the previous year, of which the balance of inclusive agriculture-related loans amounted to RMB27.662 billion[30].

CMB Wealth Management, a subsidiary of the Company, continuously directed the wealth management funds towards the real economy. As of the end of the reporting period, the total balance of CMB Wealth Management's wealth management investment assets supporting the real economy amounted to RMB2.10 trillion, of which, the balance of business invested in technology enterprises amounted to RMB94.209 billion, covering technology industries such as new materials, new energy, semiconductors, pharmaceuticals, communications and software services.

China Merchants Fund, a subsidiary of the Company, proactively established business presence in the fields and segments prioritised for national encouragement, guiding the funds towards strategic emerging industries and small- and medium-sized enterprises that are categorised as "specialised, refined, distinctive and innovative (專精特新)" enterprises. As of the end of the reporting period, China Merchants Fund had directly invested RMB167.691 billion in strategic emerging industries and invested RMB141.157 billion in small- and medium-sized enterprises.

30 Calculated based on the latest statistical calibre implemented by the National Financial Regulatory Administration in 2025.

CMB Financial Leasing, a subsidiary of the Company, proactively anchored itself to major national strategic deployments, focused on new quality productive forces in a comprehensive manner, and extended RMB39.951 billion of new quality productive forces lease financing during the reporting period; seized the strategic opportunities of digital economic development, accelerated the layout of computing power infrastructure, closely aligned with the deployment requirements of two-way empowerment of artificial intelligence and energy, and strengthened the empowerment of new energy infrastructure construction; fully served the strategy of manufacturing powerhouse, and delivered 1 home-grown C919 large passenger aircraft to airlines during the reporting period. It continuously deepened the integration of industry and financing with the shipbuilding industry and shipping industry. As of the end of the reporting period, CMB Financial Leasing held 139 vessels built by the three major central state-owned shipbuilding groups and local backbone shipbuilding enterprises domestically. At the same time, CMB Financial Leasing innovatively adopted the business model of "Hainan project company + cross-border RMB financing" to implement key green vessel projects, facilitating the construction of the Hainan Free Trade Port and RMB internationalisation.

CMB International Capital, a subsidiary of the Company, made full use of its differentiated professional advantages to provide corporate clients with comprehensive financial services such as sponsoring and underwriting services for Hong Kong listing activities, placement and rights issue of listed companies, bond issuance, asset management and financial advisory. During the reporting period, CMB International Capital focused on new quality productive forces and core segments of the supply chain, and accumulatively invested in 32 projects, contributing to high-quality development of the real economy.

CIGNA & CMAM, a subsidiary of the Company, leveraged the "patient capital" advantage of insurance funds to support high-quality development of the real economy. As of the end of the reporting period, the scale of investments in the real economy made through its entrusted life insurance funds exceeded RMB230 billion, accounting for over 80% of the total investment portfolio.

4.3.2 Supporting the improvement of people's livelihood

In the field of education, the Company has continuously provided agency settlement services for students with locally granted student loan from China Development Bank from 2022, including online account opening, loan issuance, identity verification for renewal application, loan repayment, etc. At the same time, the Company provides value-added services for such students, including "Dream Building Scholarships (築夢獎學金)", employment and internship support and travel insurance. As of the end of the reporting period, the Company has cooperated with 200 education authorities nationwide at different levels, including education departments and bureaus, to help safeguard the legitimate rights and interests of students and parents who have prepaid for lessons. Fund security has been protected in 174 million times of lesson purchases from parents. The Company has empowered more than 2,600 K12 schools through fintech, and provided convenient campus digital financial services to 2,342,700 students and parents, helping promote the digital transformation of schools.

In the field of housing, the Company has focused on the participation of flexible employees in the housing provident fund system. By engaging in policy formulation, contribution promotion, publicity outreach, and financial services, the Company has worked to extend the benefits of this system to a broader population. As of the end of the reporting period, the Company cooperated with 40 housing provident fund management centres on the contribution to the housing provident fund for flexible employees. As one of the cooperating channels for the National Housing Provident Fund Public Service Platform of the Ministry of Housing and Urban-Rural Development, the Company continued to provide online services such as account inquiry and cross-regional transfer and continuation for contributors. The Company actively cooperated with the Ministry of Housing and Urban-Rural Development and the housing provident fund management centres in various cities. By carrying out data sharing of commercial loans and coordinated acceptance of "housing provident fund + commercial bank" portfolio loans, the Company provided contributors with convenient services such as "one-stop" handling for housing provident fund loans for home purchases. During the reporting period, the Company provided online service to 9,473,900 people under the housing provident fund scenario.

In the field of medical insurance, the Company assisted in promoting the activation and application of the medical insurance code, and provided insured persons with online services such as medical insurance code activation, payment and inquiry, and launched the function of QR code display by long-pressing the CMB App icon, so as to continuously optimise operational convenience. The Company also participated in the promotion of medical insurance coverage, and supported insured persons in various provinces to pay medical insurance premiums via the App and outlets. With the introduction of large language model and artificial intelligence technology, the Company helped the medical insurance organisations improve their management efficacy, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for medical insurance, and supported the realisation of family mutual assistance on personal accounts and convenient payment via the medical insurance wallet. As of the end of the reporting period, a total of 40,687,600 medical insurance codes were activated, serving 19,469,800 insured persons during the reporting period.

In the field of human resources and social security, as one of the first batch of head-office-to-head-office cooperative banks for social security cards under the Ministry of Human Resources and Social Security, the Company actively cooperated with human resources and social security departments at all levels to promote the issuance and use of national electronic social security cards. As of the end of the reporting period, a cumulative total of 102 million electronic social security cards had been issued. During the reporting period, the Company provided convenient services such as online social security inquiry and business handling for 12,378,000 insured persons, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for social security in multiple regions. Meanwhile, in cooperation with human resources and social security departments at all levels, it provided guaranteed loan financing for entrepreneurs in 17 regions, and provided convenient enrolment and premium payment services for urban and rural residents and flexible employees in over 20 provinces and municipalities. During the reporting period, it provided social security and medical insurance premium withholding and remittance services for 1,071,300 enterprise accounts, involving an amount of RMB276.834 billion, of which RMB1.189 billion of social security and medical insurance premiums were paid in digital RMB. In terms of safeguarding workers' wage payments, the Company innovatively supported the payroll agency model for migrant workers' wages, and continued to enhance comprehensive financial services for wage payment protection for workers, including migrant workers, sanitation workers, and public transport employees. As of the end of the reporting period, it had opened a total of 38,709 dedicated wage accounts for migrant workers, safeguarded migrant worker wage payments totalling RMB469.740 billion and served 22,267,200 migrant workers.

In the field of philanthropy and charity, the Company actively built a philanthropic and charitable service ecosystem, providing charitable organisations with financial services such as the management of charitable funds income and expenditure, preservation and appreciation of funds, and charitable trusts. Based on the digital needs of charitable organisations, donors, beneficiaries, and volunteers, the Company independently developed a smart comprehensive charity management platform, empowering the digital transformation of charitable organisations through technology. As of the end of the reporting period, it had cumulatively served 950 charitable organisations nationwide, and established digital cooperation with 27 charitable organisations.

In the field of trade union services, the Company continued to explore new content, new directions and new models for finance to assist trade union services, supporting the digital and intelligent transformation of the trade union system. As of the end of the reporting period, it had cumulatively served 20,200 trade union organisations nationwide, covering more than 200 million union members.

Centring on the regulatory requirements for advance charges of elderly care institutions, the Company independently developed a smart elderly care service platform, effectively covering fund supervision, institutional elderly care, and community and home-based elderly care scenarios, thereby assisting in realising the digital transformation of fund supervision for elderly care institutions and elderly care service scenarios. The Company actively cooperated with the advancement of elderly care supervision work of the Ministry of Civil Affairs and various regions. Currently, it has obtained qualifications for fund supervision of elderly care institutions in 39 provinces and municipalities, providing supervision services for over 270 elderly care institutions. Please refer to section 3.10.2 "Retirement finance business" for details of retirement finance business.

4.3.3 Accessibility to financial services

The Company continued to iterate and upgrade its "people + digital intelligence" service capability and experience. The Company provided services to customers through its offline outlets, as well as one-to-one manual answering through telephone channels such as the 95555 Remote Operation Service Centre. The Company also provided 24/7 online services through various APPs, and strove to meet various financial and non-financial needs through offline outlets and online channels.

In terms of offline channels, the Company continued to promote the construction and layout optimisation of domestic branches and sub-branches. During the reporting period, the number of outlets increased by 6 and 59 existing outlets were relocated to optimised sites. Through scientific enhancement of outlet location and layout and steady progress of outlet establishment, the scope of effective coverage of our outlets was further expanded and more efficient offline financial services were offered to customers.

In terms of online channels, the Company actively promoted the elderly-oriented transformation of service channels to continuously enhance the service experience for elderly customers. The 95555 customer service hotline continuously optimised the elderly-oriented exclusive service menu, assisting elderly customers in quickly accessing frequently used services through hassle-free and convenient operations. The elderly-oriented service team gained deep insights into the usage habits and service needs of elderly customers, and by relying on the real-time demonstration function, supported elderly customers in connecting to voice customer service with a single click for inquiries, providing professional and caring services. During the reporting period, the Company provided elderly customers with 448,600 times of quick manual access services via telephone and text, achieving a dedicated telephone line access rate of 99.20% and a customer satisfaction rate of 99.97%. The CMB APP "Elderly Version" was continuously iterated and upgraded to optimise the voice search module, thereby further enhancing the convenience and precision of the voice search function; it supported the voice activation of "Xiao Zhao Voice Control (小招語控)" and, by leveraging assisted operation services, improved the APP usage experience for elderly customers. At the same time, the CMB APP launched a transfer contact service to safeguard the fund security of elderly customers. As at the end of the reporting period, customers using the CMB APP "Elderly Version" totalled 3.3109 million.

During the reporting period, the Company continuously advanced special initiatives for payment services, striving to enhance various payment service experiences for customer groups such as the elderly and expatriates in China. In terms of cash services, a fast exchange channel was established; in terms of mobile services, the Company improved the functional coverage of the CMB APP "English Version", and launched the CMB Life APP "English Version", providing high-quality and efficient business processing services for expatriates in China; in terms of cross-border payment services, the Company continuously promoted the Payment Connect product to provide convenient cross-border payment services for residents located in the Chinese Mainland and China's Hong Kong.

4.3.4 Network, information and data security

The Board of Directors of the Company has always attached great importance to the work related to network, information and data security. The Board of Directors and its special committees have strengthened the performance of relevant responsibilities in terms of strategic guidance and risk management and have specified the relevant responsibilities in the Articles of Association. During the reporting period, the "Data Security Work Summary for 2025 and Work Plan for 2026" was reviewed and approved by the Board of Directors.

The Company has established the Information Security Management Committee, chaired by the President with the Chief Information Officer serving as the Executive Vice Chairman, responsible for the coordination and management of the network and data security. The Information Security Management Committee has set up a data security team led by the Information Technology Department at the Head Office, responsible for coordinating and promoting the management of data security throughout the Bank.

The Company established a comprehensive network security management framework covering four major areas, including Internet service security, intranet security, office security and third-party security, and continuously carried out R&D security management, emergency response and disposal work. The Company established an all-around network security defence system, continuously carried out network security operation, monitored, responded to and addressed various network security threats and attacks, formulated contingency plans for typical network security scenarios and conducted emergency drills. During the reporting period, based on the existing security capability system, the Company deeply integrated the technical advantages of large language models to build and optimise cybersecurity intelligent agents, spanning across all stages of risk governance, threat detection, analysis and judgement, and disposal, thereby continuously promoting the transformation of security operations from a manual-driven model to an intelligence-driven model.

The Company continued to iterate its data security management system, advancing initiatives as planned in relation to data classification and grading, data activity control, office environment security, security training and certification, and incident emergency management. During the reporting period, the Company achieved full-domain coverage of automated data classification and grading, completed hundreds of data security risk assessments, anticipated and prevented various types of data security risks, iterated and upgraded the closed-loop management mechanism of "anticipation – defence – monitoring – response", and strengthened the identification and full-lifecycle management and control of sensitive data.

During the reporting period, the Company did not have any major incident of cybersecurity, information and data security.

4.3.5 Customer privacy protection

The Risk and Capital Management Committee of the Board of Directors of the Company effectively fulfils its function of information technology security risk management, including privacy protection. For retail customers, an integrated team of personal information protection has been established at the Head Office, comprising the General Office of Retail Finance, the Information Technology Department and the Legal Compliance Department, which coordinates with the data security working group at the Head Office, and is responsible for overall planning, guiding and coordinating the personal information protection management across the Bank. For corporate customers, the General Office of Corporate Finance of the Head Office takes the lead in data security and privacy protection of corporate customer information, while the business management departments of the corporate business are responsible for the protection of corporate customer information in their respective business lines. Where the information of associated natural persons is involved in the corporate business lines, the relevant requirements for the protection of personal information of the Company shall be followed.

The Company put a high value on customer privacy protection. For retail customers, the Company strictly abided by national laws and regulations such as the Personal Information Protection Law of the People's Republic of China, continuously strengthened the protection of customers' personal information, and safeguarded the legitimate rights and interests of individual customers to access, correct and delete their personal information. Each business management department established a convenient mechanism for accepting and processing applications from individual customers to exercise their rights. Individual customers may exercise the rights of access, correction and deletion of personal information through 95555 hotline, CMB APP "Xiao Zhao (小招)", outlets and other online and offline channels. The Company will process customer requests to access, update, and delete information within 15 days. For corporate customers, the Company protected customers' rights to access, correct, delete, restrict, revoke authorisation and refuse to process their information. Customers have the right to access, correct and update information through counters, CMB Corporate APP and other channels, unless otherwise stipulated by laws, regulations and regulatory policies. On the Company's product and service pages, customers can directly erase or delete bound corporate accounts, message logs, buffer logs and other information. At the same time, they can make requests to the Company for deletion of personal information in accordance with specific circumstances. Users may change the scope of their authorisation for the Company to continue to collect personal information or withdraw their authorisation by deleting the information, turning off the device functions, or setting the privacy settings of the APP, or they may withdraw their entire authorisation for the Company to continue to collect personal information by cancelling their user's accounts.

The Company protected retail customers' and corporate customers' information by adopting security measures that comply with industry standards. Security technology measures, such as encryption and de-identification, were adopted to ensure that customer information handling activities were lawful and compliant, and to prevent unauthorised access and the leakage, alteration and loss of customer information.

In terms of audit inspections, the Company has incorporated personal information protection into the audit scope for the current year. During the reporting period, focusing on the issues identified in the 2025 special audit on personal information protection, the Company conducted follow-up verifications on the rectifications, urged the Head Office and branches to thoroughly implement the rectification work, and improved the working systems and mechanisms for personal information protection from the perspectives of institutional and mechanism development, system controls and process optimisation.

During the reporting period, the Company did not have any material customer privacy leakage incident.

4.3.6 Consumer rights protection

Consumer rights protection governance structure

The Company places great importance on consumer rights protection. It strictly implements all consumer rights protection laws, regulations, regulatory policies, and work requirements, establishing a consumer rights protection management system featuring clear objectives, a reasonable structure, adequate safeguards, and effective execution, with the Board of Directors serving as the highest decision-making body. The Board of Directors has established the Board of Directors' Related Party Transactions Management and Consumer Rights Protection Committee to oversee the senior management's effective fulfilment of relevant requirements.

Management initiatives for consumer rights protection

During the reporting period, the Company continued to improve and effectively implement its consumer rights protection mechanisms, fully integrating consumer rights protection requirements into every stage of its business operations. The Company is committed to providing consumers with convenient and caring financial services, thereby effectively enhancing their sense of fulfilment and satisfaction. In terms of mechanism optimisation, the Company clarified the specific requirements of four key mechanisms, namely consumer protection responsibility, complaint tracing and rectification, listening and response, and internal and external coordination. It also updated and issued a bank-wide consumer protection responsibility checklist to ensure that consumer protection responsibilities are cascaded through all levels and implemented through a closed-loop process. In terms of suitability management, the Company continued to improve its management mechanisms, accelerated digital and intelligent transformation, and further enhanced management quality and effectiveness. It also strengthened its understanding of customers and sold them financial products commensurate with their risk tolerance. In terms of financial education, the Company adopted innovative approaches to financial education, carried out campaigns such as the "3•15" campaign and the "Financial Knowledge Promotion Campaign in June", and produced *A Letter from Time (《時光來信》)*, a financial literacy promotional video. In terms of complaint tracing and rectification, the Company focused on key areas of customer complaints and continuously improved the precision and effectiveness of complaint management by implementing dedicated service enhancement initiatives and refining assessment rules. In terms of supervision of complaints, the Company introduced AI-powered analytical tools to improve the efficiency of preparing complaint analysis reports and strengthen the oversight and management of complaint tracing and rectification. It also continued to optimise intelligent quality inspection functions to monitor the complaint-handling process in a timely manner, enhance the standardisation of complaint handling, and ensure that customer concerns were addressed promptly and appropriately. In terms of consumer protection audits, the Company conducted follow-up reviews of the rectification of issues identified in the 2025 special audit on consumer rights protection. It urged the Head Office and branches to carry out thorough rectification and improve the consumer rights protection framework and mechanisms in such areas as policy development, system controls and process optimisation.

4.3.7 Rural revitalisation

The Company resolutely implemented the strategic deployment of rural revitalisation by the Central Committee of the Communist Party of China and the State Council, closely adhering to the requirements of the "five major revitalisations". With a strong sense of social responsibility, the Company carried out targeted assistance work for Wuding County and Yongren County in Yunnan Province, and has been awarded the highest rating in the assessment of targeted assistance by central authorities for six consecutive years. With adherence to the idea of "Education paving the way, healthcare safeguarding, industrial support, and livable environment creation", the Company formulated the 2026 rural revitalisation assistance work plan, clearly defining the guiding principles for the year, main work objectives and specific assistance measures, and ensured strict implementation.

During the reporting period, the Company dispatched assistance cadres and precisely implemented 15 assistance projects in key areas concerning people's livelihoods, including education and healthcare, in its designated counterpart counties. It directly contributed RMB23.6950 million in assistance funds and explored sustainable new assistance models to promote the comprehensive revitalisation of local rural areas.

4.3.8 Charity

During the reporting period, the Company continued to participate in public welfare and charity events with a total external donations of RMB52.8769 million, thereby contributing to the promotion of social equity and improvement of people's well-being.

Since its establishment in 2012, the Company's "Donating Small Points for Micro Charity (小積分•微公益)" platform has actively responded to the call of the state and focused on social hotspots, and has launched public welfare projects like "Free Lunch for Children (兒童免費午餐)" and "Yangfan Charity Books (揚帆公益圖書)". As of the end of the reporting period, the platform had collected donations of a total of 649 million points, which translated into donations of 2,960,100 free lunches for children and 359,500 books for public welfare, etc.

4.3.9 Human capital development

Talent development strategy

The Company has always adhered to the "talent-driven strategy", committed to building itself into "the best bank in employee development", and focused on developing a "professional, diverse, market-driven, and international" talent system. The Company strengthened talent planning and arrangement, continuously improved the organisational structure, prioritised human resources allocation to the front line, and increased staff for key areas, key institutions and key positions. The Company strengthened its efforts in the construction of the management staff team, strictly implemented the "dual responsibilities in one post" system, emphasised capacity building and reinforced job rotations of management staff team, and strengthened the construction of reserve management team in an effort to forge a high-quality and professional financial talent team with loyalty, integrity and responsibility. The Company expanded the boundaries of capabilities and enhanced the comprehensive capabilities of employees. The Company reinforced the cultivation of professional capabilities and the mechanism of professional certification for positions, and promoted the policy of working with certification. The Company opened up inter-connection of career development channels for domestic and overseas employees from the Head Office, branches and sub-branches to facilitate talent exchange to establish a multi-level, all-round and structured training and development system. The Company enhanced the application of the "Six Can-do" mechanism (六能機制)[31] to create an entrepreneurial environment featuring "promotion of the competent, demotion of the mediocre and removal of the underperforming", thereby stimulating team vitality and enhancing cohesion and strength. The Company strengthened cultural inspiration, organically integrated financial culture with Chinese characteristics with its corporate culture, continued to foster a clean and upright professional environment, and forged a team of management staff and employees that loves, cherishes, protects and dedicates itself to the Company.

The Company actively embraced the opportunities of technological changes and kept up talent arrangements and planning. The Company integrated AI to upgrade the digital finance training camp, explored and improved the talent profile in the "AI + finance" field, built an "online + offline" talent selection model, integrated selection into training, and laid a solid foundation for the talent reserve in the financial technology field.

The Company placed great emphasis on developing an international talent pool. It issued and implemented relevant guidelines, clarified the objectives for building an international talent pool, and systematically promoted talent development initiatives, thereby providing strong organisational assurance and talent support for its international strategic transformation.

Equal employment

The Company does not judge candidates on the basis of factors unrelated to their personal qualities and working abilities, such as gender, age, ethnicity, nationality, religion and family status, and stipulates that discriminatory descriptions regarding image, gender, birthplace, marital and childbearing status and other aspects are strictly prohibited in external recruitment announcements.

[31] Management staff can be promoted or demoted; qualified talents can be recruited and those unqualified can be dismissed; remuneration can be increased or decreased.

Remuneration management and non-remuneration benefits

The Company's remuneration policy is in line with its corporate philosophy, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and constraint mechanisms, serve its strategic and business development and fully boost the motivation of its teams". The remuneration policy adheres to the remuneration management principles featuring "value guidance, performance base and risk control" and reflects the remuneration concept of "remuneration can be increased or decreased, get more pay for more work in a flexible way". At the same time, in order to mitigate various operating and management risks, the Company has established a mechanism related to deferred payment of remuneration and clawback of performance-based remuneration in accordance with regulatory requirements and operational management needs. During the reporting period, for employees who violated laws, regulations and disciplines or incurred significant exposure of risks within their responsibilities, the Company has, in accordance with the relevant regulations, deducted, withheld or clawed back their performance-based remuneration according to the severity of the case.

The Company's non-remuneration benefits system comprises statutory benefits and supplementary benefits. Statutory benefits include legally mandated contributions to the endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund for all employees. The Bank strictly complies with local regulations concerning maternity leave, parental leave, elderly parent care leave and other policy requirements. Supplementary benefits include the purchase of supplementary commercial medical insurance and other benefits for employees.

The Company adheres to the principle of gender equality in remuneration and benefits, and sticks to the notion that gender is not a factor affecting remuneration and benefits. During the reporting period, no abnormalities were found in the remuneration and benefit packages between genders.

Talent cultivation

The Company has established a professional career progression system, providing employees with clear vertical development pathways. At the same time, systems concerning reserve talent pool, post qualification certification, talent exchange, and professional training have been established as important ways of talent reserve building and talent cultivation.

The Company has established a reserve talent pool and supported horizontal development for employees such as internal transfer, skill learning and practice as well as job rotations. By sorting out the post qualification certification of the Bank, the Company vigorously promoted the mechanism of work with certification, and continued to improve the professional capabilities of its talent team. The Company also established an all-around and multi-level talent exchange system through short-term expatriate programs and domestic and overseas talent exchange programs, so as to enrich employees' experience and foster comprehensive personal growth.

The Company supports and encourages all employees to voluntarily participate in external professional qualification certification examinations, to enhance the professional capabilities of the workforce.

The Company comprehensively developed China Merchants Bank's talent training system, supported by the development of a course database, a faculty database, an institutional database and a case database. During the reporting period, the Company comprehensively upgraded its training programme for presidents of comprehensive sub-branches and adopted an integrated teaching model comprising centralised face-to-face instruction, experience sharing, thematic discussions and action learning. It launched an innovation pioneer training-and-practice camp for the first time to accelerate the development of various types of innovative talent; established the "Golden Sunflower Learning" training empowerment system to share advanced training experience and outstanding practices from both within and outside the Bank; and actively promoted the development of "AI + Training" to create personalised learning experiences tailored to individual employees. The Company continued to enhance employees' professional competence and empowered the Bank's business operations and development through high-quality talent training.

4.4 Governance Information

4.4.1 Corporate governance

The Company continues to promote the improvement of the corporate governance mechanism, adheres to the principle of "two consistencies", continuously improves the corporate governance level and adheres to the concept of stable development and prudent risk management. The Company serves Chinese modernisation with its own high-quality development. The key to the Company's corporate governance mechanism is to adhere to the principle of President assuming full responsibility under the leadership of the Board of Directors, market-based operation and professionalism. The Company's shareholding structure is reasonable and the shareholders' behaviours are regulated. A structure of decision-making levels and process mechanism with clear responsibilities and boundaries is established among the Shareholders' General Meeting, the Board of Directors and the senior management, which provides the Company with a solid base for the continuous growth of its corporate governance capabilities and high-quality development. In particular, the Shareholders' General Meeting is the Company's governing body, comprising all shareholders, and is responsible for exercising powers including resolutions on major matters such as increase or decrease in the Company's registered capital, bond issuance, profit distribution, etc. The Board of Directors is accountable to the Shareholders' General Meeting and holds ultimate responsibility for the Company's operation and management. The senior management is accountable to the Board of Directors, conducts operational activities in accordance with the Articles of Association and the authority delegated by the Board of Directors, and is subject to supervision by the Audit Committee under the Board of Directors.

During the reporting period, the Board of Directors of the Company proactively performed its relevant duties in inclusive finance, green finance, data governance, human capital, consumer rights protection, social responsibilities, etc. The Board of Directors and its relevant special committees reviewed the "2025 Sustainable Development Report", the "China Merchants Bank '14th Five-Year Plan' Strategy Implementation Report", the "China Merchants Bank '15th Five-Year Plan' Strategic Plan", the "Report on Inclusive Finance Development for 2025 and Work Plan for 2026", the "Human Resources Management and Talent Strategy Implementation Report for 2025", the "Data Governance Work Summary for 2025 and Work Plan for 2026", the "Data Security Work Summary for 2025 and Work Plan for 2026", the "Employee Behaviour Evaluation Report for 2025", the "Report on the Development of Internet Loans for 2025 and Work Plan for 2026", the "Report on the Implementation of the Consumer Rights Protection Strategy for 2025", the "Work Plan on the Protection of Consumer Rights and Interests for 2026", the "Report on the Performance of Senior Management in Consumer Rights Protection for 2025", the "2025 Annual Complaint Analysis Report", the "Report on the Circular in Relation to the Consumer Complaints in the Banking Industry for the First Three Quarters of 2025", the full text and summary of the 2025 Annual Report and other relevant proposals, made solid advances in serving the real economy, continuously served the national strategic goal of accelerating the comprehensive green transformation of economic and social development and effectively ensured the implementation of development strategy, inclusive finance, green finance, data governance, human capital, consumer rights protection, and other work across the Bank. The Bank worked together with all stakeholders to forge high-quality development.

For details on corporate governance, please refer to Chapter V.

4.4.2 Corporate culture

The Company attaches great importance to corporate culture development, consistently regarding it as a vital intangible asset and strategic resource for sustainable development. Since its inception, the Company has continuously explored a long-term mechanism for advancing corporate culture. In 2004, it established a dedicated institution, the Corporate Culture Centre, to coordinate and promote related initiatives. This has shaped a corporate culture development model characterised by "management commitment, systematic advancement, integration with business practices, and joint participation across the Bank". Through this model, the Company has built, enriched and developed a vibrant and distinctive CMB cultural system, encompassing an entrepreneurial culture of "striving spirit and dedication", a service culture of "We are here just for you", an innovative culture that honours "pioneering spirit", a risk culture prioritising "stability and prudence", a compliance culture of "abiding by laws and regulations", a management culture of "rigour and standardisation", a people-oriented culture of "respect, care, and sharing", and an integrity culture of "openness, integration, equality and inclusiveness".

During the reporting period, the Company continued to strengthen the cultural leadership of management at all levels. Heads of institutions from the Head Office, branches, and sub-branches took turns serving as "Lobby Managers" at business halls, promoting excellent traditions and putting the service culture into practice. In addition, executives from 44 province-level branches delivered themed lectures on culture, strategy, risk, and compliance, providing in-depth interpretations of the CMB's corporate culture. The Company continued to make full use of its communication platforms to enhance their influence. Through channels such as CMB e-News (招銀e報), CMB WeChat Journal (招行微刊), and Culture Walls, the Company achieved comprehensive coverage and multi-dimensional promotion of its corporate culture. The new China Merchants Bank Historical Exhibition Hall was completed, serving as a cultural showcase that unites internal cultural identity and demonstrates the Company's corporate culture characteristics. The Company continued to organise a variety of cultural activities. It has held the Corporate Culture Festival for 22 consecutive years, featuring events such as "President Serving in the Lobby", the collective tree-planting campaign "CMB Centennial Forest", and Family Open Days, that are well-received by the employees. The Company continued to cultivate exemplary role models by identifying and promoting outstanding individuals and stories from its business practices. The "My Story" column in the CMB e-News has garnered over 320,000 views. Furthermore, the Company held recognition ceremonies under its honour system to leverage the exemplary role of outstanding individuals and consolidate employees' shared sense of cultural identity across the Bank. The Company continued to conduct cultural training by integrating corporate culture into the Bank's overall training system. It also organised empowerment initiatives such as "on-site training".

4.4.3 Corporate conduct

The Company attaches great importance to the supervision, management, compliance alert, education and training related to business ethics. During the reporting period, taking into account regulatory requirements and actual business operation and development, the Company carried out anti-corruption system training, warning education and other business ethics-related training activities through a combination of online and offline methods, synchronised coordination between Head Office and branches, centralised promotion, collective learning and self-study. This training aims to communicate the requirements of lawful and compliant professional practice, foster conscious resistance to and strictly prohibit the participation in illegal activities such as money laundering, commercial bribery, corruption, insider trading, market manipulation, etc., and strictly prohibit violation of regulations such as abusing one's position to obtain illegal interests or embezzling bank and customer funds. These efforts strive to create a fair, transparent and honest working environment.

The Company incorporates business ethics matters into its annual internal audit plan, which is implemented upon approval by the Board of Directors. The Company regularly reports the internal audit findings and rectification status to the Board of Directors. In respect of routine audits, the Company conducts routine audits of its domestic and overseas branches and subsidiaries on an annual basis, focusing on the development and implementation of key risk prevention and control mechanisms relating to operational risks, case and ethical risks, and anti-money laundering and sanctions compliance risks. It focuses on the implementation of national policies and the enforcement of domestic and overseas regulatory requirements, strengthens employee conduct management, uncovers key issues, typical issues, as well as systemic and trend-related risks, and facilitates operating institutions in enhancing their risk prevention and control and operational management standards. In respect of special audits, the Company conducts special audits on anti-money laundering and sanctions compliance management on an annual basis, focusing on the risk management and policy implementation of high-risk areas and key institutions related to anti-money laundering and sanctions compliance. The Company promptly identifies potential risks, rectifies non-compliant practices, facilitates management improvements, and continuously promotes the development of a Bank-wide anti-money laundering and sanctions compliance management system.

Corporate Governance

5.1 Overview of Corporate Governance

During the reporting period, the Shareholders' Meeting, the Board of Directors and the special committees under the Board of Directors of the Company fulfilled their duties, functioned in an efficient manner, fully secured the compliant and prudent operation of the Company and ensured sustainable and healthy development of the Company. During the reporting period, the Company convened 1 Shareholders' Meeting; convened 6 meetings of the Board of Directors, including 2 on-site meetings and 4 meetings voted by way of written resolution, at which 51 resolutions were considered and 16 reports were delivered; convened 19 meetings of special committees under the Board of Directors, including 2 meetings of Strategic and Sustainable Development Committee, 6 meetings of Audit Committee, 2 meetings of Related Party Transactions Management and Consumer Rights Protection Committee, 5 meetings of Risk and Capital Management Committee, 3 meetings of Nomination Committee, and 1 meeting of Remuneration and Appraisal Committee, at which 105 resolutions were considered and 18 reports were delivered; convened 1 special meeting of Independent Directors, at which 1 proposal was considered. Having conducted thorough self-inspection, the Company was not aware of any material non-compliance of its corporate governance practice with laws, administrative regulations and the requirements set out in the CSRC's regulatory documents governing the corporate governance of listed companies during the reporting period.

5.2 Information about Shareholders' Meetings

During the reporting period, the Company convened one Shareholders' Meeting, namely the 2025 Annual General Meeting held in Shenzhen on 25 June 2026. The notice, convening, holding and voting procedures of the meeting were all in compliance with the Company Law of the People's Republic of China, the Articles of Association of China Merchants Bank Co., Ltd., the Hong Kong Listing Rules, and other relevant regulations. Miao Jianmin, Chairman of the Company, was absent from the 2025 Annual General Meeting due to other business engagement. Shi Dai, Director of the Company, presided over and acted as the chairman of the meeting, and facilitated effective communication with the shareholders. The meeting reviewed and approved 13 proposals, including the 2025 Work Report of the Board of Directors, the 2025 Annual Report (including the audited financial report), the 2025 Profit Appropriation Plan (including the declaration of the final dividends), the 2026 Interim Profit Appropriation Plan, the Capital Management Plan for 2026-2030, the appointment of accounting firm for the year 2026, the election of the Directors of the Thirteenth Session of the Board of Directors and the Related Party Transactions Report for 2025. For the relevant details of the proposals reviewed at the meeting, please refer to the 2025 Annual General Meeting documents, meeting circulars and the announcement of meeting resolutions and other disclosure documents published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3 Directors and Senior Management

Name	Gender	Date of Birth (Y/M)	Title	Term of office	Shareholding at the beginning of the period (share)	Shareholding at the end of the period (share)
Miao Jianmin	Male	1965.1	Chairman	2020.9-2028.6	–	–
			Non-Executive Director	2020.9-2028.6		
Shi Dai	Female	1967.9	Non-Executive Director	2024.8-2028.6	–	–
Wang Xiaoqing	Male	1971.10	Executive Director	2026.8-2028.6	62,000	62,000
			President	2026.7-2028.6		
Deng Renjie	Male	1970.2	Non-Executive Director	2025.10-2028.6	–	–
Jiang Chaoyang	Male	1967.12	Non-Executive Director	2025.10-2028.6	144,300	144,300
Zhu Eric Liwei	Male	1971.8	Non-Executive Director	2025.1-2028.6	–	–
Huang Jian	Male	1969.8	Non-Executive Director	2025.3-2028.6	–	–
Ma Xianghui	Male	1974.10	Non-Executive Director	2025.12-2028.6	–	–
Zhong Desheng	Male	1967.7	Executive Director	2024.12-2028.6	177,300	177,300
Tian Hongqi	Male	1957.5	Independent Non-Executive Director	2019.8-(Note 1)	–	–
Shi Yongdong	Male	1968.11	Independent Non-Executive Director	2021.8-(Note 2)	–	–
Li Jian	Female	1953.9	Independent Non-Executive Director	2024.11-2028.6	–	–
Wong Yuk Shan	Male	1949.12	Independent Non-Executive Director	2025.12-2028.6	–	–
Lu Liping	Male	1955.10	Independent Non-Executive Director	2025.12-2028.6	–	–
Zhao Weipeng	Male	1972.3	Secretary of the Party Discipline Committee	2023.8-present	56,800	56,800
Wang Ying	Female	1972.11	Executive Vice President	2023.11-2028.6	230,000	230,000
Peng Jiawen	Male	1969.5	Executive Vice President	2023.11-2028.6	221,900	221,900
			Chief Financial Officer	2023.2-2028.6		
			Secretary of the Board of Directors	2023.6-2028.6		
Lei Caihua	Male	1974.9	Executive Vice President	2025.5-2028.6	264,400	264,400
Xu Mingjie	Male	1968.9	Executive Vice President	2025.6-2028.6	200,000	200,000
			Chief Risk Officer	2026.1-2028.6		
Cui Jiakun	Male	1974.12	Executive Assistant President	2025.12-present	–	–
Wang Xinghai	Male	1976.11	Executive Assistant President	2025.12-present	175,000	175,000
Zhou Tianhong	Male	1967.12	Chief Information Officer	2024.12-2028.6	204,300	204,300
Wang Liang	Male	1965.12	Former Executive Director	2019.8-2026.4	300,000	300,000
			Former President	2022.6-2026.4		
Li Chaoxian	Male	1958.9	Former Independent Non-Executive Director	2021.8-2026.4	–	–

Notes:

(1) Mr. Tian Hongqi has tendered his resignation as an Independent Non-Executive Director to the Board of Directors of the Company due to expiry of his term of office. In accordance with the relevant laws, regulations and the relevant requirements of the Articles of Association of the Company, his resignation will become effective upon the approval of the qualification of the new Independent Non-Executive Director by the National Financial Regulatory Administration to fill the vacancy.

(2) According to the "Measures for Administration of Independent Directors of Listed Companies", the term of office of Independent Directors shall not exceed six years. Therefore, the actual term of office of the Independent Director, Mr. Shi Yongdong, will expire earlier than the expiry of the term of the Thirteenth Session of the Board of Directors of the Company.

(3) The shares held by the persons listed in the above table are all A Shares.

(4) None of the persons listed in the above table has been punished by the securities regulator(s) over the past three years.

(5) None of the persons listed in the above table has held any share options of the Company or has been granted any of its restricted shares.

(6) Non-Executive Directors are Shareholder Directors.

5.3.1 New appointment and resignation of Directors and senior management

Directors

In April 2026, Mr. Wang Liang ceased to be an Executive Director of the Company due to his age; Mr. Li Chaoxian ceased to be an Independent Non-Executive Director of the Company due to personal reasons.

In June 2026, according to the relevant resolution passed at the 2025 Annual General Meeting of the Company, Mr. Wang Xiaoqing was elected as an Executive Director of the Company, and his qualification as a Director was approved by the National Financial Regulatory Administration in August 2026.

Senior management

In January 2026, the qualification of Mr. Xu Mingjie to serve as the Chief Risk Officer of China Merchants Bank was approved by the National Financial Regulatory Administration.

In April 2026, Mr. Wang Liang ceased to be the President of the Company due to his age.

In April 2026, the fifteenth meeting of the Thirteenth Session of the Board of Directors of the Company approved the appointment of Mr. Wang Xiaoqing as the President of the Company. In July 2026, the qualification of Mr. Wang Xiaoqing to serve as the President was approved by the National Financial Regulatory Administration.

For details of the new appointment and resignation of Directors and senior management, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3.2 Changes in information of Directors

Mr. Lu Liping ceased to concurrently serve as an External Director of Beijing Huafang Investment Company Limited.

5.3.3 Current positions held by Directors in the shareholders' companies

Name	Name of company	Major title	Term of office
Miao Jianmin	China Merchants Group Ltd.	Chairman	From July 2020 up to now
Shi Dai	China Merchants Group Ltd.	Director and General Manager	From October 2023 up to now
Deng Renjie	China Merchants Group Ltd.	Deputy General Manager	From March 2015 up to now
Jiang Chaoyang	China Merchants Financial Holdings Co., Ltd.	Deputy General Manager	From July 2025 up to now
Zhu Eric Liwei	China Merchants Financial Holdings Co., Ltd.	Deputy General Manager	From September 2022 up to now
Huang Jian	China COSCO Shipping Corporation Limited	General Manager of Capital Operation Department	From September 2016 up to now
Ma Xianghui	China COSCO Shipping Corporation Limited	General Manager of Financial Management Division	From May 2024 up to now

5.3.4 Securities transactions of Directors and relevant employees

The Company has adopted the Model Code set out in Appendix C3 to the Hong Kong Listing Rules as the code of conduct for Directors of the Company in respect of their dealings in the Company's securities. According to the enquiry, to the knowledge of the Company, all Directors of the Company have been in compliance with the Model Code and the guidelines set by the Company during the reporting period.

The Company has also set guidelines on the dealing in the Company's securities by Directors and relevant employees, and the contents of the guidelines are no less exacting than the Model Code.

5.3.5 Interests and short positions of Directors and chief executives under Hong Kong laws and regulations

As at 30 June 2026, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in the SFO), which are required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including the interests and short positions which the Directors and chief executives of the Company are taken or deemed to have under such provisions of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, were as follows:

Name	Position	Class of shares	Long/short position	Capacity	No. of shares (shares)	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
Wang Xiaoqing	Executive Director, President	A Share	Long position	Beneficial owner	62,000	0.00030	0.00025
Jiang Chaoyang	Non-Executive Director	A Share	Long position	Beneficial owner	144,300	0.00070	0.00057
Zhong Desheng	Executive Director	A Share	Long position	Beneficial owner	177,300	0.00086	0.00070

5.4 Profit Appropriation

The profit appropriation plan for 2025

The profit appropriation plan for 2025 was reviewed and approved at the 2025 Annual General Meeting of the Company held on 25 June 2026.

Ten percent of the audited net profit of the Company for 2025 of RMB136.184 billion, equivalent to RMB13.618 billion, was allocated to the statutory surplus reserve, while the difference representing 1.5% of the balance of the end-of-period assets with the Company bearing risks and losses, equivalent to RMB7.688 billion, was appropriated to the general reserve. 2.5% of the Company's mutual fund custody fee income for 2025, equivalent to RMB62 million, was appropriated to the risk reserve for the mutual fund custody business. Based on the total share capital of A Shares and H Shares on the record date for implementation of the profit appropriation, the Company declared a cash dividend to all shareholders of the Company whose names appear on the register. The Company recommended the payment of a cash dividend of RMB2.016 (tax included) for every share to ordinary shareholders for the year of 2025. After deducting the 2025 interim cash dividend already distributed, the cash dividend per share is RMB1.003 (tax included), which was denominated and declared in Renminbi, payable in Renminbi for holders of A Shares and in Hong Kong Dollars or Renminbi for holders of H Shares. The actual distribution amount in HKD would be calculated based on the average RMB/HKD benchmark rate to be released by the People's Bank of China for the previous week (including the day of the Shareholders' Meeting) before the date of the Shareholders' Meeting. The retained profits will be carried forward to the next year. In 2025, the Company did not transfer any capital reserve into share capital.

The Board of Directors of the Company has already implemented the above-mentioned dividend appropriation plan. For further information, please refer to the relevant dividend appropriation announcement(s) published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company, respectively.

The interim profit appropriation plan for 2026

The interim profit appropriation plan of the Company for 2026 is as follows: Based on the financial report for the first half of 2026 reviewed by Ernst & Young Hua Ming, the net profit attributable to ordinary shareholders of the Bank for the half year in 2026 is determined. The amount of cash dividend distributed in the 2026 interim profit appropriation represents 35% of the net profit attributable to ordinary shareholders of the Bank for the first half of 2026. When the actual cash dividend is distributed, the actual proportion of the total cash dividend distributed by the Bank may be slightly different from the above-mentioned proportion because the corresponding digits after the decimal point need to be rounded off in the calculation of the cash dividend per share. The Company will take into account the disbursed interim profit appropriation amount when formulating the subsequent profit appropriation plan for 2026. The cash dividends for the 2026 interim profit appropriation were denominated and declared in Renminbi, payable in Renminbi for holders of A Shares and in Renminbi or equivalent Hong Kong Dollars for holders of H Shares. The date for the distribution of cash dividends of the 2026 interim profit appropriation is between January and February 2027. The specific date for cash dividend distribution and the record date for shareholding will be announced by the Board of Directors separately.

The above interim profit appropriation plan has been approved by the 2025 Annual General Meeting of the Company. The Board will subsequently implement the interim profit appropriation in accordance with the items approved at the Shareholders' Meeting.

For details, please refer to the documents for the 2025 Annual General Meeting and the announcement on the resolutions of the 2025 Annual General Meeting published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.5 Information on Employees

As of 30 June 2026, the Group had a total of 121,959 employees[32] (including dispatched employees).

The classification of the Group's employees by gender is: 52,111 males and 69,848 females, with a relatively balanced gender ratio.

The classification of the Group's employees by profession is: 21,388 employees in corporate finance, 54,446 employees in retail finance, 7,471 employees in risk management, 17,751 employees in operation and operational management, 10,946 employees in research and development, 1,213 employees in administrative and logistics support and 8,744 employees in comprehensive management.

The classification of the Group's employees by educational background is: 34,649 employees with master's degrees and above, 76,840 employees with bachelor's degrees and 10,470 employees with junior college degrees or below.

The distribution of the Group's employees by region is: 28,611 employees in the Yangtze River Delta, 15,717 employees in the Bohai Rim, 37,079 employees in the Pearl River Delta and the Western Taiwan Straits Economic Zone, 5,495 employees in the Northeast, 13,938 employees in the Central, 17,227 employees in the West and 3,892 employees outside the Chinese mainland.

The classification of the Group's employees in research and development by educational background is: 5,467 employees with master's degrees or above, 5,377 employees with bachelor's degrees and 102 employees with junior college degrees or below. The age structure is as follows: 3,960 employees aged 30 and below, 5,570 employees aged 30-40 (excluding 30, but including 40), 1,191 employees aged 40-50 (excluding 40, but including 50), 225 employees aged 50-60 (excluding 50, but including 60).

[32] Includes employees of the Company, CMB Wing Lung Bank and its subsidiaries, CMB International Capital and its subsidiaries, CMB Financial Leasing, CMB Wealth Management, CMB Europe S.A., CMB Investment, China Merchants Fund and its subsidiaries, CIGNA & CMAM, CIGNA & CMB Life Insurance, MUCFC, CMB YunChuang and CMB Network Technology.

5.6 Head Office and Branches and Representative Offices as at the End of the Reporting Period

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Head Office	Head Office	7088 Shennan Boulevard, Futian District, Shenzhen	1	4,367,590
	Credit Card Centre	686 Lai'an Road, Pudong New Area, Shanghai	1	847,246
	Global Markets Centre	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	1	1,448,097
Yangtze River Delta	Shanghai Branch	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	102	567,682
	Shanghai Pilot Free Trade Zone Branch	56 Bohang Road, Pudong New Area, Shanghai	6	16,096
	Nanjing Branch	199 Lushan Road, Jianye District, Nanjing	88	336,612
	Hangzhou Branch	300 Fuchun Road, Shangcheng District, Hangzhou	82	304,065
	Ningbo Branch	342 Min' an East Road, Yinzhou District, Ningbo	34	121,299
	Suzhou Branch	36 Wansheng Street, Industrial Park, Suzhou	35	172,007
	Wuxi Branch	6-107, 6-108 1st Financial Street, Binhu District, Wuxi	20	86,831
	Wenzhou Branch	464 Fudong Road, Lucheng District, Wenzhou	17	38,352
	Nantong Branch	88 Kerong Road, Chongchuan District, Nantong	19	49,507
Bohai Rim	Beijing Branch	156 Fuxingmen Nei Street, Xicheng District, Beijing	135	637,665
	Qingdao Branch	65 Hai'er Road, Laoshan District, Qingdao	53	87,683
	Tianjin Branch	255 Guangdong Road and 9 Qianjin Road, Hexi District, Tianjin	46	111,365
	Jinan Branch	7000 Jingshi Road, High-tech Zone, Jinan	63	166,598
	Yantai Branch	117 Changjiang Road, Economic &Technological Development Area, Yantai	19	34,511
	Shijiazhuang Branch	172 Zhonghua South Street, Qiaoxi District, Shijiazhuang	23	49,843
	Tangshan Branch	406 Xiangyun Road, Lubei District, Tangshan	13	21,598
Pearl River Delta and the Western Taiwan Straits Economic Zone	Guangzhou Branch	5 Huasui Road, Tianhe District, Guangzhou	79	332,858
	Shenzhen Branch	2016 Shennan Boulevard, Futian District, Shenzhen	117	613,274
	Fuzhou Branch	316 Jiangbinzhong Boulevard, Taijiang District, Fuzhou	40	96,430
	Xiamen Branch	18 Lingshiguan Road, Siming District, Xiamen	34	95,720
	Quanzhou Branch	China SCE • International Finance Centre South of Eastern Section of Baozhou Road, Fengze District, Quanzhou	18	38,737
	Dongguan Branch	200 Hongfu Road, Nancheng District, Dongguan	32	94,051
	Foshan Branch	12 Denghu Road East, Nanhai District, Foshan	36	100,473
Northeast	Shenyang Branch	79 Qingnian Avenue, Shenhe District, Shenyang	51	56,245
	Dalian Branch	17 Renmin Road, Zhongshan District, Dalian	34	46,070
	Harbin Branch	3 Zhongyang Avenue, Daoli District, Harbin	42	47,039
	Changchun Branch	9999 Renmin Avenue, Nanguan District, Changchun	23	28,564
Central	Wuhan Branch	188 Yunxia Road, Jianghan District, Wuhan	99	217,430
	Nanchang Branch	1111 Huizhan Road, Honggutan New District, Nanchang	45	107,682
	Changsha Branch	39 Chazishan East Road, Yuelu District, Changsha	49	106,380
	Hefei Branch	169 Funan Road, Hefei	43	128,550
	Zhengzhou Branch	96 Nongye Road East, Zhengzhou	55	112,805
	Taiyuan Branch	265 Nan Zhong Huan Road, Xiaodian District, Taiyuan	23	49,365
	Haikou Branch	1 Shimao Road North, Haikou	13	45,267

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
West	Chengdu Branch	488 Tianfu 4th Street, High-tech Zone, Chengdu	59	157,470
	Lanzhou Branch	9 Qingyang Road, Chengguan District, Lanzhou	24	42,989
	Xi'an Branch	1 Gaoxin No.2 Road, Gaoxin District, Xi'an	73	169,791
	Chongqing Branch	88 Xingguang Road, New North District, Chongqing	50	151,002
	Urumqi Branch	2 Huanghe Road, Urumqi	18	37,892
	Kunming Branch	1 Chongren Street, Wuhua District, Kunming	52	80,904
	Hohhot Branch	9 Chilechuan Avenue, Saihan District, Hohhot	24	44,656
	Nanning Branch	136-5 Minzu Avenue, Qingxiu District, Nanning	19	41,452
	Guiyang Branch	West 2nd Tower, International Finance Centre, Guanshanhu District, Guiyang	18	37,160
	Yinchuan Branch	138 Beijingzhong Road, Jinfeng District, Yinchuan	14	18,260
	Xining Branch	79 Haiyan Road, Chengxi District, Xining	11	13,689
Overseas	Hong Kong Branch	31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	1	139,423
	New York Branch	18/F, 535 Madison Avenue, New York, U.S.A	1	51,220
	Singapore Branch	1 Raffles Place, Tower 2, #32-61, Singapore	1	29,666
	Taipei Representative Office	333, Section 1, Jilong Road, Xinyi District, Taipei	1	–
	Luxembourg Branch	20 Boulevard Royal, L-2449, Luxembourg	1	21,049
	London Branch	18/F, 20 Fenchurch Street, London, UK	1	26,389
	Sydney Branch	L39, GPT, 1 Farrer Place, Sydney, NSW	2	18,821
Total	/	/	**1,961**	**12,863,420**

5.7 Compliance with the Corporate Governance Code

The Company has applied the principles set out in the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules to its corporate governance structure and practices, and the application of such principles is set out in this report. During the reporting period, the Company had complied with the principles and code provisions of the Corporate Governance Code and adhered to the majority of the recommended best practices thereunder.

Important Events

6.1 Purchase, Sale or Repurchase of Listed Securities of the Company

Neither the Company nor its subsidiaries had purchased, sold or repurchased any of the Company's listed securities (including treasury shares) during the reporting period.

As at the end of the reporting period, the Company did not have treasury shares.

6.2 Disciplinary Actions Imposed on the Company, Directors or Senior Management

During the reporting period, the Company was not subject to criminal investigations for suspected crimes. The Company, its Directors and senior management members were not subject to criminal punishment, or subject to investigations by the CSRC or administrative regulatory measures or administrative punishment by the CSRC for suspected violations of laws and regulations, or subject to any disciplinary actions by the stock exchange or subject to administrative punishments by other competent authorities that have major impact on the operation of the Company. None of the Directors and senior management members of the Company was subject to compulsory measures in accordance with the law for suspected crimes, or subject to detention by the disciplinary inspection and supervision authorities for suspected serious violations of laws and regulations or duty-related crimes that affected the performance of their duties, or subject to compulsory measures taken by other competent authorities for suspected violations of laws and regulations that affected the performance of their duties.

6.3 Explanation on the Integrity of the Company

During the reporting period, there were no circumstances where the Company failed to fulfil any obligation under effective legal instruments issued by courts or repay any due debt of a significant amount.

6.4 Significant Connected Transactions[33]

6.4.1 Overview of connected transactions

Pursuant to Chapter 14A of the Hong Kong Listing Rules, a majority of continuing connected transactions of the Company met de minimis exemption and the non-exempt continuing connected transactions fulfilled the relevant reporting and announcement required by the Hong Kong Listing Rules.

For details of connected transactions, please refer to Note 42 to the financial statements.

[33] All of "connected transactions", "connected parties" and "associates" in this section are terms used in Hong Kong Listing Rules.

6.4.2 Non-exempt continuing connected transactions

As of the end of the reporting period, the Company and China Merchants Securities Co., Ltd. held 55% and 45% of the equity interest in CMFM, respectively. Therefore, in accordance with the Hong Kong Listing Rules, CMFM and its associates ("CMFM Group") are connected parties of the Company, and the fund agency distribution service provided by the Company to CMFM Group constituted non-exempt continuing connected transactions of the Company under the Hong Kong Listing Rules.

On 22 December 2025, the Company entered into a Business Co-operation Agreement with CMFM on normal commercial principles after arm's length negotiation for a term commencing on 1 January 2026 and expiring on 31 December 2028. CMFM Group shall calculate fees based on the rates specified in the fund offering documents and/or the offering prospectuses, and shall pay agency service fees to the Company according to the agreement. Meanwhile, the Company has announced the annual caps of RMB1.7 billion, RMB2.1 billion and RMB2.7 billion for the continuing connected transactions with CMFM Group for 2026, 2027 and 2028, respectively as approved by the Board of Directors. The annual caps for the service fees were not more than 5% of the relevant percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules. Therefore, these transactions would only be subject to the reporting, announcement and annual review requirements under the Hong Kong Listing Rules, and exempt from the independent shareholders' approval requirement. For details, please refer to the relevant announcement of the Company dated 22 December 2025.

During the reporting period, the total value of continuing connected transactions between the Company and CMFM Group amounted to RMB577 million.

Pursuant to Rule 14A.72 of the Hong Kong Listing Rules, the Company would like to confirm that other than the non-exempt continuing connected transactions (the "Disclosed Transactions") as disclosed in the section headed "6.4.2 Non-exempt continuing connected transactions" of Chapter VI in this 2026 interim report, none of the other related party transactions as disclosed in note 42 to the financial statements of this 2026 interim report constitute connected transactions or continuing connected transactions that are subject to announcement, circular, shareholders' approval and/or reporting requirements under Chapter 14A of the Hong Kong Listing Rules. The Company confirms that it has complied with the requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the Disclosed Transactions.

6.5 Material Litigations and Arbitrations

Several litigations were filed during the daily operation of the Company, most of which were filed proactively for the purpose of recovering non-performing loans. As of the end of the reporting period, there were 381 cases against the Company (including litigations and arbitrations) pending final judgement, with an amount in dispute of RMB2,135 million. The Company believes that none of the above litigation and arbitration cases would have a material adverse impact on the financial position or operating results of the Company.

6.6 Material Contracts and Their Performance

Significant events in respect of holding in custody, contracting, hiring or leasing of assets

During the reporting period, the Company did not have any material contract signed in connection with holding in custody, contracting, hiring or leasing of any assets of other companies outside the normal scope of banking businesses, or vice versa.

Significant guarantees

Guarantee business falls within the Company's ordinary course of business. During the reporting period, save for the financial guarantees entered into in the Company's normal business scope approved by the regulatory authorities, the Company did not have any other significant disclosable guarantees, nor was the Company a party to any guarantee contract in violation of the resolution procedures of external guarantees as required by laws, administrative regulations and the CSRC.

6.7 Material Investments and Material Assets Acquisition, Disposal and Merger

During the reporting period, the Company did not have any material investments, or any material assets acquisition, disposal or merger.

6.8 Use of Funds by Related Parties

During the reporting period, no related parties used any funds of the Company for non-operating purposes, and none of them used the funds of the Company through, among others, any related party transactions not entered into on an arm's length basis.

6.9 Engagement of Accounting Firms

Upon the approval at the 2025 Annual General Meeting of the Company, the Company engaged Ernst & Young Hua Ming as the domestic accounting firm of the Company and its domestic subsidiaries for 2026, and engaged Ernst & Young and others as the international accounting firms of the Company and its overseas subsidiaries for 2026. The term of each of the engagements is one year. For details, please refer to the notice and circular of the 2025 Annual General Meeting dated 2 June 2026, and the relevant announcement regarding the resolutions of the Company dated 25 June 2026.

6.10 Review of Interim Results

Ernst & Young Hua Ming and Ernst & Young have reviewed the 2026 interim financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, respectively. In addition, the Audit Committee under the Board of Directors of the Company has reviewed this report and agreed to submit the same to the Board of Directors for consideration. The Board of Directors of the Company has considered and approved this report on 28 August 2026.

6.11 Publication of Interim Report

The Company prepared its interim report in both English and Chinese versions in accordance with the IFRS Accounting Standards and the Hong Kong Listing Rules, which are available on the websites of Hong Kong Exchanges and Clearing Limited and the Company. In the event of any discrepancies in interpretation between the English and Chinese versions, the Chinese version shall prevail.

The Company prepared its interim report in Chinese version in accordance with the PRC Generally Accepted Accounting Principles and the preparation rules for interim reports of the CSRC, which is available on the websites of Shanghai Stock Exchange and the Company.

Changes in Shares and Information on Shareholders

7.1 Changes in Ordinary Shares of the Company During the Reporting Period

		31 December 2025		Changes in the No. of shares during the reporting period (share)	30 June 2026	
		No. of shares (share)	Percentage (%)		No. of shares (share)	Percentage (%)
1.	Shares subject to trading restrictions on sales	–	–	–	–	–
2.	Shares not subject to trading restrictions on sales	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**
	(1) Ordinary shares in RMB (A Shares)	20,628,944,429	81.80	–	**20,628,944,429**	**81.80**
	(2) Foreign shares listed domestically	–	–	–	–	–
	(3) Foreign shares listed overseas (H Shares)	4,590,901,172	18.20	–	**4,590,901,172**	**18.20**
	(4) Others	–	–	–	–	–
3.	Total shares	25,219,845,601	100.00	–	**25,219,845,601**	**100.00**

As at the end of the reporting period, the Company had a total of 734,097 shareholders of ordinary shares, including 708,390 holders of A Shares and 25,707 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to trading restrictions on sales.

Based on the publicly available information and to the knowledge of the Directors of the Company, the Company had maintained the public float in compliance with the requirement of the Hong Kong Listing Rules.

7.2 Top Ten Holders of Ordinary Shares and Top Ten Holders of Ordinary Shares Whose Shareholdings Are Not Subject to Trading Restrictions on Sales

Serial No.	Name of shareholders	Type of Shareholders	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes in the reporting period (share)	Number of shares held subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	HKSCC Nominees Ltd.	Overseas legal person	4,556,282,050	18.07	H Shares not subject to trading restrictions on sales	349,471	–	Unknown
2	China Merchants Steam Navigation Co., Ltd.	State-owned legal person	3,289,470,337	13.04	A Shares not subject to trading restrictions on sales	–	–	–
3	China Ocean Shipping Company Limited	State-owned legal person	1,574,729,111	6.24	A Shares not subject to trading restrictions on sales	–	–	–

Serial No.	Name of shareholders	Type of Shareholders	Shares held at the end of the period (share)	Percentage of the total share capital (%)	Type of shares	Changes in the reporting period (share)	Number of shares held subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
4	Shenzhen Yan Qing Investment and Development Company Ltd.	State-owned legal person	1,258,542,349	4.99	A Shares not subject to trading restrictions on sales	–	–	–
5	China Merchants Financial Holdings Co., Ltd.	State-owned legal person	1,147,377,415	4.55	A Shares not subject to trading restrictions on sales	–	–	–
6	Hexie Health Insurance Co., Ltd. – Traditional – Ordinary insurance products	Domestic legal person	1,130,991,537	4.48	A Shares not subject to trading restrictions on sales	–	–	–
7	Hong Kong Securities Clearing Company Limited	Overseas legal person	1,097,374,398	4.35	A Shares not subject to trading restrictions on sales	-123,910,191	–	–
8	Shenzhen Chu Yuan Investment and Development Company Ltd.	State-owned legal person	944,013,171	3.74	A Shares not subject to trading restrictions on sales	–	–	–
9	COSCO Shipping (Guangzhou) Co., Ltd.	State-owned legal person	696,450,214	2.76	A Shares not subject to trading restrictions on sales	–	–	–
10	SAIC Motor Corporation Limited	State-owned legal person	310,125,822	1.23	A Shares not subject to trading restrictions on sales	–	–	–

Notes:

(1) Shares held by HKSCC Nominees Ltd. are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Ltd. Hong Kong Securities Clearing Company Limited is an institution designated by others to hold shares on behalf of them as a nominal holder, and the shares held by it are the shares of China Merchants Bank acquired by investors through Northbound Trading.

(2) As at the end of the reporting period, among the aforesaid top ten shareholders, HKSCC Nominees Ltd. is a subsidiary of Hong Kong Securities Clearing Company Limited; China Merchants Steam Navigation Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., China Merchants Financial Holdings Co., Ltd. and Shenzhen Chu Yuan Investment and Development Company Ltd. are all subsidiaries of China Merchants Group Ltd.; and China Ocean Shipping Company Limited and COSCO Shipping (Guangzhou) Co., Ltd. are both subsidiaries of China COSCO Shipping Corporation Limited. The Company is not aware of any affiliated relationship or action in concert among other shareholders.

(3) None of the above holders of A Shares have entrusted any proxy or acted as proxy to vote or waived their voting rights.

(4) During the reporting period, the above holders of A Shares did not participate in the margin trading and short selling business. The number of outstanding A Shares of the Company lent out through securities lending by the above holders of A Shares at the beginning and the end of the reporting period was zero.

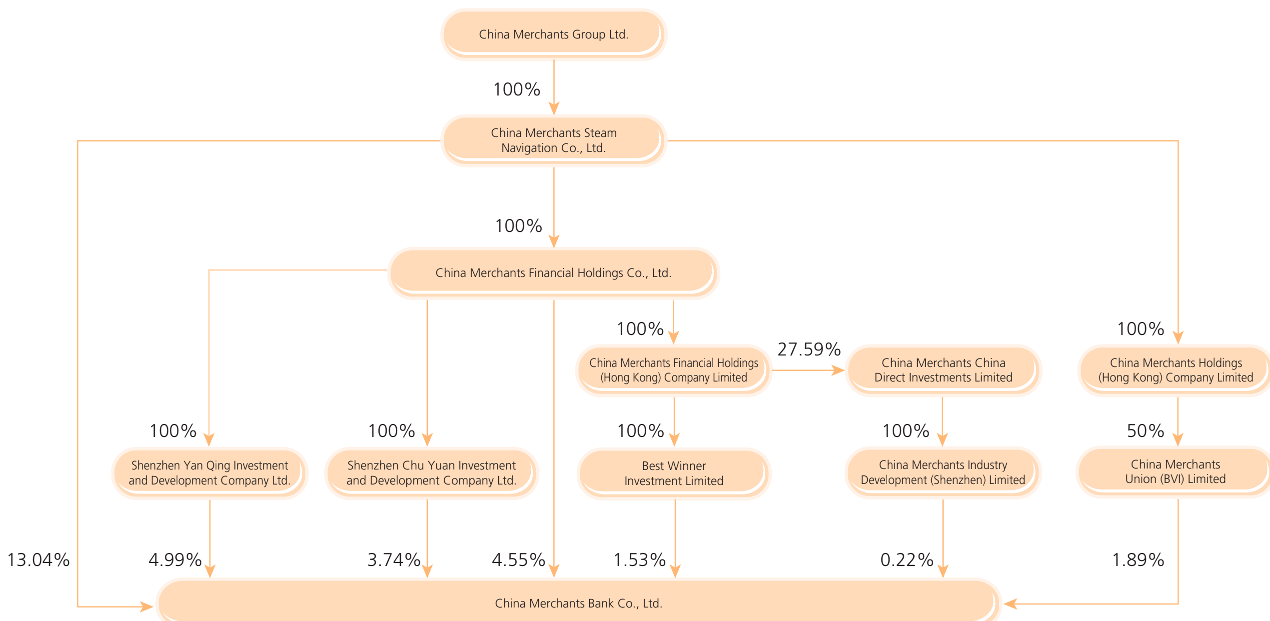
7.3 Information on Substantial Ordinary Shareholders

7.3.1 Information on the Company's largest shareholder

As at the end of the reporting period, China Merchants Group Ltd., through its subsidiaries, namely China Merchants Steam Navigation Co., Ltd., China Merchants Financial Holdings Co., Ltd., Shenzhen Yan Qing Investment and Development Company Ltd., Shenzhen Chu Yuan Investment and Development Company Ltd., China Merchants Union (BVI) Limited, Best Winner Investment Limited and China Merchants Industry Development (Shenzhen) Limited, indirectly held an aggregate of 29.97% of the shares in the Company. There was no pledge of the shares of the Company. Specifically, as at the end of the reporting period, China Merchants Steam Navigation Co., Ltd. directly held 13.04% of the shares in the Company, and is the largest shareholder of the Company with a registered capital of RMB17.0 billion, and its legal representative is Miao Jianmin. China Merchants Steam Navigation Co., Ltd. mainly engages in passenger and cargo shipping businesses; dockyard, warehouse and vehicle transportation; investment and management of tugboat and barge transportation business; repair, construction and trading of ships and offshore oil drilling equipment; sale, purchase and supply of various transportation equipment, spare parts and materials; ship and passenger/goods shipping agency; construction of water and land-based construction projects; and businesses such as investment and management of finance, insurance, trust, securities and futures industries.

As at the end of the reporting period, China Merchants Group Ltd. directly holds 100% equity interests in China Merchants Steam Navigation Co., Ltd. and is the controlling shareholder of the Company's largest shareholder with a registered capital of RMB16.9 billion, and its legal representative is Miao Jianmin. China Merchants Group Ltd. is a central enterprise under the direct control of State-owned Assets Supervision and Administration Commission of the State Council. Its predecessor, China Merchants Steam Navigation Company, was founded in 1872, when China was in its late Qing Dynasty and was undergoing the Westernisation Movement. It was one of the enterprises which played a significant role in promoting the modernisation of China's national industries and commerce at that time. Currently, it has developed into a diversified conglomerate, with its main businesses focusing on transportation and logistics, comprehensive finance, real estate and industrial zones, science and technology innovation industry.

The Company has no controlling shareholder or de facto controller. As at the end of the reporting period, the equity relationship among the Company, its largest shareholder and the controlling shareholder of its largest shareholder is illustrated as follows (in this report, any discrepancies between the total shown and the sum of the percentages listed are due to rounding):



7.3.2 Information on other shareholders holding more than 5% of the Company's shares

As at the end of the reporting period, China COSCO Shipping Corporation Limited indirectly held an aggregate of 9.97% of the shares in the Company through its holding subsidiaries, namely China Ocean Shipping Company Limited, COSCO Shipping (Guangzhou) Co., Ltd., Guangzhou COSCO Shipping Haining Technology Co., Ltd., COSCO Shipping (Shanghai) Co., Ltd. (中遠海運(上海)有限公司), COSCO Shipping Investment Holdings Co., Limited (中遠海運投資控股有限公司) and Guangzhou Tri-Dynas Oil & Shipping Co., Ltd. (廣州市三鼎油品運輸有限公司). There was no pledge of the shares of the Company. Specifically, China Ocean Shipping Company Limited held 6.24% of the shares in the Company. China Ocean Shipping (Group) Company (the predecessor of China Ocean Shipping Company Limited) was established on 22 October 1983. The registered capital of China Ocean Shipping Company Limited was RMB8.071 billion as at the end of the reporting period. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; acceptance of space booking, voyage charter and time charter from cargo owners at home and abroad; leasing, construction, trading and maintenance of vessels and containers and manufacture of related facilities; ship escrowing business; provision of ship materials, spare parts and communications services relating to shipping business at home and abroad; management of enterprises engaging in vessel and cargo agency business and seafarer assignment business.

China COSCO Shipping Corporation Limited held 100% equity interests in China Ocean Shipping Company Limited and is its controlling shareholder. China COSCO Shipping Corporation Limited was established on 5 February 2016, and its de facto controller is the State-owned Assets Supervision and Administration Commission of the State Council. The registered capital of China COSCO Shipping Corporation Limited was RMB11.0 billion as at the end of the reporting period. Its legal representative is Wan Min. The scope of its businesses includes: international shipping; ancillary business in international maritime transportation; imports and exports of goods and technology; marine, land, and aviation international freight forwarding business; ship leasing; sales of ships, containers and steel products; offshore engineering equipment design; terminal and port investment; communication equipment sales, information and technical services; warehousing (except hazardous chemicals); engaged in technology development, technology transfer, technical consulting, technical services and equity investment funds in the field of shipping and spare parts.

7.3.3 Substantial shareholders' interests and short positions in the shares of the Company under Hong Kong laws and regulations

As at 30 June 2026, substantial shareholders had interests and short positions in the shares of the Company under Hong Kong laws and regulations as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO (in this report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding) as follows:

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
China Merchants Group Ltd.	A	Long	Interest of controlled corporation	6,697,550,412			
		Long	Others	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Steam Navigation Co., Ltd.	A	Long	Beneficial owner	3,289,470,337			
		Long	Interest of controlled corporation	3,408,080,075			
		Long	Others	55,196,540			
				6,752,746,952	1	32.73	26.78
	H	Long	Interest of controlled corporation	806,680,423	1	17.57	3.20
China Merchants Financial Holdings Co., Ltd.	A	Long	Beneficial owner	1,147,377,415			
		Long	Interest of controlled corporation	2,260,702,660			
		Long	Others	55,196,540			
				3,463,276,615	1	16.79	13.73
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
China Merchants Financial Holdings (Hong Kong) Company Limited	A	Long	Interest of controlled corporation	58,147,140	1	0.28	0.23
	H	Long	Interest of controlled corporation	328,776,923	1	7.16	1.30
Best Winner Investment Limited	A	Long	Beneficial owner	58,147,140	1	0.28	0.23
	H	Long	Beneficial owner	328,776,923	1	7.16	1.30
Shenzhen Yan Qing Investment and Development Company Ltd.	A	Long	Beneficial owner	1,258,542,349	1	6.10	4.99
China Ocean Shipping Company Limited	A	Long	Beneficial owner	1,574,729,111		7.63	6.24
Hexie Health Insurance Co. Ltd.	A	Long	Beneficial owner	1,130,991,537	2	5.48	4.48
Pagoda Tree Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
Compass Investment Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
CNIC Corporation Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
Verise Holdings Company Limited	H	Long	Interest of controlled corporation	477,903,500	3	10.41	1.89
China Merchants Union (BVI) Limited	H	Long	Beneficial owner	477,903,500	3	10.41	1.89

Name of substantial shareholder	Class of shares	Long/short position	Capacity	No. of shares (shares)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of the total issued ordinary shares (%)
BlackRock, Inc.	H	Long	Interest of controlled corporation	232,198,759	4	5.06	0.92
		Short	Interest of controlled corporation	11,469,300	4	0.25	0.05
Ping An Asset Management Co., Ltd.	H	Long	Investment manager	1,203,215,500		26.21	4.77
Ping An Life Insurance Company of China, Ltd. (中國平安人壽保險股份有限公司)	H	Long	Beneficial owner	966,161,500	5	21.05	3.83
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司)	H	Long	Interest of controlled corporation	966,161,500	5	21.05	3.83

Notes:

(1) For details of China Merchants Group Ltd. and its subsidiaries' interests in the Company, please refer to section 7.3.1 "Information on the Company's largest shareholder".

(2) New China Asset Management Co., Ltd. is the trustee of all the A shares in the Company held by Hexie Health Insurance Co., Ltd. by virtue of which New China Asset Management Co., Ltd. was deemed to hold interests in all the A shares in the Company held by Hexie Health Insurance Co., Ltd.

(3) Pagoda Tree Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of its wholly-owned subsidiary Compass Investment Company Limited:

(3.1) China Merchants Union (BVI) Limited held 477,903,500 H shares (long position) in the Company. Verise Holdings Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company held by China Merchants Union (BVI) Limited by virtue of holding the 50% interest in China Merchants Union (BVI) Limited.

(3.2) Verise Holdings Company Limited was wholly-owned by CNIC Corporation Limited. Therefore, CNIC Corporation Limited was deemed to hold interests in the 477,903,500 H shares in the Company which were deemed to be held by Verise Holdings Company Limited.

(3.3) Compass Investment Company Limited was deemed to hold interests in the 477,903,500 H shares in the Company which were deemed to be held by CNIC Corporation Limited by virtue of holding 90% interest in CNIC Corporation Limited.

The 477,903,500 H shares referred to in (3) and (3.1) to (3.3) above represented the same shares.

(4) BlackRock, Inc. was deemed to hold a total of 232,198,759 H shares (long position) and 11,469,300 H shares (short position) in the Company by virtue of its control over a number of companies. The equity interests of BlackRock, Inc. in the Company included 3,909,500 H shares (long position) and 10,856,300 H shares (short position) which were held through cash settled unlisted derivatives.

(5) Ping An Insurance (Group) Company of China, Ltd. holds interest in 966,161,500 H shares in the Company through Ping An Life Insurance Company of China, Ltd.

Save as disclosed above, the Company is not aware of any other person (other than the Directors and chief executives (as defined in the Hong Kong Listing Rules) of the Company) who has any interests or short positions in the shares of the Company as at 30 June 2026 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

7.4 Issuance and Listing of Securities

During the reporting period, the Company did not issue any new ordinary shares. The Company did not have any internal staff shares. Save for the disclosure related to "Preference Shares" in this chapter, no equity-linked agreements of the Company were entered into during the reporting period or subsisted at the end of the reporting period.

For issuance of bonds of the Company and its subsidiaries, please refer to Note 32 to the financial statements.

During the reporting period, the use of proceeds raised by the Company was consistent with such usages as set out in the prospectus of the Company.

7.5 Issuance, Listing and Redemption of Preference Shares

Pursuant to the approvals by the regulatory authorities, the Company made a non-public issuance of 275,000,000 domestic preference shares on 22 December 2017. The issuance price is RMB100 each and the coupon dividend rate per annum is 4.81% (including tax). The domestic preference shares of the issuance have been listed and traded on the integrated business platform of Shanghai Stock Exchange since 12 January 2018 (abbreviated name of shares: 招銀優1; stock code: 360028; number of listed shares: 275,000,000). The total proceeds from the issuance of the domestic preference shares amounted to RMB27.5 billion and, after deduction of the expenses relating to the issuance, has fully been used to replenish the Company's additional Tier 1 Capital. On 18 December 2022, five years after the issuance of the domestic preference shares, the Company adjusted the coupon dividend rate per annum to 3.62% (including tax) in accordance with market rules. For details, please refer to the relevant announcements published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

The Company redeemed all of the domestic preference shares on 15 April 2026, which was approved by the relevant Directors who were delegated by the Board of Directors according to the authorisation of the Shareholders' General Meeting of the Company, and for which no objections were raised in the reply from the National Financial Regulatory Administration. For details, please refer to the relevant announcements of the Company dated 13 March, 20 March, 31 March, 9 April and 16 April 2026 published on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

Report on Review of Interim Financial Information

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the Board of Directors of China Merchants Bank Co., Ltd.

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

Introduction

We have reviewed the interim condensed financial information set out on pages 106 to 194, which comprises the consolidated statement of financial position of China Merchants Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2026 and the consolidated statement of income, the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and condensed explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard *34 Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The directors of the Bank are responsible for the preparation and presentation of interim condensed financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Ernst & Young

Certified Public Accountants

Hong Kong

28 August 2026

Unaudited Consolidated Statement of Income

For the six months ended 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	Six months ended 30 June	
		2026	2025
Interest income	3	**172,733**	177,014
Interest expense	4	**(60,711)**	(70,929)
Net interest income		**112,022**	106,085
Fee and commission income	5	**44,442**	41,867
Fee and commission expense		**(4,587)**	(4,265)
Net fee and commission income		**39,855**	37,602
Other net income	6	**22,885**	24,564
– Disposal of financial assets at amortised cost		**753**	1,217
Operating income		**174,762**	168,251
Operating expenses	7	**(58,207)**	(56,383)
Operating profit before impairment losses and taxation		**116,555**	111,868
Expected credit losses	8	**(29,177)**	(24,623)
Impairment losses on other assets		**(14)**	(11)
Share of profits of joint ventures		**2,533**	904
Share of profits of associates		**840**	768
Profit before taxation		**90,737**	88,906
Income tax	9	**(13,818)**	(13,501)
Profit for the period		**76,919**	75,405
Attributable to:			
Equity holders of the Bank		**76,445**	74,930
Non-controlling interests		**474**	475
Earnings per share			
Basic and diluted (RMB Yuan)	11	**2.98**	2.89

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Income and Other Comprehensive Income

For the six months ended 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

	Note	Six months ended 30 June 2026	Six months ended 30 June 2025
Profit for the period		**76,919**	75,405
Other comprehensive income for the period after tax			
Items that may be reclassified subsequently to profit or loss		**246**	(8,033)
– Net fair value change on debt instruments measured at fair value through other comprehensive income		**4,083**	(4,291)
– Net changes in expected credit losses of debt instruments measured at fair value through other comprehensive income		**(626)**	(2,337)
– Net movement in cash flow hedge reserve		**(125)**	4
– Share of other comprehensive income from equity-accounted investees		**186**	374
– Exchange difference on translation of financial statements of foreign operations		**(3,272)**	(1,783)
Items that will not be reclassified to profit or loss		**(400)**	1,734
– Fair value change on equity instruments designated at fair value through other comprehensive income		**(3)**	1,738
– Share of other comprehensive income from equity-accounted investees		**(410)**	–
– Remeasurement of defined benefit scheme		**13**	(4)
Other comprehensive income for the period, net of tax	10	**(154)**	(6,299)
Attributable to:			
Equity holders of the Bank		**(182)**	(6,287)
Non-controlling interests		**28**	(12)
Total comprehensive income for the period		**76,765**	69,106
Attributable to:			
Equity holders of the Bank		**76,263**	68,643
Non-controlling interests		**502**	463

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Financial Position

At 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	**30 June 2026**	31 December 2025
Assets			
Cash		**13,617**	14,808
Precious metals		**47,679**	38,669
Balances with central banks	12	**661,583**	560,207
Balances with banks and other financial institutions	13	**338,308**	200,399
Placements with banks and other financial institutions	14	**464,062**	507,439
Amounts held under resale agreements	15	**318,407**	258,708
Loans and advances to customers	16	**7,194,263**	7,004,238
Financial investments at fair value through profit or loss	17(a)	**678,092**	647,796
Derivative financial assets	41(f)	**22,787**	18,823
Debt investments at amortised cost	17(b)	**2,193,219**	2,124,951
Debt investments at fair value through other comprehensive income	17(c)	**1,484,194**	1,337,950
Equity investments designated at fair value through other comprehensive income	17(d)	**23,900**	24,424
Interests in joint ventures	18	**22,040**	20,126
Interests in associates	19	**13,838**	12,788
Investment properties	20	**913**	997
Property and equipment	21	**137,242**	131,524
Right-of-use assets	22	**14,559**	15,290
Intangible assets	23	**1,736**	1,922
Goodwill	24	**9,954**	9,954
Deferred tax assets	25	**92,649**	89,856
Other assets		**52,238**	49,654
Total assets		**13,785,280**	13,070,523

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

	Notes	30 June 2026	31 December 2025
Liabilities			
Borrowing from central banks		**58,863**	111,077
Deposits from banks and other financial institutions	26	**1,192,710**	911,699
Placements from banks and other financial institutions	27	**290,959**	250,701
Financial liabilities at fair value through profit or loss	28	**195,062**	120,499
Derivative financial liabilities	41(f)	**29,431**	18,652
Amounts sold under repurchase agreements	29	**34,684**	95,410
Deposits from customers	30	**10,240,529**	9,924,558
Salaries and welfare payable		**34,718**	35,959
Tax payable		**16,445**	14,713
Contract liabilities		**3,240**	3,548
Lease liabilities		**10,620**	11,253
Provisions	31	**20,571**	16,919
Debt securities issued	32	**136,037**	143,487
Deferred tax liabilities	25	**1,247**	1,115
Other liabilities		**166,863**	130,034
Total liabilities		**12,431,979**	11,789,624
Equity			
Share capital	33	**25,220**	25,220
Other equity instruments		**199,989**	177,457
– Preference shares	34(a)	**–**	27,468
– Perpetual bonds	34(b)	**199,989**	149,989
Capital reserve		**65,370**	65,409
Investment revaluation reserve	35	**26,869**	23,574
Hedging reserve		**(110)**	15
Surplus reserve		**136,270**	136,270
General reserve		**163,863**	163,481
Retained earnings		**729,193**	654,512
Proposed profit appropriations	36(b)	**–**	25,296
Exchange reserve		**(1,631)**	1,641
Total equity attributable to equity holders of the Bank		**1,345,033**	1,272,875
Non-controlling interests		**8,268**	8,024
Total equity		**1,353,301**	1,280,899
Total equity and liabilities		**13,785,280**	13,070,523

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Approved and authorised for issue by the board of directors on 28 August 2026.

Miao Jianmin
Director

Wang Xiaoqing
Director

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

		Six months ended 30 June 2026													
		Total equity attributable to equity holders of the Bank													
			Other equity instruments												
	Notes	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriations	Exchange reserve	Subtotal	Non-controlling interests	Total
At 1 January 2026		25,220	27,468	149,989	65,409	23,574	15	136,270	163,481	654,512	25,296	1,641	1,272,875	8,024	1,280,899
Changes in equity for the period		–	(27,468)	50,000	(39)	3,295	(125)	–	382	74,681	(25,296)	(3,272)	72,158	244	72,402
(a) Net profit for the period		–	–	–	–	–	–	–	–	76,445	–	–	76,445	474	76,919
(b) Other comprehensive income for the period		–	–	–	–	3,215	(125)	–	–	–	–	(3,272)	(182)	28	(154)
Total comprehensive income for the period		–	–	–	–	3,215	(125)	–	–	76,445	–	(3,272)	76,263	502	76,765
(c) Capital contribution or reduction by equity holders		–	(27,468)	50,000	(39)	–	–	–	–	–	–	–	22,493	–	22,493
(i) Issue of perpetual bonds	34(b)	–	–	50,000	(7)	–	–	–	–	–	–	–	49,993	–	49,993
(ii) Redemption of Preference shares	34(a)	–	(27,468)	–	(32)	–	–	–	–	–	–	–	(27,500)	–	(27,500)
(d) Profit appropriations		–	–	–	–	–	–	–	382	(1,684)	(25,296)	–	(26,598)	(258)	(26,856)
(i) Appropriations to general reserve		–	–	–	–	–	–	–	382	(382)	–	–	–	–	–
(ii) Dividends appropriations	36(a)	–	–	–	–	–	–	–	–	–	(25,296)	–	(25,296)	(258)	(25,554)
(iii) Distribution of preference shares		–	–	–	–	–	–	–	–	(322)	–	–	(322)	–	(322)
(iv) Distribution of perpetual bonds		–	–	–	–	–	–	–	–	(980)	–	–	(980)	–	(980)
(e) Other comprehensive income transferred to retained earnings		–	–	–	–	80	–	–	–	(80)	–	–	–	–	–
At 30 June 2026		25,220	–	199,989	65,370	26,869	(110)	136,270	163,863	729,193	–	(1,631)	1,345,033	8,268	1,353,301

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Six months ended 30 June 2025

	Note	Total equity attributable to equity holders of the Bank												Non-controlling interests	Total
		Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriations	Exchange reserve	Subtotal		
At 1 January 2025		25,220	27,468	152,978	65,429	38,385	56	122,652	154,932	583,638	50,440	4,816	1,226,014	7,461	1,233,475
Changes in equity for the period		–	–	47,000	(9)	(4,510)	4	–	326	72,629	(50,440)	(1,781)	63,219	166	63,385
(a) Net profit for the period		–	–	–	–	–	–	–	–	74,930	–	–	74,930	475	75,405
(b) Other comprehensive income for the period		–	–	–	–	(4,510)	4	–	–	–	–	(1,781)	(6,287)	(12)	(6,299)
Total comprehensive income for the period		–	–	–	–	(4,510)	4	–	–	74,930	–	(1,781)	68,643	463	69,106
(c) Capital contribution or reduction by equity holders		–	–	47,000	(9)	–	–	–	–	–	–	–	46,991	–	46,991
(i) Issue of perpetual bonds		–	–	47,000	(9)	–	–	–	–	–	–	–	46,991	–	46,991
(d) Profit appropriations		–	–	–	–	–	–	–	326	(2,301)	(50,440)	–	(52,415)	(297)	(52,712)
(i) Appropriations to general reserve		–	–	–	–	–	–	–	326	(326)	–	–	–	–	–
(ii) Dividends appropriations for the year 2024		–	–	–	–	–	–	–	–	–	(50,440)	–	(50,440)	(297)	(50,737)
(iii) Distribution of perpetual bonds		–	–	–	–	–	–	–	–	(1,975)	–	–	(1,975)	–	(1,975)
At 30 June 2025		25,220	27,468	199,978	65,420	33,875	60	122,652	155,258	656,267	–	3,035	1,289,233	7,627	1,296,860

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

	Six months ended 30 June	
	2026	2025
Operating activities		
Profit before tax	**90,737**	88,906
Adjustments for:		
– Impairment losses on loans and advances	**25,463**	23,341
– Impairment losses on investments and other	**3,728**	1,293
– Unwinding of discount on the allowances for loans and advances	**(48)**	(66)
– Depreciation of property and equipment and investment properties	**6,141**	5,801
– Depreciation of right-of-use assets	**1,913**	2,000
– Amortisation of other assets	**334**	339
– Net gains on debt securities and equity investments	**(9,214)**	(19,892)
– Interest income on investments	**(47,527)**	(44,933)
– Interest expense on issued debt securities	**2,144**	2,923
– Share of profits of associates	**(840)**	(768)
– Share of profits of joint ventures	**(2,533)**	(904)
– Net gain on disposal of property and equipment and other assets	**(234)**	(505)
– Interest expense on lease liabilities	**163**	214
Changes in:		
Balances with central banks	**(18,856)**	46,081
Loans and advances to customers	**(221,666)**	(254,837)
Other assets	**(68,804)**	(107,794)
Deposits from customers	**326,368**	325,792
Amounts due to banks and other financial institutions	**260,844**	100,527
Amounts due from banks and other financial institutions with original maturity over 3 months	**(67,577)**	(48,831)
Borrowing from central bank	**(52,140)**	(17,759)
Other liabilities	**91,884**	46,022
Cash generated from operating activities before income tax payment	**320,280**	146,950
Income tax paid	**(15,669)**	(12,489)
Net cash generated from operating activities	**304,611**	134,461
Investing activities		
Proceeds from disposals of investments	**1,176,845**	1,172,192
Proceeds from investments income	**62,492**	67,112
Proceeds from disposals of joint ventures and associates	**401**	29
Proceeds from disposals of property and equipment and other assets	**7,571**	6,892
Payment for the purchases of investments	**(1,389,884)**	(1,412,699)
Payment for investments in joint ventures and associates	**(925)**	(716)
Payment for the purchases of property and equipment and other assets	**(22,744)**	(7,201)
Net cash used in investing activities	**(166,244)**	(174,391)

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

	Notes	Six months ended 30 June 2026	2025
Financing activities			
Proceeds from the issuance of negotiable interbank certificates of deposit	37(b)	**3,133**	22,917
Proceeds from the issuance of certificates of deposit and other debt instruments	37(b)	**38,889**	35,668
Proceeds from the issuance of debt securities	37(b)	**8,400**	16,406
Proceeds from the issuance of perpetual bonds		**49,993**	46,991
Proceeds from other financing activities	37(b)	**19,311**	9,982
Repayment of negotiable interbank certificates of deposit	37(b)	**(11,265)**	(90,190)
Repayment of certificates of deposit and other debt instruments	37(b)	**(32,131)**	(33,953)
Repayment of debt securities	37(b)	**(11,917)**	(9,933)
Repayment of lease liabilities	37(b)	**(2,172)**	(2,205)
Redemption of preference shares		**(27,500)**	–
Payment for dividends distribution	37(b)	**(25,806)**	(297)
Distribution paid on preference shares	37(b)	**(322)**	–
Distribution paid on perpetual bonds	37(b)	**(980)**	–
Interest paid on financing activities	37(b)	**(2,453)**	(2,388)
Repayments for other financing activities	37(b)	**(12,426)**	(14,363)
Net cash used in financing activities		**(7,246)**	(21,365)
Net increase/(decrease) in cash and cash equivalents		**131,121**	(61,295)
Cash and cash equivalents as at 1 January		**709,822**	756,527
Effect of foreign exchange rate changes		**(1,201)**	(311)
Cash and cash equivalents as at 30 June	37(a)	**839,742**	694,921
Cash flows from operating activities include:			
Interest received		**125,106**	133,040
Interest paid		**69,205**	79,416

The notes on pages 114 to 194 form part of these interim consolidated financial statements.

Notes to the Unaudited Interim Consolidated Financial Statements

For the six months ended 30 June 2026

(Expressed in millions of Renminbi unless otherwise stated)

1. General information

China Merchants Bank Co., Ltd. (the "Bank") is a commercial bank incorporated in Shenzhen, the People's Republic of China (the "PRC"). With the approval of the China Securities Regulatory Commission (the "CSRC") of the PRC, the A Shares of the Bank were listed on the Shanghai Stock Exchange on 9 April 2002. On 22 September 2006, the Bank's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX").

The principal activities of the Bank and its subsidiaries (the "Group") are the provision of corporate and personal banking services, conducting treasury business, and the provision of asset management and other financial services.

As at 30 June 2026, apart from the Head Office, the Bank has 51 branches in the Chinese mainland, Hong Kong, New York, Singapore, Luxembourg, London and Sydney. In addition, the Bank has a representative office in Taipei.

The particulars of the Group's major subsidiaries as at 30 June 2026 are set out below:

Name of company	Place of incorporation and operations	Particulars of the issued and paid up capital (in millions)	Percentage of ownership held by the Bank	Principal activities	Legal form
CMB International Capital Holdings Corporation Limited ("CMBIC")	Hong Kong	HKD4,129	100%	Investment bank and investment management	Limited liability
CMB Financial Leasing Company Limited ("CMBFL")	Shanghai	RMB18,000	100%	Finance leasing	Limited liability
CMB Wing Lung Bank Limited ("CMB WLB")	Hong Kong	HKD1,161	100%	Banking	Limited liability
China Merchants Fund Management Co., Ltd. ("CMFM")	Shenzhen	RMB1,310	55%	Fund management	Limited liability
CMB Wealth Management Co., Ltd ("CMBWM")	Shenzhen	RMB5,556	90%	Asset management	Limited liability
China Merchants Europe S.A. ("CMB Europe S.A.")	Luxembourg	EUR100	100%	Banking	Limited liability
Cigna & CMB Asset Management Company Limited ("CIGNA & CMAM")	Beijing	RMB500	(note (i))	Asset management	Limited liability
China Merchants Bank Financial Asset Investment Co., Ltd. ("CMB Investment")	Shenzhen	RMB15,000	100%	Financial assets investment	Limited liability

Note:

(i) CIGNA & CMAM is an indirectly controlled subsidiary of the Bank, with 87.3458% held by CIGNA & CMB Life Insurance Co., Ltd., a joint venture of the Bank, and 12.6542% held by CMBIC, a subsidiary of the Bank.

2. Basis of preparation, principal accounting policies, accounting estimates and judgements

(a) Basis of preparation and principal accounting policies

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

Other than the application of the following amendments to IFRS Accounting Standards, the Group's accounting policies and methods of computation applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual consolidated financial statements for the year ended 31 December 2025.

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2026 for the preparation of the Group's unaudited interim condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

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

(b) Accounting estimates and judgements

The preparation of these unaudited interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The Group's significant accounting estimates and judgements applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended 31 December 2025.

3. Interest income

	Six months ended 30 June	
	2026	2025
Loans and advances to customers	**111,947**	119,080
– Corporate loans and advances	**43,358**	43,421
– Retail loans and advances	**67,286**	73,526
– Discounted bills	**1,303**	2,133
Balances with central banks	**4,381**	4,587
Balances with banks and other financial institutions	**1,897**	1,322
Placements with banks and other financial institutions	**5,364**	5,678
Amounts held under resale agreements	**1,617**	1,414
Financial investments	**47,527**	44,933
– Debt investments at FVTOCI	**18,382**	16,133
– Debt investments at amortised cost	**29,145**	28,800
Total	**172,733**	177,014

Note: For the six months ended 30 June 2026, included in the above is the interest income of RMB3,308 million from loans and advances to customers at fair value through other comprehensive income (six months ended 30 June 2025: RMB4,240 million).

4. Interest expense

	Six months ended 30 June	
	2026	2025
Deposits from customers	**47,387**	56,519
Borrowing from central banks	**829**	1,708
Deposits from banks and other financial institutions	**5,576**	4,197
Placements from banks and other financial institutions and others	**3,981**	4,218
Amounts sold under repurchase agreements	**794**	1,364
Debt securities issued	**2,144**	2,923
Total	**60,711**	70,929

5. Fee and commission income

	Six months ended 30 June	
	2026	2025
Fees and commissions from wealth management	**16,192**	12,797
Fees and commissions from asset management	**5,370**	5,453
Bank card fees	**6,374**	7,221
Settlement and clearing fees	**7,961**	7,602
Commissions from credit commitment and lending business	**2,145**	2,289
Commissions from custody business	**3,142**	2,607
Other	**3,258**	3,898
Total	**44,442**	41,867

6. Other net income

	Six months ended 30 June	
	2026	2025
Net gains/(losses) from fair value change	**4,581**	(4,819)
– financial instruments at fair value through profit or loss ("FVTPL")	**3,160**	(5,426)
– derivative instruments	**(91)**	44
– precious metals	**1,512**	563
Net investment income	**9,438**	20,222
– financial instruments at FVTPL	**7,990**	11,405
– gain on disposal of financial assets at amortised cost	**753**	1,217
– gain on disposal of debt instruments at FVTOCI	**376**	7,043
– of which: gain on disposal of bills	**224**	330
– dividend income from equity investments designated at FVTOCI	**297**	480
– other	**22**	77
Foreign exchange gain	**1,859**	1,451
Other income	**6,478**	6,918
– income on operating leases	**6,478**	6,918
Other	**529**	792
Total	**22,885**	24,564

7. Operating expenses

	Six months ended 30 June	
	2026	2025
Staff costs	**36,428**	35,484
– Salaries and bonuses	**27,574**	27,330
– Social insurance and corporate supplemental insurance	**5,595**	5,143
– Other	**3,259**	3,011
Tax and surcharges	**1,508**	1,491
Depreciation of property and equipment and investment properties	**6,141**	5,801
Amortisation of intangible assets	**201**	235
Depreciation of right-of-use assets	**1,913**	2,000
Short-term lease expense and leases of low-value assets expense	**97**	82
Other general and administrative expenses	**11,919**	11,290
Total	**58,207**	56,383

8. Expected credit losses

	Six months ended 30 June	
	2026	2025
Loans and advances to customers	**25,463**	23,341
– Loans and advances at amortised cost	**27,398**	26,296
– Loans and advances at FVTOCI	**(1,935)**	(2,955)
Amounts due from banks and other financial institutions	**797**	182
Financial investments	**(610)**	(415)
– Debt investments at amortised cost	**(1,700)**	(247)
– Debt investments at FVTOCI	**1,090**	(168)
Financial guarantees and loan commitments	**3,708**	1,446
Other	**(181)**	69
Total	**29,177**	24,623

9. Income tax

(a) Income tax expense in the unaudited consolidated statement of income represents:

	Six months ended 30 June	
	2026	2025
Current income tax expense	**17,826**	16,803
– Chinese mainland	**16,351**	15,608
– Hong Kong	**1,213**	1,008
– Overseas	**262**	187
Deferred taxation	**(4,008)**	(3,302)
Total	**13,818**	13,501

(b) A reconciliation of income tax expense in the unaudited consolidated statement of income and that calculated at the applicable statutory tax rate is as follows:

	Six months ended 30 June	
	2026	2025
Profit before taxation	**90,737**	88,906
Tax at the PRC statutory income tax rate of 25% (Six months ended 30 June 2025: 25%)	**22,684**	22,227
Tax effects of the following items:		
– Effects of costs, expenses and losses not deductible for tax purposes	**2,963**	3,209
– Effects of non-taxable income	**(11,031)**	(10,768)
– Effects of different applicable rates in other jurisdictions (note)	**(522)**	(700)
– Tax effect of perpetual bond interest expense	**(245)**	(494)
– Other	**(31)**	27
Income tax expense	**13,818**	13,501

Notes:

(i) Taxation for Hong Kong and overseas operations are charged at the applicable rates of tax prevailing in relevant regions.

(ii) The Group is within the scope of the Pillar Two rules. As at 30 June 2026, Pillar Two legislation has become effective in some of the countries and regions where the Group has operations. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 Income Taxes. As at 30 June 2026, the top-up tax has no significant impact on the Group's financial statements.

10. Other comprehensive income

(a) Tax effects relating to each component of other comprehensive income

	Six months ended 30 June					
	2026			2025		
	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount
Items that may be reclassified subsequently to profit or loss	1,638	(1,392)	246	(10,390)	2,357	(8,033)
– Net fair value change on debt instruments measured at FVTOCI	5,631	(1,548)	4,083	(5,882)	1,591	(4,291)
– Net changes in expected credit losses of debt instruments measured at FVTOCI	(841)	215	(626)	(3,121)	784	(2,337)
– Net movement in cash flow hedge reserve	(66)	(59)	(125)	22	(18)	4
– Share of other comprehensive income from equity-accounted investees	186	–	186	374	–	374
– Exchange difference on translation of financial statements of foreign operations	(3,272)	–	(3,272)	(1,783)	–	(1,783)
Items that will not be reclassified to profit or loss	(437)	37	(400)	1,812	(78)	1,734
– Net fair value change on equity instruments designated at FVTOCI	(43)	40	(3)	1,817	(79)	1,738
– Share of other comprehensive income from equity-accounted investees	(410)	–	(410)	–	–	–
– Remeasurement of defined benefit scheme	16	(3)	13	(5)	1	(4)
Other comprehensive income	1,201	(1,355)	(154)	(8,578)	2,279	(6,299)

(b) Movements relating to change on the components of other comprehensive income:

	Six months ended 30 June	
	2026	2025
Net fair value change on debt instruments at FVTOCI		
Changes in fair value recognised during the period	4,365	991
Reclassification adjustments for amounts transferred to profit or loss upon disposal	(282)	(5,282)
Net movement in investment revaluation reserve during the period recognised in other comprehensive income	4,083	(4,291)
Net changes in expected credit losses of debt instruments at FVTOCI		
Changes in expected credit losses recognised during the period	(626)	(2,337)
Net movement in expected credit losses during the period recognised in other comprehensive income	(626)	(2,337)
Net movement in cash flow hedge reserve		
Effective portion of changes in fair value of hedging instruments	(121)	(3)
Reclassification adjustment for realised gain to profit or loss	(4)	7
Net movement in the hedging reserve during the period recognised in other comprehensive income	(125)	4
Net fair value change on equity instruments designated at FVTOCI		
Changes in fair value recognised during the period	(3)	1,738
Net movement in investment revaluation reserve during the period recognised in other comprehensive income	(3)	1,738

11. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2026 and 2025 is based on the net profit attributable to equity shareholders of the Bank and the weighted average number of shares in issue.

	Six months ended 30 June	
	2026	2025
Net profit attributable to equity shareholders of the Bank	**76,445**	74,930
Less: Net profit attributable to preference shareholders of the Bank	**(322)**	–
Net profit attributable to holders of perpetual bonds	**(980)**	(1,975)
Net profit attributable to ordinary shareholders of the Bank	**75,143**	72,955
Weighted average number of shares in issue (in million shares)	**25,220**	25,220
Basic and diluted earnings per share (in RMB Yuan)	**2.98**	2.89

Note:

The Bank issued non-cumulative preference shares in 2017, which were redeemed on 15 April 2026. The Bank issued 7 series non-cumulative perpetual bonds between 2021 and 2026. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares and interest on non-cumulative perpetual bonds should be deducted from the amounts attributable to shareholders of the Bank.

The conversion feature of preference shares is considered to be contingently issuable ordinary shares. The triggering events of conversion did not occur as of 30 June 2026 and 2025. Therefore, the conversion feature of preference shares has no impact on the diluted earnings per share calculation.

The non-cumulative perpetual bonds issued by the Bank do not contain equity conversion clauses.

12. Balances with central banks

	30 June 2026	31 December 2025
Statutory deposit reserve (note (i))	**515,923**	502,368
Surplus deposit reserve (note (ii))	**132,283**	49,783
Other deposits with central banks (note (iii))	**13,117**	7,816
Accrued interest	**260**	240
Total	**661,583**	560,207

Notes:

(i) Statutory deposit reserve funds are deposited with The People's Bank of China ("PBOC") and other central banks outside the Chinese mainland as required and are not available for the Group's daily operations. The statutory deposit reserve funds of the Bank's institutions located in the Chinese mainland are calculated at 5.5% and 4% of the eligible RMB deposits and foreign currency deposits respectively as at 30 June 2026 (31 December 2025: 5.5% and 4% of the eligible RMB deposits and foreign currency deposits respectively). Eligible deposits include deposits from government authorities and other organisations, retail deposits, corporate deposits, and net credit balances of entrusted business and RMB deposits placed by financial institutions outside the Chinese mainland in the Bank. The reserve of overseas branches of the Group shall be deposited in accordance with the provisions of local regulators.

(ii) Surplus deposit reserve maintained with the PBOC and central banks outside the Chinese mainland is mainly for clearing purposes.

(iii) Other deposits with central banks primarily represent fiscal deposits and foreign exchange reserve placed with the PBOC.

13. Balances with banks and other financial institutions

	30 June 2026	31 December 2025
Principal (a)	337,894	199,955
Impairment allowances (a)(b)	(838)	(447)
Subtotal	337,056	199,508
Accrued interest	1,252	891
Total	338,308	200,399

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	287,374	165,368
– Banks	265,358	152,454
– Other financial institutions	22,016	12,914
Outside the Chinese mainland	50,520	34,587
– Banks	49,329	34,171
– Other financial institutions	1,191	416
Total	337,894	199,955
Less: Impairment allowances	(838)	(447)
– Banks	(726)	(378)
– Other financial institutions	(112)	(69)
Net carrying amount	337,056	199,508

(b) Movements of allowances for impairment losses are as follows:

	2026	2025
Balance as at 1 January	447	830
Charge/(release) for the period/year	393	(373)
Exchange difference	(2)	(10)
Balance as at 30 June/31 December	838	447

14. Placements with banks and other financial institutions

	30 June 2026	31 December 2025
Principal (a)	462,427	504,938
Impairment allowances (a)(c)	(1,437)	(1,197)
Subtotal	460,990	503,741
Accrued interest	3,072	3,698
Total	464,062	507,439

14. Placements with banks and other financial institutions *(continued)*

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	363,098	392,648
– Banks	33,884	33,454
– Other financial institutions	329,214	359,194
Outside the Chinese mainland	99,329	112,290
– Banks	99,329	112,290
Total	462,427	504,938
Less: Impairment allowances	(1,437)	(1,197)
– Banks	(255)	(222)
– Other financial institutions	(1,182)	(975)
Net carrying amount	460,990	503,741

(b) Analysed by remaining maturity

	30 June 2026	31 December 2025
Maturing		
– Within one month (inclusive)	127,065	131,410
– Between one month and one year (inclusive)	309,892	361,292
– Over one year	24,033	11,039
Total	460,990	503,741

(c) Movements of allowances for impairment losses are as follows:

	2026	2025
Balance as at 1 January	1,197	1,126
Charge for the period/year	244	76
Exchange difference	(4)	(5)
Balance as at 30 June/31 December	1,437	1,197

15. Amounts held under resale agreements

	30 June 2026	31 December 2025
Principal (a)	319,205	259,338
Impairment allowances (a)(d)	(826)	(666)
Subtotal	318,379	258,672
Accrued interest	28	36
Total	318,407	258,708

15. Amounts held under resale agreements *(continued)*

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	**318,258**	258,581
– Banks	**29,052**	30,999
– Other financial institutions	**289,206**	227,582
Outside the Chinese mainland	**947**	757
– Other financial institutions	**947**	757
Total	**319,205**	259,338
Less: Impairment allowances	**(826)**	(666)
– Banks	**(181)**	(162)
– Other financial institutions	**(645)**	(504)
Net carrying amount	**318,379**	258,672

(b) Analysed by remaining maturity

	30 June 2026	31 December 2025
Maturing		
– Within one month (inclusive)	**318,109**	258,672
– Between one month and one year (inclusive)	**270**	–
Total	**318,379**	258,672

(c) Analysed by underlying assets

	30 June 2026	31 December 2025
Bonds	**318,379**	248,696
Bills	**–**	9,976
Total	**318,379**	258,672

(d) Movements of allowances for impairment losses are as follows:

	2026	2025
Balance as at 1 January	**666**	746
Charge/(Release) for the period/year	**160**	(80)
Balance as at 30 June/31 December	**826**	666

16. Loans and advances to customers

(a) Loans and advances to customers

	30 June 2026	31 December 2025
Gross amount of loans and advances to customers at amortised cost (i)	6,938,749	6,640,193
Accrued interest	10,585	10,133
Subtotal	6,949,334	6,650,326
Loss allowances of loans and advances to customers at amortised cost (i)	(268,222)	(262,973)
Loss allowances of accrued interest	(1,172)	(997)
Subtotal	(269,394)	(263,970)
Loans and advances to customers at amortised cost	6,679,940	6,386,356
Loans and advances to customers at FVTOCI (ii)	365,201	519,574
Accrued interest	3	2
Subtotal	365,204	519,576
Loans and advances to customers at FVTPL (iii)	149,119	98,306
Total	7,194,263	7,004,238

(i) Loans and advances to customers at amortised cost

	30 June 2026	31 December 2025
Corporate loans and advances	3,258,710	2,919,909
Retail loans and advances	3,680,028	3,720,191
Discounted bills	11	93
Gross amount of loans and advances to customers at amortised cost	6,938,749	6,640,193
Less: Loss allowances	(268,222)	(262,973)
– Stage 1 (12-month ECL)	(133,669)	(134,817)
– Stage 2 (Lifetime ECL – not credit-impaired)	(73,180)	(68,720)
– Stage 3 (Lifetime ECL – credit-impaired)	(61,373)	(59,436)
Net loans and advances to customers at amortised cost	6,670,527	6,377,220

(ii) Loans and advances to customers at FVTOCI

	30 June 2026	31 December 2025
Corporate loans and advances	247,907	294,820
Discounted bills	117,294	224,754
Loans and advances to customers at FVTOCI	365,201	519,574
Loss allowances	(2,314)	(4,249)
– Stage 1 (12-month ECL)	(2,092)	(4,033)
– Stage 2 (Lifetime ECL – not credit-impaired)	(222)	(216)
– Stage 3 (Lifetime ECL – credit-impaired)	–	–

No loss allowance is recognised in the carrying amount of loans and advances to customers at FVTOCI as it is at fair value.

16. Loans and advances to customers *(continued)*

(a) Loans and advances to customers *(continued)*

(iii) Loans and advances to customers at FVTPL

	30 June 2026	31 December 2025
Corporate loans and advances	**1,013**	1,021
Discounted bills	**148,070**	97,270
Accrued interest	**36**	15
Total	**149,119**	98,306

(b) Analysis of loans and advances to customers

(i) Analysed by industry sector and category:

Operations in the Chinese mainland

	30 June 2026	31 December 2025
Manufacturing	**814,452**	739,562
Transportation, storage and postal services	**538,100**	518,959
Production and supply of electric power, heat, gas and water	**418,803**	390,405
Property development	**308,156**	290,743
Wholesale and retail	**299,489**	274,763
Leasing and commercial services	**275,770**	238,521
Telecommunications, software and IT services	**171,455**	165,130
Construction	**127,641**	107,096
Finance	**82,874**	73,610
Mining	**82,753**	65,091
Water, environment and public utilities management	**37,668**	34,891
Other	**109,995**	97,591
Subtotal of corporate loans and advances	**3,267,156**	2,996,362
Discounted bills	**265,375**	322,117
Residential mortgage	**1,386,048**	1,411,084
Credit cards	**890,800**	938,993
Micro-finance loans	**885,974**	873,750
Consumer loans	**447,902**	426,653
Other	**3,135**	3,867
Subtotal of retail loans and advances	**3,613,859**	3,654,347
Gross amount of loans and advances to customers	**7,146,390**	6,972,826

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(i) Analysed by industry sector and category: *(continued)*

Operations outside the Chinese mainland

	30 June 2026	31 December 2025
Finance	**74,886**	72,507
Transportation, storage and postal services	**56,869**	50,569
Property development	**18,139**	22,908
Telecommunications, software and IT services	**18,054**	13,078
Production and supply of electric power, heat, gas and water	**16,923**	17,624
Manufacturing	**16,760**	13,850
Leasing and commercial services	**13,521**	9,441
Wholesale and retail	**8,769**	4,733
Mining	**3,813**	3,926
Construction	**3,536**	3,520
Water, environment and public utilities management	**1,228**	1,256
Other	**7,976**	5,976
Subtotal of corporate loans and advances	**240,474**	219,388
Residential mortgage	**14,402**	14,152
Credit cards	**108**	122
Micro-finance loans	**1,890**	1,946
Other	**49,769**	49,624
Subtotal of retail loans and advances	**66,169**	65,844
Gross amount of loans and advances to customers	**306,643**	285,232

As at 30 June 2026, over 90% of the Group's loans and advances to customers are originated in the Chinese mainland (31 December 2025: over 90%).

(ii) Analysed by type of guarantees:

	30 June 2026	31 December 2025
Credit loans	**3,171,890**	2,980,421
Guaranteed loans	**1,017,388**	1,007,233
Collateralised loans	**2,493,132**	2,462,399
Pledged loans	**505,248**	485,888
Subtotal	**7,187,658**	6,935,941
Discounted bills	**265,375**	322,117
Gross amount of loans and advances to customers	**7,453,033**	7,258,058

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(iii) Analysed by overdue term:

	30 June 2026				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	23,295	16,465	4,900	2,519	47,179
Guaranteed loans	869	2,717	5,447	3,376	12,409
Collateralised loans	11,988	8,805	7,942	2,195	30,930
Pledged loans	3,999	1,163	1,580	88	6,830
Gross amount of loans and advances to customers	40,151	29,150	19,869	8,178	97,348

	31 December 2025				
	Overdue within 3 months (inclusive)	Overdue from 3 months up to 1 year (inclusive)	Overdue from 1 year up to 3 years (inclusive)	Overdue more than 3 years	Total overdue loans
Credit loans	24,191	14,523	4,267	2,636	45,617
Guaranteed loans	2,452	2,084	5,719	3,242	13,497
Collateralised loans	10,140	7,794	7,112	1,736	26,782
Pledged loans	1,768	2,265	307	410	4,750
Gross amount of loans and advances to customers	38,551	26,666	17,405	8,024	90,646

Note: Loans are classified as overdue when the principal or interest is overdue more than one day.

Among the above-mentioned overdue loans and advances to customers, collateralised loans and pledged loans that are overdue but not impaired at the end of the reporting period are as follows:

	30 June 2026	31 December 2025
Collateralised loans that are overdue but not impaired	10,809	7,969
Pledged loans that are overdue but not impaired	3,033	1,424
Total	13,842	9,393

16. Loans and advances to customers *(continued)*

(b) Analysis of loans and advances to customers *(continued)*

(iv) Analysed by ECL:

	30 June 2026			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	6,609,181	259,327	70,241	6,938,749
Less: Loss allowances of loans and advances to customers at amortised cost	(133,669)	(73,180)	(61,373)	(268,222)
Net amount of loans and advances to customers at amortised cost	6,475,512	186,147	8,868	6,670,527
Loans and advances to customers at FVTOCI	362,945	2,256	–	365,201
Loss allowances of loans and advances to customers at FVTOCI	(2,092)	(222)	–	(2,314)

	31 December 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Loans and advances measured at amortised cost	6,318,340	253,647	68,206	6,640,193
Less: Loss allowances of loans and advances to customers at amortised cost	(134,817)	(68,720)	(59,436)	(262,973)
Net amount of loans and advances to customers at amortised cost	6,183,523	184,927	8,770	6,377,220
Loans and advances to customers at FVTOCI	517,728	1,846	–	519,574
Loss allowances of loans and advances to customers at FVTOCI	(4,033)	(216)	–	(4,249)

16. Loans and advances to customers *(continued)*

(c) Movements of allowances for impairment losses

(i) Reconciliation of allowances for expected credit losses for loans and advances to customers measured at amortised cost:

	Six months ended 30 June 2026			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2026	134,817	68,720	59,436	262,973
Transfer to:				
– Stage 1	4,293	(4,264)	(29)	–
– Stage 2	(4,390)	4,704	(314)	–
– Stage 3	(650)	(8,277)	8,927	–
Charge for the period (note 8)	(204)	12,443	15,159	27,398
Write-offs/disposals	–	–	(28,371)	(28,371)
Recoveries of loans and advances written off	–	–	6,698	6,698
Exchange and other differences	(197)	(146)	(133)	(476)
Balance as at 30 June 2026	133,669	73,180	61,373	268,222

	Year ended 31 December 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2025	152,598	56,926	55,841	265,365
Transfer to:				
– Stage 1	5,304	(5,236)	(68)	–
– Stage 2	(8,659)	9,171	(512)	–
– Stage 3	(3,650)	(13,959)	17,609	–
(Release)/charge for the year	(10,606)	21,896	31,978	43,268
Write-offs/disposals	–	–	(56,067)	(56,067)
Recovery of loans and advances written off	–	–	10,851	10,851
Exchange and other differences	(170)	(78)	(196)	(444)
Balance as at 31 December 2025	134,817	68,720	59,436	262,973

(ii) Reconciliation of allowances for expected credit losses for loans and advances to customers measured at FVTOCI:

	2026	2025
Balance as at 1 January	4,249	4,936
Release for the period/year	(1,935)	(686)
Exchange difference	–	(1)
Balance as at 30 June/31 December	2,314	4,249

17. Financial investments

	Notes	30 June 2026	31 December 2025
Financial investments at fair value through profit or loss	17(a)	**678,092**	647,796
Debt investments at amortised cost	17(b)	**2,193,219**	2,124,951
Debt investments at FVTOCI	17(c)	**1,484,194**	1,337,950
Equity investments designated at FVTOCI	17(d)	**23,900**	24,424
Total		**4,379,405**	4,135,121

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

	Notes	30 June 2026	31 December 2025
Financial investments measured at FVTPL	(i)	**674,856**	636,328
Financial investments designated at FVTPL	(ii)	**3,236**	11,468
Total		**678,092**	647,796

(i) **Financial investments measured at FVTPL:**

Financial investments held for trading

	30 June 2026	31 December 2025
Bonds:		
Classified by issuer	**423,000**	337,044
– Government bonds	**281,568**	189,740
– Bonds issued by policy banks	**46,305**	41,970
– Bonds issued by commercial banks and other financial institutions	**61,247**	67,211
– Other debt securities	**33,880**	38,123
Classified by listing	**423,000**	337,044
– Listed in the Chinese mainland	**397,415**	319,617
– Listed outside the Chinese mainland	**17,095**	12,156
– Unlisted	**8,490**	5,271
Other investments:		
Classified by underlying assets	**5,730**	10,162
– Equity investments	**2,489**	1,972
– Fund investments	**1,107**	1,140
– Wealth management products	**610**	1,233
– Precious metal contracts	**1,524**	5,817
Classified by listing	**5,730**	10,162
– Listed in the Chinese mainland	**1,470**	930
– Listed outside the Chinese mainland	**2,702**	7,030
– Unlisted	**1,558**	2,202
Total financial investments held for trading	**428,730**	347,206

17. Financial investments *(continued)*

(a) Financial investments at fair value through profit or loss *(continued)*

(i) **Financial investments measured at FVTPL:** *(continued)*

Other financial investments measured at FVTPL

	30 June 2026	31 December 2025
Bonds:		
Classified by issuer	**7,353**	7,759
– Government bonds	**31**	–
– Bonds issued by commercial banks and other financial institutions	**1,690**	2,216
– Other debt securities	**5,632**	5,543
Classified by listing	**7,353**	7,759
– Listed in the Chinese mainland	**6,775**	7,320
– Listed outside the Chinese mainland	**578**	439
Other investments:		
Classified by underlying assets	**238,773**	281,363
– Equity investments	**9,413**	4,748
– Fund investments	**204,603**	264,082
– Wealth management products	**3,275**	3,183
– Non-standard assets – Creditor's beneficiary rights to other commercial banks	**21,233**	9,146
– Other	**249**	204
Classified by listing	**238,773**	281,363
– Listed in the Chinese mainland	**2,425**	1,196
– Listed outside the Chinese mainland	**284**	324
– Unlisted	**236,064**	279,843
Total other financial investments measured at FVTPL	**246,126**	289,122
Total financial investments measured at FVTPL	**674,856**	636,328

(ii) **Financial investments designated at FVTPL:**

	30 June 2026	31 December 2025
Bonds:		
Classified by issuer	**3,236**	11,468
– Government bonds	**–**	30
– Bonds issued by policy banks	**3,073**	5,733
– Bonds issued by commercial banks and other financial institutions	**163**	5,705
Classified by listing	**3,236**	11,468
– Listed in the Chinese mainland	**3,073**	11,300
– Listed outside the Chinese mainland	**163**	168

17. Financial investments *(continued)*

(b) Debt investments at amortised cost

	30 June 2026	31 December 2025
Debt investments at amortised cost (i)(ii)	**2,203,573**	2,136,700
Accrued interest	**21,048**	22,089
Subtotal	**2,224,621**	2,158,789
Loss allowances of debt investments at amortised cost (i)(ii)(iii)	**(31,203)**	(33,610)
Loss allowances of accrued interest	**(199)**	(228)
Subtotal	**(31,402)**	(33,838)
Total	**2,193,219**	2,124,951

(i) Debt investments at amortised cost:

	30 June 2026	31 December 2025
Bonds:		
Classified by issuer	**2,112,623**	2,036,223
– Government bonds	**1,492,925**	1,427,462
– Bonds issued by policy banks	**475,622**	476,846
– Bonds issued by commercial banks and other financial institutions	**130,692**	116,778
– Other debt securities	**13,384**	15,137
Classified by listing	**2,112,623**	2,036,223
– Listed in the Chinese mainland	**1,936,309**	1,876,853
– Listed outside the Chinese mainland	**98,595**	93,846
– Unlisted	**77,719**	65,524
Fair value for the listed bonds	**2,145,074**	2,057,151
Other investments:		
Classified by underlying assets	**90,950**	100,477
– Non-standard assets – Loans and advances to customers	**35,037**	39,610
– Non-standard assets – Creditor's beneficiary rights to other commercial banks	**48,630**	52,810
– Non-standard assets – Other	**7,283**	7,721
– Other	**–**	336
Classified by listing	**90,950**	100,477
– Unlisted	**90,950**	100,477
Total	**2,203,573**	2,136,700
Less: Loss allowances	**(31,203)**	(33,610)
– Stage 1 (12-month ECL)	**(8,549)**	(8,421)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(665)**	(1,057)
– Stage 3 (Lifetime ECL – credit-impaired)	**(21,989)**	(24,132)
Net debt investments at amortised cost	**2,172,370**	2,103,090

17. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(ii) Analysed by stage of ECL:

	30 June 2026			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	2,178,235	3,048	22,290	2,203,573
Less: Loss allowances of debt investments at amortised cost	(8,549)	(665)	(21,989)	(31,203)
Net debt investments at amortised cost	2,169,686	2,383	301	2,172,370

	31 December 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	2,107,678	4,586	24,436	2,136,700
Less: Loss allowances of debt investments at amortised cost	(8,421)	(1,057)	(24,132)	(33,610)
Net debt investments at amortised cost	2,099,257	3,529	304	2,103,090

(iii) Movements of allowances for expected credit losses:

	Six months ended 30 June 2026			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2026	8,421	1,057	24,132	33,610
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	–	–	–	–
– Stage 3	–	–	–	–
Charge/(release) for the period (note 8)	156	(389)	(1,467)	(1,700)
Write-offs/disposals	–	–	(608)	(608)
Recovery of debt previously written off	–	–	10	10
Exchange difference	(28)	(3)	(78)	(109)
Balance as at 30 June 2026	8,549	665	21,989	31,203

17. Financial investments *(continued)*

(b) Debt investments at amortised cost *(continued)*

(iii) Movements of allowances for expected credit losses: *(continued)*

	Year ended 31 December 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at 1 January 2025	8,949	354	26,156	35,459
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(93)	99	(6)	–
– Stage 3	–	–	–	–
(Release)/charge for the year	(430)	611	(2,362)	(2,181)
Write-offs/disposals	–	–	(232)	(232)
Recovery of debt previously written off	–	–	593	593
Exchange difference	(5)	(7)	(17)	(29)
Balance as at 31 December 2025	8,421	1,057	24,132	33,610

(c) Debt investments at FVTOCI

	30 June 2026	31 December 2025
Debt investments at FVTOCI (i)	**1,471,341**	1,325,300
Accrued interest	**12,853**	12,650
Total	**1,484,194**	1,337,950
Loss allowances of debt investments at FVTOCI (ii)	**(8,782)**	(7,787)
Loss allowances of accrued interest	**(191)**	(188)
Total	**(8,973)**	(7,975)

No loss allowance is deducted from the carrying amount of debt investments at FVTOCI as it is measured at fair value.

17. Financial investments *(continued)*

(c) Debt investments at FVTOCI *(continued)*

(i) Debt investments at FVTOCI:

	30 June 2026	31 December 2025
Bonds:		
Classified by issuer	**1,461,245**	1,325,100
– Government bonds	**948,342**	897,455
– Bonds issued by policy banks	**66,410**	76,447
– Bonds issued by commercial banks and other financial institutions	**282,889**	238,443
– Other debt securities	**163,604**	112,755
Classified by listing	**1,461,245**	1,325,100
– Listed in the Chinese mainland	**1,057,081**	952,189
– Listed outside the Chinese mainland	**161,779**	144,334
– Unlisted	**242,385**	228,577
Other investments:		
Classified by underlying assets	**10,096**	200
– Non-standard assets – Securities Brokerage Income Certificates	**10,096**	200
Classified by listing	**10,096**	200
– Unlisted	**10,096**	200
Total	**1,471,341**	1,325,300

(ii) Movements of allowances for expected credit losses:

	2026	2025
Balance as at 1 January	**7,787**	8,620
Charge/(release) for the period/year	**1,090**	(708)
Exchange difference	**(95)**	(125)
Balance as at 30 June/31 December	**8,782**	7,787

(d) Equity investments designated at FVTOCI

	30 June 2026	31 December 2025
Repossessed equity instruments	**2,461**	2,651
Other	**21,439**	21,773
Total	**23,900**	24,424
Classified by listing		
– Listed in the Chinese mainland	**237**	306
– Listed outside the Chinese mainland	**13,960**	14,399
– Unlisted	**9,703**	9,719
Total	**23,900**	24,424

During the six months ended 30 June 2026, the Group disposed a part of the equity investments designated at FVTOCI. The fair value of the equity investments disposed of at the date of derecognition was RMB5 million (year ended 31 December 2025: RMB128 million). The cumulative net of tax gain of RMB1 million (year ended 31 December 2025: the cumulative net of tax gain of RMB11 million) was transferred from investment revaluation reserve to retained earnings on disposal.

18. Interests in joint ventures

	30 June 2026	31 December 2025
Share of net assets	**22,040**	20,126
Share of profits for the period/year	**2,533**	3,984
Share of other comprehensive expense for the period/year	**(323)**	(2,934)

Details of the Group's interests in major joint ventures are as follows:

Name of joint ventures	Legal form	Place of incorporation and operations	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
CIGNA & CMB Life Insurance Co., Ltd. (note (i))	Limited liability	Shenzhen	RMB 2,800	50.00%	50.00%	Life insurance business
Merchants Union Consumer Finance Company Limited (note (ii))	Joint stock limited company	Shenzhen	RMB 10,000	50.00%	50.00%	Consumer finance

Notes:

(i) The Bank holds 50.00% equity interests in CIGNA & CMB Life Insurance Co., Ltd. ("CIGNA & CMB Life"), and Cigna Health and Life Insurance Company ("CHLI") holds the other 50.00% equity interests. The Bank and CHLI share the joint venture's risk, profits and losses based on their shareholdings proportionally. The Bank's investment in CIGNA & CMB Life is accounted for as an investment in a joint venture.

(ii) CMB WLB, one of the Group's wholly-owned subsidiaries, and China United Network Communications Limited ("CUNC"), a subsidiary of China Unicom Limited, jointly set up Merchants Union Consumer Finance Company Limited ("MUCFC"). The former CBIRC approved the operation of MUCFC on 3 March 2015. CMB WLB and CUNC each held 50% equity interests in MUCFC and share the risks, profits and losses proportionally based on their shareholdings. In December 2017, the Bank and CUNC made capital contributions of RMB600 million in MUCFC respectively. After the capital injection, the capital of MUCFC increased to RMB2,859 million, with the Bank's shareholding percentage becoming 15%, CMB WLB's shareholding percentage becoming 35%, and the Group's total shareholding percentage remained at 50%. In December 2018, the Bank made another capital contribution of RMB1,000 million in MUCFC, and CUNC made the same amount of capital injection. After that, the share capital of MUCFC has reached RMB3,869 million. The Bank and CMB WLB then held 24.15% and 25.85% of equity interests in MUCFC, respectively, and the Group's total shareholding percentage remained at 50%.

In July 2021, CMB WLB transferred all its shares of MUCFC to the Bank. After the transfer, the Bank and CUNC each held 50% of equity interests in MUCFC, and the Group's total shareholding percentage remained unchanged. In October 2021, MUCFC converted RMB1,331 million of its capital reserve and RMB4,800 million of its retained earnings into share capital, and the share capital of MUCFC increased to RMB10,000 million after the conversion.

In July 2023, MUCFC completed the registration of the change of its Chinese name from "招聯消費金融有限公司" to "招聯消費金融股份有限公司".

19. Interests in associates

	30 June 2026	31 December 2025
Share of net assets	**13,838**	12,788
Share of profits for the period/year	**840**	1,489
Share of other comprehensive income/(expense) for the period/year	**99**	(210)

Details of the Group's interests in the major associate are as follows:

Name of associates	Legal form	Place of incorporation and operations	Particulars of issued and paid up capital (in millions)	Group's effective interest	Percentage of ownership held by the Bank	Principal activity
Bank of Taizhou Co., Ltd. (note)	Joint stock limited company	Taizhou	RMB 1,800	24.8559%	24.8559%	Commercial bank

Note: The Bank, which originally held a 10% stake in Bank of Taizhou Co., Ltd. ("Bank of Taizhou"), acquired a total of 14.8559% stake from Ping An Trust Co., Ltd. and Ping An Life Insurance Company of China, Ltd. at a total consideration of RMB3,121 million on 31 May 2021. Upon the completion of the transaction, the Bank held 24.8559% stake of Bank of Taizhou. The Bank can exercise significant influence on Bank of Taizhou and therefore this investment is transferred from equity investments designated at FVTOCI to interests in associates.

20. Investment properties

	2026	2025
Cost:		
At 1 January	3,489	3,479
Transfers in for the period/year	11	94
Exchange difference	(66)	(84)
At 30 June/31 December	3,434	3,489
Accumulated depreciation:		
At 1 January	2,492	2,362
Depreciation for the period/year	88	169
Transfers (out)/in for the period/year	(2)	31
Exchange difference	(57)	(70)
At 30 June/31 December	2,521	2,492
Net carrying amount:		
At 30 June/31 December	913	997
At 1 January	997	1,117

(a) As at 30 June 2026, no impairment allowance was considered necessary for investment properties by the Group (31 December 2025: Nil).

(b) The Group's total future minimum lease receivables under non-cancellable operating leases are as follows:

	30 June 2026	31 December 2025
Within 1 year (inclusive)	240	232
1 year to 2 years (inclusive)	123	162
2 years to 3 years (inclusive)	71	76
3 years to 4 years (inclusive)	61	59
4 years to 5 years (inclusive)	45	45
Over 5 years	196	238
Total	736	812

21. Property and equipment

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2026	39,489	59	20,671	15,272	120,873	4,888	201,252
Additions	–	39	2,152	152	19,499	95	21,937
Reclassification and transfers	(14)	–	–	–	–	3	(11)
Disposals	–	–	(182)	(6)	(9,543)	(193)	(9,924)
Exchange difference	(116)	–	(55)	(23)	(3,326)	(3)	(3,523)
At 30 June 2026	39,359	98	22,586	15,395	127,503	4,790	209,731
Accumulated depreciation:							
At 1 January 2026	18,467	–	16,756	10,562	19,111	4,001	68,897
Depreciation for the period	856	–	1,039	437	3,532	189	6,053
Reclassification and transfers	2	–	–	–	–	–	2
Disposals	–	–	(179)	(5)	(2,182)	(187)	(2,553)
Exchange difference	(99)	–	(47)	(15)	(521)	(2)	(684)
At 30 June 2026	19,226	–	17,569	10,979	19,940	4,001	71,715
Impairment loss:							
At 1 January 2026	–	–	–	–	831	–	831
Disposals	–	–	–	–	(33)	–	(33)
Exchange difference	–	–	–	–	(24)	–	(24)
At 30 June 2026	–	–	–	–	774	–	774
Net carrying amount:							
At 30 June 2026	20,133	98	5,017	4,416	106,789	789	137,242
At 1 January 2026	21,022	59	3,915	4,710	100,931	887	131,524

21. Property and equipment *(continued)*

	Land and buildings	Construction in progress	Computer equipment	Leasehold improvements	Aircraft, vessels and professional equipment	Other	Total
Cost:							
At 1 January 2025	34,324	3,825	19,137	13,623	119,633	4,943	195,485
Additions	8	3,016	2,177	527	22,639	341	28,708
Reclassification and transfers	5,311	(6,782)	23	1,196	–	158	(94)
Disposals	(6)	–	(584)	(48)	(19,160)	(543)	(20,341)
Exchange difference	(148)	–	(82)	(26)	(2,239)	(11)	(2,506)
At 31 December 2025	39,489	59	20,671	15,272	120,873	4,888	201,252
Accumulated depreciation:							
At 1 January 2025	17,121	–	15,646	9,768	18,134	4,165	64,834
Depreciation for the year	1,510	–	1,765	857	6,937	375	11,444
Reclassification and transfers	(34)	–	–	(39)	–	(2)	(75)
Disposals	(4)	–	(584)	(4)	(5,624)	(530)	(6,746)
Exchange difference	(126)	–	(71)	(20)	(336)	(7)	(560)
At 31 December 2025	18,467	–	16,756	10,562	19,111	4,001	68,897
Impairment loss:							
At 1 January 2025	–	–	–	–	1,890	–	1,890
Charge for the year	–	–	–	–	177	–	177
Disposals	–	–	–	–	(1,219)	–	(1,219)
Exchange difference	–	–	–	–	(17)	–	(17)
At 31 December 2025	–	–	–	–	831	–	831
Net carrying amount:							
At 31 December 2025	21,022	59	3,915	4,710	100,931	887	131,524
At 1 January 2025	17,203	3,825	3,491	3,855	99,609	778	128,761

(a) As at 30 June 2026, the Group had no significant unused property and equipment (31 December 2025: None).

(b) The Group's total future minimum lease receivables under non-cancellable operating leases relating to its assets under operating leases are as follows:

	30 June 2026	31 December 2025
Within 1 year (inclusive)	**11,793**	11,983
1 year to 2 years (inclusive)	**10,587**	10,297
2 years to 3 years (inclusive)	**9,967**	9,571
3 years to 4 years (inclusive)	**8,218**	8,137
4 years to 5 years (inclusive)	**7,597**	7,384
Over 5 years	**31,136**	27,760
Total	**79,298**	75,132

22. Right-of-use assets

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2026	5,992	24,212	14	10	30,228
Additions for the period	–	1,457	4	5	1,466
Decreases for the period	–	(1,701)	–	–	(1,701)
Exchange difference	(7)	(25)	–	–	(32)
At 30 June 2026	5,985	23,943	18	15	29,961
Accumulated depreciation:					
At 1 January 2026	1,914	13,006	12	6	14,938
Depreciation for the period (note 7)	92	1,818	2	1	1,913
Decreases for the period	–	(1,440)	–	–	(1,440)
Exchange difference	(4)	(5)	–	–	(9)
At 30 June 2026	2,002	13,379	14	7	15,402
Net carrying amount:					
At 30 June 2026	3,983	10,564	4	8	14,559
At 1 January 2026	4,078	11,206	2	4	15,290

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2025	5,947	25,269	13	11	31,240
Additions for the year	56	2,911	1	–	2,968
Decrease for the year	–	(3,937)	–	(1)	(3,938)
Exchange difference	(11)	(31)	–	–	(42)
At 31 December 2025	5,992	24,212	14	10	30,228
Accumulated depreciation:					
At 1 January 2025	1,737	12,600	8	5	14,350
Depreciation for the year	183	3,739	4	2	3,928
Decrease for the year	–	(3,330)	–	(1)	(3,331)
Exchange difference	(6)	(3)	–	–	(9)
At 31 December 2025	1,914	13,006	12	6	14,938
Net carrying amount:					
At 31 December 2025	4,078	11,206	2	4	15,290
At 1 January 2025	4,210	12,669	5	6	16,890

23. Intangible assets

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2026	10,892	1,190	12,082
Additions for the period	35	–	35
Disposals	(1)	–	(1)
Exchange difference	(8)	(43)	(51)
At 30 June 2026	10,918	1,147	12,065
Accumulated amortisation:			
At 1 January 2026	9,388	730	10,118
Charge for the period (note 7)	181	20	201
Disposals	(1)	–	(1)
Exchange difference	(5)	(26)	(31)
At 30 June 2026	9,563	724	10,287
Impairment loss:			
At 1 January 2026	42	–	42
At 30 June 2026	42	–	42
Net carrying amount:			
At 30 June 2026	1,313	423	1,736
At 1 January 2026	1,462	460	1,922

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2025	10,753	1,246	11,999
Additions for the year	191	–	191
Disposals for the year	(44)	–	(44)
Exchange difference	(8)	(56)	(64)
At 31 December 2025	10,892	1,190	12,082
Accumulated amortisation:			
At 1 January 2025	9,041	720	9,761
Charge for the year	399	42	441
Disposals	(44)	–	(44)
Exchange difference	(8)	(32)	(40)
At 31 December 2025	9,388	730	10,118
Impairment loss:			
At 1 January 2025	42	–	42
At 31 December 2025	42	–	42
Net carrying amount:			
At 31 December 2025	1,462	460	1,922
At 1 January 2025	1,670	526	2,196

24. Goodwill

	As at 31 December 2025	Addition during the period	Decrease during the period	As at 30 June 2026
CMB WLB (note (i))	10,177	–	–	10,177
CMFM (note (ii))	355	–	–	355
CMB Network Technology (note (iii))	1	–	–	1
Total	10,533	–	–	10,533
Less: Impairment allowances – CMB WLB	(579)	–	–	(579)
Net carrying amount	9,954	–	–	9,954

Notes:

(i) On 30 September 2008, the Bank acquired 53.12% equity interests in CMB WLB. On the acquisition date, the fair value of CMB WLB's identifiable net assets was RMB12,898 million, of which the Bank accounted for RMB6,851 million. A sum of RMB10,177 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

(ii) On 28 November 2013, the Bank acquired 55.00% equity interests in CMFM. On the acquisition date, the fair value of CMFM's identifiable net assets was RMB752 million, of which the Bank accounted for RMB414 million. A sum of RMB355 million, being the excess of acquisition cost RMB769 million over the fair value of the identifiable net assets, was recognised as goodwill.

(iii) On 1 April 2015, CMBIC acquired the 100% equity interests in China Merchants Bank Network Technology (Shenzhen) Co., Ltd. ("CMB Network Technology"). On the acquisition date, the fair value of Zhaoyin Internet's identifiable net assets was RMB3 million. A sum of RMB1 million, being the excess of acquisition cost over the fair value of the identifiable net assets, was recognised as goodwill.

25. Deferred tax assets and liabilities

	30 June 2026	31 December 2025
Deferred tax assets	92,649	89,856
Deferred tax liabilities	(1,247)	(1,115)
Net amount	91,402	88,741

(a) Deferred tax assets/(liabilities) and related temporary differences are attributable to the following items:

	30 June 2026		31 December 2025	
	Deductible/ (taxable) temporary difference	Deferred tax	Deductible/ (taxable) temporary difference	Deferred tax
Deferred tax assets before offsetting qualifying amounts				
Impairment allowances on loans and advances at amortised cost and other assets at amortised cost	307,777	76,598	293,989	73,194
Financial assets at FVTOCI	831	140	24	6
Financial instruments at FVTPL	7,553	1,889	705	176
Lease liabilities	10,496	2,621	11,108	2,770
Salaries and welfare payable and other	90,608	21,382	93,066	22,005
Total	417,265	102,630	398,892	98,151
Deferred tax liabilities before offsetting qualifying amounts				
Financial assets at FVTOCI	(20,288)	(5,072)	(13,992)	(3,432)
Financial instruments at FVTPL	(1,728)	(432)	(554)	(137)
Right-of-use assets	(10,481)	(2,617)	(11,089)	(2,764)
Other	(19,930)	(3,107)	(20,135)	(3,077)
Total	(52,427)	(11,228)	(45,770)	(9,410)

	30 June 2026	31 December 2025
Deferred tax assets before offsetting qualifying amounts	102,630	98,151
Offsetting amounts	(9,981)	(8,295)
Deferred tax assets after offsetting qualifying amounts	92,649	89,856
Deferred tax liabilities before offsetting qualifying amounts	(11,228)	(9,410)
Offsetting amounts	9,981	8,295
Deferred tax liabilities after offsetting qualifying amounts	(1,247)	(1,115)

25. Deferred tax assets and liabilities *(continued)*

(b) Movements of deferred tax are as follows:

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2026	73,194	(3,426)	39	18,934	88,741
Recognised in profit or loss	3,451	(215)	1,417	(645)	4,008
Recognised in other comprehensive income	–	(1,293)	–	(62)	(1,355)
Exchange difference	(47)	2	1	52	8
At 30 June 2026	76,598	(4,932)	1,457	18,279	91,402

	Impairment allowances on loans and advances to customers and other assets at amortised cost	Financial assets at FVTOCI	Financial instruments at FVTPL	Other	Total
At 1 January 2025	73,469	(7,920)	(2,190)	18,723	82,082
Recognised in profit or loss	(198)	(361)	2,217	115	1,773
Recognised in other comprehensive income	–	4,862	–	(2)	4,860
Exchange difference	(77)	(7)	12	98	26
At 31 December 2025	73,194	(3,426)	39	18,934	88,741

Note: No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries because the Group is in a position to control the timing of reversal of the temporary differences, and it is probable that such differences will not be reversed in the foreseeable future.

26. Deposits from banks and other financial institutions

	30 June 2026	31 December 2025
Principal (a)	1,191,665	910,488
Accrued interest	1,045	1,211
Total	1,192,710	911,699

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	1,188,616	908,760
– Banks	11,805	32,203
– Other financial institutions	1,176,811	876,557
Outside the Chinese mainland	3,049	1,728
– Banks	2,276	1,056
– Other financial institutions	773	672
Total	1,191,665	910,488

27. Placements from banks and other financial institutions

	30 June 2026	31 December 2025
Principal (a)	290,059	249,635
Accrued interest	900	1,066
Total	290,959	250,701

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	197,928	174,442
– Banks	196,560	173,961
– Other financial institutions	1,368	481
Outside the Chinese mainland	92,131	75,193
– Banks	91,927	74,983
– Other financial institutions	204	210
Total	290,059	249,635

28. Financial liabilities at fair value through profit or loss

	30 June 2026	31 December 2025
Financial liabilities held for trading (a)	**155,853**	88,605
Financial liabilities designated at fair value through profit or loss (b)	**39,209**	31,894
Total	**195,062**	120,499

(a) Financial liabilities held for trading

	30 June 2026	31 December 2025
Financial liabilities related to precious metal	**154,028**	88,317
Short position on bonds	**1,825**	288
Total	**155,853**	88,605

(b) Financial liabilities designated at FVTPL

	30 June 2026	31 December 2025
In the Chinese mainland	**38,363**	31,085
– Other	**38,363**	31,085
Outside the Chinese mainland	**846**	809
– Other	**846**	809
Total	**39,209**	31,894

As at 30 June 2026 and 31 December 2025, the difference between the fair values of the Group's financial liabilities designated at FVTPL and the contractual amount payable at maturity is not material. The amounts of changes in the fair value that are attributable to changes in credit risk of these liabilities are not significant during the six months ended 30 June 2026 and the year ended 31 December 2025 and as at 30 June 2026 and 31 December 2025.

29. Amounts sold under repurchase agreements

	30 June 2026	31 December 2025
Principal (a)(b)	**34,505**	95,262
Accrued interest	**179**	148
Total	**34,684**	95,410

(a) Analysed by nature of counterparties

	30 June 2026	31 December 2025
In the Chinese mainland	**8,856**	81,106
– Banks	**7,734**	77,482
– Other financial institutions	**1,122**	3,624
Outside the Chinese mainland	**25,649**	14,156
– Banks	**11,710**	9,873
– Other financial institutions	**13,939**	4,283
Total	**34,505**	95,262

29. Amounts sold under repurchase agreements *(continued)*

(b) Analysed by type of underlying assets

	30 June 2026	31 December 2025
Debt securities	**34,505**	95,262
– Government bonds	**11,051**	71,743
– Bonds issued by policy banks	**11,631**	5,007
– Bonds issued by commercial banks and other financial institutions	**10,329**	17,564
– Other debt securities	**1,494**	948
Total	**34,505**	95,262

30. Deposits from customers

	30 June 2026	31 December 2025
Principal (a)	**10,162,498**	9,836,130
Accrued interest	**78,031**	88,428
Total	**10,240,529**	9,924,558

(a) Analysed by category

	30 June 2026	31 December 2025
Corporate customers	**5,516,506**	5,340,216
– Demand deposits	**2,878,139**	2,761,092
– Time deposits	**2,638,367**	2,579,124
Retail customers	**4,645,992**	4,495,914
– Demand deposits	**2,335,473**	2,234,851
– Time deposits	**2,310,519**	2,261,063
Total	**10,162,498**	9,836,130

31. Provisions

	30 June 2026	31 December 2025
Expected credit losses on provisions	**18,635**	14,963
Other	**1,936**	1,956
Total	**20,571**	16,919

The staging of expected credit losses provisions for loan commitments and financial guarantee contracts are as follows:

	30 June 2026	31 December 2025
Stage 1 (12-month ECL)	**17,168**	13,611
Stage 2 (Lifetime ECL – not credit-impaired)	**1,140**	1,036
Stage 3 (Lifetime ECL – credit-impaired)	**327**	316
Total	**18,635**	14,963

32. Debt securities issued

	Note	30 June 2026	31 December 2025
Debt securities issued	(a)	**76,392**	80,963
Negotiable interbank certificates of deposit issued		**3,115**	11,259
Certificates of deposit and other debt securities issued (note)		**55,655**	50,181
Accrued interest		**875**	1,084
Total		**136,037**	143,487

Note: Other debt securities issued are notes issued by overseas subsidiaries of the Group.

(a) Debt securities issued

At the end of reporting period, debt securities issued by the Bank were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Medium term note	60 months	2021/9/1	1.25	USD300	2,104	–	–	(61)	–	2,043
Fixed rate bond	36 months	2023/3/27	2.77	RMB5,000	4,999	–	1	–	(5,000)	–
Medium term note	36 months	2023/6/13	SOFR+0.65	USD400	2,802	–	–	(99)	(2,703)	–
Fixed rate bond	36 months	2024/3/22	2.35	RMB5,000	4,999	–	1	–	–	5,000
Medium term note	36 months	2024/7/10	SOFR+0.54	USD400	2,821	–	–	(76)	–	2,745
Medium term note	36 months	2024/7/15	SOFR+0.54	USD300	2,116	–	(1)	(62)	–	2,053
Fixed rate bond	36 months	2025/2/25	1.90	RMB5,000	4,999	–	–	–	–	4,999
Fixed rate bond	36 months	2025/6/5	1.66	RMB5,000	4,999	–	–	–	–	4,999
Floating rate bond	36 months	2025/12/3	DR+0.34	RMB3,500	3,500	–	(1)	–	–	3,499
Fixed rate bond	60 months	2025/12/3	1.85	RMB1,500	1,500	–	–	–	–	1,500
Medium term note	36 months	2026/4/20	1.73	RMB3,000	–	3,000	4	–	–	3,004
Total					34,839	3,000	4	(298)	(7,703)	29,842

SOFR represents Secured Overnight Financing Rate.

DR represents rate securities as pledges for deposit-taking institutions in the inter-bank market published by the China Foreign Exchange Trade System.

Note: Financial bonds issued by the Bank that were held by CMB WLB amounted to a total of RMB305 million equivalent as of 30 June 2026 (31 December 2025: RMB314 million equivalent).

32. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

At the end of the reporting period, debt securities issued by CMBFL and its subsidiary were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	120 months	2019/7/3	3.63	USD100	701	–	–	(22)	–	679
Fixed rate bond	120 months	2020/8/12	2.75	USD400	2,802	–	1	(89)	–	2,714
Fixed rate bond	60 months	2021/2/4	2.00	USD400	2,814	–	–	(33)	(2,781)	–
Fixed rate bond	120 months	2021/2/4	2.88	USD400	2,797	–	2	(89)	–	2,710
Fixed rate bond	60 months	2021/3/24	2.00	USD20	141	–	–	(2)	(139)	–
Fixed rate bond	60 months	2021/9/16	1.75	USD300	2,108	–	2	(67)	–	2,043
Floating rate bond	60 months	2022/12/16	SOFR+1.40	USD100	703	–	–	(21)	–	682
Floating rate bond	36 months	2023/6/13	SOFR+1.05	USD103	724	–	–	(22)	(702)	–
Floating rate bond	60 months	2023/8/18	SOFR+1.30	USD50	351	–	–	(11)	–	340
Floating rate bond	36 months	2023/8/23	SOFR+1.00	USD300	2,109	–	1	(67)	–	2,043
Fixed rate bond	36 months	2023/11/16	2.80	RMB2,500	2,498	–	1	–	–	2,499
Fixed rate bond	36 months	2023/11/27	3.35	RMB350	349	–	1	–	–	350
Floating rate bond	36 months	2023/11/30	SOFR+1.10	USD50	352	–	–	(11)	–	341
Fixed rate bond	36 months	2023/12/5	2.90	RMB4,000	3,998	–	1	–	–	3,999
Fixed rate bond	36 months	2024/3/5	2.45	RMB3,000	2,997	–	1	–	–	2,998
Floating rate bond	36 months	2024/3/12	SOFR+1.05	USD40	281	–	–	(9)	–	272
Floating rate bond	36 months	2024/3/27	SOFR+1.00	USD67	471	–	–	(15)	–	456
Fixed rate bond	36 months	2024/5/23	2.20	RMB2,500	2,497	–	1	–	–	2,498
Floating rate bond	36 months	2024/6/4	SOFR+0.76	USD500	3,514	–	1	(112)	–	3,403
Floating rate bond	36 months	2024/8/7	SOFR+0.76	USD257	1,809	–	–	(58)	–	1,751
Floating rate bond	36 months	2024/10/8	SOFR+0.76	USD30	211	–	–	(7)	–	204
Floating rate bond	48 months	2024/10/25	SOFR+0.639	USD30	211	–	–	(7)	–	204
Fixed rate bond	36 months	2025/5/22	1.75	RMB2,000	1,997	–	–	–	–	1,997
Floating rate bond	60 months	2025/6/5	SOFR+0.80	USD400	2,810	–	–	(89)	–	2,721
Floating rate bond	36 months	2025/6/5	SOFR+0.68	USD300	2,108	–	1	(68)	–	2,041
Fixed rate bond	36 months	2025/7/23	1.71	RMB1,500	1,497	–	1	–	–	1,498
Floating rate bond	36 months	2025/9/25	SOFR+0.63	USD50	352	–	–	(12)	–	340
Floating rate bond	3 months	2025/12/17	SOFR+0.35	USD5	35	–	–	(1)	(34)	–
Fixed rate bond	36 months	2026/3/20	1.75	RMB2,500	–	2,500	(4)	–	–	2,496
Fixed rate bond	36 months	2026/6/11	1.63	RMB3,000	–	3,000	(5)	–	–	2,995
Total					43,237	5,500	5	(812)	(3,656)	44,274

Note: Financial bonds issued by CMBFL that were held by the Bank amounted to a total of RMB100 million equivalent as of 30 June 2026 (31 December 2025: RMB150 million equivalent). Financial bonds issued by CMB International Leasing Management Limited (CMBILM), a wholly-owned subsidiary of CMBFL, that were separately held by the Bank and CMB WLB amounted to a total of RMB1,703 million equivalent and RMB206 million equivalent as of 30 June 2026 (31 December 2025: RMB1,884 million equivalent and RMB212 million equivalent).

32. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

At the end of the reporting period, debt securities issued by CMBIC's subsidiary were as follows:

Debt type	Term to maturity	Date of issuance	Annual interest rate (%)	Nominal value (in million)	Beginning balance (RMB in million)	Issue during the period (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the period (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	24 months	2024/4/29	3.15	RMB720	720	–	–	–	(720)	–
Floating rate bond	36 months	2024/6/26	SOFR+0.65	USD100	698	–	–	(20)	–	678
Floating rate bond	36 months	2025/8/26	SOFR+0.60	USD300	2,095	–	–	(61)	–	2,034
Floating rate bond	60 months	2025/8/26	SOFR+0.68	USD300	2,095	–	–	(61)	–	2,034
Total					5,608	–	–	(142)	(720)	4,746

Note: Financial bond issued by Legend Fortune Limited, a wholly-owned subsidiary of CMBIC, that was held by CMB WLB amounted to a total of RMB156 million equivalent as of 30 June 2026 (31 December 2025: RMB161 million equivalent).

33. Share capital

By type of shares:

Listed shares	**30 June 2026 No. of shares (in million)**	31 December 2025 No. of shares (in million)
– A-Shares	**20,629**	20,629
– H-Shares	**4,591**	4,591
Total	**25,220**	25,220

All H Shares are ordinary shares and rank pari passu with the A Shares. There is no restriction on these shares.

	Share Capital	
	No. of shares (in million)	Amount
At 31 December 2025 and at 30 June 2026	25,220	25,220

34. Other equity instruments

(a) Preference Shares

The changes of Preference Shares issued were as follows:

	Issuance date	1 January 2026		Increase/(decrease)		**30 June 2026**	
		No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)	**No. (millions of shares)**	**Amount (RMB in million)**
Domestic Preference Shares (note (i))	22 Dec 2017	275	27,468	(275)	(27,468)	–	–
Total		275	27,468	(275)	(27,468)	–	–

34. Other equity instruments *(continued)*

(a) Preference Shares *(continued)*

Notes:

(i) Pursuant to the approvals by the relevant regulatory authorities in China, the Bank issued non-cumulative Domestic Preference Shares in the aggregate nominal value of RMB27,500 million on 22 December 2017. Each Domestic Preference Share has a nominal value of RMB100 and 275 million Domestic Preference Shares were issued in total. The dividend rate is initially 4.81% and subject to reset per agreement subsequently, but not exceeds 16.68%. On 18 December 2022, five years after the issuance of the Domestic Preference Shares, the Bank adjusted the coupon dividend rate per annum to 3.62% in accordance with market rules.

(ii) Domestic Preference Shares have clauses stating that certain events would trigger mandatory conversion, those clauses are as follows:

(1) Upon the occurrence of any additional Tier 1 Capital Instrument Trigger Event, that is, the Common Equity Tier 1 Adequacy Ratio drops to 5.125% or below, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares in order to restore the Common Equity Tier 1 Adequacy Ratio of the Bank to above 5.125%. In the case of partial conversion, the Preference Shares shall be converted on a pro rata basis and on identical conditions.

(2) Upon the occurrence of a Tier 2 Capital Trigger Event, the Bank shall have the right to convert, without the consent of the holders of Preference Shares, all or part of the Preference Shares then issued and outstanding into Ordinary A Shares based on the total nominal value of the Preference Shares. A Tier 2 Capital Trigger Event refers the earlier of the following events: 1) the National Financial Regulatory Administration ("NFRA") having concluded that without a conversion or write-off, 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.

Upon the occurrence of the above mandatory conversion events, the Bank shall report to the NFRA for review and determination. The Bank shall fulfil the relevant information disclosure requirements of the Securities Law, the CSRC and Hong Kong's relevant laws and regulations such as making provisional reports or announcements in accordance with relevant regulatory requirements.

Dividends on the Domestic Preference Shares shall be paid in cash. Save for such dividend at the agreed dividend rate, the holders of the above Preference Shares are not entitled to share the remaining profits of the Bank with the ordinary shareholders. Dividend is non-cumulative. The Bank has the right to cancel any dividend on Preference Shares, and such cancellation shall not be deemed as a default. After the cancellation of all or part of the dividend to preference shareholders, the Bank shall not make any ordinary share distribution, until the dividend on Preference Shares is resumed in full. As the dividends on the Domestic Preference Shares are non-cumulative, the Bank will not distribute the dividends that were cancelled in prior years to holders of Preference Shares.

The Domestic Preference Shares have no maturity date. However, after the fifth anniversary of the issuance date, subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Domestic Preference Shares may be redeemed in whole or in part at the discretion of the Bank, but the Bank does not have the obligation to redeem the Preference Shares. The holders of Preference Shares do not have the right to demand the Bank to redeem the Preference Shares and shall not expect that Preference Shares will be redeemed.

The Company redeemed all of the preference shares on 15 April 2026, for which no objections were raised in the reply from the NFRA.

(b) Perpetual Bonds

	Issuance date	Accounting classification	Interest rate	Issue price	No. (millions of units)	Amount (RMB in million)	Due date	Conversion conditions	Conversion
Domestic Perpetual Bonds (note (i))	7 Dec 2021	Equity instruments	3.69%	RMB 100/Unit	430	42,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (ii))	1 Dec 2023	Equity instruments	3.41%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iii))	5 Nov 2024	Equity instruments	2.42%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iv))	29 Apr 2025	Equity instruments	2.13%	RMB 100/Unit	200	20,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (v))	29 May 2025	Equity instruments	2.05%	RMB 100/Unit	270	27,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (vi))	14 Apr 2026	Equity instruments	2.05%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (vii))	15 Jun 2026	Equity instruments	1.99%	RMB 100/Unit	200	20,000	Perpetual existence	None	None
Total					2,000	199,989			

34. Other equity instruments *(continued)*

(b) Perpetual Bonds *(continued)*

The changes of Perpetual Bonds issued were as follows:

	Issuance date	1 January 2026		Increase/(decrease)		30 June 2026	
		No. (millions of shares)	Amount (RMB in million)	No. (millions of shares)	Amount (RMB in million)	**No. (millions of shares)**	**Amount (RMB in million)**
Domestic Perpetual Bonds (note (i))	7 Dec 2021	430	42,989	–	–	**430**	**42,989**
Domestic Perpetual Bonds (note (ii))	1 Dec 2023	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (iii))	5 Nov 2024	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (iv))	29 Apr 2025	200	20,000	–	–	**200**	**20,000**
Domestic Perpetual Bonds (note (v))	29 May 2025	270	27,000	–	–	**270**	**27,000**
Domestic Perpetual Bonds (note (vi))	14 Apr 2026	–	–	300	30,000	**300**	**30,000**
Domestic Perpetual Bonds (note (vii))	15 Jun 2026	–	–	200	20,000	**200**	**20,000**
Total		1,500	149,989	500	50,000	**2,000**	**199,989**

Notes:

(i) With the approval of the relevant regulatory authorities in China, the Bank issued RMB43,000 million of 2021 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (the "Perpetual Bonds 2021") in the national inter-bank bond market on 7 December 2021. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2021. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2021 will continue to be outstanding so long as the Bank continues to operate.

(ii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2023 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (the "Perpetual Bonds 2023") in the national inter-bank bond market on 1 December 2023. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2023. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2023 will continue to be outstanding so long as the Bank continues to operate.

(iii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2024 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Bond Connect) (the "Perpetual Bonds 2024") in the national inter-bank bond market on 5 November 2024. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2024. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2024 will continue to be outstanding so long as the Bank continues to operate.

(iv) With the approval of the relevant regulatory authorities in China, the Bank issued RMB20,000 million of 2025 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Series 1) (Bond Connect) (the "Perpetual Bonds 2025 Series 1") in the national inter-bank bond market on 29 April 2025. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2025 Series 1. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2025 Series 1 will continue to be outstanding so long as the Bank continues to operate.

(v) With the approval of the relevant regulatory authorities in China, the Bank issued RMB27,000 million of 2025 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Series 2) (Bond Connect) (the "Perpetual Bonds 2025 Series 2") in the national inter-bank bond market on 29 May 2025. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2025 Series 2. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2025 Series 2 will continue to be outstanding so long as the Bank continues to operate.

(vi) With the approval of the relevant regulatory authorities in China, the Bank issued RMB30,000 million of 2026 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Series 1) (Bond Connect) (the "Perpetual Bonds 2026 Series 1") in the national inter-bank bond market on 14 April 2026. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2026 Series 1. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2026 Series 1 will continue to be outstanding so long as the Bank continues to operate.

(vii) With the approval of the relevant regulatory authorities in China, the Bank issued RMB20,000 million of 2026 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Series 2) (Bond Connect) (the "Perpetual Bonds 2026 Series 2", together with Perpetual Bonds 2021, Perpetual Bonds 2023, Perpetual Bonds 2024, Perpetual Bonds 2025 Series 1, Perpetual Bonds 2025 Series 2, Perpetual Bonds 2026 Series 1 "Perpetual Bonds") in the national inter-bank bond market on 15 June 2026. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2026 Series 2. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2026 Series 2 will continue to be outstanding so long as the Bank continues to operate.

34. Other equity instruments *(continued)*

(b) Perpetual Bonds *(continued)*

Notes: *(continued)*

From the fifth anniversary since the issuance of the Perpetual Bonds, the Bank has the right to redeem in whole or in part the Perpetual Bonds on the annual interest payment date (including the interest payment date on the fifth year since the issuance date) subject to the approval of the NFRA and the satisfaction of the redemption preconditions. If, after the issuance, the Perpetual Bonds no longer qualify as additional Tier 1 capital as a result of an unforeseeable change to relevant provisions of supervisory regulation, the Bank has the right to redeem the whole but not part of the Perpetual Bonds. The investors do not have the right to sell back the Perpetual Bonds to the Bank.

The claims in respect of the Perpetual Bonds will be subordinated to the claims of depositors, general creditors, and subordinated debts that rank senior to the Perpetual Bonds and will rank in priority to all classes of shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional Tier 1 capital instruments of the Bank that rank pari passu with the Perpetual Bonds.

The coupon rate will be reset on each benchmark rate reset date (i.e., the date of every five years from the issuance date). The adjusted coupon rate will be determined based on the benchmark interest rate at the adjustment date plus the fixed spread as determined at the time of issuance. The Perpetual Bonds do not contain interest rate step-up mechanism or any other redemption incentives. The Bank has the right to cancel, in whole or in part, distribution on the Perpetual Bonds and any such cancellation will not constitute an event of default. The bond interests are non-cumulative, and any cancelled distribution is not carried to the following year. The Bank will fully consider the interests of bondholders when exercising this right. The Bank can use the cancelled bond interest for the current period at its discretion to repay other due debts. Cancellation of any distribution of the Perpetual Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distribution to ordinary shares.

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write off in whole or in part, without the need for the consent of the bond holders, the principal amount of the Perpetual Bonds. A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having concluded that without a write-off, the Bank would become non-viable; (ii) the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write-off will not be restored.

The funds raised by the bonds have been used to supplement additional Tier 1 capital of the Bank in accordance with applicable laws and the approval of the relevant authorities.

(c) Relative information attributed to equity instrument holders

	30 June 2026	31 December 2025
Equity attributed to shareholders of the Bank	**1,345,033**	1,272,875
– Equity attributed to ordinary shareholders of the Bank	**1,145,044**	1,095,418
– Equity attributed to other equity instrument holders of the Bank	**199,989**	177,457
Including: Net profit	**1,302**	6,307
Total comprehensive income	**1,302**	6,307
Distribution in the period/current year	**(1,302)**	(6,307)
Cumulative undistributed dividends	**–**	–
Equity attributed to non-controlling interests	**8,268**	8,024
– Equity attributed to non-controlling holders of ordinary shares	**8,268**	8,024

35. Investment revaluation reserve

	30 June 2026	31 December 2025
Debt instruments measured at FVTOCI: investment revaluation reserve	**19,107**	15,678
Fair value gain on equity instruments designated at FVTOCI	**8,504**	8,508
Remeasurement of defined benefit scheme	**124**	111
Share of other comprehensive income of equity-accounted investees	**(866)**	(723)
Total	**26,869**	23,574

36. Profit appropriations

(a) Dividends declared/distributed to shareholders

	Six months ended 30 June 2026	Year ended 31 December 2025
Ordinary share dividends approved and declared		
Ordinary share dividends in the year-end of 2025 (RMB1.003 per share)	**25,296**	–
Ordinary share dividends in 2025 interim (RMB1.013 per share)	**–**	25,548
Ordinary share dividends in 2024 (RMB2.000 per share)	**–**	50,440
Total	**25,296**	75,988
Ordinary share dividends distributed		
Ordinary share dividends in 2025 interim (RMB1.013 per share)	**25,548**	–
Ordinary share dividends in 2024 (RMB2.000 per share)	**–**	50,440
Total	**25,548**	50,440

(b) Proposed profit appropriations

The profit appropriation for the year ended 31 December 2025 was proposed in accordance with the resolution passed at the meeting of the board of directors held on 27 March 2026 and approved by the 2025 annual general meeting held on 25 June 2026.

37. Notes to the consolidated statement of cash flows

(a) Analysis of the balances of cash and cash equivalents (including assets with original maturity within 3 months):

	30 June 2026	30 June 2025
Cash and balances with central banks	**145,900**	72,214
Balances with banks and other financial institutions	**201,679**	132,712
Placements with banks and other financial institutions	**106,868**	127,281
Amounts held under resale agreements	**317,223**	270,739
Financial investments and discounted bills	**68,072**	91,975
Total	**839,742**	694,921

37. Notes to the consolidated statement of cash flows *(continued)*

(b) Reconciliation of liabilities arising from financing activities:

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

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued	Debt securities issued	Accrued interest on bonds	Interest/ dividend payable (note (i))	Other financial liabilities	Lease liabilities	Total
At 1 January 2026	11,259	50,181	80,963	1,084	25,574	35,060	11,253	215,374
Cash changes:								
Proceeds from the issue	3,133	38,889	8,400	–	–	19,311	–	69,733
Repayment	(11,265)	(32,131)	(11,917)	–	–	(12,426)	(2,172)	(69,911)
Interest/dividend paid	–	–	–	(2,453)	(27,108)	–	–	(29,561)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	1,376	1,376
Accrued interest	–	–	–	2,244	–	–	163	2,407
Dividend declared	–	–	–	–	26,856	–	–	26,856
Discount or premium amortisation	(12)	(97)	9	–	–	–	–	(100)
Fair value adjustments	–	–	–	–	–	537	–	537
Exchange difference	–	(1,187)	(1,063)	–	–	(16)	–	(2,266)
At 30 June 2026	3,115	55,655	76,392	875	25,322	42,466	10,620	214,445

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued	Debt securities issued (note (ii))	Accrued interest on bonds	Interest/ dividend payable (note (i))	Other financial liabilities	Lease liabilities	Total
At 1 January 2025	89,186	47,394	90,570	1,338	26	35,782	12,778	277,074
Cash changes:								
Proceeds from the issue	22,917	35,668	16,406	–	–	9,982	–	84,973
Repayment	(90,190)	(33,953)	(9,933)	–	–	(14,363)	(2,205)	(150,644)
Interest/dividend paid	–	–	–	(2,388)	(297)	–	–	(2,685)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	1,320	1,320
Accrued interest	–	–	–	2,360	–	–	214	2,574
Dividend declared	–	–	–	–	50,737	–	–	50,737
Discount or premium amortisation	542	18	3	–	–	–	–	563
Fair value adjustments	–	–	104	–	–	945	–	1,049
Other	–	–	–	–	–	8,028	–	8,028
Exchange difference	–	(642)	(480)	–	–	(12)	–	(1,134)
At 30 June 2025	22,455	48,485	96,670	1,310	50,466	40,362	12,107	271,855

Notes:

(i) Including interest payable on perpetual bonds.

(ii) Including financial liabilities designated at fair value through profit or loss.

37. Notes to the consolidated statement of cash flows *(continued)*

(c) Significant non-cash transactions

There were no significant non-cash transactions during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

38. Operating segments

The Group's principal activities are providing corporate and personal banking services, conducting treasury business, providing asset management and other financial services.

The Group manages its businesses by divisions, which are organised by both business line and geographical location. The reportable segment information is as follows:

(1) Wholesale finance business

The financial services for corporate clients, government agencies and financial institutions include loan and deposit service, settlement and cash management service, trade finance and offshore business, investment banking business, inter-bank business such as placement and repurchase, asset custody business, financial market business, and other services.

(2) Retail finance business

The financial services provided to retail customers include loan and deposit services, bank card services, wealth management services, private banking and other services.

(3) Other business

Except for the business mentioned above, other business covers investment properties, subsidiaries except for CMB WLB and CMBFL, associates and joint ventures. None of these segments meet any of the quantitative thresholds so far for segment division.

For the purpose of operating segment analysis, external net interest income/expense represents the net interest income earned or expense incurred on banking services provided to external parties. Internal net interest income/expense represents the assumed profit or loss by the internal funds transfer pricing mechanism which has taken into account the structure and market returns of the assets and liabilities portfolio. Cost allocation is based on direct costs attributable to each reporting segment and apportion according to the relevant factors.

The accounting policies of the operating segments are the same as the Group's accounting policies. Operating segment income represents income generated from external customers and inter-segment transactions are offset. No customer contributed 10% or more to the Group's revenue for the six months ended 30 June 2026 and 2025. Internal transactions are conducted at fair value.

38. Operating segments *(continued)*

(a) Segment results, assets and liabilities

	Wholesale finance business		Retail finance business		Other business		Total	
	Six months ended 30 June							
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
External net interest income	**27,544**	19,614	**51,763**	55,279	**32,715**	31,192	**112,022**	106,085
Internal net interest income/(expense)	**20,672**	20,009	**16,691**	15,458	**(37,363)**	(35,467)	**–**	–
Net interest income/(expense)	**48,216**	39,623	**68,454**	70,737	**(4,648)**	(4,275)	**112,022**	106,085
Net fee and commission income	**8,339**	7,861	**26,485**	24,521	**5,031**	5,220	**39,855**	37,602
Other net income	**18,951**	22,817	**1,875**	921	**2,059**	826	**22,885**	24,564
Operating income	**75,506**	70,301	**96,814**	96,179	**2,442**	1,771	**174,762**	168,251
Operating expenses								
– Depreciation of property and equipment and investment properties	**(4,560)**	(4,273)	**(1,389)**	(1,339)	**(192)**	(189)	**(6,141)**	(5,801)
– Depreciation of right-of-use assets	**(787)**	(715)	**(1,045)**	(1,177)	**(81)**	(108)	**(1,913)**	(2,000)
– Other	**(20,318)**	(17,461)	**(26,601)**	(27,885)	**(3,234)**	(3,236)	**(50,153)**	(48,582)
Subtotal	**(25,665)**	(22,449)	**(29,035)**	(30,401)	**(3,507)**	(3,533)	**(58,207)**	(56,383)
Reportable segment profit before impairment losses	**49,841**	47,852	**67,779**	65,778	**(1,065)**	(1,762)	**116,555**	111,868
Expected credit losses and impairment losses on other assets	**(4,138)**	(10,795)	**(24,891)**	(13,742)	**(162)**	(97)	**(29,191)**	(24,634)
Share of profits of associates and joint ventures	**–**	–	**–**	–	**3,373**	1,672	**3,373**	1,672
Reportable segment profit before taxation	**45,703**	37,057	**42,888**	52,036	**2,146**	(187)	**90,737**	88,906
Capital expenditure (note)	**20,535**	7,580	**1,364**	1,063	**100**	41	**21,999**	8,684

	Wholesale finance business		Retail finance business		Other business		Total	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025	**30 June 2026**	31 December 2025	**30 June 2026**	31 December 2025
Reportable segment assets	**8,473,259**	7,888,999	**3,653,726**	3,688,125	**1,547,665**	1,386,692	**13,674,650**	12,963,816
Of which: Interests in associates and joint ventures	**–**	–	**–**	–	**35,878**	32,914	**35,878**	32,914
Reportable segment liabilities	**7,137,754**	6,756,216	**4,841,434**	4,640,157	**337,842**	287,581	**12,317,030**	11,683,954

Note: Capital expenditure represents the amount incurred for acquiring segment assets which are expected to be used for more than one year.

38. Operating segments *(continued)*

(b) Reconciliations of reportable segments operating income, profit or loss, assets and liabilities and other material items

	Six months ended 30 June	
	2026	2025
Operating income for reportable segments	**174,762**	168,251
Total profit before income tax for reportable segments	**90,737**	88,906

	30 June 2026	31 December 2025
Assets		
Total assets for reportable segments	**13,674,650**	12,963,816
Goodwill	**9,954**	9,954
Intangible assets	**423**	460
Deferred tax assets	**92,649**	89,856
Other unallocated assets	**7,604**	6,437
Consolidated total assets	**13,785,280**	13,070,523
Liabilities		
Total liabilities for reportable segments	**12,317,030**	11,683,954
Tax payable	**16,445**	14,713
Deferred tax liabilities	**1,247**	1,115
Other unallocated liabilities	**97,257**	89,842
Consolidated total liabilities	**12,431,979**	11,789,624

(c) Geographical segments

The Group operates principally in the PRC with branches located in major provinces, autonomous regions and municipalities directly under the central government in the Chinese mainland. The Group also has branches operating in Hong Kong, New York, Singapore, Luxembourg, London and Sydney, subsidiaries operating in Hong Kong, Shenzhen, Shanghai, Beijing and Luxembourg and representative office in Taipei.

In presenting information based on geographical segments, operating income is allocated based on the locations of the branches and subsidiaries that generate the revenue. Segment assets and non-current assets are allocated based on the locations of the underlying assets.

To support the Bank's operations and management's assessments, the geographical segments are defined as follows:

– "Headquarters" refers to the Group's Head Office, Credit Card Centre and Global Markets Centre;

– "Yangtze River Delta region" refers to branches in Shanghai municipality, Zhejiang province and Jiangsu province;

– "Bohai Rim region" refers to branches in Beijing municipality, Tianjin municipality, Shandong province and Hebei province;

– "Pearl River Delta and West Coast" refers to branches in Guangdong province and Fujian province;

– "Northeast region" refers to branches in Liaoning province, Heilongjiang province and Jilin province;

– "Central region" refers to branches in Henan province, Anhui province, Hunan province, Hubei province, Jiangxi province, Shanxi province and Hainan province;

– "Western region" refers to branches in Sichuan province, Chongqing municipality, Guizhou province, Yunnan province, Shaanxi province, Gansu province, Ningxia Hui Autonomous region, Xinjiang Uyghur autonomous region, Guangxi Zhuang autonomous region, Inner Mongolia autonomous region, Qinghai province and Tibet autonomous region;

– "Overseas" refers to overseas branches in Hong Kong, New York, Singapore, Luxembourg, London, Sydney and representative office in Taipei;

– "Subsidiaries" refers to subsidiaries wholly owned or controlled by the Group, including CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CMB Europe S.A., CIGNA & CMAM and CMB Investment, etc.

38. Operating segments *(continued)*

(c) Geographical segments *(continued)*

Geographical information	Total assets 30 June 2026	Total assets 31 December 2025	Total liabilities 30 June 2026	Total liabilities 31 December 2025	Non-current assets 30 June 2026	Non-current assets 31 December 2025	Operating income Six months ended 30 June 2026	Operating income Six months ended 30 June 2025	Profit before tax Six months ended 30 June 2026	Profit before tax Six months ended 30 June 2025
Headquarters	6,538,293	6,080,367	5,458,565	5,064,774	65,792	64,410	60,897	63,120	28,694	37,414
Yangtze River Delta region	1,688,025	1,628,335	1,675,744	1,608,321	4,906	5,180	25,357	23,117	15,418	11,161
Bohai Rim region	1,109,263	1,085,440	1,100,335	1,070,350	3,275	3,446	19,443	17,490	10,818	9,959
Pearl River Delta and West Coast region	1,369,242	1,339,581	1,358,280	1,312,274	3,157	3,330	19,919	18,040	9,295	5,877
Northeast region	177,918	173,268	176,917	171,332	809	854	3,533	3,230	1,499	1,305
Central region	767,479	753,308	762,549	745,557	2,679	2,881	10,880	9,992	5,247	5,103
Western region	795,265	785,155	791,271	778,045	2,330	2,522	10,936	10,097	5,067	4,351
Overseas	273,406	267,759	282,610	276,733	644	588	2,278	2,158	1,307	1,305
Subsidiaries	1,066,389	957,310	825,708	762,238	116,690	109,390	21,519	21,007	13,392	12,431
Total	13,785,280	13,070,523	12,431,979	11,789,624	200,282	192,601	174,762	168,251	90,737	88,906

Note: Non-current assets include interests in joint ventures, interests in associates, property and equipment, investment properties, right-of-use assets, intangible assets and goodwill, etc.

39. Contingent liabilities and commitments

(a) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments take the form of approved loans and credit card overdraft limits.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptance represents undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out in the following tables. The amounts reflected in the tables for commitments assume that amounts are fully advanced. The amounts reflected in the tables for guarantees and letters of credit represent the maximum potential loss that would be recognised at the end of the reporting period if counterparties default.

	30 June 2026			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit – impaired)	– Stage 3 (Lifetime ECL-credit – impaired)	Total
Irrevocable guarantees	349,729	806	268	350,803
– Financial guarantees	18,300	3	3	18,306
– Non-financing letters of guarantees	331,429	803	265	332,497
Irrevocable letters of credit	398,346	1,846	–	400,192
Bills of acceptances	698,463	4,455	53	702,971
Irrevocable loan commitments	189,396	1,577	10	190,983
– with an original maturity within 1 year (inclusive)	56,726	31	–	56,757
– with an original maturity over 1 year	132,670	1,546	10	134,226
Credit card unused commitments	1,778,824	13,475	–	1,792,299
Other	131,867	1,192	24	133,083
Total	3,546,625	23,351	355	3,570,331

39. Contingent liabilities and commitments *(continued)*

(a) Credit commitments *(continued)*

	31 December 2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit – impaired)	– Stage 3 (Lifetime ECL – credit – impaired)	Total
Irrevocable guarantees	335,235	1,113	276	336,624
– Financial guarantees	24,024	4	3	24,031
– Non-financing letters of guarantees	311,211	1,109	273	312,593
Irrevocable letters of credit	387,271	1,179	–	388,450
Bills of acceptances	608,062	4,802	21	612,885
Irrevocable loan commitments	206,732	1,655	12	208,399
– with an original maturity within 1 year (inclusive)	82,628	–	2	82,630
– with an original maturity over 1 year	124,104	1,655	10	125,769
Credit card unused commitments	1,718,694	15,381	–	1,734,075
Other	108,861	478	20	109,359
Total	3,364,855	24,608	329	3,389,792

As at 30 June 2026, Group's irrevocable letters of credit include sight letters of credit of RMB21,969 million (31 December 2025: RMB20,231 million), usance letters of credit of RMB18,979 million (31 December 2025: RMB18,087 million), and other commitments of RMB359,244 million (31 December 2025: RMB350,132 million).

Irrevocable loan commitments include credit limits granted to offshore customers by overseas branches and subsidiaries, and onshore and offshore syndicated loans, etc.

Apart from the irrevocable loan commitments, the Group had loan commitments of RMB5,524,072 million at 30 June 2026 (31 December 2025: RMB5,708,716 million) which are unconditionally cancellable by the Group or automatically cancellable due to deterioration in the creditworthiness of the borrower as stipulated in respective lending agreements. The Group does not assume any risks on the unused credit limits for these loan commitments. As a result, such balances are not included in the above credit commitments.

	30 June 2026	31 December 2025
Credit risk weighted amounts of contingent liabilities and commitments	**1,141,443**	1,024,984

Since 1 January 2024, the Group calculated the credit risk-weighted assets amount of its contingent liabilities and commitments in accordance with the requirements of Rules on Capital Management of Commercial Banks issued by the NFRA. The amount within the scope approved by the former CBIRC in April 2014 is calculated using the Internal Ratings-Based Approach, and the Weighted Approach is used to cover those amounts not eligible for the Internal Ratings-Based Approach.

(b) Capital commitments

The authorised capital commitments of the Group were as follows:

	30 June 2026	31 December 2025
Contracted for	**246**	200
Authorised but not contracted for	**1,325**	201
Total	**1,571**	401

Commitments arising from the Group's leasing business are detailed in note 39(e).

(c) Outstanding litigations

At 30 June 2026, the Bank or other group entity was a defendant in some outstanding litigations with total gross claims of RMB2,287 million (31 December 2025: RMB1,476 million). The Group considers that no material losses would be incurred by the Group as a result of these outstanding litigations.

39. Contingent liabilities and commitments *(continued)*

(d) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back bonds underwritten by itself if the bond holders decide to redeem the bonds before maturity. The redemption prices for the bonds at any time before their maturity date are based on the face value plus any interest unpaid and accrued up to the redemption date. Accrued interest to the bond holders is calculated in accordance with relevant rules issued by the Ministry of Finance and the PBOC. The redemption prices may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations below represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured at the end of the reporting period:

	30 June 2026	31 December 2025
Redemption obligations	**38,918**	36,693

The Group expects that the amount of redemption before the maturity date of these government bonds through the Group will not be material.

(e) Lease commitments

Operating lease commitments and financial lease commitments of the Group at the end of the reporting period are as follows:

	30 June 2026	31 December 2025
Operating lease commitments	**41,987**	19,779
Financial lease commitments	**35,701**	40,910
Total	**77,688**	60,689

40. Transactions on behalf of customers

(a) Entrusted lending business

The Group's entrusted lending business refers to activities where principals such as government departments, business entities and individuals provide capital, and instruct the Group to lend it to the specified targets on their behalf in accordance with specific terms and conditions, and the Group is contracted to disburse the loan, monitor its usage, and seek loan recovery. The entrusted lending business does not expose the Group to any credit risk. As instructed by these principals, the Group holds and manages underlying assets and liabilities only in the capacity of an agent, and charges handling fees for related services.

Entrusted loans are not assets of the Group and therefore not recognised in the unaudited consolidated statement of financial position. Income received and receivable for providing these services are recognised in the unaudited consolidated statement of income as fee and commission income.

At the end of the reporting period, the entrusted assets and liabilities were as follows:

	30 June 2026	31 December 2025
Entrusted loans	**311,245**	265,483
Entrusted funds	**(311,245)**	(265,483)

40. Transactions on behalf of customers *(continued)*

(b) Wealth management services

The Group's wealth management services to customers mainly represent sales of wealth management products to corporate and personal banking customers by the Bank and CMBWM. The funds obtained from wealth management services are invested in investment products, including government bonds, policy bank bonds, and short term corporate debt instruments. The Group initiated the launch of wealth management products. The investment risk associated with these products is borne by the customers who invest in these products. The Group does not consolidate these wealth management products. The Group earns fee and commission which represents the charges on customers in relation to the provision of custody, sales, and management services.

The wealth management products and funds obtained are not assets and liabilities of the Group and therefore not recognised in the unaudited consolidated statement of financial position. The funds received from customers for wealth management business that have yet to be invested are recorded under other liabilities.

At the end of the reporting period, funds received from customers under unconsolidated wealth management services amounted to RMB2,537,528 million as at 30 June 2026 (31 December 2025: RMB2,453,150 million).

(c) Entrusted management of insurance funds

The entrusted management of insurance funds mainly refers to the business that the Group carries out investment activities on funds entrusted by insurance companies according to the regulatory policies and the investment guidelines from insurance companies, and charges fees for providing such services.

At the end of the reporting period, the balance of entrusted funds was as follows:

	30 June 2026	31 December 2025
Entrusted management of insurance funds	**279,452**	233,313

41. Risk management

(a) Credit risk

Credit risk represents the potential losses that may arise from the failure of a counterparty or a debtor to meet its obligation or commitment to the Group. Credit risk increases when all counterparties are concentrated in a single industry or a geographical region, as different counterparties in the same region or industry may be affected by the same economic factors, which may eventually affect their repayment abilities.

The Group designs its organisation framework, credit policies and processes with an objective to identify, evaluate and manage its credit risk effectively. The Risk and Capital Management Committee, set up and appointed by the board of directors, is responsible for supervising and evaluating the set-up, organisational structure, work process and effectiveness of various risk management functions.

With respect to daily operations, the Risk Management Department, as directed by the Risk and Capital Management Committee under Board of Directors, participates in, coordinates, and monitors the work of other risk management functions, including each business unit and the Legal and Compliance Department. The Group manages credit risk including the credit and investment business of pre-lending (investment) evaluations, interim-lending (investment) reviewing and post-lending (investment) monitoring.

In accordance with IFRS Accounting Standards and the Implementation Rules on Expected Credit Losses Approach of Commercial Banks, the Group uses the expected credit losses model to provide for credit risk losses for on-balance sheet financial assets that bear credit risk at amortised cost or at fair value through other comprehensive income, as well as off-balance sheet credit risk items such as loan commitments and financial guarantee contracts.

With respect to the credit risk management of wholesale financial business, the Group optimizes credit and investment policies, continually enhances the standards on acceptance for corporate, interbank and institutional clients, and implements in key risk areas to improve the quality of credit exposure.

With respect to credit risk management of retail financial business, the Group mainly relies on the credit assessment of applicants as the basis for loan approval, which takes into consideration the income level, credit history, and repayment ability of the applicant. The Group monitors post-lending conditions by focusing on borrowers' repayment ability, the status of collateral and any changes to collateral value. Once a loan becomes overdue, the Group starts the collection process according to standard retail loans collection procedures.

41. Risk management *(continued)*

(a) Credit risk *(continued)*

The Group requests customers to provide collateral and guarantees when necessary. The Group has formulated systems or guidelines for the access of guarantors or collaterals, the approval of guarantee amounts, the establishment and follow-up management of guarantees. The guarantor's or collateral's ability and willingness to guarantee will be reviewed regularly to ensure that it meets the requirements of relevant laws and regulations and can effectively mitigate risks.

In respect of asset quality classification, the Group improves the classification system and refines the classification method based on Rules on Risk Classification of Financial Assets of Commercial Banks, combined with actual situation. On the basis of Five-category Classification, the Group categorises its loans on a ten-grade loan classification basis to refine internal risk classification management (normal (grades 1-5), special mention (grades 1-2), substandard, doubtful and loss).

The risks involved in contingent liabilities and commitments are essentially the same as the credit risk involved in loans and advances to customers. These transactions are, therefore, subject to the same credit application, post-lending monitoring and collateral requirements as for customers applying for loans.

Concentration of credit risk: when certain number of customers carry out the same business activities, locate in the same geographical region or their industries share similar economic characteristics, their ability to meet their obligations may be affected by the same economic factors. The level of concentration of credit risk reflects the sensitivity of the Group's operating result to a specific industry or geographical region. To prevent concentration of credit risk, the Group has formulated a limit management policy to monitor and analyse its loan portfolio.

Analysis of loans and advances by industry and loan portfolio are presented in Note 16.

(i) Internal credit risk rating

The Group classifies credit risk based on probability of default. The internal credit risk rating is based on the model-forecasted default risk, taking into consideration qualitative and quantitative factors such as borrower's financial situation, debt pressure, industry characteristics, etc.

(ii) Significant increase in credit risk

The Group recognises lifetime ECL if there are significant increases in credit risk.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument and other items at the reporting date with that at the date of initial recognition. In making this assessment, the Group considers an actual or expected significant deterioration in the financial instrument's internal credit risk rating, as well as internal early warning signal, the result of 5-tier classification and overdue information. The Group regularly reviews whether the evaluation criteria are applicable to the current situation.

The Group considers that the credit risk of a financial instrument has increased significantly when any of the following conditions is met: the 5-tier classification of the financial instrument is Special Mention; the financial instrument is past due for more than 30 days (inclusive); the internal credit risk rating of the customer or the financial instrument has been downgraded to certain level; the customer or the financial instrument has reached a certain early warning level; or the customer exhibits other significant risk indicators identified by the Group.

A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capability to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may not necessarily reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantees, the date when the commitment becomes irrevocable is considered as the initial recognition date.

The Group considers that a debt instrument is impaired and classified as stage 3 when the debt instrument is more than 90 days (inclusive) overdue or the 5-tier classification of this debt instrument is substandard, doubtful or loss (these three categories include debt instruments with more than 90 days (inclusive) overdue).

41. Risk management *(continued)*

(a) Credit risk *(continued)*

(iii) Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD): an estimate of the likelihood of default over 12 months or lifetime horizon;
- loss given default (LGD): the proportion of the loss arising on default to the exposure at default;
- exposure at default (EAD): the risk exposure on a debt.

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect forward-looking information.

(iv) Incorporation of forward-looking information

The Group divides financial assets into different asset groups based on their different risk characteristics. According to the risk characteristics of the asset group, the Group collects external data released by authoritative institutions and internal risk data without undue cost or effort for modelling. Apart from the common economic indicators such as Gross Domestic Product ("GDP"), Consumer Price Index ("CPI"), Producer Price Index and Broad Money Supply, various other categories of indicators such as industry index, interest and exchange rate, and survey index are also included. Based on statistical analysis and expert judgements, the Group sets up multiple forward-looking scenarios to predict macroeconomic indicators and risk parameters. The Group sets the forecasts issued by external authoritative institutions as the forecasts of economic indicators under the baseline scenario, with reference to the professionals of the Bank and the outputs of the models. For the forecasts of economic indicators under the remaining scenarios, the Group will refer to the actual historical data for analysis and forecast. Taking GDP (year-on-year growth rate) and CPI (month-on-month increase) as an example, the forecasts for the next year adopted by the Group at 30 June 2026 under the baseline scenario were set at round 5% and 2% respectively.

Combined with quantitative measurement and expert judgement, the Group sets the weighting of multiple scenarios based on the principle of taking the baseline scenario as the main and the other scenarios as supplement. The weight of the baseline scenario of the Group as at 30 June 2026 is the highest. According to the sensitivity test results of the Group, when the weighting of the optimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 30 June 2026 will decrease by approximately 2.5% compared to the current result (at 31 December 2025: will decrease by approximately 2.9%). When the weighting of the pessimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 30 June 2026 will increase by approximately 5.1% compared to the current result (at 31 December 2025: will increase by approximately 4.2%).

The Group periodically forecasts macroeconomic indicators and calculates the ECL based on a weighted 12-month expected credit losses (stage 1) or a weighted lifetime expected credit losses (stage 2 and stage 3).

(v) Groupings based on shared risk characteristics

The Group divides the primary business into wholesale business, retail business and credit card business. The models are divided based on shared risk characteristics, and the reference indicators include the 5-tier classification, business type and collateral type.

(vi) Maximum exposure

The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements is the carrying amount of the relevant financial instruments as disclosed in the unaudited consolidated statement of financial position and the contract amount of the off-balance sheet items disclosed in Note 39(a). At 30 June 2026, the amount of the Group's maximum credit risk exposure was RMB16,970,300 million (31 December 2025: RMB16,093,396 million).

(vii) Restructured loans and advances to customers

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No.1) for its restructured loans and advances to customers.

The carrying amount of loans and advances that had been restructured was RMB29,968 million as at 30 June 2026 (31 December 2025: RMB28,307 million).

41. Risk management *(continued)*

(a) Credit risk *(continued)*

(viii) Non-performing loans

Under the 5-tier loan classification system, non-performing loans of the Group are divided into substandard loans, doubtful loans, and loss loans. As at 30 June 2026, the Group had the balance of non-performing loans of RMB70,251 million (31 December 2025: RMB68,206 million).

(ix) Credit quality of financial instruments

The staging analysis for loans and advances to customers and debt investments at amortised cost as at the reporting date are disclosed in Note 16 and Note 17(b) respectively. The staging analysis for credit commitments and the expected credit losses allowances of financial guarantees and loan commitments are disclosed in Note 39(a) and 31 respectively. The staging analysis for other financial instruments is as follows:

	30 June 2026							
	Principal				Expected credit losses			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit – impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	661,323	–	–	661,323	–	–	–	–
Balances with banks and other financial institutions	337,893	–	1	337,894	(837)	–	(1)	(838)
Placements with banks and other financial institutions	462,427	–	–	462,427	(1,437)	–	–	(1,437)
Amounts held under resale agreements	319,065	–	140	319,205	(686)	–	(140)	(826)
Debt investments at FVTOCI	1,471,013	268	60	1,471,341	(7,407)	(140)	(1,235)	(8,782)

	31 December 2025							
	Principal				Expected credit losses			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit – impaired)	Total	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balances with central banks	559,967	–	–	559,967	–	–	–	–
Balances with banks and other financial institutions	199,951	3	1	199,955	(445)	(1)	(1)	(447)
Placements with banks and other financial institutions	504,938	–	–	504,938	(1,197)	–	–	(1,197)
Amounts held under resale agreements	259,198	–	140	259,338	(526)	–	(140)	(666)
Debt investments at FVTOCI	1,325,003	245	52	1,325,300	(6,027)	(515)	(1,245)	(7,787)

Note: The balances disclosed above do not include accrued interest.

(b) Market risk

Market risk refers to the risk of loss arising from adverse fluctuations in market prices—including interest rates, exchange rates, equity prices, and commodity prices—affecting the Group's on- and off-balance sheet positions. Interest rate and foreign exchange rate are the two major market risk factors relevant to the Group. The Group is exposed to market risk through the financial instruments under the trading book and banking book. The trading book comprises financial instruments, foreign exchange and commodity positions held for trading purposes or to hedge risks of other items in the trading book, as well as other instruments recognized by National Financial Regulatory Administration. Instruments other than those in the trading book shall be classified into the banking book.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk

Interest rate risk arises from unfavourable changes in interest rates and maturity profiles which may result in loss to the income and decline in market value of financial instruments and positions held by the Group.

(1) Trading book

According to the basic principles of risk management, the Group has built and continuously improved the market risk management system, and established the management process of market risk identification, measurement, monitoring, control, and reporting, covering interest rate risk, exchange rate risk, commodity and other risks involved in the trading book business. Under the market risk preference formulated by the board of directors, the Group manages the trading book by clearly identifying, accurately measuring, and effectively managing the trading book market risk, to ensure that the trading book risk exposure is within an acceptable range and achieves a reasonable balance of risk and return. The Group constantly improves the risk-adjusted return level to maximise the shareholders' value.

The trading book market risk governance organisation structure defines the responsibilities, division of labour and reporting lines of the board of directors, Risk and Capital Management Committee under the board of directors, senior management, and relevant departments of the Bank, and safeguards the achievement of management objectives. The Market Risk Management Department is responsible for the Group's trading book market risk and undertakes the task of risk policy formulation and management.

According to the business practices and market risk governance organisation structure, the Group establishes the trading book market risk limit management system. A top-level limit is set based on the risk appetite determined by the board of directors and is transmitted from top to bottom level by level. Within the scope of their authorisation, management departments at all levels allocate and set limits according to risk characteristics, product types and trading strategies, etc. The business departments carry out the business according to the authorisation and limit requirements, and the supervisory and administrative departments at all levels continuously monitor and report according to the limit management regulations.

The Group uses scale, interest rate sensitivities, cumulative loss, stress test loss under interest rate scenarios, market risk capital and value-at-risk and other risk indices to measure and monitor interest rate risk in the trading book.

(2) Banking book

According to the external regulatory requirements and the internal banking book interest rate risk management policy, the Group has built and continuously improved the banking book interest rate risk management system, established the management process of interest rate risk identification, measurement, monitoring, control, and reporting, and covered all on- and off-balance sheet business of the Bank. The Group clearly identifies, accurately measures, and effectively manages the interest rate risk of the banking book under the interest rate risk appetite of the banking book formulated by the board of directors to ensure that the net interest income (NII) and the economic value of shareholders' equity (EVE) stable within the acceptable range of the banking book risk.

The Group's governance and management framework specifies the responsibilities, division of labor and reporting lines of the board of directors, senior management, designated committees, and relevant departments to ensure the effectiveness of interest rate risk management. Interest rate risk of the banking book is managed by the Asset and Liability Management Department of the Head Office. Internal Audit Department of the Head Office is responsible for independent audit.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk *(continued)*

(2) Banking book (continued)

The preference of the Group in respect of the interest rate risk in the banking book is prudent. The Group establishes a banking book interest rate risk limit management system based on the actual business and the banking book interest rate risk governance structure. The quantitative index of risk appetite set by the board of directors is the highest-level limit, which is transmitted through the limit level from top to bottom and level by level. Within the scope of their authorisation, all levels set limits and continuously monitor and report according to risk tolerance, business operation strategy and risk management objectives. The Group formulates interest rate risk management strategies and regularly tracks and reviews them based on risk measurement and monitoring results and in combination with macroeconomic and interest rate environment. The key measures for risk management of the Group include the adjustment in structure of on-balance-sheet assets and liabilities and off-balance sheet derivative to offset risk exposure.

The Group has mainly adopted scenario simulation analysis, re-pricing exposure analysis and duration analysis for the regular measurement and analysis of interest rate risk under the banking book. Stress test is a form of scenario simulation used to assess the changes in net interest income at risk and economic value of equity indicators when there is an extreme fluctuation in interest rates. The Group measures and monitors the interest rate risk of banking book through the asset-liability management system, and the main models and parameter assumptions used in the measurement process are independently verified before being adopted and are regularly reviewed and verified after being adopted. The various indicators of interest rate risk during the reporting period showed that the interest rate risk of banking book of the Bank was generally stable and stay within the set limits.

(3) The following tables indicate the next expected repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period.

	30 June 2026					
	Total	3 months or less (including overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	674,940	651,856	–	–	–	23,084
Amounts due from banks and other financial institutions	1,116,425	801,886	265,544	48,523	472	–
Loans and advances to customers (note (i))	7,184,811	3,630,376	2,888,232	585,638	80,565	–
Financial investments and derivative financial assets	4,368,490	471,512	523,546	1,703,915	1,586,605	82,912
Other assets (note (ii))	440,614	–	–	–	–	440,614
Total assets	13,785,280	5,555,630	3,677,322	2,338,076	1,667,642	546,610
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,574,768	1,375,447	178,640	20,477	204	–
Deposits from customers	10,162,498	6,874,842	1,868,691	1,379,334	37,725	1,906
Financial liabilities at FVTPL and derivative financial liabilities	224,493	71	74	509	1,152	222,687
Lease liabilities	10,620	1,000	2,548	6,284	788	–
Debt securities issued	135,162	37,914	54,843	42,405	–	–
Other liabilities (note (ii))	324,438	–	–	3,263	–	321,175
Total liabilities	12,431,979	8,289,274	2,104,796	1,452,272	39,869	545,768
Asset-liability gap	1,353,301	(2,733,644)	1,572,526	885,804	1,627,773	842

41. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Interest rate risk *(continued)*

(3) The following tables indicate the next expected repricing dates (or maturity dates whichever are earlier) for assets and liabilities at the end of the reporting period. *(continued)*

	31 December 2025					
	Total	3 months or less (include overdue)	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing
Assets						
Cash and balances with central banks	574,775	549,425	–	–	–	25,350
Amounts due from banks and other financial institutions	961,921	653,640	280,113	27,551	617	–
Loans and advances to customers (note (i))	6,995,085	3,659,517	2,701,575	573,084	60,909	–
Financial investments and derivative financial assets	4,119,433	527,990	504,303	1,463,072	1,546,313	77,755
Other assets (note (ii))	419,309	–	–	–	–	419,309
Total assets	13,070,523	5,390,572	3,485,991	2,063,707	1,607,839	522,414
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,366,064	1,123,446	215,203	27,109	306	–
Deposits from customers	9,836,130	6,737,206	1,716,946	1,338,552	41,544	1,882
Financial liabilities at FVTPL and derivative financial liabilities	139,151	–	–	–	–	139,151
Lease liabilities	11,253	1,011	2,694	6,696	852	–
Debt securities issued	142,403	46,997	41,156	51,571	2,679	–
Other liabilities (note (ii))	294,623	–	–	3,185	–	291,438
Total liabilities	11,789,624	7,908,660	1,975,999	1,427,113	45,381	432,471
Asset-liability gap	1,280,899	(2,518,088)	1,509,992	636,594	1,562,458	89,943

Notes:

(i) For loans and advances to customers, the "3 months or less" category includes overdue amounts as at 30 June 2026 and 31 December 2025, net of allowances for impairment losses. Overdue amounts represent loans of which the whole or part of the principals or interests were overdue.

(ii) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(4) Sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the results of the Group's interest rate sensitivity analysis on the assets and liabilities as at 30 June 2026 and 31 December 2025.

	30 June 2026		31 December 2025	
Change in interest rates (in basis points)	**Up by 25**	**Down by 25**	Up by 25	Down by 25
(Decrease)/increase in net interest income	**(5,042)**	**5,042**	(4,648)	4,648
(Decrease)/increase in equity	**(15,115)**	**15,490**	(13,337)	13,648

The above-mentioned interest rate sensitivity analysis shows the changes in net interest income and equity in the next 12 months under the assumption of changes in interest rates in the above table. As the actual situation and assumptions may be different, the actual changes in the Group's net interest income and equity caused by the increase or decrease in interest rates may be different from the results of this sensitivity analysis.

41. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Foreign exchange risk

Foreign exchange risk arises from the holding of foreign currency assets, liabilities and equity items, and the foreign currency and foreign currency derivative positions, which expose the Group to potential losses in the event of unfavourable foreign exchange rate movement. The financial assets and liabilities of the Group are denominated in RMB, and the other currencies are mainly in USD and HKD. The Group segregates the policy setting, execution, and supervision of foreign exchange risk management, and establishes a foreign currency risk management governance structure. This structure specifies the roles, responsibilities, and reporting lines of the board of directors, senior management, designated committees, and relevant departments of the Bank in the management of foreign exchange risk. The Group is prudent in its foreign exchange risk appetite, and would not voluntarily take foreign exchange risk, which suits the current development stage of the Group. The current foreign exchange risk management policies and procedures of the Group meet the regulatory requirements and suit its management needs.

(1) Trading book

The Group has established a market risk management system of the trading book, which covers exchange rate risk, to quantify the exchange rate risk of the trading book to facilitate centralised management. The structure, process, and method of exchange rate risk management of the trading book are consistent with those of the interest rate risk of the trading book.

The Group uses exposure, exchange rate sensitivities, cumulative loss, stress test loss under exchange rate scenarios, market risk capital and value-at-risk and other risk indices to measure and monitor foreign exchange risk in the trading book. The management methods include delegation, setting limits, daily monitoring, and continuous reporting, etc.

(2) Banking book

The Group's foreign exchange risk under the banking book is centrally managed by the Head Office. The Asset and Liability Management Department, as the treasurer of the Bank is in charge of the banking book foreign exchange risk management. The Internal Audit Department is responsible for auditing this. The treasurer is responsible for managing the foreign exchange risk under the banking book with a prudent approach and compliance with the regulatory requirements, and through approaches such as transaction limits and adjustment of plans.

The banking book foreign exchange risk of the Group arises from the mismatch of the non-RMB financial assets and liabilities. The Group stringently monitors its foreign exchange risk exposures to control it within an acceptable range.

The Group has adopted foreign exchange exposure analysis, scenario simulation analysis and stress testing for the measurement and analysis of foreign exchange risk. The Group regularly measures and analyses the foreign exchange risk exposure fluctuations, monitors and reports foreign exchange risk on a monthly basis under the limit control framework, and adjusts the foreign exchange exposures based on the trend of foreign exchange rate movements to mitigate the foreign exchange risk on its banking book.

The Group continues to strengthen banking book exchange rate risk monitoring and authorisation management of limits to ensure that risks are controlled within a reasonable range.

41. Risk management *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group is not able to obtain sufficient funds at a reasonable cost and in a timely manner to deal with the appreciation of asset growth, to meet its maturity obligations, or to perform other payment obligations.

According to the liquidity risk management policy, the Group segregates the policy setting, execution, and supervision of liquidity risk management, and puts in place a governance framework which defines the roles, responsibilities, and reporting lines of the board of directors, senior management, designated committees, and relevant departments to ensure the effectiveness of liquidity risk management. The board of directors takes the ultimate responsibility for liquidity risk management, ensures the Group can effectively identify, measure, monitor and control liquidity risk and is responsible for determining liquidity risk level which the Group can tolerate. The Risk and Capital Management Committee under the board of directors shall perform its responsibilities in liquidity risk management according to the requirements of the board of directors. The Audit Committee is responsible for the supervision and evaluation of the performance of the board of directors and senior management in liquidity risk management and reports to the general meeting of shareholders. The senior management is responsible for the liquidity risk management work and develops a timely understanding of changes in liquidity risks and reports the same to the board of directors. The Asset and Liability Management Committee (ALCO) exercises specific liquidity risk management functions as required by the senior management. The Assets and Liabilities Management Department of the Head Office is a day-to-day working body of ALCO and responsible for various concrete management work including formulating policies and procedures relating to liquidity risk management and conducting qualitative and quantitative analysis of liquidity risk. The Internal Audit Department of the Head Office conducts comprehensive audit on the Group's liquidity risk management.

The Group is prudent in managing its liquidity risk, which suits its current development stage. The Group's existing liquidity risk management policies and systems meet regulatory requirements and suit its own management needs.

The Group's liquidity risk management is coordinated by the Head Office with branches acting in concert. The Asset and Liability Management Department acting as the treasurer of the Group is in charge of daily liquidity risk management. According to a prudent basis under regulatory requirements, the treasurer is conducting centralised liquidity management through limit management, budget control, initiative debt management as well as internal fund transfer pricing.

The Group measures, monitors and identifies liquidity risk by short-term reserves as well as medium and long-term structures. It monitors the limit indicators closely at fixed intervals.

The Group regularly conducts stress testing to assess its liquidity risk resistance under extreme circumstances. Except for the annual stress testing required by the regulatory authorities, the Group conducts monthly stress testing on the liquidity risk of local and foreign currencies. The Group sets up liquidity contingency plans and conducts liquidity contingency drills to continuously improve its capability to handle any liquidity crisis.

41. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis.

	30 June 2026									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	674,940	674,940	141,633	111	204	243	–	–	532,749	–
Amounts due from banks and other financial institutions	1,116,425	1,121,160	115,052	520,256	164,346	267,926	53,005	575	–	–
Loans and advances to customers	7,184,811	8,208,400	32,569	493,997	529,705	2,212,690	2,536,367	2,373,360	–	29,712
Financial investments	4,345,703	5,119,372	4,874	181,888	182,290	596,979	2,090,822	2,027,564	34,667	288
– Financial investments at FVTPL	678,092	714,000	4,874	133,332	42,291	166,416	263,248	93,072	10,767	–
– Debt investments at amortised cost	2,172,370	2,575,094	–	25,367	76,925	238,181	1,065,357	1,168,976	–	288
– Debt investments at FVTOCI	1,471,341	1,806,378	–	23,189	63,074	192,382	762,217	765,516	–	–
– Equity investments designated at FVTOCI	23,900	23,900	–	–	–	–	–	–	23,900	–
Other assets	148,370	148,370	28,531	18,082	16,238	18,246	13,096	1,342	48,587	4,248
Total	13,470,249	15,272,242	322,659	1,214,334	892,783	3,096,084	4,693,290	4,402,841	616,003	34,248
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,574,768	1,586,326	1,116,285	82,594	116,118	199,819	64,351	7,159	–	–
Deposits from customers	10,162,498	10,333,052	5,233,423	753,725	917,075	1,925,440	1,460,107	43,282	–	–
Financial liabilities at FVTPL	195,062	195,233	135,828	9,846	1,948	3,388	7,305	36,918	–	–
Lease liabilities	10,620	11,244	–	398	607	2,585	6,702	952	–	–
Debt securities issued	135,162	140,580	–	5,615	13,302	63,169	58,494	–	–	–
Other liabilities	265,136	216,186	71,600	60,200	13,204	42,483	28,446	253	–	–
Total	12,343,246	12,482,621	6,557,136	912,378	1,062,254	2,236,884	1,625,405	88,564	–	–
Loan commitments	–	1,983,282	1,983,282	–	–	–	–	–	–	–

41. Risk management *(continued)*

(c) Liquidity risk *(continued)*

The following table provides an analysis of the contractual undiscounted cash flow of the non-derivative financial assets, non-derivative financial liabilities, and loan commitments of the Group as at the end of the reporting period. The Group's actual cash flows on these instruments may vary significantly from this analysis. - continued

	31 December 2025									
	Carrying amount	Total	Repayable on demand	Within 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Indefinite	Overdue
Non-derivative financial assets										
Cash and balances with central banks	574,775	574,775	64,591	172	699	870	–	–	508,443	–
Amounts due from banks and other financial institutions	961,921	966,522	65,857	473,271	114,477	282,807	29,492	618	–	–
Loans and advances to customers	6,995,085	8,012,967	35,811	509,294	519,642	2,178,429	2,412,294	2,328,378	–	29,119
Financial investments	4,100,610	4,804,457	6,850	256,626	188,821	555,065	1,833,835	1,931,812	31,154	294
– Financial investments at FVTPL	647,796	677,565	6,850	190,654	63,731	132,310	171,268	106,022	6,730	–
– Debt investments at amortised cost	2,103,090	2,506,830	–	36,969	48,681	230,452	1,008,537	1,181,897	–	294
– Debt investments at FVTOCI	1,325,300	1,595,638	–	29,003	76,409	192,303	654,030	643,893	–	–
– Equity investments designated at FVTOCI	24,424	24,424	–	–	–	–	–	–	24,424	–
Other assets	137,675	137,675	28,275	13,711	16,290	22,710	11,752	1,178	39,677	4,082
Total	12,770,066	14,496,396	201,384	1,253,074	839,929	3,039,881	4,287,373	4,261,986	579,274	33,495
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,366,064	1,380,412	805,667	130,782	127,438	243,100	64,961	8,464	–	–
Deposits from customers	9,836,130	10,011,785	5,003,628	776,068	983,694	1,774,568	1,425,829	47,998	–	–
Financial liabilities at FVTPL	120,499	120,607	68,325	12,280	2,916	2,153	5,435	29,498	–	–
Lease liabilities	11,253	12,000	–	417	595	2,733	7,143	1,112	–	–
Debt securities issued	142,403	148,583	–	9,376	21,062	49,441	65,984	2,720	–	–
Other liabilities	239,288	190,556	39,686	55,693	19,504	44,555	30,877	241	–	–
Total	11,715,637	11,863,943	5,917,306	984,616	1,155,209	2,116,550	1,600,229	90,033	–	–
Loan commitments	–	1,942,474	1,942,474	–	–	–	–	–	–	–

Note: Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(d) Operational risk

Operational risk arises from the loss due to deficiency in internal procedures, staffing or IT structure, as well as external events which have effect on operation, including legal risk but not strategy risk and reputation risk.

During the reporting period, through stepping up the identification, evaluation and monitoring of operational risk in key areas, and by focusing on process, policy, employee, system and existing problems of critical control segments, the Group further improves the risk management method, appraisal and assessment mechanism, and strengthens economic capital allocation mechanism with the goal of enhancing the ability and effectiveness of operational risk's management of the Group. All major indexes meet the requirements of the Group's risk preference.

In view of the challenges from internal and external operations and management, the Group will, based on its risk appetite, continue to upgrade its risk management capabilities, and strengthen operational risk monitoring and controls, in order to prevent and reduce operational risk losses.

41. Risk management *(continued)*

(e) Capital management

The objectives of the Group's capital management are to:

- Keep capital adequacy ratios at reasonable levels, satisfy capital-specific regulatory provisions and policy requirements on an ongoing basis, and maintain a solid capital base in support of its business expansion, social responsibility and strategic planning implementation to achieve a comprehensive, coordinated and sustainable growth;
- Comply with capital regulatory requirements, perform procedures to assess internal capital adequacy, openly disclose information related to capital management, fully cover all risks and ensure safe operation of the entire group;
- Put in place an economic capital-centred banking value management system by fully applying various risk-specific quantitative deliverables, enhance decision-making processes and management application regimes, strengthen capital restraint and capital incentive mechanisms, reinforce capabilities to facilitate customer pricing and decision-making, and increase capital deployment efficiency;
- Reasonably use all kinds of capital instruments, continue to upgrade capital strengths, improve capital structures, raise capital quality, lower capital costs, and create the best returns for shareholders.

The Group manages its capital structure and adjusts it based on the economic condition and the risk characteristics of its operations. To maintain or adjust its capital structure, the Group may modify its profit distribution policy, issue or repurchase shares, additional tier 1 capital instruments, eligible tier 2 capital instruments, and convertible debentures. The Group's management regularly monitors capital adequacy ratio under an approach stipulated by regulators. The Group and the Bank submit the required information to the NFRA every quarter.

The Group's capital adequacy ratio calculation covers the Bank and its subsidiaries. The Bank's capital adequacy ratio calculation covers all branches of the Bank. As at 30 June 2026, the Group's subsidiaries that were within the capital adequacy ratio calculation included: CMB WLB, CMBIC, CMBFL, CMFM, CMBWM, CIGNA & CMAM, CMB Europe S.A and CMB Investment.

Since 1 January 2024, the Group has calculated its capital adequacy ratio in accordance with the NFRA's the Rules on Capital Management of Commercial Banks. According to the approval and requirements of implementing the advanced method of capital measurement by the former CBIRC on April 18, 2014 and the NFRA's relevant provisions of the Notice on implement of Rules on Capital Management of Commercial Banks (國家金融監督管理總局關於實施〈商業銀行資本管理辦法〉相關事項的通知) (Jin Gui [2023] No.9), within the approved scope, the Group could calculate corporation and financial institution risk exposure using the Foundation Internal Ratings-Based Approach, retail risk exposure using the Advanced Internal Ratings-Based Approach, market risk and operational risk using the Standardised Approach. At the same time, the NFRA or its agencies implemented a transition period for commercial banks that were approved to adopt the Advanced Measurement Approach. During the transition period, commercial banks should follow Rules on Capital Management of Commercial Banks to carry out capital measurement.

The Group's capital management focuses on capital adequacy ratio management. The capital adequacy ratio reflects the Group's capability of sound operations and risk resistance. The Group's capital adequacy ratio management's objective is to carefully determine capital adequacy ratio, as legally required by regulators, according to actual risk profiles and with reference to capital adequacy ratio levels of globally leading market peers and the Group's operating conditions.

The Group adopts the scenario simulation and stress testing methods to forecast, plan and manage its capital adequacy ratio with considerations of factors such as strategic development planning, business expansion status, and risk movement trends.

41. Risk management *(continued)*

(e) Capital management *(continued)*

The capital ratios calculated by the Advanced Measurement Approach set out in the Rules on Capital Management of Commercial Banks are as follows:

	30 June 2026	31 December 2025
Common Equity Tier 1 adequacy ratio	**14.07%**	14.16%
Tier 1 capital adequacy ratio	**16.59%**	16.51%
Capital adequacy ratio	**18.33%**	18.24%
Common equity tier 1	**1,128,242**	1,080,721
Regulatory deductions from Common Equity Tier 1	**12,969**	13,161
Net Common Equity Tier 1	**1,115,273**	1,067,560
Additional tier 1 capital	**199,989**	177,457
Net tier 1 capital	**1,315,262**	1,245,017
Tier 2 capital	**137,730**	130,014
Net capital	**1,452,992**	1,375,031
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,928,939**	7,540,202

(f) Use of derivatives

Derivatives include forwards, swaps and option transactions undertaken by the Group in the foreign exchange and interest rate markets.

The Group enters into interest rate, foreign currency and other financial derivative transactions for treasury business and its assets and liabilities management purposes. The Group's derivatives can be divided into financial instruments that are held for fair value hedge and cash flow hedging purposes and that are at fair value through profit or loss.

The Group formulates appropriate hedging strategies and uses proper tools in light of the risk profile of interest rates or foreign exchange rates associated with its assets and liabilities, as well as its analysis and judgement regarding future movements of interest rates or foreign exchange rates.

The Group is exposed to foreign exchange risk when assets or liabilities are denominated in foreign currencies. Such risk can be offset through the use of foreign exchange forwards or foreign exchange options.

In cash flow hedges, the Group uses interest rate swaps as hedging instruments to hedge the risks of variability in cash flows arising from floating-rate loans, floating-rate bonds and interbank assets or liabilities. In fair value hedge, the Group uses interest rate swaps as hedging instruments to hedge the risks of changes in fair value arising from bond investments measured at fair value through other comprehensive income.

41. Risk management *(continued)*

(f) Use of derivatives *(continued)*

The following tables provide an analysis of the notional amounts and the corresponding fair values of derivatives of the Group by remaining maturity at the end of the reporting period. The notional amounts of the derivatives indicate the transaction volume that has not been delivered at the end of the reporting period and do not represent the amounts at risk.

	30 June 2026						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	820,908	1,745,632	1,735,610	6,501	4,308,651	7,138	(7,318)
Interest rate swaps	819,987	1,745,632	1,735,610	6,501	4,307,730	7,137	(7,310)
Bond futures	921	–	–	–	921	1	(8)
Currency derivatives	1,392,153	1,185,202	123,289	9,755	2,710,399	14,583	(21,527)
Forwards	94,537	38,485	16,722	173	149,917	838	(723)
Foreign exchange swaps	920,704	606,375	51,043	9,582	1,587,704	11,255	(16,388)
Futures	3,979	9,666	–	–	13,645	–	–
Options	372,933	530,676	55,524	–	959,133	2,490	(4,416)
Other derivatives	7,636	7,742	300	–	15,678	445	(424)
Equity futures	171	–	–	–	171	1	–
Equity options purchased	481	3,538	–	–	4,019	44	(2)
Equity options written	414	3,292	–	–	3,706	–	(19)
Commodity trading swaps	6,570	912	–	–	7,482	400	(399)
Credit default swaps	–	–	300	–	300	–	(4)
Fair value hedge derivatives							
Interest rate derivatives	–	1,936	30,042	1,261	33,239	–	(104)
Interest rate swaps	–	1,936	30,042	1,261	33,239	–	(104)
Currency derivatives	–	2,021	–	–	2,021	120	–
Foreign exchange swaps	–	2,021	–	–	2,021	120	–
Cash flow hedge derivatives							
Interest rate derivatives	6,287	18,266	18,591	126	43,270	120	(38)
Interest rate swaps	6,287	18,266	18,591	126	43,270	120	(38)
Currency derivatives	4,122	5,301	2,505	–	11,928	381	(20)
Foreign exchange swaps	4,122	5,301	2,505	–	11,928	381	(20)
Total	2,231,106	2,966,100	1,910,337	17,643	7,125,186	22,787	(29,431)

41. Risk management *(continued)*

(f) Use of derivatives *(continued)*

	31 December 2025						
	Notional amounts with remaining life					Fair value	
	Within 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total	Assets	Liabilities
Derivatives at fair value through profit or loss							
Interest rate derivatives	720,088	1,201,348	1,333,727	2,854	3,258,017	6,758	(6,837)
Interest rate swaps	719,717	1,201,277	1,333,727	2,854	3,257,575	6,757	(6,837)
Bond futures	371	61	–	–	432	1	–
Interest rate options	–	10	–	–	10	–	–
Currency derivatives	1,140,645	972,108	55,994	6,019	2,174,766	11,521	(11,341)
Forwards	82,150	41,970	1,915	1,897	127,932	362	(831)
Foreign exchange swaps	798,244	552,630	40,564	4,122	1,395,560	9,262	(8,158)
Futures	–	8,391	–	–	8,391	–	–
Options	260,251	369,117	13,515	–	642,883	1,897	(2,352)
Other derivatives	3,310	6,788	403	–	10,501	254	(261)
Equity options purchased	570	3,247	35	–	3,852	47	–
Equity options written	580	3,247	–	–	3,827	–	(20)
Commodity trading swaps	1,895	294	68	–	2,257	207	(238)
Credit default swaps	265	–	300	–	565	–	(3)
Fair value hedge derivatives							
Interest rate derivatives	–	1,500	9,922	949	12,371	–	(27)
Interest rate swaps	–	1,500	9,922	949	12,371	–	(27)
Currency derivatives	1,036	830	1,222	–	3,088	84	(12)
Foreign exchange swaps	1,036	830	1,222	–	3,088	84	(12)
Cash flow hedge derivatives							
Interest rate derivatives	5,148	11,844	25,466	279	42,737	68	(95)
Interest rate swaps	5,148	11,844	25,466	279	42,737	68	(95)
Currency derivatives	3,412	7,662	2,571	–	13,645	137	(79)
Foreign exchange swaps	3,412	7,662	2,571	–	13,645	137	(79)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	–	175	–	–	175	1	–
Interest rate swaps	–	175	–	–	175	1	–
Total	1,873,639	2,202,255	1,429,305	10,101	5,515,300	18,823	(18,652)

There was no ineffective portion of cash flow hedges during the six months ended 30 June 2026 and the year ended 31 December 2025.

The credit risk weighted amounts in respect of these derivatives are as follows:

	30 June 2026	31 December 2025
Default risk weighted assets of counterparties	**10,090**	6,640
Credit valuation adjustment risk weighted assets	**2,430**	1,581
Total	**12,520**	8,221

Since 1 January 2024, the risk weighted amounts in respect of derivatives are calculated in accordance with *Rules on Capital Management of Commercial Banks*. The amounts within the scope approved by the former CBIRC in April 2014 are calculated using the Internal Ratings-Based Approach, and the Weighted Approach is adopted to calculate those that are not eligible for the Internal Ratings-Based approach.

41. Risk management *(continued)*

(g) Fair value information

(i) Methods of determining fair value of financial instruments

Several of the Group's accounting policies and disclosure requirements stipulate the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established a control framework to govern the measurement of fair values. This includes a valuation team that takes the responsibility for overseeing all significant fair value measurements including the three levels of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to determine fair value, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuation meets the requirements of IFRS Accounting Standards, including the classification of levels in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on the inputs used in the valuation techniques.

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level of input that is significant to the entire fair value measurement. The levels are defined as follows:

– Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

– Level 2 inputs: other than quoted prices included in level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities inputs;

– Level 3 inputs: inputs that are unobservable for assets or liabilities.

The Group recognises transfers among levels of the fair value hierarchy at the end of the reporting period during which transfers take place.

The Group's assets and liabilities measured at fair value are measured on a recurring basis. The Group does not have assets nor liabilities measured at fair value on a non-recurring basis.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis

The following tables present the fair value information and the fair value hierarchy, at the end of the current interim reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date:

	30 June 2026			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	21,134	643,826	9,896	674,856
– Debt securities	18,492	411,729	132	430,353
– Precious metal contracts	1,524	–	–	1,524
– Equity investments	1,058	1,828	9,016	11,902
– Fund investments	60	205,168	482	205,710
– Wealth management products	–	3,868	17	3,885
– Other	–	21,233	249	21,482
Financial investments designated at FVTPL	163	3,073	–	3,236
– Debt securities	163	3,073	–	3,236
Derivative financial assets	–	22,787	–	22,787
Loans and advances to customers at FVTPL	–	148,070	1,049	149,119
Debt investments at FVTOCI	335,237	1,148,957	–	1,484,194
Loans and advances to customers at FVTOCI	–	363,941	1,263	365,204
Equity investments designated at FVTOCI	14,197	1,900	7,803	23,900
Total	370,731	2,332,554	20,011	2,723,296
Liabilities				
Financial liabilities held for trading	154,028	1,825	–	155,853
– Financial liabilities related to precious metal	154,028	–	–	154,028
– Short position on bonds	–	1,825	–	1,825
Financial liabilities designated at FVTPL	–	37,653	1,556	39,209
– Other	–	37,653	1,556	39,209
Derivative financial liabilities	–	29,431	–	29,431
Total	154,028	68,909	1,556	224,493

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

The following tables present the fair value information and the fair value hierarchy, at the end of the current interim reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date: *(continued)*

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	21,396	610,143	4,789	636,328
– Debt securities	14,087	330,563	153	344,803
– Precious metal contracts	5,817	–	–	5,817
– Equity investments	1,442	1,432	3,846	6,720
– Fund investments	50	264,586	586	265,222
– Wealth management products	–	4,416	–	4,416
– Other	–	9,146	204	9,350
Financial investments designated at FVTPL	168	11,300	–	11,468
– Debt securities	168	11,300	–	11,468
Derivative financial assets	–	18,823	–	18,823
Loans and advances to customers at FVTPL	–	97,270	1,036	98,306
Debt investments at FVTOCI	304,014	1,033,936	–	1,337,950
Loans and advances to customers at FVTOCI	–	519,054	522	519,576
Equity investments designated at FVTOCI	14,705	1,901	7,818	24,424
Total	340,283	2,292,427	14,165	2,646,875
Liabilities				
Financial liabilities held for trading	88,317	288	–	88,605
– Financial liabilities related to precious metal	88,317	–	–	88,317
– Short position on bonds	–	288	–	288
Financial liabilities designated at FVTPL	–	30,325	1,569	31,894
– Other	–	30,325	1,569	31,894
Derivative financial liabilities	–	18,652	–	18,652
Total	88,317	49,265	1,569	139,151

During the six months ended 30 June 2026 and the year ended 31 December 2025, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(1) Basis of determining the market prices for recurring fair value measurements categorised as Level 1

Bloomberg, etc. are used for financial instruments with quoted prices in an active market.

(2) Valuation techniques used and the information of key parameters for recurring fair value measurement categorised as Level 2

Fair value of RMB denominated bonds whose value is available on China Bond's website on the valuation date is measured using the latest available valuation results.

Fair value of foreign currency bonds without quoted prices in an active market is measured by using the comprehensive valuations provided by Bloomberg, etc.

Fair value of foreign exchange forward contracts in derivative financial instruments is measured by discounting the differences between the contract prices and market future prices of the foreign exchange forward contracts. The discount rates used are the applicable RMB denominated swap yield curve as at the end of the reporting period.

Fair value of option contracts such as foreign exchange options, commodity options and equity options is measured by using the Black-Scholes model, based on market data such as risk-free interest rate, underlying market prices and price volatility of foreign exchange, commodities, and equity contracts. The above market data used are quoted prices in an active market, provided by Bloomberg, Refinitiv, Wind and other market information providers.

Fair value of interest rate swaps, foreign exchange swaps, and non-option commodity contracts in derivative financial instruments is measured by discounting the expected receivable or payable amounts under the assumption that these swaps had been terminated at the end of the reporting period. The discount rates used are the related currency denominated swap yield curve as at the end of the reporting period.

Observable quoted price in market or valuation techniques applicable at present are used as the basis of determining the value of equity investments measured at FVTPL, investment funds and wealth management products.

The fair value of discounted bills at FVTOCI and at FVTPL is mainly measured based on the rate of rediscounted bills announced by the Shanghai Commercial Paper Exchange Corporation Ltd. The Group uses the 10-day average discount rate as the basis for calculating the value of discounted bills; which can either be measured by discounted cash flow approach. Other loans and advances measured at FVTOCI are measured by discounted cash flow approach based on observable market quotes.

The fair value of equity investments designated at FVTOCI is measured by using the comprehensive valuations on Bloomberg or discounted cash flow approach using the relevant yield curve of China Bond at the end of the reporting period.

The fair value of certificates of deposit issued is measured by using the comprehensive valuations on Bloomberg.

The fair value of "Other" under financial investments measured at FVTPL is measured based on the net asset values.

The fair value of other financial liabilities designated at FVTPL is measured based on the net asset values of the funds, determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3

	Fair value as at 30 June 2026	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	1,136	Market approach	Liquidity discount
Equity investments designated at FVTOCI	53	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	6,614	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	1,049	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	1,263	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	7,870	Market approach	Liquidity discount
– Equity investments	405	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	741	Net asset value approach	Net assets, liquidity discount
– Debt securities	132	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	463	Net fund value approach	Net assets
– Fund investments	19	Market approach	Liquidity discount
– Wealth management products	17	Net asset value approach	Net assets
– Other	247	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	2	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,556	Net fund value approach	Net assets, liquidity discount

	Fair value as at 31 December 2025	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	1,141	Market approach	Liquidity discount
Equity investments designated at FVTOCI	57	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	6,620	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	1,036	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	522	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	2,511	Market approach	Liquidity discount
– Equity investments	567	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	768	Net asset value approach	Net assets, liquidity discount
– Debt securities	153	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	481	Net fund value approach	Net assets
– Fund investments	105	Market approach	Liquidity discount
– Other	181	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	23	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,569	Net fund value approach	Net assets, liquidity discount

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3 (continued)

1) Valuation of financial instruments with significant unobservable inputs

The following tables show the movements from the beginning to the end of the reporting period for Level 3 financial instruments:

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2026	4,789	1,036	522	7,818	14,165
Profit or loss					
– In profit or loss	1,536	22	–	–	1,558
– In other comprehensive income	–	–	26	(8)	18
Addition for the period	3,898	(5)	1,296	6	5,195
Disposals and settlement on maturity	(292)	(2)	(556)	(20)	(870)
Exchange difference	(35)	(2)	(25)	7	(55)
At 30 June 2026	9,896	1,049	1,263	7,803	20,011
Total unrealised gains and losses included in the consolidated statement of loss or profit for assets held at the end of the reporting period	1,456	(15)	–	–	1,441

Assets	Financial investments at FVTPL	Loans and advances to customers at FVTPL	Loans and advances to customers at FVTOCI	Equity investments designated at FVTOCI	Total
At 1 January 2025	3,317	1,174	206,343	7,539	218,373
Profit or loss					
– In profit or loss	579	(7)	–	–	572
– In other comprehensive income	–	–	(154)	352	198
Addition for the year	1,284	(15)	588,594	–	589,863
Disposals and settlement on maturity	(330)	(114)	(499,954)	(3)	(500,401)
Transfer out of level 3	–	–	(294,300)	–	(294,300)
Exchange difference	(61)	(2)	(7)	(70)	(140)
At 31 December 2025	4,789	1,036	522	7,818	14,165
Total unrealised gains and losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	427	(22)	–	–	405

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(ii) Assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis *(continued)*

(3) Valuation techniques used and the information of key parameters for recurring fair value measurements categorised as Level 3 (continued)

1) Valuation of financial instruments with significant unobservable inputs (continued)

Financial liabilities at fair value through profit or loss	2026	2025
Balance as at 1 January	**1,569**	1,156
In profit or loss	**211**	263
Addition for the period/year	**31**	382
Disposals and settlement on maturity	**(239)**	(206)
Exchange difference	**(16)**	(26)
Balance as at 30 June/31 December	**1,556**	1,569
Total unrealised gains and losses included in the consolidated statement of income for liabilities held at the end of the reporting period	**211**	263

During the six months ended 30 June 2026, there were no significant transfers among different levels for financial instruments which are measured at fair value on a recurring basis.(The year ended 31 December 2025: due to adjustments in certain significant inputs to the fair value measurements of some financial assets, which became observable from previously being unobservable, the Group transferred these financial assets from Level 3 to Level 2 within the fair value hierarchy.)

During the six months ended 30 June 2026 and the year ended 31 December 2025, the Group did not significantly change the valuation techniques for the financial assets and liabilities disclosed above which are measured at fair value on a recurring basis.

(iii) Financial assets and financial liabilities that are not measured at fair value

(1) Financial assets

The Group's financial assets that are not measured at fair value mainly include balances with central banks, balances and placements with banks and other financial institutions, amounts held under resale agreements, loans and advances to customers at amortised cost and investments at amortised cost.

Except for loans and advances measured at amortised cost and debt instrument investments measured at amortised cost, most of the financial assets not measured at fair value mature within 1 year, and their carrying values approximate to their fair values.

Loans and advances are stated at amortised cost less allowances for impairment losses (Note 16). Loans and advances at amortised cost are mostly priced at floating rates with reference to Loan Prime Rates (LPRs) and repriced at least annually, and impairment allowances are made to reduce the carrying amounts of impaired loans to estimated recoverable amounts. Accordingly, the carrying value of loans and advances approximates to their fair value.

Debt investments measured at amortised cost are carried at amortised cost less allowances for impairment losses. The fair value of the listed bonds is disclosed in Note 17(b).

The carrying value, fair value and fair value hierarchy of debt investments at amortised cost not measured at fair value are listed below:

The Level 1 fair value measurement is based on unadjusted quoted prices in active markets using Bloomberg, etc. For Level 2, the latest valuation results released by China Bond's website are used to measure fair value of bonds denominated in RMB. The Level 2 category also includes foreign currency bonds without active quoted price, which is measured using the published comprehensive valuation by Bloomberg. The Level 3 fair value is measured using discounted cash flow valuation technique.

	30 June 2026					31 December 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt investments at amortised cost	**2,172,370**	**2,293,100**	**137,508**	**2,087,361**	**68,231**	2,103,090	2,205,577	117,481	2,012,821	75,275

Note: The above financial assets do not include accrued interest.

41. Risk management *(continued)*

(g) Fair value information *(continued)*

(iii) Financial assets and financial liabilities that are not measured at fair value *(continued)*

(2) Financial liabilities

Financial liabilities that are not measured at fair value mainly include deposits from customers, amounts due to banks and other financial institutions, amounts sold under repurchase agreements, and debts securities issued by the Group. The carrying value of financial liabilities approximated to their fair value at the end of the reporting period, except for the financial liabilities set out below:

	30 June 2026					31 December 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt securities issued	76,392	76,232	–	76,232	–	80,963	80,793	–	80,793	–

Note: The above financial liabilities do not include accrued interest.

42. Material related party transactions

(a) Information about material related parties

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows:

Company name	Place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
China Merchants Group (CMG)	Beijing	RMB16,900 million	7,559,427,375	29.97% (note (i)(v))	–	Transportation, shipping agency, warehousing and storage, leasing, manufacturing building and facility, repair and contracting, sales operating management service, etc.	Shareholder's parent company	Limited liability	Miao Jianmin
– China Merchants Steam Navigation Co., Ltd. (CMSN)	Beijing	RMB17,000 million	3,289,470,337	13.04% (note (ii))	–	Transportation, building and repair, procurement, supply chain management and distribution, shipping agency services, etc.	Shareholder	Limited liability	Miao Jianmin
– Shenzhen Yan Qing Investment and Development Co., Ltd.	Shenzhen	RMB600 million	1,258,542,349	4.99%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Hu Xiaotao
– Shenzhen Chu Yuan Investment and Development Co., Ltd.	Shenzhen	RMB600 million	944,013,171	3.74%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Hu Xiaotao
– China Merchants Financial Holdings Co., Ltd.	Shenzhen	RMB8,824 million	1,147,377,415	4.55%	–	Invest and set up industries, domestic commerce, materials supply and marketing business, etc.	Shareholder	Limited liability	Miao Jianmin

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows: *(continued)*

Company name	Place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
– Best Winner Investment Ltd.	British Virgin Islands	USD 1	386,924,063	1.53%	–	–	Shareholder	Joint stock limited company	–
– China Merchants Union (BVI) Limited	British Virgin Islands	USD0.06 million	477,903,500	1.89%	–	–	Shareholder	Limited liability	–
– China Merchants Industry Development (Shenzhen) Ltd.	Shenzhen	USD10 million	55,196,540	0.22%	–	Invest and set up industries, enterprise management consulting and investment consulting, etc.	Shareholder	Limited liability	Wang Xiaoding
China COSCO Shipping Corporation Limited.	Shanghai	RMB11,000 million	2,515,193,034	9.97% (note (iii))	–	International shipping business, supporting services to international shipping, imports and exports of goods and technology, international freight forwarding agent, etc.	Shareholder's parent company	Limited liability	Wan Min
– China Ocean Shipping Co., Ltd.	Beijing	RMB8,071 million	1,574,729,111	6.24%	–	Transportation business, leasing business, ship purchasing and marketing business, warehousing business, etc.	Shareholder	Limited liability	Wan Min
– COSCO Shipping (Guangzhou) Co., Ltd.	Guangzhou	RMB3,191 million	696,450,214	2.76%	–	Shipping business	Shareholder	Limited liability	Zhang Anming
– Guangzhou COSCO Shipping Haining Technology Co., Ltd.	Guangzhou	RMB52 million	103,552,616	0.41%	–	Business services	Shareholder	Limited liability	Chen Jianyao
– COSCO Shipping (Shanghai) Co., Ltd.	Shanghai	RMB1,399 million	75,617,340	0.30%	–	Shipping business, leasing business, ship repairing and building etc.	Shareholder	Limited liability	Zhao Bangtao
– COSCO Shipping Investment Holdings Co., Ltd.	Hong Kong	HKD500 million	54,721,930	0.22%	–	Leasing business, financing business, insurance business etc.	Shareholder	Limited liability	Zhang Mingwen
– Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	Guangzhou	RMB299 million	10,121,823	0.04%	–	Ship purchasing and marketing business, shipping agency, leasing business, shipping business etc.	Shareholder	Limited liability	Liu Wenbao
CMB International Capital Holdings Corporation Limited (CMBIC)	Hong Kong	HKD4,129 million	–	–	100%	Investment bank and investment managements	Subsidiary	Limited liability	Wang Liang

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

Details of the Bank's major shareholders and their group companies, and subsidiaries of the Bank are as follows: *(continued)*

Company name	Place of registration	Issued and fully paid capital (million)	No. of Shares of the Bank held by the Company	Proportion of the Bank held by the Company	Proportion of the Company held by the Bank	Business	Relationship with the Bank	Legal form	Legal representative
CMB Financial Leasing Company Limited (CMBFL)	Shanghai	RMB18,000 million	–	–	100%	Finance lease	Subsidiary	Limited liability	Lei Caihua
CMB Wing Lung Bank Limited (CMB WLB)	Hong Kong	HKD1,161 million	–	–	100%	Banking	Subsidiary	Limited liability	Wang Liang
China Merchants Fund Management Co., Ltd. (CMFM)	Shenzhen	RMB1,310 million	–	–	55%	Fund management	Subsidiary	Limited liability	Wang Ying
CMB Wealth Management Co., Ltd	Shenzhen	RMB5,556 million	–	–	90%	Asset management	Subsidiary	Limited liability	Wu Jianbin
China Merchants Europe S.A. (CMB Europe S.A.)	Luxembourg	EUR100 million	–	–	100%	Banking	Subsidiary	Limited liability	Xue Fei
Cigna & CMB Asset Management Company Limited (CIGNA & CMAM)	Beijing	RMB500 million	–	–	note (iv)	Asset management	Subsidiary	Limited liability	Wang Ying
China Merchants Bank Financial Asset Investment Co., Ltd.	Shenzhen	RMB15,000 million	–	–	100%	Financial assets investment	Subsidiary	Limited liability	Lei Caihua

Notes:

(i) CMG held 29.97% of the Bank indirectly (31 December 2025: 29.97%) through its subsidiaries as at 30 June 2026.

(ii) As the largest direct shareholder, CMSN, a subsidiary of CMG, held 13.04% of the Bank as at 30 June 2026 (31 December 2025: 13.04%).

(iii) China COSCO Shipping Corporation Ltd. held 9.97% of the Bank (31 December 2025: 9.97%) through its subsidiaries as at 30 June 2026.

(iv) CIGNA & CMAM is an indirectly controlled subsidiary of the Bank, with 87.3458% held by CIGNA & CMB Life Insurance Co., Ltd., a joint venture of the Bank, and 12.6542% held by CMBIC, a subsidiary of the Bank.

(v) The sum of the direct holding percentage of CMG's shareholdings in the Bank and the sum of the above-mentioned relevant percentages may differ slightly due to rounding.

(vi) With effect from 18 December 2025, in accordance with the Company's Articles of Association, the Company shall cease to have the Board of Supervisors. China Communications Construction Group Limited and Shanghai Automotive Industry Corporation (Group), which had previously assigned Supervisors to the bank, were major shareholders of the Bank within the past 12 months.

42. Material related party transactions *(continued)*

(a) Information about material related parties *(continued)*

The registered capital of the Group's related parties is as follows:

Name of related party	30 June 2026		31 December 2025	
CMG	RMB	16,900,000,000	RMB	16,900,000,000
CMSN	RMB	17,000,000,000	RMB	17,000,000,000
Shenzhen Yan Qing Investment and Development Co., Ltd.	RMB	600,000,000	RMB	600,000,000
Shenzhen Chu Yuan Investment and Development Co., Ltd.	RMB	600,000,000	RMB	600,000,000
China Merchants Financial Holdings Co., Ltd.	RMB	8,824,000,000	RMB	8,824,000,000
Best Winner Investment Ltd.	USD	1	USD	1
China Merchants Union (BVI) Limited	USD	60,000	USD	60,000
China Merchants Industry Development (Shenzhen) Ltd.	USD	10,000,000	USD	10,000,000
China COSCO Shipping Corporation Limited	RMB	11,000,000,000	RMB	11,000,000,000
China Ocean Shipping Co., Ltd.	RMB	8,071,483,400	RMB	16,191,351,300
COSCO Shipping (Guangzhou) Co., Ltd.	RMB	3,191,200,000	RMB	3,191,200,000
Guangzhou COSCO Shipping Haining Technology Co., Ltd.	RMB	52,000,000	RMB	52,000,000
COSCO Shipping (Shanghai) Co., Ltd.	RMB	1,398,941,000	RMB	1,398,941,000
COSCO Shipping Investment Holdings Co., Ltd.	HKD	500,000,000	HKD	500,000,000
Guangzhou Tri-Dynas Oil & Shipping Co., Ltd.	RMB	299,020,000	RMB	299,020,000
CMBIC	HKD	4,129,000,000	HKD	4,129,000,000
CMBFL	RMB	18,000,000,000	RMB	18,000,000,000
CMB WLB	HKD	1,160,950,575	HKD	1,160,950,575
CMFM	RMB	1,310,000,000	RMB	1,310,000,000
CMBWM	RMB	5,555,555,555	RMB	5,555,555,555
CMB Europe S.A.	EUR	100,000,000	EUR	100,000,000
CIGNA & CMAM	RMB	500,000,000	RMB	500,000,000
CMB Investment	RMB	15,000,000,000	RMB	15,000,000,000

42. Material related party transactions *(continued)*

(b) Terms and conditions for related party transactions

The Group enters into transactions with related parties in the ordinary course of its banking business including lending, investing, deposit taking, securities trading, providing agency and trust services, and off-balance sheet transactions. In the opinion of the directors, the Group enters into such material related party transactions under normal commercial terms. Interest rates on loans and deposits are strictly set in accordance with the deposit and loan interest rate management regulations published by the PBOC, and such banking transactions are priced based on the market prices at the time of transactions:

	Six months ended 30 June 2026	Year ended 31 December 2025
Short-term loans	**3.00%**	3.00% to 3.10%
Medium to long-term loans	**3.00% to 3.50%**	3.00% to 3.50%
Demand deposits	**0.05%**	0.05% to 0.10%
Time deposits	**0.65% to 1.30%**	0.65% to 1.30%

There were no loans and advances granted to related parties that were credit impaired during the period (2025: None).

(c) Shareholders and their related companies

The Bank's largest shareholder, CMG, through CMSN and its related companies held 29.97% (31 December 2025: 29.97%) of the Bank's shares as at 30 June 2026, among which 13.04% of the shares were directly held by CMSN (31 December 2025: 13.04%).

The Group's transactions and balances with CMSN and its related companies are disclosed as follows:

	30 June 2026	31 December 2025
Loans and advances to customers	**69,833**	67,903
Financial investments	**3,049**	3,790
Deposits from banks and other financial institutions	**55,487**	38,788
Deposits from customers	**78,720**	62,316
Lease liabilities	**111**	150

	Six months ended 30 June	
	2026	2025
Interest income	**857**	1,128
Interest expense	**(632)**	(690)
Net fee and commission income	**347**	237
Operating expenses	**(262)**	(385)
Other net income	**45**	62

42. Material related party transactions *(continued)*

(d) Companies that share common directors, supervisors or senior management with the Bank (other than those disclosed in Note 42 (c)) and these personnel can control or exercise significant influence over the companies

	30 June 2026	31 December 2025
Loans and advances to customers	**4**	–
Deposits from banks and other financial institutions	**1**	1
Deposits from customers	**18,678**	11,444

	Six months ended 30 June	
	2026	2025
Interest expense	**(126)**	(217)
Net fee and commission income	**3**	5
Operating expenses	**(1,661)**	(1,493)
Other net income	**–**	13

(e) Associates and joint ventures other than those disclosed in Note 42(c)

	30 June 2026	31 December 2025
Placements with banks and other financial institutions	**12,000**	13,300
Deposits from banks and other financial institutions	**722**	1,845
Deposits from customers	**907**	553
Lease liabilities	**6**	6

	Six months ended 30 June	
	2026	2025
Interest income	**319**	307
Interest expense	**(16)**	(15)
Net fee and commission income	**858**	729
Operating expenses	**(134)**	(16)
Other net income	**–**	13

42. Material related party transactions *(continued)*

(f) Other major shareholders holding more than 5% of shares of the Bank and exercising significant influence over the Bank

	30 June 2026	31 December 2025
Placements with banks and other financial institutions	–	400
Loans and advances to customers	**52,913**	46,756
Financial investments	**1,140**	360
Deposits from banks and other financial institutions	**1,371**	2,508
Deposits from customers	**20,491**	29,019
Lease liabilities	**42**	15

	Six months ended 30 June	
	2026	2025
Interest income	**654**	827
Interest expense	**(91)**	(105)
Net fee and commission income	**14**	113
Operating expenses	**(11)**	(1)
Other net income	**380**	369

(g)

As at 30 June 2026, the amounts of the credit, guarantees, bills of acceptances and irrevocable loan commitments issued to related parties by the Group were RMB5,418 million (31 December 2025: RMB4,580 million), RMB21,502 million (31 December 2025: RMB20,174 million), RMB4,834 million (31 December 2025: RMB3,444 million) and RMB9,079 million (31 December 2025: RMB8,736 million), respectively.

(h) Subsidiaries

	30 June 2026	31 December 2025
Balances with banks and other financial institutions	**6,144**	1,487
Placements with banks and other financial institutions	**41,665**	33,057
Loans and advances to customers	**14,900**	12,957
Financial investments	**1,803**	2,048
Deposits from banks and other financial institutions	**6,072**	16,293
Deposits from customers	**8,484**	9,288

	Six months ended 30 June	
	2026	2025
Interest income	**640**	706
Interest expense	**(100)**	(61)
Net fee and commission income	**353**	287
Operating expenses	**(2,057)**	(2,123)
Other net income	**426**	454

As at 30 June 2026, the amount of guarantees issued by our bank in favor of the CMB WLB and its subsidiaries was RMB3 million (31 December 2025: RMB49 million).

All significant balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.

43. Non-controlling interests

Non-controlling interests represent the interests that the Group does not hold in the subsidiaries, the Group does not have any subsidiary with significant non-controlling interests during the reporting period.

44. Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases, such transfers may give rise to full or partial derecognition of the financial assets concerned and in other cases the transfers may not qualify for derecognition as the Group retains substantially all the risks and rewards of these transferred assets. As a result, the Group continues to recognise these transferred assets.

Securitisation of credit assets

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to special purpose trusts which in turn issue asset-backed securities to investors. The Group may acquire certain investments at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that are securitised and qualified for derecognition, the Group derecognises the transferred credit assets in their entirety. During the six months ended 30 June 2026, the Group has transferred loans amounting to RMB21,774 million (six months ended 30 June 2025: RMB14,621 million) in securitisation arrangements, as well as substantially all the risks and rewards associated with the loans. The full amount of such securitised loans was then derecognised.

In the cases that the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and for which the Group retains control, the Group recognises an asset in the consolidated statement of financial position to the extent of the Group's continuing involvement in the transferred assets, otherwise the financial assets are derecognised. The extent of the Group's continuing involvement is the extent of the risks and rewards exposed by the Group to the value changes of the transferred assets. For the six months ended 30 June 2026, there were no new securitised credit assets in which the Group retained the continuing involvement (six months ended 30 June 2025: Nil). The carrying amount of the continuing involvement asset and the corresponding continuing involvement liability was recognised in other assets and other liabilities in the unaudited consolidated statement of financial position and amounted to RMB5,274 million as at 30 June 2026 (31 December 2025: RMB5,274 million).

44. Transfers of financial assets *(continued)*

Transfers of credit assets to third parties

During the six months ended 30 June 2026, in addition to securitisation transactions, the Group has not transferred credit assets (six months ended 30 June 2025: nil) to independent third parties directly.

Repurchase transactions and securities lending transactions

Transferred financial assets that do not qualify for derecognition mainly include debt securities, discounted bills held by counterparties as collateral under repurchase agreements and securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under agreements to repurchase in the absence of default by the Group but has an obligation to return the securities at the maturity of the contract. The Group determines that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. Instead, it recognises a financial liability for cash received as collateral.

45. Interests in unconsolidated structured entities

The scope of the Group's consolidated financial statements is determined on a control basis. Control means that the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power to affect the amount of its return.

The Group has the power over structured entities, and the other investors have no substantive rights. In the meantime, the Group is entitled to variable returns, and will consolidate entities, in which the Group has the right to affect the amount of its return.

In addition to the above-mentioned structured entities that have been included in the Group's consolidated financial statements, the equity information on structured entities that are not consolidated by the Group is as follows:

(a) Interests in the structured entities sponsored by third parties

The Group holds interests in some structured entities sponsored by third parties through investments in the units issued by these structured entities. Such interests include investments in wealth management products, asset management schemes, trust beneficiary rights, asset-backed securities and investments in funds, and the Group does not consolidate these structured entities. The purpose of the Group holding these structured entities is to obtain investment income, capital appreciation or both.

45. Interests in unconsolidated structured entities *(continued)*

(a) Interests in the structured entities sponsored by third parties *(continued)*

The following tables set out an analysis of the carrying amount of interests held by the Group in the structured entities sponsored by third parties and an analysis of the line items in the unaudited consolidated statements of financial position as at 30 June 2026 and 31 December 2025:

	30 June 2026			
	Carrying amount			
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total
Asset management schemes	**21,340**	**61,605**	**–**	**82,945**
Trust beneficiary rights	**248**	**3,482**	**–**	**3,730**
Asset-backed securities	**653**	**44**	**67,174**	**67,871**
Fund investments	**194,278**	**–**	**–**	**194,278**
Wealth management products	**642**	**–**	**–**	**642**
Total	**217,161**	**65,131**	**67,174**	**349,466**

	31 December 2025			
	Carrying amount			
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total
Asset management schemes	9,073	66,578	200	75,851
Trust beneficiary rights	181	4,592	–	4,773
Asset-backed securities	850	173	46,903	47,926
Fund investments	255,474	–	–	255,474
Wealth management products	880	–	–	880
Total	266,458	71,343	47,103	384,904

The maximum exposures of investments in funds, trust beneficiary rights, asset management schemes, wealth management products and asset-backed securities are the carrying amounts of these assets.

45. Interests in unconsolidated structured entities *(continued)*

(b) Interests in the unconsolidated structured entities sponsored by the Group

The unconsolidated structured entities sponsored by the Group include non-principal-guaranteed wealth management products, funds and asset management schemes. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issuance of investment products to investors. Interests of the Group in these unconsolidated structured entities are limited to the fees and commissions charged for management services provided.

As at 30 June 2026, the amounts of the unconsolidated non-principal-guaranteed wealth management products, funds and asset management schemes sponsored by the Group were RMB2,740,295 million (31 December 2025: RMB2,643,750 million), RMB1,487,644 million (31 December 2025: RMB1,413,031 million) and RMB278,815 million (31 December 2025: RMB245,943 million), respectively.

During the six months ended 30 June 2026, the amounts of fee and commission income the Group received from such non-principal-guaranteed wealth management products, funds and asset management schemes were RMB5,668 million (six months ended 30 June 2025: RMB4,675 million), RMB2,855 million (six months ended 30 June 2025: RMB3,122 million) and RMB418 million (six months ended 30 June 2025: RMB336 million), respectively.

The transaction of amounts held under resale agreements between the Group and the non-principal-guaranteed wealth management products sponsored by the Group was conducted in accordance with normal business terms and conditions. As at 30 June 2026 and 31 December 2025, the amount above was Nil.

As at 30 June 2026, the amounts of the Group's sponsored unconsolidated non-principal-guaranteed wealth management products and funds held by the Group were RMB3,243 million (31 December 2025: RMB3,557 million) and RMB11,432 million (31 December 2025: RMB9,748 million).

The total amount of non-principal-guaranteed wealth management products sponsored by the Group after 1 January 2026 with a maturity date before 30 June 2026 was RMB83,541 million (six months ended 30 June 2025: RMB91,784 million).

46. Comparative figures

Certain comparative figures in the notes have been re-presented to conform to presentation in the current period.

Unaudited Supplementary Financial Information

(Expressed in millions of Renminbi unless otherwise stated)

(A) Capital adequacy ratio

The Group's capital adequacy ratio was prepared solely in accordance with the NFRA's *Rules on Capital Management of Commercial Banks*. The bases used herein may differ from those adopted in Hong Kong or other countries and regions.

	30 June 2026	31 December 2025
Common equity tier 1 adequacy ratio	14.07%	14.16%
Tier 1 capital adequacy ratio	16.59%	16.51%
Capital adequacy ratio	18.33%	18.24%
Components of capital base		
Common equity tier 1:		
Qualifying portion of share capital	25,220	25,220
Qualifying portion of capital reserve	65,365	65,404
Surplus reserve	136,234	136,233
General reserve	163,863	163,481
Retained earnings	717,052	669,370
Qualifying portion of non-controlling interests	–	–
Other (note (i))	20,508	21,013
Total common equity tier 1	1,128,242	1,080,721
Regulatory deductions from common equity tier 1	12,969	13,161
Net common equity tier 1	1,115,273	1,067,560
Additional tier 1 capital (note (ii))	199,989	177,457
Net tier 1 capital	1,315,262	1,245,017
Tier 2 capital:		
Qualifying portion of tier 2 capital instruments and their premium	–	–
Surplus provision for impairment	137,730	130,014
Qualifying portion of non-controlling interests	–	–
Total tier 2 capital	137,730	130,014
Regulatory deductions from common equity tier 2 capital	–	–
Net tier 2 capital	137,730	130,014
Net capital	1,452,992	1,375,031
Total risk-weighted assets (taking into consideration the capital floor requirements)	7,928,939	7,540,202

Notes:

(i) Under the NFRA's Rules on the Capital Management of Commercial Banks, other includes accumulated other comprehensive income, etc.

(ii) The Group's additional tier 1 capital includes perpetual bonds, etc.

As at 30 June 2026, the Group's Common Equity Tier 1 adequacy ratio was 11.84%, tier 1 capital adequacy ratio was 13.96%, capital adequacy ratio was 15.06%, net capital was RMB1,418,771 million and total risk-weighted assets were RMB9,422,276 million, using the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in the calculations.

(B) Leverage ratio

In accordance with the NFRA's Rules on Capital Management of Commercial Banks, the Group's leverage ratio is shown below. The basis used herein may differ from those adopted in Hong Kong or other countries and regions.

The difference between regulatory items and accounting items:

		30 June 2026	31 March 2026
1	Total consolidated assets as per published financial statements	**13,785,280**	13,484,882
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(104,821)**	(96,190)
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**–**	–
4	Adjustments for derivative financial instruments	**50,504**	49,024
5	Adjustment for securities financing transactions	**31**	276
6	Adjustment for off-balance sheet items	**2,854,273**	2,563,688
7	Adjustment for asset securitisation transactions	**–**	–
8	Adjustment for unsettled financial assets	**(2,277)**	(2,610)
9	Adjustments for eligible cash pooling transactions	**–**	–
10	Adjustments for temporary exemption of central bank reserves (if applicable)	**–**	–
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**–**	–
12	Other adjustments	**(12,969)**	(13,091)
13	Leverage ratio exposure measure	**16,570,021**	15,985,979

Leverage ratio, net tier 1 capital, adjusted on-balance sheet and off-balance sheet assets and other information:

		30 June 2026	31 March 2026
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	**13,657,503**	13,439,532
2	Less: Specific and general provisions associated with on-balance sheet exposures deducted in determining Tier 1 capital	**(309,787)**	(309,098)
3	Less: Asset amounts deducted in determining Basel III Tier 1 capital	**(12,969)**	(13,091)
4	Adjusted on-balance sheet exposures (excluding derivatives and SFTs)	**13,334,747**	13,117,343
Derivative exposures			
5	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**10,622**	8,315
6	Add-on amounts for potential future exposure associated with all derivatives transactions	**61,782**	59,986
7	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	**–**	–
8	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions	**–**	–
9	Less: Exempted central counterparty leg of client-cleared trade exposures	**–**	–
10	Effective notional amount of written credit derivatives	**687**	783
11	Less: Adjusted effective notional deductions for written credit derivatives	**–**	(1)
12	Derivative exposures	**73,091**	69,083

(B) Leverage ratio *(continued)*

		30 June 2026	31 March 2026
Securities financing transaction exposures			
13	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	**307,879**	235,589
14	Less: netted amounts of cash payables and cash receivables of gross SFT assets	**–**	–
15	Counterparty credit risk exposure for SFT assets	**31**	276
16	Agent transaction exposures	**–**	–
17	Total securities financing transaction exposures	**307,910**	235,865
Other off-balance sheet exposures			
18	Off-balance sheet exposure at gross notional amount	**10,979,909**	10,981,683
19	Less: adjustments for conversion to credit equivalent amounts	**(8,106,337)**	(8,401,457)
20	Less: Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	**(19,299)**	(16,538)
21	Off-balance sheet items	**2,854,273**	2,563,688
Capital and total exposures			
22	Tier 1 capital	**1,315,262**	1,253,685
23	Total exposures	**16,570,021**	15,985,979
Leverage ratio			
24	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	**7.94%**	7.84%
24a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**7.94%**	7.84%
25	National minimum leverage ratio requirement	**4.00%**	4.00%
26	Applicable leverage buffers	**0.375%**	0.375%
Disclosure of mean values			
27	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**222,417**	224,538
27a	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**307,879**	235,589
28	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**16,484,559**	15,974,928
28a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**16,484,559**	15,974,928
29	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**7.98%**	7.85%
29a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 27 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**7.98%**	7.85%

(C) Liquidity coverage ratio

The Group prepares and discloses information on liquidity coverage ratio in accordance with the "Measures for the Disclosure of Information on Liquidity Coverage Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries and regions. The average liquidity coverage ratio of the Group was 179.96% in the second quarter of 2026, an increase of 2.07 percentage points over the previous quarter, which was generally stable. The Group's liquidity coverage ratio at the end of the second quarter of 2026 was 184.80%, which was in line with the regulatory requirements. The breakdown of the Group's average value of each item of liquidity coverage ratio in the second quarter of 2026 is set out below:

Serial No.		Unweighted amount (average value)	Weighted amount (average value)
Stock of high quality liquid assets			
1	**Total stock of high quality liquid assets**		**3,060,519**
Cash outflows			
2	Retail and small business customers deposits, of which:	4,891,197	432,781
3	Stable deposits	1,126,780	56,339
4	Less stable deposits	3,764,417	376,442
5	Unsecured wholesale funding, of which:	5,390,003	1,927,252
6	Operational deposits (excluding correspondent banks)	2,935,167	724,679
7	Non-operational deposits (including all counterparties)	2,449,211	1,196,948
8	Unsecured debt issuance	5,625	5,625
9	Secured funding		635
10	Additional requirements, of which:	2,660,928	760,301
11	Cash outflows arising from derivative contract and other transactions arising from related collateral requirements	636,210	636,210
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	2,024,718	124,091
14	Other contractual obligations to extend funds	116,148	116,148
15	Other contingent funding obligations	4,717,481	141,202
16	**Total cash outflows**		**3,378,319**
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	218,961	217,900
18	Contractual inflows from fully performing loans	1,198,605	823,969
19	Other cash inflows	635,198	634,729
20	**Total cash inflows**	**2,052,764**	**1,676,598**
			Adjusted value
21	**Total stock of high quality liquid assets**		**3,060,519**
22	**Net cash outflows**		**1,701,721**
23	**Liquidity coverage ratio (%)**		**179.96%**

Notes:

(i) The data in the above table is a simple arithmetic average of the 91-day value for the latest quarter.

(ii) The high quality liquid assets in the above table comprise cash, central bank reserve available under stress conditions, as well as the bonds that meet the definition of Tier 1 and Tier 2 assets set out in the "Measures for the Liquidity Risk Management of Commercial Banks".

(D) Net stable funding ratio

The Group prepares and discloses information on Net Stable Funding ratio in accordance with the "Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks". The basis used herein may differ from those adopted in Hong Kong or other countries and regions. The Group's Net Stable Funding Ratio at the end of the second quarter of 2026 was 141.95%, representing an increase of 0.50 percentage points as compared with the previous quarter, which was generally stable. The breakdown of the Group's Net Stable Funding Ratio in the last two quarters is set out below:

30 June 2026

		Unweighted amount				Weighted amount
Serial No.		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
Available stable funding (ASF) item						
1	Capital	1,328,232	–	–	–	1,328,232
2	Regulatory capital	1,328,232	–	–	–	1,328,232
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customer	2,861,347	2,308,156	45,027	6,155	4,757,173
5	Stable deposits	1,148,622	9,031	1,140	325	1,101,179
6	Less stable deposits	1,712,725	2,299,125	43,887	5,830	3,655,994
7	Wholesale funding	3,447,754	2,563,428	284,552	279,269	3,207,780
8	Operational deposits	2,996,229	–	–	–	1,498,114
9	Other wholesale funding	451,525	2,563,428	284,552	279,269	1,709,666
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	7,586	241,498	75,538	290,143	287,158
12	NSFR derivative liabilities				40,754	
13	All other liabilities and equity not included in the above categories	7,586	241,498	75,538	249,389	287,158
14	**Total ASF**					**9,580,343**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					470,563
16	Deposits held at other financial institutions for operational purposes	91,269	14,085	1	–	53,457
17	Performing loans and securities	130,495	2,831,669	1,714,236	4,561,863	5,627,949
18	Performing loans to financial institutions secured by Level 1 HQLA	–	305,456	271	–	45,954
19	Performing loans to financial institutions secured by non-Level 1 HQLA or unsecured performing loans to financial institutions	92	703,575	206,829	72,707	281,807
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,621,771	1,349,279	2,812,597	3,840,811
21	With a risk weight of less than or equal to 35%	–	79,410	32,772	177,105	171,209
22	Performing residential mortgages, of which:	–	30,526	30,531	1,332,385	952,616
23	With a risk weight of less than or equal to 35%	–	25,820	25,801	1,052,198	709,739
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	130,403	170,341	127,326	344,174	506,761
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	105,580	127,035	36,327	98,615	333,165

(D) Net stable funding ratio *(continued)*

30 June 2026 *(continued)*

Serial No.		Unweighted amount No maturity	Unweighted amount < 6 months	Unweighted amount 6 months to 12 months	Unweighted amount ≥ 1 year	Weighted amount
27	Physical traded commodities, including gold	47,680				40,528
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				418	355
29	NSFR derivative assets				35,439	–
30	Derivative additional requirement				8,421	8,421
31	All other assets not included in the above categories	57,900	127,035	36,327	62,758	283,861
32	Off-balance sheet items				7,227,172	263,874
33	**Total RSF**					**6,749,008**
34	**Net Stable Funding Ratio (%)**					**141.95%**

31 March 2026

Serial No.		Unweighted amount No maturity	Unweighted amount < 6 months	Unweighted amount 6 months to 12 months	Unweighted amount ≥ 1 year	Weighted amount
Available stable funding (ASF) item						
1	Capital	1,266,776	–	–	–	1,266,776
2	Regulatory capital	1,266,776	–	–	–	1,266,776
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customer	2,812,673	2,292,623	41,453	7,500	4,697,442
5	Stable deposits	1,147,327	8,992	1,028	350	1,099,830
6	Less stable deposits	1,665,346	2,283,631	40,425	7,150	3,597,612
7	Wholesale funding	3,110,756	2,724,152	261,525	306,802	3,112,284
8	Operational deposits	2,854,081	–	–	–	1,427,040
9	Other wholesale funding	256,675	2,724,152	261,525	306,802	1,685,244
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	10,027	241,686	78,231	298,872	301,727
12	NSFR derivative liabilities				36,261	
13	All other liabilities and equity not included in the above categories	10,027	241,686	78,231	262,611	301,727
14	**Total ASF**					**9,378,229**

(D) Net stable funding ratio *(continued)*

31 March 2026 *(continued)*

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 1 year	
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					462,984
16	Deposits held at other financial institutions for operational purposes	45,012	25,323	1	6	35,883
17	Performing loans and securities	212,351	2,810,627	1,664,206	4,459,840	5,531,637
18	Performing loans to financial institutions secured by Level 1 HQLA	–	235,413	–	–	35,312
19	Performing loans to financial institutions secured by non-Level 1 HQLA or unsecured performing loans to financial institutions	137	801,715	148,919	59,184	254,057
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	1,554,304	1,406,805	2,739,503	3,771,572
21	With a risk weight of less than or equal to 35%	–	57,422	41,186	187,800	171,374
22	Performing residential mortgages, of which:	–	30,423	30,476	1,338,422	956,676
23	With a risk weight of less than or equal to 35%	–	25,681	25,697	1,057,159	712,843
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	212,214	188,772	78,006	322,731	514,020
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	139,510	145,845	37,177	58,259	347,411
27	Physical traded commodities, including gold	62,193				52,864
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				440	374
29	NSFR derivative assets				31,118	–
30	Derivative additional requirement				7,540	7,540
31	All other assets not included in the above categories	77,317	145,845	37,177	26,701	286,633
32	Off-balance sheet items				6,864,042	252,297
33	**Total RSF**					**6,630,212**
34	**Net Stable Funding Ratio (%)**					**141.45%**

Notes:

(i) The Group calculates Net Stable Funding Ratio in accordance with the "Measures for the Liquidity Risk Management of Commercial Banks" and relevant statistical regulations.

(ii) Items to be reported in the "no maturity" bucket include, but not limited to, items such as capital with perpetual maturity, no maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

(iii) The item 30 "Derivative additional requirement" should be the derivative liabilities amount, which is the NSFR derivative liabilities amount before deducting the variable margin. It should not be distinguished by term and its unweighted amount is not included in the item 26 "Other Assets".

(E) International claims

The Group is principally engaged in business operations within the Chinese mainland and regards all claims on third parties outside the Chinese mainland and claims in foreign currencies on third parties within the Chinese mainland as international claims.

International claims include loans and advances, balances and placements with banks and other financial institutions, holdings of trade bills, certificates of deposit and securities investment.

International claims are disclosed by different countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk is transferred only when the claims are guaranteed by a party in 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.

	30 June 2026			
	Banks and other financial institutions	**Public sector entities**	**Other**	**Total**
Foreign currencies transactions in the Chinese mainland	**91,516**	**19,333**	**107,846**	**218,695**
Asia Pacific excluding the Chinese mainland	**95,987**	**41,303**	**227,374**	**364,664**
– of which attributed to Hong Kong	**35,624**	**27,806**	**185,466**	**248,896**
Europe	**40,591**	**6,885**	**45,149**	**92,625**
North and South America	**60,460**	**151,702**	**30,652**	**242,814**
Total	**288,554**	**219,223**	**411,021**	**918,798**

	31 December 2025			
	Banks and other financial institutions	Public sector entities	Other	Total
Foreign currencies transactions in the Chinese mainland	105,058	20,879	104,462	230,399
Asia Pacific excluding the Chinese mainland	78,000	35,609	228,764	342,373
– of which attributed to Hong Kong	27,791	29,301	189,683	246,775
Europe	32,391	5,387	37,286	75,064
North and South America	53,057	142,565	26,703	222,325
Total	268,506	204,440	397,215	870,161

(F) Loans and advances to customers overdue for more than 90 days

(i) By geographical segments

	30 June 2026	31 December 2025
Headquarters	**12,192**	11,692
Yangtze River Delta region	**13,196**	12,067
Bohai Rim region	**5,401**	4,010
Pearl River Delta and West side of Taiwan Strait	**11,619**	10,067
Northeast region	**1,515**	1,466
Central region	**4,961**	4,710
Western region	**4,319**	3,954
Outside the Chinese mainland	**234**	338
Subsidiaries	**3,760**	3,791
Total	**57,197**	52,095

(ii) By overdue period

	30 June 2026	31 December 2025
Gross loans and advances to customers which have been overdue with respect to either principal or interest for periods of:		
– between 3 and 6 months (inclusive)	**14,086**	13,569
– between 6 and 12 months (inclusive)	**15,064**	13,097
– over 12 months	**28,047**	25,429
Total	**57,197**	52,095
As a percentage of total gross loans and advances:		
– between 3 and 6 months (inclusive)	**0.19%**	0.19%
– between 6 and 12 months (inclusive)	**0.20%**	0.18%
– over 12 months	**0.38%**	0.35%
Total	**0.77%**	0.72%

(iii) Collateral information

	30 June 2026	31 December 2025
Secured portion of overdue loans and advances	**25,984**	22,625
Unsecured portion of overdue loans and advances	**31,213**	29,470
Fair value of collateral held against overdue loans and advances	**64,695**	60,832

The amount of the Group's loans and advances to financial institutions overdue for more than 90 days as at 30 June 2026 was RMB56 million (31 December 2025: nil).

Note: The above analysis represents loans and advances overdue for more than 90 days as required and defined by the Hong Kong Monetary Authority (the "HKMA").

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

For loans and advances repayable by regular instalments, if part of the instalments of a loan is overdue, the whole amount of the loan is classified as overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions.

The collateral of the Group includes cash deposit, shares, land use right, property, motor vehicles and other equipment, etc. The fair value of collateral is estimated by management based on the latest available external valuations adjusted by taking into account the current realisation experience as well as market situation.

Where collateral values are greater than gross advances, only the amount of collateral up to the gross advance had been included in the "secured portion of overdue loans and advances" as set out in the above tables.

(G) Restructured loans and advances to customers

	30 June 2026		31 December 2025	
	Amount	% of total loans and advances	Amount	% of total loans and advances
Restructured loans and advances to customers (note)	**29,968**	**0.40%**	28,307	0.39%
Less:				
– Restructured loans and advances to customers overdue more than 90 days	**10,019**	**0.13%**	8,165	0.11%
– Restructured loans and advances to customers overdue less than 90 days	**19,949**	**0.27%**	20,142	0.28%

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No.1) for its restructured loans and advances to customers.

The amount of the Group's restructured loans and advances to financial institutions as at 30 June 2026 was RMB61 million (31 December 2025: RMB76 million).

(H) Non-bank exposures in the Chinese mainland

The Bank is a commercial bank incorporated in the Chinese mainland with its banking business primarily conducted in the Chinese mainland. As of 30 June 2026 and 31 December 2025, most of the Bank's exposures arose from businesses with the Chinese mainland non-bank institutions or individuals. Analyses of various types of exposures by counterparty have been disclosed in the notes to the interim condensed consolidated financial statements.

(I) Currency concentrations other than RMB

	30 June 2026			
	USD	HKD (in millions of RMB)	Other	Total
Non-structural position				
Spot assets	**765,080**	**250,961**	**104,856**	**1,120,897**
Spot liabilities	**741,903**	**222,337**	**96,932**	**1,061,172**
Forward purchased	**789,117**	**112,384**	**49,554**	**951,055**
Forward written	**811,618**	**135,935**	**73,092**	**1,020,645**
Net option position	**29,061**	**34,949**	**15,355**	**79,365**
Net long position	**29,737**	**40,022**	**(259)**	**69,500**
Net structural position	**36,986**	**11,622**	**2,239**	**50,847**

	31 December 2025			
	USD	HKD (in millions of RMB)	Other	Total
Non-structural position				
Spot assets	798,528	241,810	77,425	1,117,763
Spot liabilities	749,090	221,585	83,841	1,054,516
Forward purchased	709,391	55,995	41,061	806,447
Forward written	744,142	51,676	43,364	839,182
Net option position	12,843	15,879	6,692	35,414
Net long position	27,530	40,423	(2,027)	65,926
Net structural position	33,240	12,661	1,599	47,500

The net option position is calculated using the delta equivalent approach required by the HKMA. The net structural position of the Group includes the structural positions of the Bank's branches substantially involved in foreign exchange.

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