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

2025 Annual 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 Financial Leasing or CMBFL:

CMB Financial Leasing Co., Ltd.

CMB International Capital or CMBIC:

CMB International Capital Holdings Corporation Limited

CMB Wealth Management:

CMB Wealth Management Company Limited

China Merchants Fund or CMFM:

China Merchants Fund Management Co., Ltd.

CIGNA & CMAM:

CIGNA & CMB Asset Management Company Limited

CMB Europe S.A.:

China Merchants Bank (Europe) Co., Ltd.

CMB Investment:

China Merchants Bank Financial Asset Investment Co., Ltd.

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 annual 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 27 March 2026. 14 Directors of the Company attended the meeting in person. Due to business engagement, Deng Renjie, Non-Executive Director, was absent from the meeting and appointed Jiang Chaoyang (Non-Executive Director) as his proxy to attend the meeting.

3. Ernst & Young Hua Ming LLP and Ernst & Young (both being auditors of the Company) have separately audited the 2025 annual financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles and IFRS Accounting Standards, and have separately issued standard auditing reports with unqualified opinions.

4. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

5. Miao Jianmin, Chairman of the Company, Wang Liang, President and Chief Executive Officer, 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.

6. The Board of Directors of the Company recommended the payment of a cash dividend of RMB2.016 (tax inclusive) 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 inclusive). In 2025, the Company did not transfer any capital reserve into share capital. The implementation of the profit appropriation plan for 2025 is subject to the consideration and approval at the 2025 Annual General Meeting.

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.

Chairman's Statement

2025 was an extraordinary year. Facing multiple challenges posed by the changing external environment, strong supply versus weak demand in the domestic market, and numerous risks in the key sectors, China Merchants Bank (CMB) rose to the occasion and strove with all its might, thereby delivering stable and positive operating performance, and achieving "dual growth" in both net operating income and profit. Indicators such as net interest margin, proportion of non-interest income, return on average equity (ROAE), non-performing loan ratio, and allowance coverage ratio remained in leading positions. Our transformation continued to deepen; the operating profitability of our institutions in Hong Kong and overseas was significantly improved. The inauguration of CMB Investment (AIC) signified that we had completed the portfolio of key licenses. The Bank demonstrated overall strong resilience and operational vitality.

Looking back at the 14th Five-Year Plan period, we continued to uphold fundamental principles and break new grounds, shoulder responsibilities and take proactive actions. By upholding fundamental principles, we stayed true to the operating rules of a commercial bank; by breaking new grounds, we maintained our unique strengths in operation; by shouldering responsibilities, we made advancements in high-quality development; by taking proactive actions, we secured our competitive advantages in the market. We insisted on a coordinated development of quality, profitability and scale, continuously enhancing the quality and efficiency of serving the real economy, and yielding new breakthroughs and achievements in our high-quality development.

We promoted high-quality development with strategic transformation, resulting in continuous enhancement of our core competitiveness. We resolutely implemented the principle of "two consistencies" while persistently building the "Malik Curve" for our transformation and development. We scientifically applied the philosophical principle of "the heavy serves as the foundation of the light", strengthening our capital-heavy business while expanding our capital-light business. We reinforced the development of the three vital capabilities of wealth management, digital and intelligent technology, and risk management, guiding model innovation with technology innovation, which led to clearer strategies, more resolute transformation, and more sustainable development. **We successfully navigated the low interest rate challenges,** with net operating income and net profit attributable to shareholders of the Bank demonstrating steady growth, and their compound annual growth rates (CAGRs) reaching 3.05% and 9.06% respectively over the past five years; our total assets under management (AUM) from retail customers topped RMB17 trillion, with a CAGR exceeding 13% over the same period. The proportion of non-interest income remained at a high level in the industry, with the cost-to-income ratio improving significantly. **We yielded remarkable results in digital and intelligent transformation** as we were the first to achieve full-scale cloud deployment of systems and data, and established a new infrastructure comprising "cloud + AI + middle platform". We steadily advanced "AI + Finance" initiative, with over 800 AI scenario applications implemented and the coverage of intelligent scenarios increased to 50%. **We held the bottom line through efforts in risk management and control** as we insisted on sound and prudent operations. Asset quality remained outstanding, with the non-performing loan ratio falling from 1.07% to 0.94%. Risks in key sectors such as real estate have also been effectively prevented and resolved. We further consolidated our overall risk and compliance management system as we emphasised comprehensive and penetrating management.

We stayed true to our mission and remained committed to our founding principles, with our core financial functions further consolidated. We actively served the national development agenda, with steady growth in the scale and proportion of loans to technology finance, green finance, and inclusive finance sectors, and openings of private pension accounts totalling over 10 million. **Our ability to create multi-dimensional and comprehensive value for customers, employees, shareholders, partners, and society continued to enhance.** Our performance in customer operations reached new heights as the number of our retail customers topped 220 million and that of corporate customers reached 3.62 million by the end of the period. We brought greater vitality to our talent team, ranking among the "Best Employers in China" for fifteen consecutive years. We delivered sustained and stable returns to our shareholders while maintaining the capability of endogenous capital growth. The Bank's global ranking by Tier 1 capital rose from 17th to 8th, and the cash dividend payout ratio increased to 35%. With the successful launch of open platforms such as "Zhao Cai Hao (招財號)" and "Zhao Ying Tong (招贏通)", the Bank's service ecosystems continued to expand. We actively embraced ESG philosophy as we continued to enhance corporate governance, with our MSCI ESG rating standing at AAA level.

The year 2026 marks the beginning of the 15th Five-Year Plan. As the impact of external environmental changes deepens, and uncertainties and instabilities increase, China is accelerating the the establishment of a new development pattern, while continuously consolidating and expanding the momentum of steady improvements of its economy. Facing strategic opportunities as well as risks and challenges, China Merchants Bank will **consolidate its foundation through diligent cultivation**, adhering to the development patterns of the banking industry, accurately seizing development opportunities, and withstanding cyclical fluctuations. We will **deepen cultivatation** in the real economy with a focus on national priorities, vigorously developing technology finance, green finance, inclusive finance, retirement finance, and digital finance. We will **diligently pursue** high-quality development, driving strategic transformation with innovation, and building a competitive "moat" through differentiation. We will **meticulously address** customer needs, adhering to a value-creation orientation and refining our specialised service system. We will **precisely refine** our management, consolidating our development foundation while improving our asset-liability management and risk management capabilities.

Miao Jianmin

Chairman

The Bank will focus on key priorities and transcend economic cycles by forging "four core drivers" of high-quality development. We will strive to maintain the lead in net interest margin, striking a balance between reasonable volume growth and effective quality enhancement. Aiming at "a fresh start for our retail banking sector and another stride for our corporate banking sector (零售再出發、對公再超越)", we will focus on optimising asset allocation, strengthening asset origination, and enhancing our risk pricing capability. We will put emphasis on financial markets business and strive to elevate our cross-regional, cross-product, and cross-strategy investment capabilities. **We will elevate our competitiveness in extensive wealth management,** promoting smooth flow of the value chain which encompasses wealth management, asset allocation, featured asset management, and asset custody businesses. We will also strengthen diversified product creation and selection of premium market offerings, so as to build an extensive wealth management ecosystem with enduring competitive strengths. **We will fortify the bottom line of asset quality risk** by consolidating a fortress-style risk and compliance management system and elevating comprehensive risk management standards. The Bank will advance the prevention and mitigation of risks in key areas such as real estate and retail credit in an effective, orderly, and efficient manner, while strengthening the collection and disposal of non-performing assets. **We will seize the high ground in intelligent transformation** while maintaining the enthusiasm and vitality for innovation, focusing on building systematic competitive advantages in AI, strengthening the technological foundation, constructing capability frameworks, and participating in building a collaborative ecosystem. The Bank will drive an all-round upgrade of AI, shifting its role from a supporting tool to the core of services, so as to accelerate the building of CMB into an intelligent bank.

The Bank will stay committed to its mission, serve national interests, and develop new advantages for high-quality development. Building on its endowments and leveraging its advantages, the Bank will focus on key areas such as modern industrial systems, the high-level scientific and technological self-reliance initiative, a robust domestic market, and high-level opening-up, continuously improve our specialised, differentiated, and comprehensive financial services that cover the customers' entire growth journey, so as to achieve shared progress with our customers. **We will continuously enhance the quality and efficiency of our financial services.** The Bank is committed to maintaining strategic resolve, adopting a long-term perspective, planning systematically, and advancing holistically to deliver specialised and refined financial services. **We will prioritise capacity-building of our subsidiaries** by optimising mechanisms, increasing investment, enhancing empowerment as well as boosting their core capabilities in asset origination, investment research management, product creation, and customer service, thereby elevating their operational contributions. **We will also strive to build a benchmark brand in cross-border financial services.** While upholding safety as the bottom line, the Bank will adopt various measures based on local circumstances to accelerate high-quality development of overseas institutions. We will also expedite the construction of an integrated global service matrix, to better serve Chinese enterprises "going global", and respond to the residents' needs for cross-border asset allocation.

With winds blowing strong and tides surging high, we must hoist our sails and brave the waves; with a long journey ahead and important responsibilities to shoulder, we must spur forward with determination. Standing at the historic starting point of the new journey of the 15th Five-Year Plan, China Merchants Bank will firmly uphold the primary task of high-quality development, unite in our shared vision for progress, unleash the power of practical actions, uphold fundamental principles and break new grounds with our relentless efforts. We will accelerate building a "moat" of differentiated competitive advantages, and forge ahead on the new journey to write a new chapter of high-quality development of China Merchants Bank.

China Merchants Bank Co., Ltd.

Chairman

27 March 2026

President's Statement

2025 was an extraordinary year. Amid a complex business environment at home and abroad, China Merchants Bank earnestly implemented national macro-economic and financial policies, aligned itself with the requirements of the financial regulatory authorities, and met the goals set by the Board of Directors. The Bank advanced in depth the strategy of building a value creation bank, accelerating transformation through the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative and the Digitisation and Intelligence Initiative. It was also committed to enhancing both soft and hard power. As a result, the Bank ushered in a new phase of high-quality development.

Adhering to high-quality development, the Bank achieved steady progress with positive momentum in overall operations. Guided by the principle of "taking quality first and profitability as priority, while maintaining moderate scale and reasonable structure", the Bank continuously reinforced its fortress-style balance sheet. **The business scale reached new heights,** with total assets exceeding RMB13 trillion and total deposits from customers reaching nearly RMB10 trillion by the end of the period. **The asset quality remained sound,** with a non-performing loan ratio of 0.94% and an allowance coverage ratio of 391.79% by the end of the period, demonstrating robust risk compensation capacity. **The operating profitability improved steadily,** with a net operating income of RMB337.273 billion and a net profit attributable to shareholders of the Bank of RMB150.181 billion during the reporting period, both achieving year-on-year growth. **The business structure remained balanced and reasonable,** with the proportion of non-interest income standing at 36.08%, and retail finance business contributing over 50% to both net operating income and profit. **The capital strength continued to improve,** with a common equity Tier 1 capital adequacy ratio of 14.16% and total capital adequacy ratio of 18.24% at the end of the period.

The Bank practised the strategy of "building a value creation bank" for shared prosperity with all stakeholders, coordinating their interests and creating greater comprehensive value for its customers, employees, shareholders, partners, and society. **We actively practised our core value of "being customer-centric and creating value for customers",** continuously enhancing our service quality and efficiency. We became a preferred banking partner for an increasing number of customers, with the number of retail customers and corporate customers surpassing 220 million and 3.60 million, up by 6.67% and 14.40% from the prior year-end, respectively. **The Bank pursued shared progress and mutual empowerment with its employees,** with its workforce surpassing 120,000. We ranked among the Top 10 "Best Employers in China" for 15 consecutive years, and retained the top spot for the past two years. **We remained committed to creating value for shareholders and delivering returns for investors,** achieving an ROAA of 1.19% and ROAE of 13.44% during the reporting period, maintaining relatively strong profitability. During the year, the Company implemented its first interim dividend distribution, while maintaining a high cash dividend payout ratio above 35% since 2023. **We collaborated with partners to achieve win-win outcomes,** continuously expanding and strengthening our partnership network. The influence and appeal of our business ecosystems, which incorporated extensive wealth management, technology finance, investment banking, and other businesses, continued to grow. **We actively fulfilled social responsibilities,** serving the real economy and people's well-being. The growth rates of loans in technology finance, green finance, inclusive finance for small- and micro-sized enterprises, and manufacturing industry were all higher than the average growth rate of the loans granted by the Bank. We also vigorously supported rural revitalisation, embraced ESG philosophy, and actively engaged in public welfare and charity. The Bank's MSCI ESG rating remained at the highest level of AAA.

The Bank advanced the balanced and coordinated development of its business segments to enhance operational stability and sustainability of growth. Maintaining the strategic dominant position of retail finance, we continuously advanced the balanced and coordinated development of four major business segments, namely retail finance, corporate finance, investment banking and financial markets, and wealth management and asset management. As of the end of the reporting period, total assets under management (AUM) from retail customers exceeded RMB17 trillion, representing an increment of RMB2 trillion in the year and hitting a record high. Financing products aggregate to corporate customers (FPA) reached RMB6.73 trillion, up by 11.08% as compared with the beginning of the year. We remained market-leading positions in bond underwriting, M&A loans, financial markets, bill business and other sectors. The number of retail clients covered by the "CMB TREE Asset Allocation Service System" increased by 13.31% as compared with the prior year-end. The total scale of asset management business reached RMB4.71 trillion[1], while the scale of assets under custody exceeded RMB26 trillion. We achieved mutual reinforcement between retail finance and corporate finance, coordination between on- and off-balance-sheet businesses, and balance between capital-heavy and capital-light businesses.

The Bank accelerated transformation through the "Four Initiatives" with notable enhancement in its comprehensive operating capabilities. We expedited transformation through the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative and the Digitisation and Intelligence Initiative, continuously strengthening our ability to navigate economic cycles. **The Bank's international development progressed steadily and rapidly**. At the end of the period, total assets of overseas institutions[2] increased by 12.88% from the prior year-end, with net operating income growing by 33.78% year-on-year during the reporting period. We were among the top market players in businesses including the Cross-Border Wealth Management Connect, Payment Connect, international balance of payments for corporate customers, client flow tradings of financial markets, and offshore custody. **The Bank's comprehensive operations improved in both quality and effectiveness.** It reinforced synergy mechanisms and stepped up consolidated management and empowerment for its subsidiaries. CMB Investment was successfully inaugurated, while market competitiveness of our subsidiaries continued to improve. As of the end of the period, the total assets of major subsidiaries[3] amounted to RMB952.839 billion, up by 11.43% from the prior year-end, and their contribution to the total operating income of the Group reached 12.26% during the reporting period, up by 1.96 percentage points year-on-year. **The Bank's differentiated development was continuously deepened** as it vigorously implemented development strategies in key regions, promoting featured services and strengths of CMB in key regions and boosting featured contributions from key regions. We developed new competitive advantages in specialised businesses, and continuously innovated featured development in areas such as technology finance, green finance, inclusive finance, digital finance, retirement finance, intelligent manufacturing finance, and automobile finance. We deepened customer service models featuring "One Entire Bank for One Customer", "Domestic + Overseas Synergies", and "Integration of Investment Banking and Commercial Banking", while stepping up product innovation. We launched China's first RMB-settled MasterCard International debit card, China's first batch of technology innovation bonds, and iterated new financing products such as Zhao Qi Dai (招企貸), and Sci-tech Loan (科創貸). **The Bank pressed ahead with transformation through the Digitisation and Intelligence Initiative** as it put the "AI First" philosophy into practice and continuously consolidated the digital and intelligent foundation of "cloud + AI + middle platform". Average daily Tokens throughput increased by 10.1 times as compared to 2024, with 183 specialised and refined domain-specific models being adopted and 856 scenario applications being deployed. We upgraded "Xiao Zhao (小招)" for intelligent customer services and developed a series of intelligent assistants named "Xiao Zhu (小助)", accelerating the exploration of "people + digital intelligence" operation and service models to continuously improve service efficiency and customer experience.

1 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.

2 The data for overseas institutions is presented before elimination on consolidation.

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

Wang Liang

President and Chief Executive Officer

The Bank steadfastly adhered to a risk-oriented approach, continuously fortifying a fortress-style risk and compliance management system. We reinforced comprehensive risk management by optimising risk management across domestic and overseas branches, sub-branches and subsidiaries, aiming to ensure that all risks remain stable and controllable, while consistently expanding the coverage, depth, and precision of our risk management efforts. We proactively addressed risk challenges in real estate, local government hidden debt, and retail loans by enhancing forward-looking risk screening and dynamically adjusting risk control strategies to effectively prevent and mitigate risks in key areas. We strengthened the development of digital and intelligent risk control systems and steadily advanced AI applications. We intensified efforts to recover non-performing assets and minimise risk losses. Internal control and compliance management were strengthened. By carrying out the "Compliance Performance Year" initiative, we embedded a compliance culture throughout the Bank.

The Bank pursued excellence in management, which served as robust safeguards for healthy and sustainable development. We promoted a "standardised, refined, empowering, systematic and scientific" management system to continuously consolidate our foundations. We continuously strengthened asset-liability management to solidify our advantages of low-cost liabilities, maintaining an industry-leading level of net interest margin. We continuously deepened the holistic cost management, retaining necessary expenses and reducing those with lower priority, reducing costs and enhancing efficiency. Operation management was reinforced, driving upgrades towards an intelligent operation model driven by digital intelligence. We continued to optimise customer service management, refining the segmentation and classification-based service system, and strengthening consumer rights protection. Therefore, we achieved sustained improvement in customer experience. Organisational structure was optimised by establishing the Technology Finance Department at the Head Office and deepening systematic reforms at the branch level. Aiming to build a "professional, diverse, market-driven, and international" talent team, we introduced diverse and targeted training programs and encouraged various professional certifications. We promoted an organic integration between the financial culture with Chinese characteristics and CMB's corporate culture, promoting positive values, business philosophy, and corporate culture. As a result, our management staff and employees demonstrated stronger commitments to loving, cherishing, protecting and dedicating themselves to CMB.

The year 2025 marked the conclusion of the 14th Five-Year Plan. The past five years have also been extraordinary and highly eventful in the history of China Merchants Bank. We have navigated unprecedented trials and challenges such as the once-in-a-century pandemic, the outbreak of risks related to the property development industry, global geopolitical conflicts and trade frictions, low interest rate environment, and insufficient effective credit demand, etc. With the strong support from governments at all levels, regulatory authorities, customers, investors, partners, and all sectors of society, our management actively implemented the strategic plans set by the Board of Directors. Guided by the strategic goal of building a value creation bank, the Bank's management led high-quality development and adhered to the principle of making progress while maintaining stability, reinforcing stability through progress, and maintaining a positive momentum of growth. Over past five years, the Bank's total assets successively hit the milestones of RMB10 trillion, RMB11 trillion, RMB12 trillion and RMB13 trillion. Our retail and corporate customer bases grew by 41.77% and 62.21%, respectively. The assets under management (AUM) nearly doubled and the financing products aggregate to corporate customers (FPA) increased by approximately 60%. The Bank maintained outstanding asset quality, with its non-performing loan ratios remaining below 1% and declining steadily. The risk compensation capacity was robust. The net operating income and net profit attributable to shareholders of the Bank recorded CAGRs of 3.05% and 9.06%, respectively, and ROAA and ROAE remained among the highest in the industry. The Bank maintained endogenous capital growth, with a significant improvement in both the common equity Tier 1 capital adequacy ratio and the total capital adequacy ratio under the Advanced Measurement Approach and the Weighted Approach. Our global ranking by Tier 1 capital among the world's top 1,000 banks moved up from 17th to 8th. In the past five years, we distributed more than RMB200 billion in cash dividends and contributed over RMB300 billion in taxes. Over the past five years, we made steady progress along the path of high-quality development. Our fortress-style balance sheet had grown even stronger; our value creation capability had continued to improve; and our overall strength, competitiveness, and market influence had all been further enhanced. Therefore, I would like to express my heartfelt gratitude to all those from various sectors and our customers who supported and cared for CMB's development, as well as to the 120,000 dedicated CMBers and their families.

The year 2026 marks the beginning of the 15th Five-Year Plan. For the banking industry, it is a period in which strategic opportunities and risks coexist, with opportunities outweighing the challenges. China's modernisation has entered a critical stage of consolidating foundations and striving for all-round progress. The pursuit of high-quality economic development and the building of a strong financial powerhouse present broad prospects for the banking industry. Meanwhile, a new round of technological revolution and industrial transformation accelerated, together with the continued adjustments in economic, industrial, and financing structures, which further encouraged banks to speed up their transformation and upgrading. Furthermore, the wave of Chinese enterprises "going global" places higher demands for Chinese banks to refine their international financial service capabilities. The low interest rate environment has become the biggest "grey rhino" for the banking industry. The increasingly complex and severe risk landscape is putting banks' resilience and capacity for sustainable development to the test.

2026 marks the 39th anniversary of the establishment of CMB, as we are approaching a stage of growth with greater maturity and clearer vision. **Forging into our 40th year, we will adhere to our founding mission, and draw on our internal certainty to navigate external uncertainties.** We will continue to maintain coordinated development of quality, profitability and scale, and remain steadfast in our core value of "being customer-centric and creating value for customers". We are committed to innovation-driven and differentiated development, upholding technological advancement and talent-driven strategy, pursuing market-based operation and professionalism, maintaining a prudent and sound risk management culture, and embracing long-term perspectives. We aim to make extraordinary achievements through perseverance in every detail, and elevate ourselves beyond excellence by taking earlier, faster, better, and more enduring actions.

We will accelerate our transformation and stay firmly on the path of high-quality development. By benchmarking ourselves against the world-class commercial banks, we will accelerate our transformation through the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative, so as to build a diversified and sustainable business structure and consolidate our fortress-style risk and compliance management system. We will expand and consolidate our competitive moat by continuously enhancing our overall strength, competitiveness, and development capabilities. We will strive to become a commercial bank distinguished by outstanding performance, industry-leading products, best-in-class services, and an exceptional brand.

We will stride forward with unwavering commitment to shaping the CMB model in the new era. Born out of reform and prospering with the times, China Merchants Bank represents a product of reform and innovation. Upon inception, we gained reputation as the "CMB Model" for a series of pioneering initiatives. Standing at a new historical juncture, we must keep pace with the times through continuous innovation, so as to generate more vitality and achieve lasting growth. We will deepen the reform of the modern enterprise system, improve our modern corporate governance framework as well as the market-oriented incentive and restraint mechanisms. We aim to build a high-quality development model characterized by "adopting strict management, upholding fundamental principles and breaking new ground", a business model featuring balanced and coordinated growth across the four major business segments, and an operation and service model that integrates "people + digital intelligence", driving high-quality development through model innovation.

Only by understanding our founding mission and clarifying our future directions, can we stride firmly towards our targets. As we enter the 40th year of development, we will move forward with clearer goals, stronger confidence, and unwavering determination. We will ride the momentum to scale new heights, advancing step by step to make continuous progress. We will unite our strength to propel long-term, dynamic development, contributing to Chinese modernisation and the construction of a financial powerhouse, while continuing a brand-new chapter in the high-quality development of China Merchants Bank.

China Merchants Bank Co., Ltd.

President and Chief Executive Officer

27 March 2026

Company Information

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 Representatives: Wang Liang, Peng Jiawen
Secretary of the Board of Directors: Peng Jiawen
Joint Company Secretaries: Peng Jiawen, Ho Wing Tsz Wendy
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
Domestic Preference Shares: Shanghai Stock Exchange
Abbreviated Name of Shares: 招銀優1
Stock Code: 360028

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

Registrar for Domestic Preference Shares: China Securities Depository & Clearing Corporation Ltd., Shanghai Branch

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 consistently enhances its quality and efficiency in serving the real economy and social well-being, accelerates transformation through "the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative", and strives to create more value for customers, employees, shareholders, partners and society, with the aim of making greater contributions to Chinese modernisation and the construction of a financial powerhouse.

1.3 Development Strategies

Strategic vision: We are committed to building the best value creation bank that is innovation-driven, model-leading, and distinctive in features.

Strategic objectives: Building a value creation bank. The Company upholds the philosophy of win-win in business and business for common good, aiming to become a world-class commercial bank in pursuit of maximising the comprehensive value of customers, employees, shareholders, partners and the society.

Core value: Being customer-centric and creating value for customers.

Strategic focus: Rooted in the needs of the nation, the expectations of customers, and the capabilities of China Merchants Bank, the Company insists on the coordinated development of quality, profitability and scale. The Company will deepen its transformation through the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative, and strive to create a high-quality development model characterised by "adopting strict management, upholding fundamental principles and breaking new ground (嚴格管理、守正創新)". The Company will uphold the strategic dominant position of retail finance while persistently promoting the balanced and coordinated development of four major sectors, namely retail finance, corporate finance, investment banking and financial markets, and wealth management and asset management. Focusing on building core capabilities in wealth management, digital and intelligent technology, and risk management, the Company will actively promote the continuous evolution of its organisational culture.

Expanding wealth management business and accelerating the transformation of the business model. The Company will continue to deliver growth in both total assets under management (AUM) from retail customers and the financing products aggregate to corporate customers (FPA).

Advancing digital and intelligent technology and developing the Bank with technology. Focusing on the goal of online, data-based, intelligent, platform-based and ecological operation, the Company will comprehensively promote the digital reshaping of financial infrastructure and capability system, customers and channels, businesses and products, management and decision-making, while actively exploring the new mode of "AI + Finance", embracing the "AI First" philosophy, and deeply implementing the "AI+" initiative, with the aim of developing CMB into an intelligent bank.

Strengthening risk management and continuously building a fortress-style risk and compliance management system. Adhering to the sound and prudent risk management principle, the Company will strive to fortify the four pillars of its fortress-style risk and compliance management system, i.e., a sound and effective organisational structure, a sound and prudent evaluation system, an independent and balanced process and institutional framework, and an intelligent and efficient management information system.

Pursuing the core values and building the cultural and organisational foundation for a value creation bank. Firstly, the Company will uphold and enhance CMB's corporate culture focusing on entrepreneurship, service quality, innovation, risk management, compliance, management excellence, people-orientation and honesty, with an aim to create a vibrant and evolving cultural system. Secondly, the Company will build a team for serving its strategies and creating value together, providing organisational support and talent foundations for a value creation bank. Thirdly, the Company will actively implement sustainable development principles in serving the real economy, actively fulfilling environmental and social responsibilities, and enhancing the standard of its corporate governance.

1.4 Honours and Awards

In 2025, the Company received a number of honours and awards from organisations both at home and abroad, including:

- The Company ranked 10th globally in "The Top 500 Banking Brands 2025" released by Brand Finance, a brand value evaluation and consulting organisation, in March 2025.
- In June 2025, Extel (formerly UK-based magazine Institutional Investor), an international financial ranking institution, released the results of the "2025 All-Asia Executive Team". The Company won several awards, including "Asia's Most Honoured Company", "Best Board of Directors", "Best CEO", "Best CFO", "Best IR Team", "Best ESG Company" and "Best IR Program", becoming the bank with the highest overall ranking and the most awards in the Asian region.
- In June 2025, The Asian Banker magazine released the results of its awards programme. The Company won twelve awards, including the "Best Retail Bank in China", "Best Wealth Management Bank in China", "Best Custody Bank in China" and "Best Joint-stock Transaction Bank in China".
- In July 2025, The Banker (UK) released the list of "Top 1,000 World Banks 2025". The Company ranked 8th globally in terms of Tier 1 capital scale, moving up two places from the previous year.
- In July 2025, the Company was honoured as the "Asia's Best Bank for Consumers", "Best Digital Bank in China", and other awards at the "2025 Awards for Excellence" ceremony staged by Euromoney (UK).
- The list of Fortune Global 500 was officially released in July 2025, on which the Company ranked 193rd and has been named to the list for 14 consecutive years.
- In October 2025, the Company was honoured as the "Best M&A Bank" and other awards at the "Stars of China 2025" ceremony staged by Global Finance (USA).
- In December 2025, The Asian Banker magazine released the results of its awards programme. The Company was honoured as the "Best Managed Bank in China" in the Leadership Achievement Awards in 2025 and "Best Private Bank in China" in the Wealth and Society Awards.
- In December 2025, the Company won the first place in the "Best Employers in China", and was honoured as the "Most Admired Employer by Women" and "Most Socially Responsible Employer" at the awards ceremony for the "Best Employer in China 2025" jointly organised by Zhaopin.com, Institute of Social Science Survey, Peking University and other organisations, making it the only institution among all participating enterprises to win three major accolades. The Company has been shortlisted in the top 10 list of Best Employers in China of the Year for 15 consecutive years.

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)	2025	2024	Changes +/-%
Operating Results			
Net operating income[(1)]	**337,273**	337,121	0.05
Profit before tax	**178,993**	178,652	0.19
Net profit attributable to shareholders of the Bank	**150,181**	148,391	1.21
Per Share (RMB yuan)			
Basic earnings attributable to ordinary shareholders of the Bank[(2)]	**5.70**	5.66	0.71
Diluted earnings attributable to ordinary shareholders of the Bank	**5.70**	5.66	0.71

(in millions of RMB, unless otherwise specified)	31 December 2025	31 December 2024	Changes +/-%
Volume Indicators			
Total assets	**13,070,523**	12,152,036	7.56
of which: total loans and advances to customers[(3)]	**7,258,058**	6,888,315	5.37
Total liabilities	**11,789,624**	10,918,561	7.98
of which: total deposits from customers[(3)]	**9,836,130**	9,096,587	8.13
Total equity attributable to shareholders of the Bank	**1,272,875**	1,226,014	3.82
Net assets per share attributable to ordinary shareholders of the Bank (RMB yuan)[(2)]	**43.43**	41.46	4.75

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

(%)	2025	2024	Changes
Profitability indicators			
Return on average assets attributable to shareholders of the Bank	1.19	1.28	Decreased by 0.09 percentage point
Return on average equity attributable to ordinary shareholders of the Bank	13.44	14.49	Decreased by 1.05 percentage points
Net interest spread(1)	1.78	1.86	Decreased by 0.08 percentage point
Net interest margin(2)	1.87	1.98	Decreased by 0.11 percentage point
As percentage of net operating income			
– Net interest income	63.92	62.67	Increased by 1.25 percentage points
– Net non-interest income	36.08	37.33	Decreased by 1.25 percentage points
Cost-to-income ratio(3)	32.01	31.92	Increased by 0.09 percentage point

(%)	31 December 2025	31 December 2024	Changes over 2024 year-end
Capital adequacy indicators under the Advanced Measurement Approach(4)			
Common equity Tier 1 capital adequacy ratio	14.16	14.86	Decreased by 0.70 percentage point
Tier 1 capital adequacy ratio	16.51	17.48	Decreased by 0.97 percentage point
Capital adequacy ratio	18.24	19.05	Decreased by 0.81 percentage point
Equity to total assets	9.80	10.15	Decreased by 0.35 percentage point
Asset quality indicators			
Non-performing loan ratio	0.94	0.95	Decreased by 0.01 percentage point
Allowance coverage ratio(5)	391.79	411.98	Decreased by 20.19 percentage points
Allowance-to-loan ratio(6)	3.68	3.92	Decreased by 0.24 percentage point

	2025	2024	Changes
Credit cost ratio(7)	0.60	0.65	Decreased by 0.05 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 11.92%, 13.90% and 15.00% respectively.

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

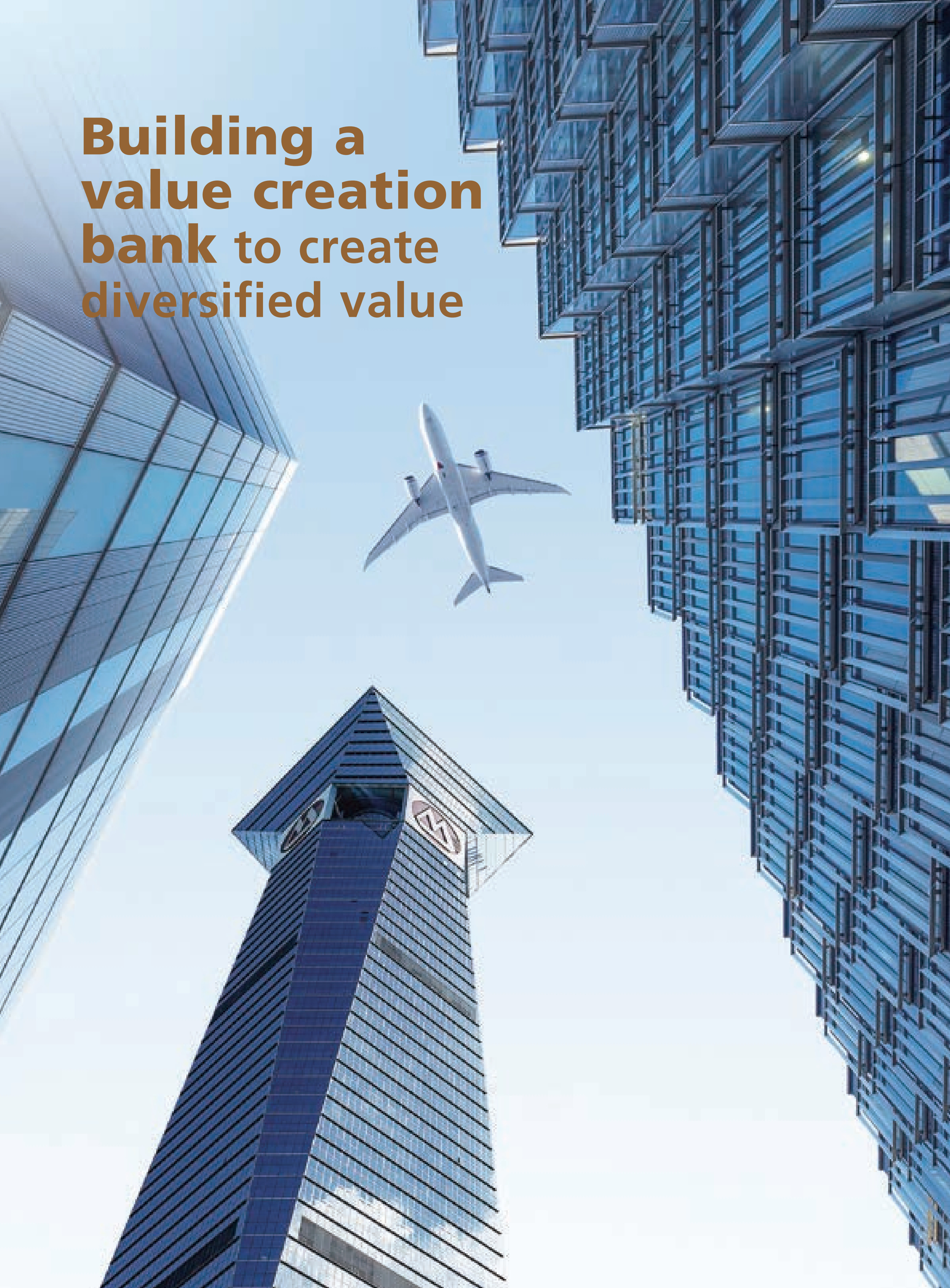
(6) Allowance-to-loan ratio = allowances for impairment losses/total loans and advances to customers.

(7) Credit cost ratio = 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.

2.3 Five-year Financial Summary of the Group

(in millions of RMB)	2025	2024	2023	2022	2021
Results for the year					
Net operating income	**337,273**	337,121	339,078	344,740	331,407
Operating expenses	**118,505**	117,650	120,991	122,061	116,879
Impairment losses	**39,775**	40,819	41,469	57,566	66,355
Profit before tax	**178,993**	178,652	176,618	165,113	148,173
Net profit attributable to shareholders of the Bank	**150,181**	148,391	146,602	138,012	119,922
(RMB yuan)					
Per Share					
Dividend (tax inclusive)	**2.016**	2.000	1.972	1.738	1.522
Basic earnings attributable to ordinary shareholders of the Bank	**5.70**	5.66	5.63	5.26	4.61
Diluted earnings attributable to ordinary shareholders of the Bank	**5.70**	5.66	5.63	5.26	4.61
Year-end net assets attributable to ordinary shareholders of the Bank	**43.43**	41.46	36.71	32.71	29.01
(in millions of RMB)					
Year end					
Share capital	**25,220**	25,220	25,220	25,220	25,220
Total shareholders’ equity	**1,280,899**	1,233,475	1,085,729	954,238	865,681
Total liabilities	**11,789,624**	10,918,561	9,942,754	9,184,674	8,383,340
Deposits from customers	**9,836,130**	9,096,587	8,155,438	7,535,742	6,347,078
Total assets	**13,070,523**	12,152,036	11,028,483	10,138,912	9,249,021
Total loans and advances to customers	**7,258,058**	6,888,315	6,508,865	6,051,459	5,570,034
(%)					
Key Financial Ratios					
Return on average assets attributable to shareholders of the Bank	**1.19**	1.28	1.39	1.42	1.36
Return on average equity attributable to ordinary shareholders of the Bank	**13.44**	14.49	16.22	17.06	16.96
Cost-to-income ratio	**32.01**	31.92	32.97	32.89	33.11
Non-performing loan ratio	**0.94**	0.95	0.95	0.96	0.91
Credit cost ratio	**0.60**	0.65	0.74	0.78	0.70
Common equity Tier 1 capital adequacy ratio under the Advanced Measurement Approach	**14.16**	14.86	13.73	13.68	12.66
Tier 1 capital adequacy ratio under the Advanced Measurement Approach	**16.51**	17.48	16.01	15.75	14.94
Capital adequacy ratio under the Advanced Measurement Approach	**18.24**	19.05	17.88	17.77	17.48

Building a value creation bank to create diversified value



Management Discussion and Analysis

3.1 Analysis of Overall Operation

3.1.1 External economic situation and industry development

In 2025, China's economy confronted complex challenges, but still delivered a successful completion to the 14th Five Year Plan, with GDP surpassing RMB140 trillion for the first time, achieving a growth rate of 5.0%. Supply-side recovery accelerated, while external demand maintained robust expansion. The transition from old to new growth drivers accelerated, and prices recorded a moderate recovery.

In 2025, China's banking industry was committed to enhancing the suitability of financial services, actively integrating into the development of a modern industrial system, and fully nurturing the fertile ground for the development of new quality productive forces. Facing pressures from further narrowing interest margins, insufficient domestic demand, and the persistent drag of the real estate sector on investment and consumption, the banking industry adhered to sound operations, maintained relatively stable growth in asset scale, and kept risk, profitability, capital, and other regulatory indicators broadly stable.

3.1.2 Summary of operations

In 2025, the Group adhered to the coordinated development of quality, profitability and scale, took the strategic target of building a value creation bank and carried out various businesses in a sound manner. Both the scale of assets and liabilities grew steadily. The operating profitability demonstrated positive momentum while maintaining stability, and the asset quality was stable.

During the reporting period, the Group realised the net operating income of RMB337.273 billion, representing a year-on-year increase of 0.05%, of which net interest income amounted to RMB215.593 billion, representing a year-on-year increase of 2.04%; net non-interest income amounted to RMB121.680 billion, representing a year-on-year decrease of 3.31%; and net profit attributable to shareholders of the Bank amounted to RMB150.181 billion, representing a year-on-year increase of 1.21%. The return on average asset (ROAA) attributable to shareholders of the Bank and the return on average equity (ROAE) attributable to ordinary shareholders of the Bank were 1.19% and 13.44%, down by 0.09 percentage point and 1.05 percentage points year-on-year, respectively.

As at the end of the reporting period, the Group's total assets amounted to RMB13,070.523 billion, representing an increase of 7.56% as compared with the end of the previous year. The total loans and advances to customers amounted to RMB7,258.058 billion, representing an increase of 5.37% as compared with the end of the previous year. Total liabilities amounted to RMB11,789.624 billion, representing an increase of 7.98% as compared with the end of the previous year. Total deposits from customers amounted to RMB9,836.130 billion, representing an increase of 8.13% 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 RMB68.206 billion, representing an increase of RMB2.596 billion as compared with the end of the previous year. The non-performing loan ratio was 0.94%, representing a decrease of 0.01 percentage point as compared with the end of the previous year. The allowance coverage ratio was 391.79%, representing a decrease of 20.19 percentage points as compared with the end of the previous year; the allowance-to-loan ratio was 3.68%, representing a decrease of 0.24 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 RMB178.993 billion, representing a year-on-year increase of 0.19%. The effective income tax rate was 15.57%, representing a year-on-year decrease of 0.71 percentage point. The following table sets out the major income/loss items of the Group for the periods indicated.

(in millions of RMB)	2025	2024
Net interest income	**215,593**	211,277
Net fee and commission income	**75,258**	72,094
Other net income	**40,949**	51,118
Operating expenses	**(118,505)**	(117,650)
Expected credit losses	**(39,586)**	(39,976)
Impairment losses on other assets	**(189)**	(843)
Share of profits of joint ventures and associates	**5,473**	2,632
Profit before tax	**178,993**	178,652
Income tax	**(27,867)**	(29,093)
Net profit	**151,126**	149,559
Net profit attributable to shareholders of the Bank	**150,181**	148,391

3.2.2 Net operating income

During the reporting period, the Group realised the net operating income of RMB337.273 billion, representing a year-on-year increase of 0.05%, of which net interest income accounted for 63.92%, and net non-interest income accounted for 36.08% with a year-on-year decrease of 1.25 percentage points.

3.2.3 Interest income

During the reporting period, the Group recorded an interest income of RMB351.351 billion, representing a year-on-year decrease of 6.12%, mainly due to the declined yields on interest-earning assets. Interest income from loans and advances to customers continued to be the largest component of the interest income of the Group.

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 RMB233.547 billion, representing a year-on-year decrease of 10.37%, mainly due to the decline in loan yields.

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.

	2025			2024		
(in millions of RMB, except for percentages)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	**3,044,925**	**85,688**	**2.81**	2,746,039	93,282	3.40
Retail loans	**3,660,919**	**144,315**	**3.94**	3,533,131	161,740	4.58
Discounted bills	**289,117**	**3,544**	**1.23**	387,017	5,551	1.43
Loans and advances to customers	**6,994,961**	**233,547**	**3.34**	6,666,187	260,573	3.91

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 RMB2,666.266 billion with the interest income amounting to RMB102.528 billion, and the average yield reached 3.85%; the average balance of medium- and long-term loans was RMB4,328.695 billion with the interest income amounting to RMB131.019 billion, and the average yield reached 3.03%. The average yield of short-term loans was higher than that of medium- and long-term loans, which was mainly attributable to the relatively 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 RMB91.477 billion, representing a year-on-year increase of 7.72%, which was mainly influenced by the investment volume. The average yield of investments was 2.82%, representing a year-on-year decrease of 26 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 RMB17.463 billion, representing a year-on-year decrease of 8.46%, which was mainly attributable to the impact of the falling market interest rates. The average yield of balances and placements with banks and other financial institutions was 2.24%, representing a year-on-year decrease of 56 basis points.

3.2.4 Interest expense

During the reporting period, the interest expense of the Group was RMB135.758 billion, representing a year-on-year decrease of 16.71%, 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 RMB107.869 billion, representing a year-on-year decrease of 17.55%, mainly due to the decrease in the cost ratio of the deposits from customers.

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.

	2025			2024		
(in millions of RMB, except for percentages)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Deposits from corporate customers						
Demand	2,552,842	13,323	0.52	2,488,102	20,762	0.83
Time	2,492,472	48,692	1.95	2,305,745	56,547	2.45
Subtotal	5,045,314	62,015	1.23	4,793,847	77,309	1.61
Deposits from retail customers						
Demand	1,993,112	1,394	0.07	1,798,328	3,903	0.22
Time	2,164,074	44,460	2.05	1,923,491	49,612	2.58
Subtotal	4,157,186	45,854	1.10	3,721,819	53,515	1.44
Total	9,202,500	107,869	1.17	8,515,666	130,824	1.54

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[4] of the Group amounted to RMB20.001 billion, representing a year-on-year decrease of 0.42%, which was primarily attributable to the year-on-year decrease of cost ratio 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 RMB5.383 billion, representing a year-on-year decrease of 29.69%, mainly due to the year-on-year decrease of scale of debt securities issued.

4 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 and lease liabilities, same as below.

3.2.5 Net interest income

During the reporting period, the Group's net interest income amounted to RMB215.593 billion, representing a year-on-year increase of 2.04%.

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.

	2025			2024		
(in millions of RMB, except for percentages)	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Interest-earning assets						
Loans and advances to customers	6,994,961	233,547	3.34	6,666,187	260,573	3.91
Financial investments	3,244,024	91,477	2.82	2,757,151	84,924	3.08
Balances with the central bank	541,000	8,864	1.64	580,940	9,698	1.67
Balances and placements with banks and other financial institutions	778,083	17,463	2.24	681,863	19,076	2.80
Total	11,558,068	351,351	3.04	10,686,141	374,271	3.50

(in millions of RMB, except for percentages)	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	9,202,500	107,869	1.17	8,515,666	130,824	1.54
Deposits and placements from banks and other financial institutions and other amounts	1,265,266	20,001	1.58	959,111	20,086	2.09
Debt securities issued	168,539	5,383	3.19	252,448	7,656	3.03
Borrowings from the central bank	140,140	2,505	1.79	207,453	4,428	2.13
Total	10,776,445	135,758	1.26	9,934,678	162,994	1.64
Net interest income	/	215,593	/	/	211,277	/
Net interest spread	/	/	1.78	/	/	1.86
Net interest margin	/	/	1.87	/	/	1.98

During the reporting period, the average yield of the interest-earning assets of the Group was 3.04%, representing a year-on-year decrease of 46 basis points; the average cost ratio of the interest-bearing liabilities was 1.26%, representing a year-on-year decrease of 38 basis points; the net interest spread was 1.78%, representing a year-on-year decrease of 8 basis points and the net interest margin was 1.87%, representing a year-on-year decrease of 11 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.

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.

	2025 compared to 2024		
	Increase (decrease) due to		Net increase
(in millions of RMB)	Volume	Interest rate	(decrease)
Interest-earning assets			
Loans and advances to customers	10,971	(37,997)	(27,026)
Financial investments	13,722	(7,169)	6,553
Balances with the central bank	(660)	(174)	(834)
Balances and placements with banks and other financial institutions	2,205	(3,818)	(1,613)
Changes in interest income	26,238	(49,158)	(22,920)
Interest-bearing liabilities			
Deposits from customers	8,553	(31,508)	(22,955)
Deposits and placements from banks and other financial institutions and other amounts	4,782	(4,867)	(85)
Debt securities issued	(2,677)	404	(2,273)
Borrowings from the central bank	(1,218)	(705)	(1,923)
Changes in interest expense	9,440	(36,676)	(27,236)
Changes in net interest income	16,798	(12,482)	4,316

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.

	October to December 2025			July to September 2025		
(in millions of RMB, except for percentages)	Average balance	Interest income	Annualised average yield (%)	Average balance	Interest income	Annualised average yield (%)
Interest-earning assets						
Loans and advances to customers	7,063,820	57,138	3.21	7,004,000	57,329	3.25
Financial investments	3,408,323	23,445	2.73	3,294,990	23,099	2.78
Balances with the central bank	541,270	2,184	1.60	514,265	2,093	1.61
Balances and placements with banks and other financial institutions	822,452	4,277	2.06	859,427	4,772	2.20
Total	11,835,865	87,044	2.92	11,672,682	87,293	2.97

(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	9,494,649	25,014	1.05	9,229,562	26,336	1.13
Deposits and placements from banks and other financial institutions and other amounts	1,362,230	5,000	1.46	1,356,730	5,222	1.53
Debt securities issued	142,445	1,178	3.28	156,437	1,282	3.25
Borrowings from the central bank	69,562	301	1.72	111,760	496	1.76
Total	11,068,886	31,493	1.13	10,854,489	33,336	1.22
Net interest income	/	55,551	/	/	53,957	/
Net interest spread	/	/	1.79	/	/	1.75
Net interest margin	/	/	1.86	/	/	1.83

In the fourth quarter of 2025, the net interest margin of the Group was 1.86%, representing a quarter-to-quarter increase of 3 basis points, and its net interest spread was 1.79%, representing a quarter-to-quarter increase of 4 basis points.

3.2.6 Net non-interest income

During the reporting period, the Group recorded a net non-interest income of RMB121.680 billion, representing a year-on-year decrease of 3.31%. The components of which are as follows.

Net fee and commission income amounted to RMB75.258 billion, representing a year-on-year increase of 4.39%. Among the fee and commission income, fee and commission income from wealth management amounted to RMB26.711 billion, representing a year-on-year increase of 21.39%; fee and commission income from asset management amounted to RMB11.927 billion, representing a year-on-year increase of 10.94%; income from bank card fees amounted to RMB13.643 billion, representing a year-on-year decrease of 18.60%; income from settlement and clearing fees amounted to RMB15.465 billion, representing a year-on-year decrease of 0.26%; commission income from credit commitment and loan business amounted to RMB3.961 billion, representing a year-on-year decrease of 6.12%; commission income from custody businesses amounted to RMB5.375 billion, representing a year-on-year increase of 9.90%; and income from others amounted to RMB7.183 billion, representing a year-on-year increase of 3.98%. For analysis of the main 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 RMB46.422 billion, representing a year-on-year decrease of 13.63%, of which net investment income amounted to RMB31.364 billion, representing a year-on-year increase of 15.11%, which was mainly due to the increase in bond investment income and income from non-money-market fund investment; net profit from changes in fair value amounted to RMB-8.160 billion, representing a year-on-year decrease of RMB14.245 billion, mainly due to the decrease in fair value of bond investment and non-money-market fund investment; the net exchange gain amounted to RMB3.228 billion, representing a year-on-year decrease of 19.82%, mainly due to the decrease in the exchange rate of USD and HKD against RMB which resulted in a year-on-year decrease in the foreign exchange gains and losses arising from the foreign currency-denominated monetary items; and other income amounted to RMB14.517 billion, representing a year-on-year increase of 5.51%, mainly due to a year-on-year increase of 5.46% in income generated from operating leasing business of CMB Financial Leasing, which amounted to RMB12.915 billion.

In terms of business segments, the net non-interest income from retail finance business amounted to RMB50.595 billion, representing a year-on-year increase of 4.26% and accounting for 41.58% of the Group's net non-interest income; the net non-interest income from wholesale finance business amounted to RMB53.986 billion, representing a year-on-year decrease of 14.81% and accounting for 44.37% of the Group's net non-interest income; the net non-interest income from other businesses[5] amounted to RMB17.099 billion, representing a year-on-year increase of 22.57% and accounting for 14.05% of the Group's net non-interest income.

(in millions of RMB, except for percentages)	2025	2024	Changes +/-%
Fee and commission income(Note)	**84,265**	81,040	3.98
Fees and commissions from wealth management	**26,711**	22,005	21.39
Fees and commissions from asset management	**11,927**	10,751	10.94
Bank card fees	**13,643**	16,761	-18.60
Settlement and clearing fees	**15,465**	15,505	-0.26
Commissions from credit commitment and loan business	**3,961**	4,219	-6.12
Commissions from custody businesses	**5,375**	4,891	9.90
Others	**7,183**	6,908	3.98
Fee and commission expense	**(9,007)**	(8,946)	0.68
Net fee and commission income	**75,258**	72,094	4.39
Other net non-interest income	**46,422**	53,750	-13.63
Other net income	**40,949**	51,118	-19.89
Net investment income	**31,364**	27,248	15.11
Net profit from fair value change	**(8,160)**	6,085	N/A
Net exchange gain	**3,228**	4,026	-19.82
Other income	**14,517**	13,759	5.51
Share of profits of joint ventures and associates	**5,473**	2,632	107.94
Total net non-interest income	**121,680**	125,844	-3.31

Note: Fees and commissions from wealth management include income from agency distribution of funds, income from agency distribution of insurance policies, income from agency distribution of trust schemes, income from agency distribution of wealth management products, income from securities brokerage and income from agency distribution of precious metals. Fees and commissions from asset management mainly include the income from the issuance and management of various asset management products such as funds, wealth management products and asset management plans of our subsidiaries, namely China Merchants Fund, CMB International Capital, CMB Wealth Management and CIGNA & CMAM. Commissions from custody businesses include income from basic asset custody services and value-added services. Others mainly include income from underwriting of bonds and equity, income from service fees from securitisation of credit assets, income from consultancy and advisory services and income from other intermediary businesses.

5 Including 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 RMB118.505 billion, representing a year-on-year increase of 0.73%, among which staff costs amounted to RMB68.689 billion, representing a year-on-year increase of 0.88%. Other operating expenses amounted to RMB49.816 billion, representing a year-on-year increase of 0.51%. The cost-to-income ratio of the Group was 32.01%, representing an increase of 0.09 percentage point as compared with the corresponding period of the previous year. The Group adhered to lean management, guaranteed its input in key strategic areas, while strengthening cost control and input-output evaluation of key projects 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)	2025	2024
Staff costs	**68,689**	68,088
Other operating expenses	**49,816**	49,562
Of which: depreciation, amortisation and rental expenses	**16,161**	16,424
Other general and administrative expenses	**30,558**	30,188
Taxes and surcharges	**3,097**	2,950
Total operating expenses	**118,505**	117,650

3.2.8 Expected credit losses

During the reporting period, the expected credit losses of the Group were RMB39.586 billion, representing a year-on-year decrease of 0.98%.

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

(in millions of RMB)	2025	2024
Loans and advances to customers	**42,582**	43,608
Financial investments	**(2,889)**	(2,400)
Amounts due from banks and other financial institutions	**(377)**	1,371
Expected credit losses relating to financial guarantees and loan commitments	**299**	(2,703)
Others	**(29)**	100
Total expected credit losses	**39,586**	39,976

According to the standards for financial instruments, the Group prudently made 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 forward-looking adjustments in macro perceptiveness. During the reporting period, the expected credit losses of loans and advances to customers of the Group were RMB42.582 billion, representing a year-on-year decrease of RMB1.026 billion; the expected credit losses relating to financial investment amounted to RMB-2.889 billion, representing a year-on-year decrease of RMB489 million, mainly because the Group continued to optimise its asset structure and customer structure, and the quality of its loans and investment assets remained relatively stable. The expected credit losses relating to amounts due from banks and other financial institutions amounted to RMB-377 million, representing a year-on-year decrease of RMB1.748 billion, which was mainly due to the change in the scale of interbank assets. The expected credit losses relating to financial guarantees and loan commitments amounted to RMB299 million, mainly due to the allowances for credit risk losses based on the scale of off-balance sheet businesses and the actual risk profile.

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 RMB13,070.523 billion, representing an increase of 7.56% as compared with the end of the previous year, which was mainly attributable to the increase in loans and advances to customers and bond investments of the Group.

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

(in millions of RMB, except for percentages)	31 December 2025		31 December 2024	
	Amount	Percentage of the total amount (%)	Amount	Percentage of the total amount (%)
Total loans and advances to customers	7,258,058	55.53	6,888,315	56.68
Allowances for impairment losses on loans[1]	(262,973)	(2.01)	(265,365)	(2.18)
Net loans and advances to customers	6,995,085	53.52	6,622,950	54.50
Investment securities and other financial assets	4,152,347	31.77	3,705,919	30.50
Cash, precious metals and balances with the central bank	613,444	4.69	583,202	4.80
Inter-bank transactions	961,921	7.36	896,707	7.38
Goodwill	9,954	0.08	9,954	0.08
Other assets[2]	337,772	2.58	333,304	2.74
Total assets	13,070,523	100.00	12,152,036	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 RMB7,258.058 billion, representing an increase of 5.37% as compared with the end of the previous year; total loans and advances to customers accounted for 55.53% of the total assets, representing a decrease of 1.15 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)	31 December 2025 Amount	31 December 2025 Percentage of the total amount (%)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)
Derivative financial assets	18,823	0.45	32,533	0.88
Financial investments at fair value through profit or loss	647,796	15.60	617,018	16.65
– Bond investments	356,271	8.58	265,717	7.17
– Non-standardised asset investments	9,146	0.22	596	0.02
– Others(Note)	282,379	6.80	350,705	9.46
Debt investments at amortised cost	2,103,090	50.65	1,920,461	51.82
– Bond investments	2,036,223	49.04	1,848,162	49.87
– Non-standardised asset investments	100,141	2.41	107,105	2.89
– Others	336	0.01	653	0.02
– Less: allowances for impairment losses	(33,610)	(0.81)	(35,459)	(0.96)
Debt investments at fair value through other comprehensive income	1,325,300	31.92	1,082,577	29.21
– Bond investments	1,325,100	31.91	1,082,577	29.21
– Others	200	0.01	–	–
Equity investments designated at fair value through other comprehensive income	24,424	0.59	22,315	0.60
Investments in joint ventures and associates	32,914	0.79	31,015	0.84
Total investment securities and other financial assets	4,152,347	100.00	3,705,919	100.00

Note: Including equity investments, investments in funds, wealth management products, 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 60(f) to the financial statements.

	31 December 2025			31 December 2024		
		Fair value			Fair value	
(in millions of RMB)	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	3,313,300	6,827	(6,959)	2,099,152	11,269	(11,526)
Currency derivatives	2,191,499	11,742	(11,432)	1,987,795	21,002	(19,934)
Other derivatives	10,501	254	(261)	11,124	262	(123)
Total	5,515,300	18,823	(18,652)	4,098,071	32,533	(31,583)

The above table shows the notional amount and fair value of the Group's derivative financial instruments by their remaining maturity on each balance sheet date. The notional amount refers only to the transaction volumes 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 actively participated in market making trading to facilitate the steady operation of the market. Meanwhile, by leveraging its expertise in financial markets derivative transactions, the Group kept up its effort in publicising the "exchange rate risk-neutral" concept, assisting customers to carry out hedging transactions to enhance their risk management capabilities in both exchange rate and interest rate, and supporting the 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 RMB647.796 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, so as to obtain investment income by capturing trading opportunities in the market. During the reporting period, the Group made use of various methods to actively explore 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 23(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 RMB2,103.090 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 23(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 RMB1,325.300 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 was primarily based on the Group's in-depth research on the bond market, with the purpose of achieving stable investment return by capturing investment and allocation opportunities and constantly optimising asset structure. For details, please refer to Note 23(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 RMB24.424 billion. Such investments were mainly non-trading equity investments held by the Group in the investees over whom the Group had no control, joint control or significant influence. For details, please refer to Note 23(d) to the financial statements.

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

(in millions of RMB)	31 December 2025	31 December 2024
Official authorities(Note)	2,514,687	2,026,230
Policy banks	600,996	572,863
Commercial banks and other financial institutions	430,353	394,704
Others(Note)	171,558	202,659
Total bond investments	**3,717,594**	3,196,456

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

Top ten financial bonds in terms of nominal value held by the Company as at the end of the reporting period

Name of bonds	Nominal value (in millions of RMB)	Coupon rate (%)	Due date	Allowances for impairment losses(note) (in millions of RMB)
Bonds issued by policy banks in 2022	21,000	2.50	2027/8/24	–
Bonds issued by policy banks in 2019	16,540	3.65	2029/5/21	–
Bonds issued by policy banks in 2019	15,440	3.74	2029/7/12	–
Bonds issued by policy banks in 2019	14,530	3.45	2029/9/20	–
Bonds issued by policy banks in 2024	13,000	2.64	2031/1/8	–
Bonds issued by policy banks in 2024	12,960	2.00	2027/4/12	–
Bonds issued by policy banks in 2022	12,500	2.90	2032/8/19	–
Bonds issued by policy banks in 2023	11,820	2.87	2028/2/6	–
Bonds issued by policy banks in 2016	10,953	3.05	2026/8/25	–
Bonds issued by policy banks in 2022	10,880	2.82	2027/6/17	–

Note: The first phase allowances for impairment losses accrued according to the expected credit loss model are not included.

Investments in joint ventures and associates

As at the end of the reporting period, the Group's investments in joint ventures and associates amounted to RMB32.914 billion, up by 6.12% as compared with the end of the previous year. As at the end of the reporting period, the balance of allowances for impairment losses on investments in joint ventures and associates of the Group was zero. For details, please refer to Note 25 and Note 26 to the financial statements.

3.3.1.3 Goodwill

In compliance with the IFRS Accounting Standards, at the end of the reporting period, the Group conducted an impairment test on the goodwill arising from the acquisition of CMB Wing Lung Bank, China Merchants Fund and other companies and determined that allowances for impairment losses were not necessary for the reporting period. As at the end of the reporting period, the Group had a balance of allowances for impairment losses on goodwill of RMB579 million and the carrying value of goodwill was RMB9.954 billion.

3.3.2 Liabilities

As at the end of the reporting period, the total liabilities of the Group amounted to RMB11,789.624 billion, representing an increase of 7.98% as compared with the end of the previous year, which was primarily attributable to the steady growth of customer deposits.

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)	31 December 2025 Amount	31 December 2025 Percentage of the total amount (%)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)
Deposits from customers	9,836,130	83.43	9,096,587	83.31
Inter-bank transactions	1,255,385	10.65	1,017,506	9.32
Borrowings from the central bank	110,679	0.94	189,511	1.74
Financial liabilities at fair value through profit or loss and derivative financial liabilities	139,151	1.18	99,044	0.91
Debt securities issued	142,403	1.21	221,583	2.03
Others(Note)	305,876	2.59	294,330	2.69
Total liabilities	**11,789,624**	**100.00**	10,918,561	100.00

Note: "Others" including salaries and welfare payable, taxes payable, contract liabilities, lease liabilities, expected liabilities, 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 RMB9,836.130 billion, representing an increase of 8.13% as compared with the end of the previous year, accounting for 83.43% of the total liabilities of the Group, which was the major funding source 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)	31 December 2025 Amount	31 December 2025 Percentage of the total amount (%)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)
Deposits from corporate customers				
Demand	2,761,092	28.07	2,772,365	30.47
Time	2,579,124	26.22	2,291,188	25.19
Subtotal	**5,340,216**	**54.29**	5,063,553	55.66
Deposits from retail customers				
Demand	2,234,851	22.72	1,980,251	21.77
Time	2,261,063	22.99	2,052,783	22.57
Subtotal	**4,495,914**	**45.71**	4,033,034	44.34
Total deposits from customers	**9,836,130**	**100.00**	9,096,587	100.00

As at the end of the reporting period, the demand deposits of the Group accounted for 50.79% of the total deposits from customers, representing a decrease of 1.45 percentage points as compared with the end of the previous year. 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 49.40%, representing a year-on-year decrease of 0.94 percentage point. Among these, the daily average balance of demand deposits from corporate customers accounted for 50.60% of that of the total deposits from corporate customers, representing a year-on-year decrease of 1.30 percentage points; the daily average balance of demand deposits from retail customers accounted for 47.94% of that of the total deposits from retail customers, representing a year-on-year decrease of 0.38 percentage point. As market expectations had not yet been fully recovered, the liquidity activities of enterprises were still insufficient throughout the year, and customers' investment demand for time deposits remained at a relatively high level, leading to a year-on-year decrease in the proportion of demand deposits. However, the percentage of daily average balance of the demand deposits of the Group increased on a quarter-to-quarter basis in the fourth quarter of 2025.

3.3.3 Shareholders’ equity

As at the end of the reporting period, the Group’s equity attributable to shareholders of the Bank was RMB1,272.875 billion, representing an increase of 3.82% as compared with the end of the previous year, among which retained profits (including proposed profit appropriations) amounted to RMB679.808 billion, representing an increase of 7.21% as compared with the end of the previous year; investment revaluation reserve amounted to RMB23.574 billion, representing a decrease of 38.59% as compared with the end of the previous year, mainly due to the decrease in valuation of financial assets at fair value through other comprehensive income as compared with the end of the previous year; exchange difference on translation of financial statements of foreign operations amounted to RMB1.641 billion, representing a decrease of RMB3.175 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.

(in millions of RMB, except for percentages)	31 December 2025 Amount	31 December 2025 Percentage of the total amount (%)	31 December 2024 Amount	31 December 2024 Percentage of the total amount (%)
Normal	**7,085,992**	**97.63**	6,733,625	97.76
Special mention	**103,860**	**1.43**	89,080	1.29
Substandard	**16,252**	**0.23**	16,872	0.25
Doubtful	**19,689**	**0.27**	23,054	0.33
Loss	**32,265**	**0.44**	25,684	0.37
Total loans and advances to customers	**7,258,058**	**100.00**	6,888,315	100.00
Non-performing loans(Note)	**68,206**	**0.94**	65,610	0.95

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 RMB68.206 billion, representing an increase of RMB2.596 billion as compared with the end of the previous year, with a non-performing loan ratio of 0.94%, representing a decrease of 0.01 percentage point 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)	31 December 2025				31 December 2024			
	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	3,215,750	44.31	28,622	0.89	2,863,740	41.57	30,475	1.06
Working capital loans	1,380,707	19.02	7,522	0.54	1,178,412	17.11	9,900	0.84
Fixed asset loans	888,193	12.24	13,820	1.56	852,115	12.37	13,820	1.62
Trade finance	499,761	6.89	188	0.04	430,268	6.25	167	0.04
Others(2)	447,089	6.16	7,092	1.59	402,945	5.84	6,588	1.63
Discounted bills(3)	322,117	4.43	–	–	379,950	5.52	–	–
Retail loans	3,720,191	51.26	39,584	1.06	3,644,625	52.91	35,135	0.96
Micro-finance loans	875,696	12.07	10,663	1.22	825,443	11.98	6,538	0.79
Residential mortgage loans	1,425,236	19.64	7,231	0.51	1,417,450	20.58	6,840	0.48
Credit card loans	939,115	12.94	16,373	1.74	947,843	13.76	16,560	1.75
Consumer loans	426,653	5.88	4,349	1.02	396,161	5.75	4,116	1.04
Others(4)	53,491	0.73	968	1.81	57,728	0.84	1,081	1.87
Total loans and advances to customers	7,258,058	100.00	68,206	0.94	6,888,315	100.00	65,610	0.95

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 was closely aligned with national strategies and policies, steadily conducted credit extension while proactively optimising asset structures to foster high-quality business development. The Group actively addressed risks in key areas and maintained stable asset quality. As at the end of the reporting period, the balance of the Group's corporate loans amounted to RMB3,215.750 billion, representing an increase of 12.29% as compared to the end of the previous year. Corporate loans accounted for 44.31% of the total loans. As at the end of the reporting period, the amount of non-performing corporate loans of the Group reached RMB28.622 billion, representing a decrease of RMB1.853 billion as compared with the end of the previous year; and the non-performing loan ratio of corporate loans was 0.89%, down by 0.17 percentage point as compared with the end of the previous year.

With regard to retail loans, the Group continued to support demands of first-time home buyers and demands for improvement of home upgraders; increased its granting of micro-finance loans to support the development of the real economy; and promoted its granting of consumer loans to meet genuine consumer demand scenarios. Furthermore, the Group adhered to its "stability and low volatility" operation strategy by continuing to optimise its customer and asset structures, and steadily developing its credit card business. As at the end of the reporting period, the balance of the Group's retail loans amounted to RMB3,720.191 billion, representing an increase of 2.07% as compared to the end of the previous year. Retail loans accounted for 51.26% of the total loans. As at the end of the reporting period, the balance of non-performing retail loans of the Group amounted to RMB39.584 billion, representing an increase of RMB4.449 billion as compared with the end of the previous year. The non-performing ratio of retail loans was 1.06%, 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)	31 December 2025				31 December 2024			
	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	3,215,750	44.31	28,622	0.89	2,863,740	41.57	30,475	1.06
Manufacturing	753,412	10.38	3,260	0.43	669,630	9.72	3,250	0.49
Transportation, storage and postal services	569,528	7.85	1,063	0.19	542,095	7.87	1,191	0.22
Production and supply of electric power, heat, gas and water	408,029	5.62	851	0.21	343,256	4.98	405	0.12
Property development	313,651	4.32	14,993	4.78	318,551	4.62	15,728	4.94
Wholesale and retail	279,496	3.85	1,819	0.65	227,711	3.31	2,436	1.07
Leasing and commercial services	247,962	3.42	333	0.13	194,492	2.82	788	0.41
Information transmission, software and IT service	178,208	2.46	447	0.25	135,017	1.96	542	0.40
Finance	146,117	2.01	695	0.48	140,264	2.04	369	0.26
Construction	110,616	1.52	1,394	1.26	107,966	1.57	1,371	1.27
Mining	69,017	0.95	94	0.14	51,967	0.75	550	1.06
Water conservancy, environment and public utilities	36,147	0.50	119	0.33	37,779	0.55	152	0.40
Others[2]	103,567	1.43	3,554	3.43	95,012	1.38	3,693	3.89
Discounted bills	322,117	4.43	–	–	379,950	5.52	–	–
Retail loans	3,720,191	51.26	39,584	1.06	3,644,625	52.91	35,135	0.96
Total loans and advances to customers	7,258,058	100.00	68,206	0.94	6,888,315	100.00	65,610	0.95

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 agriculture, forestry, animal husbandry, fishery, accommodation and catering, health and social work, etc.

The Group was committed to supporting industrial structure optimisation and facilitating the transformation and upgrading of traditional manufacturing industry. While adhering to the risk control bottom line, the Group sought to increase the proportion of credit extended to the manufacturing industry. As at the end of the reporting period, the balance of the Group's loans extended to the manufacturing industry amounted to RMB753.412 billion, representing an increase of 12.51% as compared with the end of the previous year, and accounting for 10.38% of the total loans and advances to customers, with the proportion up by 0.66 percentage point as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	31 December 2025				31 December 2024			
	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	2,929,737	42.42	24,523	0.84	2,590,409	39.56	26,132	1.01
Manufacturing	733,612	10.62	3,260	0.44	641,476	9.80	3,194	0.50
Transportation, storage and postal services	495,178	7.17	1,063	0.21	465,129	7.10	1,071	0.23
Production and supply of electric power, heat, gas and water	323,723	4.69	158	0.05	280,675	4.29	388	0.14
Property development	283,114	4.10	13,126	4.64	286,365	4.37	13,587	4.74
Wholesale and retail	277,000	4.01	1,815	0.66	223,739	3.42	2,431	1.09
Leasing and commercial services	236,936	3.43	173	0.07	181,427	2.77	731	0.40
Information transmission, software and IT service	162,886	2.36	447	0.27	122,375	1.87	374	0.31
Finance	110,648	1.60	674	0.61	112,367	1.72	87	0.08
Construction	108,775	1.57	1,363	1.25	106,744	1.63	1,340	1.26
Mining	66,897	0.97	94	0.14	50,494	0.77	550	1.09
Water conservancy, environment and public utilities	34,536	0.50	87	0.25	32,658	0.50	52	0.16
Others(2)	96,432	1.40	2,263	2.35	86,960	1.32	2,327	2.68
Discounted bills	322,117	4.66	–	–	379,392	5.80	–	–
Retail loans	3,654,670	52.92	39,457	1.08	3,577,919	54.64	34,985	0.98
Total loans and advances to customers	6,906,524	100.00	63,980	0.93	6,547,720	100.00	61,117	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 agriculture, forestry, animal husbandry, fishery, 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)	31 December 2025				31 December 2024			
	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]
Head Office[2]	969,599	13.36	18,085	1.87	982,386	14.26	18,137	1.85
Yangtze River Delta	1,650,475	22.74	14,337	0.87	1,544,721	22.42	13,717	0.89
Bohai Rim	1,095,207	15.09	5,260	0.48	998,754	14.50	5,918	0.59
Pearl River Delta and Western Taiwan Straits Economic Zone	1,360,047	18.74	12,994	0.96	1,256,355	18.24	9,413	0.75
North-eastern China	173,442	2.39	1,907	1.10	173,569	2.52	3,002	1.73
Central China	759,153	10.46	5,645	0.74	740,872	10.76	5,606	0.76
Western China	788,784	10.87	4,829	0.61	753,564	10.94	4,972	0.66
Overseas	96,836	1.33	923	0.95	81,575	1.18	352	0.43
Subsidiaries	364,515	5.02	4,226	1.16	356,519	5.18	4,493	1.26
Total loans and advances to customers	7,258,058	100.00	68,206	0.94	6,888,315	100.00	65,610	0.95

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.

In response to the national strategies of coordinated regional development and to support the construction of key economic zones, the Group proactively carried out research on regional credit policies, implemented differentiated regional operation strategies and accelerated development of its branches in key regions by aligning with the trend of the industrial cluster development, thereby continuously optimising its regional layout.

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

The Group

(in millions of RMB, except for percentages)	31 December 2025				31 December 2024			
	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[Note]	Loans and advances to customers	Percentage of the total loans (%)	Non-performing loans	Non-Performing loan ratio (%)[Note]
Credit loans	2,980,421	41.06	30,029	1.01	2,800,227	40.64	26,942	0.96
Guaranteed loans	1,007,233	13.88	14,665	1.46	872,494	12.67	17,154	1.97
Collateralised loans	2,462,399	33.93	20,264	0.82	2,381,108	34.57	17,987	0.76
Pledged loans	485,888	6.70	3,248	0.67	454,536	6.60	3,527	0.78
Discounted bills	322,117	4.43	–	–	379,950	5.52	–	–
Total loans and advances to customers	7,258,058	100.00	68,206	0.94	6,888,315	100.00	65,610	0.95

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 6.43%, 15.44%, 3.41% and 6.90% 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 31 December 2025	Percentage of net capital (under the Advanced Measurement Approach) (%)	Percentage of total loans (%)
A	Leasing and commercial services	27,399	1.99	0.38
B	Information transmission, software and IT services	24,999	1.82	0.34
C	Transportation, storage and postal services	24,727	1.80	0.34
D	Leasing and commercial services	20,000	1.45	0.28
E	Transportation, storage and postal services	19,063	1.39	0.26
F	Transportation, storage and postal services	12,312	0.90	0.17
G	Information transmission, software and IT services	12,148	0.88	0.17
H	Transportation, storage and postal services	11,406	0.83	0.16
I	Information transmission, software and IT services	10,915	0.79	0.15
J	Production and supply of electric power, heat, gas and water	10,262	0.75	0.14
Total		173,231	12.60	2.39

As at the end of the reporting period, the loan balance of the Group's largest single borrower amounted to RMB27.399 billion, representing 1.99% of the Group's net capital under the Advanced Measurement Approach. The loan balance of the Group's top ten single borrowers totalled RMB173.231 billion, representing 12.60% of the Group's net capital under the Advanced Measurement Approach, 12.90% of the Group's net capital under the Weighted Approach, and 2.39% of the Group's total loans, respectively.

3.4.7 Distribution of loans by overdue term

The Group

(in millions of RMB, except for percentages)	31 December 2025		31 December 2024	
	Loans and advances to customers	Percentage of the total loans (%)	Loans and advances to customers	Percentage of the total loans (%)
Overdue within 3 months	38,551	0.53	42,228	0.61
Overdue from 3 months up to 1 year	26,666	0.37	25,201	0.37
Overdue from 1 year up to 3 years	17,405	0.24	17,517	0.25
Overdue more than 3 years	8,024	0.11	6,929	0.10
Total overdue loans	90,646	1.25	91,875	1.33
Total loans and advances to customers	7,258,058	100.00	6,888,315	100.00

As at the end of the reporting period, overdue loans of the Group amounted to RMB90.646 billion, down by RMB1.229 billion from the end of the previous year and accounting for 1.25% of its total loans and advances, representing a decrease of 0.08 percentage point as compared with the end of the previous year. Of the overdue loans, collateralised and pledged loans accounted for 34.78%; guaranteed loans accounted for 14.89%; and credit loans accounted for 50.33% (the majority of which were overdue loans of credit cards). The Group adopted prudent asset classification criteria. 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 1.31, and the Company's ratio of non-performing loans to the loans overdue more than 60 days was 1.18.

3.4.8 Restructured loans

The Group

(in millions of RMB, except for percentages)	31 December 2025 Loan balance	31 December 2025 Percentage of total loans and advances (%)	31 December 2024 Loan balance	31 December 2024 Percentage of total loans and advances (%)
Restructured loans	**28,307**	**0.39**	24,826	0.36
Of which: restructured loans overdue more than 90 days	**8,165**	**0.11**	8,084	0.12

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 0.39%, up by 0.03 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 RMB458 million. After deducting the impairment allowances of RMB102 million, the net carrying value amounted to RMB356 million. The balance of repossessed financial instruments amounted to RMB5.079 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.

(in millions of RMB)	2025	2024
Balance as at the end of the previous year	**270,301**	269,534
Charge for the period	**42,582**	43,608
Recovery of loans written off	**10,851**	10,274
Write-offs/disposal for the period	**(56,067)**	(53,154)
Foreign exchange rate and other movements	**(445)**	39
Balance as at the end of the period	**267,222**	270,301

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 RMB267.222 billion, representing a decrease of RMB3.079 billion as compared with the end of the previous year. The allowance coverage ratio was 391.79%, representing a decrease of 20.19 percentage points as compared with the end of the previous year; and the allowance-to-loan ratio was 3.68%, representing a decrease of 0.24 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 22(c) to the financial statements.

3.5 Analysis of Capital Adequacy

3.5.1 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 14.16%, 16.51% and 18.24% respectively, representing a decrease of 0.70, 0.97 and 0.81 percentage point respectively, as compared with the end of the previous year. Despite steady growth in risk-weighted assets, the capital adequacy ratios at all tiers declined due to the decrease in interim dividends and other comprehensive income in 2025.

The Group

(in millions of RMB, except for percentages)	**31 December 2025**	31 December 2024	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach[(1)]			
Net common equity Tier 1 capital	**1,067,560**	1,023,048	4.35
Net Tier 1 capital	**1,245,017**	1,203,494	3.45
Net capital	**1,375,031**	1,311,742	4.82
Risk-weighted assets (without taking into consideration the capital floor requirements)	**7,540,202**	6,885,783	9.50
Of which: Credit risk-weighted assets	**6,524,376**	5,973,261	9.23
Market risk-weighted assets	**317,856**	196,760	61.55
Operational risk-weighted assets	**697,970**	715,762	-2.49
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,540,202**	6,885,783	9.50
Common equity Tier 1 capital adequacy ratio	**14.16%**	14.86%	Decreased by 0.70 percentage point
Tier 1 capital adequacy ratio	**16.51%**	17.48%	Decreased by 0.97 percentage point
Capital adequacy ratio	**18.24%**	19.05%	Decreased by 0.81 percentage point
Information on leverage ratio[(2)]			
Balance of adjusted on- and off-balance sheet assets	**15,555,866**	14,218,773	9.40
Leverage ratio	**8.00%**	8.46%	Decreased by 0.46 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 of Commercial Banks" (hereinafter referred to as 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 8.22%, 8.48% and 8.35% respectively as at the end of the third quarter of 2025, the end of the half year of 2025 and the end of the first 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 13.74%, 16.15% and 17.95% respectively, representing a decrease of 1.10, 1.38 and 1.22 percentage points respectively, as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	**31 December 2025**	31 December 2024	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Advanced Measurement Approach			
Net common equity Tier 1 capital	**934,780**	914,275	2.24
Net Tier 1 capital	**1,098,660**	1,080,144	1.71
Net capital	**1,220,932**	1,180,786	3.40
Risk-weighted assets (without taking into consideration the capital floor requirements)	**6,801,840**	6,160,977	10.40
Of which: Credit risk-weighted assets	**5,894,854**	5,321,453	10.78
Market risk-weighted assets	**262,932**	179,157	46.76
Operational risk-weighted assets	**644,054**	660,367	-2.47
Risk-weighted assets (taking into consideration the capital floor requirements)	**6,801,840**	6,160,977	10.40
Common equity Tier 1 capital adequacy ratio	**13.74%**	14.84%	Decreased by 1.10 percentage points
Tier 1 capital adequacy ratio	**16.15%**	17.53%	Decreased by 1.38 percentage points
Capital adequacy ratio	**17.95%**	19.17%	Decreased by 1.22 percentage points

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 11.92%, 13.90% and 15.00% respectively, representing a decrease of 0.51, 0.73 and 0.73 percentage point respectively as compared with the end of the previous year.

The Group

(in millions of RMB, except for percentages)	**31 December 2025**	31 December 2024	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach(Note)			
Net common equity Tier 1 capital	**1,067,560**	1,023,048	4.35
Net Tier 1 capital	**1,245,017**	1,203,494	3.45
Net capital	**1,343,023**	1,293,801	3.80
Risk-weighted assets	**8,954,305**	8,227,390	8.84
Common equity Tier 1 capital adequacy ratio	**11.92%**	12.43%	Decreased by 0.51 percentage point
Tier 1 capital adequacy ratio	**13.90%**	14.63%	Decreased by 0.73 percentage point
Capital adequacy ratio	**15.00%**	15.73%	Decreased by 0.73 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 11.38%, 13.37% and 14.47% respectively, representing a decrease of 0.81, 1.03 and 1.02 percentage point(s) respectively as compared with the end of the previous year.

The Company

(in millions of RMB, except for percentages)	31 December 2025	31 December 2024	Increase/decrease at the end of the current year as compared with the end of the previous year (%)
Capital adequacy ratios under the Weighted Approach			
Net common equity Tier 1 capital	**934,780**	914,275	2.24
Net Tier 1 capital	**1,098,660**	1,080,144	1.71
Net capital	**1,188,894**	1,162,413	2.28
Risk-weighted assets	**8,215,906**	7,503,260	9.50
Common equity Tier 1 capital adequacy ratio	**11.38%**	12.19%	Decreased by 0.81 percentage point
Tier 1 capital adequacy ratio	**13.37%**	14.40%	Decreased by 1.03 percentage points
Capital adequacy ratio	**14.47%**	15.49%	Decreased by 1.02 percentage points

3.5.2 Balance of credit risk exposures

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

(in millions of RMB)	Type of risk exposure	31 December 2025 The Company	31 December 2025 The Group
Portion covered by the IRB Approach	Financial institution	1,402,273	1,400,786
	Corporate	2,930,570	2,930,570
	Retail	4,901,922	4,901,922
	Of which: Residential mortgage loans	1,403,930	1,403,930
	Qualified revolving retail	2,681,780	2,681,780
	Other retail	816,212	816,212
Portion not covered by the IRB Approach	On-balance sheet	6,208,028	7,024,289
	Off-balance sheet	302,946	320,539
	Counterparty	35,875	39,488

3.5.3 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 RMB317.856 billion, and the market risk capital requirement was RMB25.429 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	2025		2024	
(in millions of RMB)	Profit before tax by business segments	Net operating income	Profit before tax by business segments	Net operating income
Retail finance	90,676	190,988	90,644	196,784
Wholesale finance	85,412	137,939	87,556	135,393
Other businesses	2,905	8,346	452	4,944
Total	178,993	337,273	178,652	337,121

During the reporting period, profit before tax of retail finance business of the Group amounted to RMB90.676 billion, up by 0.04% year-on-year, and accounting for 50.66% of the profit before tax of the Group, representing a year-on-year decrease of 0.08 percentage point; net operating income amounted to RMB190.988 billion, down by 2.95% year-on-year, and accounting for 56.63% of the net operating income of the Group, representing a year-on-year decrease of 1.74 percentage points. During the reporting period, the cost-to-income ratio of retail finance business of the Group was 33.40%, representing a year-on-year increase of 0.87 percentage point.

For the detailed figures of the Group's business and geographical segments, please refer to Note 56 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 RMB3,389.792 billion. For details of the contingent liabilities and commitments, please refer to Note 58 to the financial statements.

3.8 Implementation of Development Strategies

During the reporting period, the Group 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 Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative", and devoted full efforts to forging a high-quality development model driven by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)". As a result, the Group maintained a sound momentum with steady and improving operating performance.

3.8.1 Enhanced value creation

Centred on the value creation chain of "volume growth – revenue growth – profit growth – value growth", the Company was committed to creating greater overall value for customers, employees, shareholders, partners and society. **The Company continuously strove to become the best bank in customer service** by continuously improving service quality and efficiency to proactively support customers' fund security, financial health, and wealth preservation and growth. As a result, the Company earned recognition, trust and preference of an increasing number of customers. As of the end of the reporting period, the Company's retail customers reached 224 million in total, representing an increase of 6.67% as compared with the end of the previous year; and the number of the Company's corporate customers reached 3.6225 million in total, representing an increase of 14.40% as compared with the end of the previous year. **The Company continuously strove to become the best bank in employee development** by accelerating the development of a "professional, diverse, market-driven, and international" talent system, providing a platform for employees to grow and succeed, and sharing the fruits of development with them. With the total of over 120,000 employees, the Company has ranked among the Top 10 "Best Employers in China" for 15 consecutive years, and retained the top spot for the past two years. **The Company continuously strove to become the best bank in shareholders' return**, with ROAA and ROAE of 1.19% and 13.44% 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 continuously strove to become the most trusted bank by partners**, introducing 172 institutions with industry representativeness on its open platform of wealth management business, and continuously expanding its ecosystems of partners in extensive wealth management, investment banking, inter-bank business, and technology finance. **The Company continuously strove to become the most socially responsible bank**, actively fulfilling its mission of serving the real economy, vigorously supporting rural revitalisation with paired-up assistance provided to Wuding and Yongren counties in Yunnan Province for 26 consecutive years, and adhering to ESG concept with the highest "AAA" level in MSCI ESG rating for two consecutive years.

3.8.2 Remarkable achievements in international development

The Group actively served the "going global" needs of Chinese enterprises and the global wealth allocation needs of residents. The Group further improved its global institutional presence, leveraged its offshore financial license and service advantages of four types of non-resident accounts, upgraded its cross-border financial service system, strengthened the cultivation of international talents, and expanded and strengthened its overseas, cross-border and foreign exchange businesses. As a result, the Group's global competitiveness and influence continued to grow. **The contribution from overseas institutions increased steadily.** 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[6] at the end of the reporting period increased by 12.88% as compared with the end of the previous year, and the net operating income during the reporting period increased by 33.78% year-on-year. The Group's institutions in Hong Kong[7] seized opportunities to accelerate development. The total assets of the Group's institutions in Hong Kong at the end of the reporting period increased by 13.84% as compared with the end of the previous year, and the net operating income during the reporting period increased by 36.36% year-on-year. **The cross-border business developed rapidly**. The Company enhanced cross-border customer service and acquisition, digital intelligence upgrades of cross-border financial products, and global service capabilities. During the reporting period, the number of corporate customers in respect of international balance of payments of the Company exceeded 100,000, and the international balance of payments for corporate customers increased by 12.96% year-on-year. **The development of foreign exchange business accelerated**. The Company captured market opportunities and enriched products and strategies. During the reporting period, the number of wholesale customers involved in client flow tradings of financial market increased by 15.18% year-on-year, and the transaction volume of client flow tradings of wholesale customers of financial market increased by 20.20% year-on-year.

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

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

3.8.3 Continuous advancement of comprehensive operations

The Group adhered to the "One CMB" philosophy, fully leveraging the advantages of its diverse financial licenses covering commercial banking, fund management, insurances, wealth management, financial leasing, consumer finance, international investment banking, etc. to provide customers with comprehensive financial services. **The Group improved the comprehensive layout**. During the reporting period, the Group actively prepared for and successfully launched a financial asset investment company, further enhancing the service capabilities regarding integration of investment banking and commercial banking. **The Group promoted the high-quality development of all operational units.** The Group strengthened the overall management of its subsidiaries and joint ventures and enabled them to consolidate their foundations, enhancing their market competitiveness and brand influence. As of the end of the reporting period, the balance of wealth management products of CMB Wealth Management was RMB2.64 trillion. The leasing business of CMB Financial Leasing during the reporting period was RMB108.389 billion. As of the end of the reporting period, the scale of non-money-market mutual funds of China Merchants Fund was RMB589.103 billion, the balance of loans of Merchants Union Consumer Finance was RMB171.608 billion, and the scale of insurance funds under entrusted management of CIGNA & CMAM was RMB233.313 billion. CIGNA & CMB Life Insurance continued to accelerate the transformation of the health business, with its market share of high-end group medical insurance ranking among the top in the industry. The number of Hong Kong IPO underwritten and sponsored by CMB International Capital during the reporting period ranked the second and fourth respectively in the Hong Kong market[8]. As of the end of the reporting period, the balance of total assets under management (AUM) from retail customers of CMB Wing Lung Bank was HKD653.793 billion, up by 22.14% as compared with the end of the previous year. **The Group enhanced coordination and synergy.** Adhering to a customer-centric approach, the Group refined its synergy mechanisms among the Head Office and branches, parent company and subsidiaries, and across branches, to provide customers with comprehensive and full-cycle services. As of the end of the reporting period, the total assets of major subsidiaries[9] reached RMB952.839 billion, up by 11.43% as compared with the end of the previous year, and the total operating income of major subsidiaries accounted for 12.26% of the total operating income of the Group during the reporting period, up by 1.96 percentage points year-on-year.

3.8.4 Continuous strengthening of differentiated advantages

During the reporting period, the Group adhered to its differentiated development positioning, continuously consolidated the dominant position of retail finance, and promoted the balanced and coordinated development of four major business segments, namely "retail finance, corporate finance, investment banking and financial markets, wealth management and asset management". These segments mutually supported and reinforced one another. The Group strengthened and excelled in capital-heavy businesses while optimising and expanding capital-light businesses. The Group built its strengths in specialised segments and promoted featured services and strengths of CMB in key regions, leading high-quality development to a new level.

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, strengthened customer management, and continuously promoted the digital and intelligent transformation of customer services. As of the end of the reporting period, the Company's balance of total assets under management (AUM) from retail customers amounted to RMB17.08 trillion, representing an increase of 14.44% as compared with the end of the previous year; the balance of deposits from retail customers amounted to RMB4,265.528 billion, representing an increase of 11.49% as compared with the end of the previous year; and the balance of retail loans amounted to RMB3,654.670 billion, representing an increase of 2.15% as compared with the end of the previous year. Retail finance business contributed more than 50% to both the net operating income and profit of the Company. During the reporting period, the fee and commission income from retail wealth management business grew by 17.85% year-on-year. Due to continued improvement of the debit and credit card integrated customer acquisition and operating efficiency, 68.37% of our credit card customers held both our debit cards and credit cards as of the end of the reporting period, up by 1.12 percentage points as compared with the end of the previous year.

8 According to the statistics of Bloomberg and Wind.

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

The competitiveness of the Company's corporate finance sector continued to grow. Focusing on key areas such as technology finance, green finance, inclusive finance, retirement finance, digital finance, cross-border finance, intelligent manufacturing finance, and government finance, the Company built systematic, distinctive, specialised, digital-intelligent, and brand-oriented competitive advantages. As of the end of the reporting period, the balance of deposits from corporate customers amounted to RMB5,195.362 billion, representing an increase of 4.90% as compared with the end of the previous year; and the balance of loans to corporate customers amounted to RMB2,929.737 billion, representing an increase of 13.10% as compared with the end of the previous year. Among them, the growth rate of loans in key areas such as technology finance, green finance, inclusive finance and manufacturing industry was significantly higher than the average growth rate of the loans extended by the Company. As of the end of the reporting period, the balance of technology loans amounted to RMB1,036.854 billion[10], representing an increase of 8.06% as compared with the beginning of the year; the balance of green loans amounted to RMB609.413 billion[11], representing an increase of 21.01% as compared with the beginning of the year; the balance of loans granted to inclusive small- and micro-sized enterprises amounted to RMB962.139 billion, representing an increase of 8.39% as compared with the end of the previous year; and the balance of loans extended to the manufacturing industry amounted to RMB733.612 billion, representing an increase of 14.36% as compared with the end of the previous year.

The specialised advantages 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 full-service system. 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 10.38% as compared with the beginning of the year; and the M&A financing business volume achieved a year-on-year increase of 22.58%, of which the amount of RMB M&A loans increased by 111.41% 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 88,823, representing a year-on-year increase of 15.18%. With the accelerated improvement of the integrated operation capability of bill business, as of the end of the reporting period, the scale of direct bill discounting business ranked the second in the market (data from the China Banking Association).

The Company's wealth management and asset management sector continued to expand and strengthen. Focusing on the wealth preservation and appreciation needs of residents and enterprises, the Company deepened synergies and collaboration, simultaneously advancing the accelerated development of wealth management, asset management and asset custody in a mutually reinforcing and virtuous cycle. As of the end of the reporting period, the number of retail customers holding wealth management products distributed by the Company reached 64.1225 million, representing an increase of 10.15% as compared with the end of the previous year. The number of customers who conducted asset allocation under the "CMB TREE Asset Allocation Service System" reached 11.7568 million, representing an increase of 13.31% as compared with the end of the previous year. During the reporting period, the average daily balance of corporate wealth management products reached RMB524.940 billion, representing an increase of 31.28% year-on-year. As of the end of the reporting period, the total asset management business amounted to RMB4.71 trillion[12], representing an increase of 5.13% as compared with the end of the previous year. As of the end of the reporting period, the scale of custody of the Company reached RMB26.09 trillion, representing an increase of 14.13% as compared with the end of the previous year. The total scale of custody of the Company ranked among the top in the industry.

10 Starting from the 2025 annual report, technology loans are calculated based on the statistical calibre of the People's Bank of China, including loans to sci-tech enterprises and loans to technology-related industries.

11 Green loans refer to loans extended by the Company to corporate or institutional legal persons, or other organisations or individuals eligible as borrowers under applicable national regulations, for purposes aligned with the *Green Finance Endorsed Project Catalogue (2025 Edition)*.

12 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.

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, continuously optimised resource allocation, strengthened empowerment and support, and accelerated the promotion of the development of the branches located in key regions, including the Yangtze River Delta, the Pearl River Delta, Chengdu-Chongqing Region, the Western Taiwan Straits Economic Zone and other regions. As of the end of the reporting period, the growth rates of 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. As of the end of the reporting period, the share of total assets under management (AUM) from retail customers of the Company's 16 branches in key regions in the total of all domestic branches increased by 0.79 percentage point as compared with the end of the previous year. During the reporting period, the share of average daily balance of core deposits[13] from the 16 branches in key regions in the total of all domestic branches increased by 0.38 percentage point year-on-year. The share of corporate loan balance from the 16 branches in key regions in the total of all domestic branches increased by 0.12 percentage point as compared with the end of the previous year.

3.8.5 Practising "AI First" philosophy and accelerating the digital and 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. By leveraging technology, the Company accelerated the building of a "Digital & Intelligent CMB" following the direction of "online, data-based, intelligent, platform-based and ecological operation". Implementing the "AI+" initiative, the Company proposed the "AI First" philosophy and steadfastly executed the principles of AI "priority", "leadership", and "pioneering", fully embracing the new generation of AI revolution represented by large model, and striving to excel in digital finance. During the reporting period, the Company's information technology input amounted to RMB12.901 billion, representing 4.31% of the Company's net operating income. The Company attached great importance to the construction of a talent pool with digital and intelligent expertise. As of the end of the reporting period, the number of R&D personnel of the Group reached 11,051, accounting for 9.09% 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 digital and intelligent capabilities. During the reporting period, 684 new Fintech innovation projects were launched, and 545 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 5,094 and 4,338, respectively.

In terms of retail business, the Company comprehensively promoted the construction and application of digital and intelligent retail sector, improved intelligent service experience for customers and built a new retail paradigm driven by digital intelligence. Regarding channel development, as of the end of the reporting period, the monthly active users (MAU) of the CMB APP and the CMB Life APP totalled 129 million. Furthermore, the Company enriched the functionalities of the CMB APP, continuously optimised the account services development and provided a series of TREE asset allocation tools, such as fund review, strengthening its personalised service capabilities for customer. **Regarding customer service,** the Company upgraded the "Xiao Zhao (小招)" intelligent services to enhance the intelligent interaction experience, expanding from the wealth management scenario to full-scenario services covering deposit, loan, and remittance; launched the "Xiao Zhao Voice Control (小招語控)" function, supporting operations such as information inquiry and transaction processing and other operations via voice; and strengthened its visual asset allocation service capabilities, continuously improving customer service quality and efficiency. **Regarding product optimisation,** the Company impelled the digital and intelligent transformation of retail credit, enriched integration with external data sources, expanded risk identification dimensions, and continuously refined risk models and intelligent approval processes, delivering a more convenient credit product experience for users.

13 The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

In terms of wholesale business, the Company accelerated the enhancement of its digital and intelligent capabilities in corporate finance, promoted the digital and intelligent upgrading of its business model and continued to deepen the development of its corporate customer service system. Regarding channel development, as of the end of the reporting period, the number of monthly active customers of wholesale online channels reached 2.2085 million, representing a year-on-year increase of 13.29%. **Regarding customer service,** the Company developed an intelligent wealth manager for financial institution customers called "Zhaoyingtong AI Xiao Zhao (招贏通 AI 小招)". This solution is designated to help customers complete various high-frequency operations through natural language interactions and the one-time transaction success rate reached 99.40%. The AI-assisted account opening feature improved the efficiency of account opening on the "Zhao Ying Tong (招贏通)" platform by 35 percentage points. **Regarding product optimisation,** the Company enhanced the efficiency of online business processing through the digital and intelligent upgrading of its products, with 97.72% of financing business conducted online and 86.62% of foreign exchange business conducted online, representing an increase of 3.91 and 9.21 percentage points respectively, as compared with the end of the previous year. To empower industrial digital upgrading, the Company supported the corporate demand for upgrading treasury management through the Treasury Management Cloud (財資管理雲) to assist various corporate clients in improving their efficiency in allocating financial resources. As of the end of the reporting period, Treasury Management Cloud (財資管理雲) served 799,300 customers, representing an increase of 29.93% as compared with the end of the previous year.

In terms of risk management, focusing on "high-frequency, critical and advantageous" scenarios, the Company accelerated the digital and intelligent transformation of risk management and reinforced its "fortress-style" risk management system. The Group Risk-management System (GRS) was comprehensively upgraded, establishing eight core modules covering Customer Management, Risk Information, Assessment & Evaluation, Risk Process, Risk Control, Risk Early Warning, Credit Operation, and Analysis & Monitoring with the objective of achieving leading performance, user convenience and operational effectiveness, which provided a robust system support for building a new risk management model driven by digital intelligence. During the reporting period, the corporate loans newly granted through the online risk control platform amounted to RMB579.790 billion, representing a year-on-year increase of 44.03%.

In terms of operation management, the Company deepened the application of AI and large model technology across its front, middle and back offices to enhance the level of automated processing and intelligent decision-making. For the retail line, the Company continuously strove to develop a series of retail "Assistant (小助)", covering key positions and core business scenarios, continuously optimised the interaction between intelligent applications and internal users, continuously empowering relationship managers and middle-office teams in scenarios such as customer management, business analysis and wealth investment research. For the wholesale line, the Company created "CRM Assistant (CRM 小助)" to help corporate relationship managers improve the quality and efficiency of customer service. For the risk line, the Company created "Risk Assistant (風險小助)" and embedded it into operational workflows to achieve intelligence-driven risk management. For the operation line, the Company created "Ying Xiao Zhu (營小助)", and enabled scenario applications including digital assistant, operational knowledge Q&A, intelligent business review, intelligent service training simulation, and intelligent analysis of risk events. As at the end of the reporting period, the user coverage rates for corporate relationship managers, credit personnel, and operating staff using their respective Assistants reached 80.13%, 80.32% and 100%, respectively. In the asset and liability management area, the Company created "Smart Capital GPT (智本 GPT)", an intelligent agent, advancing the interaction paradigm from "knowledge Q&A" towards "intelligent assistant" and enhancing the effectiveness of capital data governance and refined management. The "Smart Price (智價)" empowered pricing management scenarios, comprehensively improving pricing execution efficiency and decision support capabilities. In the finance and accounting area, the large model technology improved the quality and efficiency of financial reimbursement. During the reporting period, 1,408,500 paperless reimbursement claims were processed, with a year-on-year increase of 23.76%. The proportion of paperless financial reimbursements increased to 89.62%, up by 7.73 percentage points compared with the end of the previous year.

In terms of technological infrastructure, the Company improved the digital and intelligent foundation of "cloud + AI + middle platform", developed leading large model technical capabilities, and comprehensively promoted the implementation of large model applications. Cloud platform was continuously upgraded with the resource utilisation and availability of the CMB Cloud steadily improving. During the reporting period, the overall availability of cloud exceeded 99.999%. **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 at the end of the reporting period, a total of 6,445 application components were launched. 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. As at the end of the reporting period, big data services covered over 76% of the Bank's business personnel. **AI development and application were comprehensively promoted**, with synergised efforts in the areas of technical system, scenario application and ecosystem construction. **In terms of the technical system**, the Company built an industry-leading intelligent computing infrastructure. During the reporting period, average daily Tokens throughput has increased by 10.1 times as compared to 2024, with 183 specialised and refined domain models implemented. **In terms of scenario applications**, as at the end of the reporting period, 856 were deployed across retail finance, wholesale finance, risk control, operation, office and other areas, effectively enhancing business processing efficiency and service quality. During the reporting period, working efficiency improvement resulted in saving 15.56 million working hours. In the research and development area, the Company deepened the application of "Encoding Assistant (編碼小助)", a large-model-assisted encoding product, evolving from Copilot model towards Agent model[14]. This achieved coverage of over 97% of research and development personnel, effectively improving encoding efficiency. **In terms of ecosystem construction**, the Company conducted AI capability certification for employees across various roles internally, providing AI mindset and skill training to all employees. Externally, the Company actively participated in building a collaborative large model technology ecosystem. In 2025, the Company officially became a Maintainer of two mainstream open-source projects, making it the only banking institution in China to achieve this qualification.

3.8.6 Consolidating fortress-style comprehensive risk and compliance management system

During the reporting period, the Company adhered to the principle of "risk-based approach and compliance first" and coordinated development and security, continuously consolidating its fortress-style risk and compliance management system. The Company persistently worked to prevent and mitigate risks in key areas, actively responding to risk challenges in real estate, local government hidden debt, retail loans and off-balance sheet operations. The forward-looking risk screening was enhanced, with risk control strategies dynamically adjusted. The Company continuously enhanced its comprehensive risk management capabilities, improved risk management across its domestic and overseas branches and subsidiaries, refined unified credit management, and strengthened product risk management to ensure all risks remain stable and controllable. Credit and investment policies, authorisation policies and approval processes were optimised and adjusted to improve the quality and efficiency of asset origination. Digital and intelligent risk control capabilities were enhanced through continuous iterative optimisation of rating models, data marts and credit systems. The Company strengthened the recovery and collection of non-performing assets, so as to achieve high-quality risk resolution and disposal. As at the end of the reporting period, the non-performing loan ratio of the Company was 0.93%, unchanged compared with the end of the previous year. Compliance management was comprehensively reinforced through the in-depth implementation of the "Compliance Performance Year" activity, strengthening anti-money laundering and sanctioning risk management, to enforce the development of compliance culture.

14 Copilot is centred on "completion" – it completes code blocks based on the user's current input. Agent, by contrast, is centred on "agency" – it independently decomposes complex tasks into multiple sub-steps and executes them to achieve the goals set by the user.

3.8.7 Continuous improvement in management capabilities

During the reporting period, the Company made efforts to build a standardised, refined, empowering, systematic and scientific management system, and continuously consolidated its management foundation, so as to safeguard the high-quality development through enhanced management. **The Company strengthened asset-liability management,** improved asset allocation capabilities, pursued a balanced approach to asset business in terms of volume, pricing and quality, and consolidated its low-cost advantage in liabilities, achieving an industry-leading net interest margin. **The Company strengthened cost management,** adhered to the principle of retaining necessary expenses and reducing those with lower priority, and pressed on with the long-term mechanism of cost reduction and efficiency enhancement, thereby improving input-output effectiveness. **The Company strengthened team management**, optimised organisational structure following the strategic direction, actively embraced AI technology innovation, strengthened the segmentation and classification-based training and development, upgraded the talent exchange system, and continuously deepened the development of a "professional, diverse, market-driven, and international" talent system. **The Company strengthened operation management**, upgraded the intelligent operation model driven by digital intelligence, and continuously improved operational service quality and efficiency and customer experience. **The Company strengthened consumer rights protection,** promoted the systematic upgrading of the consumer rights protection system through coordinated optimisation of organisational structures, system development and assessment mechanisms, and deeply integrated it into operation management. 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 1.87%, representing a decrease of 11 basis points year-on-year; and the Company's net interest margin was 1.92%, representing a decrease of 12 basis points year-on-year. In the fourth quarter of 2025, the net interest margin of the Group and the Company were 1.86% and 1.91% respectively, representing increases of 3 and 2 basis points, respectively, as compared with the third quarter of 2025. The primary reasons for the year-on-year decrease in net interest margin were as follows. On the asset side, firstly, due to the decreased interest rate for existing residential mortgage loans in the previous year, the downturn of the LPR (Loan Prime Rate) and the insufficient effective credit demand, the pricing of newly granted loans had continued to decline, and average loan yields had been going down; secondly, market interest rates had been on a sustained downward trend, leading to a continuous decline in yields of market-oriented assets such as bond investments, interbank lending and bill discounting. On the liability side, the growth of low-cost demand deposits was under pressure and the trend of shifting towards time deposits showed no clear turning point, which to certain extent mitigated the effects of market deposit rate decline and the cost ratio of liabilities remained relatively rigid. In order to maintain a relatively stable net interest margin, the Group further strengthened the management of its asset and liability portfolio, leading to a stabilisation and rebound in net interest margin on a quarter-on-quarter basis in the fourth quarter. On the asset side, the Group persisted in increasing effective asset origination, strengthened the portfolio management of asset, and maintained strict pricing management, resulting in a narrowing of the quarter-on-quarter decline in asset yields. On the liability side, the Group focused on driving growth in low-cost core deposits, moderately reduced high-cost liabilities, resulting in a quarter-on-quarter increase in the proportion of demand deposits in the fourth quarter. By flexibly arranging the acquisition of market-oriented funds and continuously optimising the portfolio allocation of liability, the Group further promoted a steady decline in cost of liabilities.

With the current interest rate on various assets at a low level and the pending recovery of effective financing demand, the banking industry still faces net interest margin downward pressure. Looking ahead to 2026, the Group's net interest margin is expected to continue to be under a certain degree of pressure, while there are also some favourable factors. In terms of pressure, on the asset side, it will still take time for the existing policy factors such as the decline in the LPR to be worked through. Furthermore, as the moderately loose monetary policy will continue to be implemented for 2026, there remains scope for interest rate cuts and reductions in the reserve requirement ratio. The effective asset placement will continue to be under pressure, and asset yields are expected to continue the downward trend. On the liability side, the scope for further reductions in the cost of deposits is limited, and the pressure to control the cost of liabilities still exists. In terms of favourable factors, firstly, the fiscal policy has become more vigorous and proactive, and the domestic economy continues to accentuate its upturn, which will create a stable operating environment for the banking industry; secondly, in response to regulatory requirements of "curbing irrational competition", practices such as the excessive price competition in loan pricing are being progressively rectified, suggesting the decline in asset pricing may moderate.

The Group will 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, firstly, the Group will focus on the development of key business, strengthen its capacity to organise high-quality assets, continuously optimise its loan structure, and enhance the coordinated management of asset such as letters of credit, bill financing, interbank lending and bond investment; secondly, the Group will strengthen its refined pricing management, strictly implement regulatory requirements of "curbing irrational competition", and enhance its risk-based pricing capabilities. On the liability side, firstly, the Group will strengthen the coordinated management of liabilities, continuously reinforce its customer base, enhance the ability to attract low-cost funds, and optimise its deposit structure; secondly, the Group will enhance diversified management of liabilities, increase efforts to attract low-cost interbank deposits, proactively arrange the acquisition of various liabilities in a flexible and forward-looking manner, and manage its liability portfolio effectively.

3.9.2 Net non-interest income

During the reporting period, faced with challenges such as insufficient effective demand and increased fluctuations in the bond market, the Group implemented requirements for high-quality development, focused on customer needs, upgraded customer services, and continuously improved the quality and efficiency of intermediary business services. In light of the impact of short-term adverse factors, the Group actively built differentiated competitiveness in an effort to explore growth points in segmented areas. During the reporting period, the Group realised net non-interest income of RMB121.680 billion, representing a decrease of 3.31% year-on-year, accounting for 36.08% of net operating income and representing a decrease of 1.25 percentage points year-on-year. Among the Group's net non-interest income, net fee and commission income was RMB75.258 billion, representing an increase of 4.39% year-on-year, accounting for 61.85% of the net non-interest income; and other net non-interest income was RMB46.422 billion, representing a decrease of 13.63% year-on-year. During the reporting period, the Group's income contributed by extensive wealth management was RMB44.013 billion[15], representing an increase of 16.91% 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 RMB26.711 billion, representing a year-on-year increase of 21.39%. Among them, income from agency distribution of wealth management products was RMB9.347 billion, representing a year-on-year increase of 18.98%, 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 RMB5.846 billion, representing a year-on-year increase of 40.36%, 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 RMB5.823 billion, representing a year-on-year decrease of 9.37%, which was mainly due to changes in business structure. Income from agency distribution of trust schemes amounted to RMB3.518 billion, representing a year-on-year increase of 65.55%, which was mainly due to the increase in the volume of agency distribution of trust schemes. Income from securities brokerage was RMB1.801 billion, representing a year-on-year increase of 62.55%, 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 RMB11.927 billion, representing a year-on-year increase of 10.94%, which was mainly due to the growth in the scale of asset management businesses of subsidiaries. **Commission income from custody business** was RMB5.375 billion, representing a year-on-year increase of 9.90%, mainly due to the increase of the scale of custody and improved quality and efficiency. **Income from bank card fees amounted** to RMB13.643 billion, representing a year-on-year decrease of 18.60%, and **income from settlement and clearing fees amounted** to RMB15.465 billion, representing a year-on-year decrease of 0.26%, both mainly due to insufficient consumer demand and the decline in income of credit cards.

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

Looking forward to 2026, the Group will continue to promote the high-quality development of net non-interest income. Firstly, the Group will continue to leverage the advantages of its systematic retail finance sector, capitalise on opportunities arising from changes in residents' wealth allocation needs and the rebound of 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 operations 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, enhance investment research capabilities for global assets, and increase the contribution of asset management business income to its overall revenue.

3.9.3 Risk management and control in the real estate sector

During the reporting period, closely in line with the national policy guidance and regulatory requirements, under the premise of controllable risks, and in light of the differentiated characteristics of the real estate market, the Company explored regional structural business opportunities, enhanced the allocation of credit resources towards high-quality urban agglomerations and selected optimal projects for business development. Meanwhile, the Company continued to promote the urban real estate financing coordination mechanism, expanding the scope of the "whitelist" and increasing its effect, and adhered to a project-centric policy orientation, so as to meet the reasonable financing needs of real estate projects, actively support the construction of a new model for real estate development, and contribute to the high-quality development of the real estate sector.

As at 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 RMB353.970 billion, representing a decrease of 5.38% 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 RMB178.312 billion, representing a decrease of 20.01% as compared with the end of the previous year. As at the end of the reporting period, the Company's balance of loans granted to the property development industry was RMB283.114 billion, representing a decrease of RMB3.251 billion as compared with the end of the previous year, accounting for 4.10% of the Company's total loans and advances to customers, representing a decrease of 0.27 percentage point as compared with the end of the previous year, among which, over 85% of loan balances for property development were in the urban areas of first-tier and second-tier cities and the regional structure remained sound. As at the end of the reporting period, the Company's non-performing loan ratio of the property development industry was 4.64%, representing a decrease of 0.10 percentage point as compared with the end of the previous year.

Going forward, the Company will continue to closely follow the national policy direction and changes in market situation, focus on specific regions and high-quality projects, continue to implement the urban real estate financing coordination mechanism and supporting measures, increase its support for "whitelist" projects adhering to market-oriented and law-based principles, so as to help stabilise the real estate market and promote its high-quality development. At the same time, the Company will continue to reasonably differentiate between the risks of project subsidiaries and those of the holding companies of the groups, return to the origins of the projects, continuously strengthen centralised risk management and post-investment and post-loan management, and strictly enforce the requirements for the closed management of real estate loans, so as to effectively prevent and control project risks. For companies experiencing temporary risk exposures, the Company will proactively take measures on risk resolution, so as to ensure the overall asset quality of its real estate loans remains within a controllable range.

3.9.4 Deposits from customers

As at the end of the reporting period, the balance of customer deposits of the Group amounted to RMB9,836.130 billion, representing an increase of 8.13% as compared with the end of the previous year. The main reasons for the growth in customer deposits were, firstly, the steady improvement in production and operation of enterprises and an accumulation of idle funds thanks to the recovery and positive momentum of the economy and moderately upbeat corporate expectations; secondly, the steady growth of saving deposits driven by some residents' high savings demands due to relative prudence in their investment appetite affected by volatility in the capital market; and thirdly, in the face of complex external environment, the Group continued to promote effective growth in deposits by taking various measures such as strengthening customer base expansion and relationship management, improving comprehensive service level, and reinforcing deposit classification management. During the reporting period, the Company's average daily balance of core deposits[16] was RMB7,744.268 billion, representing an increase of 9.69% year-on-year; it accounted for 87.41% of the Company's average daily balance of customer deposits, representing an increase of 1.17 percentage points year-on-year. The Company's average daily balance of demand deposits was RMB4,421.409 billion, representing an increase of 5.82% year-on-year; it accounted for 49.90% of the Company's average daily balance of customer deposits, representing a decrease of 1.13 percentage points year-on-year, mainly due to the trend of shifting towards time deposits in the whole market, which resulted in depressed growth of demand deposits.

Looking forward to 2026, customer deposit services is expected to face both opportunities and challenges at the same time. In terms of opportunities, more proactive fiscal policy and moderately loose monetary policy will continue to take effect, fuelling stable and positive growth of the economy. The external environment for the growth of deposits among commercial banks is expected to experience marginal improvement, and the trend of shifting towards time deposits may show some signs of stabilisation. In terms of challenges, due to intensified market competition, it is expected that the Group will continue to face pressures in both scale growth and cost control. In order to maintain the high-quality growth of deposits, the Group will take the following measures. Firstly, the Group will return to the origin of customers acquisition, strengthen the segmentation and classification-based customer management, and consolidate the foundation for deposit growth through customer base expansion. Secondly, the Group will continue to optimise the structure of deposit growth, and strengthen the management of high-cost liabilities to maintain the advantages in the proportion of demand deposits and the deposit cost ratio. Thirdly, the Group will continue to refine the customer service system, strengthen product portfolio allocation, deepen operations in payment, settlement, and wealth management scenarios to attract steady low-cost deposits.

3.9.5 Assets allocation

The Group continued to enhance its asset allocation capabilities, strengthened the balance of multiple objectives, and continuously improved the quality and efficiency of its services for the real economy. Furthermore, the Group increased its efforts in the granting of credit assets, dynamically adjusted the allocation of bond and interbank assets in response to allocation needs and market conditions, and promoted the steady operation of various assets. As at the end of the reporting period, the Group's total loans and advances to customers amounted to RMB7,258.058 billion, representing an increase of 5.37% as compared with the end of the previous year, accounting for 55.53% of the total assets, representing a decrease of 1.15 percentage points as compared with the end of the previous year. Among them, retail loans were RMB3,720.191 billion, representing an increase of 2.07% as compared with the end of the previous year, accounting for 51.26% of the loans and advances to customers of the Group, representing a decrease of 1.65 percentage points as compared with the end of the previous year. The Group continued to improve its service for retail customers and maintained its efforts in the origination of retail loans with steady growth in residential mortgage loans, micro-finance loans and consumer loans and a slight decline in credit card loans due to market conditions. Corporate loans amounted to RMB3,215.750 billion, representing an increase of 12.29% as compared with the end of the previous year, accounting for 44.31% of the loans and advances to customers of the Group, representing an increase of 2.74 percentage points as compared with the end of the previous year. The Group continued to strengthen its asset origination capabilities and actively met the financing needs of the real economy with steady growth in corporate loans. As at the end of the reporting period, the Group's financial investments amounted to RMB4,100.610 billion, representing an increase of 12.58% as compared with the end of the previous year, accounting for 31.37% of the total assets of the Group, representing an increase of 1.40 percentage points as compared with the end of the previous year.

16 The core deposits represent the internal management indicator for the Company's deposits, excluding large-denomination certificates of deposit, structured deposits and other relatively high-cost deposits.

Looking ahead to 2026, the Group will further improve its comprehensive customer service and promote both quantitative growth and qualitative improvement in credit assets. In terms of retail loans, the Group will actively implement various policies aimed at stimulating consumption. While maintaining risk prudence, the Group will maintain its efforts in the granting of consumer loans, closely monitor market conditions, and promote steady growth in residential mortgage loans and micro-finance loans. In terms of corporate loans, the Company will continue to enhance high-quality asset origination capabilities, continuously optimise the structure of credit customer base, increase its efforts of loan extension in key areas serving the real economy, and promote accelerated growth in corporate loans by adapting to changes in the composition of financing entities in the market. In terms of bond investment and interbank asset allocation, the Group will closely track changes in market conditions, optimise asset allocation structure across the Bank and improve the overall return on fund utilisation.

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 RMB69.164 billion, representing a year-on-year increase of RMB2.460 billion; the formation ratio of non-performing loans was 1.03%, representing a year-on-year decrease of 0.02 percentage point. Among them, the amount of newly formed non-performing corporate loans was RMB7.234 billion, representing a year-on-year decrease of RMB3.988 billion. The amount of newly formed non-performing retail loans (excluding credit card loans) was RMB22.629 billion, representing a year-on-year increase of RMB6.522 billion. The amount of newly formed non-performing credit card loans was RMB39.301 billion, representing a year-on-year decrease of RMB74 million.

The Company continued to consolidate the basis for implementation of the expected credit loss method, always adhered to value customer selection, optimised the asset portfolio allocation, and ensured adequate risk compensation in key areas. As at the end of the reporting period, the balance of the Company's allowances for impairment losses on loans was RMB255.670 billion, representing a decrease of RMB4.215 billion as compared with the end of the previous year. The allowance coverage ratio was 399.61%, representing a decrease of 25.62 percentage points as compared with the end of the previous year. The allowance-to-loan ratio was 3.70%, representing a decrease of 0.27 percentage point as compared with the end of the previous year. During the reporting period, the credit cost ratio was 0.58%, representing a year-on-year decrease of 0.05 percentage point.

During the reporting period, the Company played an active role in the disposal 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 RMB66.188 billion, of which RMB22.613 billion was written off, RMB34.232 billion was securitised, RMB7.503 billion was recovered by cash collection, and RMB1.840 billion was disposed of by other means such as repossession, transfer, restructuring, upward migration and remission.

In 2026, the Company will continuously and closely track changes in the macro situation, optimise its business development and risk control strategies, strengthen efforts to prevent and resolve risks in key areas, implement strict asset classification, make adequate allowances, strengthen the management of special-mentioned and overdue loans, and actively use various means to increase efforts for the disposal of non-performing assets, so as to maintain the overall stability of asset quality.

3.9.7 Asset quality in key areas

During the reporting period, the Company continued to strengthen risk control over residential mortgage loans, consumer credit business, micro-finance loans and other key areas, and the asset quality was generally within controllable range. In 2026, the Company will actively respond to the changes in the external macro-economic situation and will effectively manage and mitigate risks in key areas. 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.

	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

	31 December 2024						
(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	2,590,409	26,132	1.01	18,562	0.72	24,375	0.94
Discounted bills	379,392	–	–	42	0.01	–	–
Retail loans	3,577,919	34,985	0.98	63,891	1.79	62,291	1.74
Micro-finance loans	823,893	6,538	0.79	4,038	0.49	8,016	0.97
Residential mortgage loans	1,403,755	6,761	0.48	17,933	1.28	11,383	0.81
Consumer credit business	1,343,870	20,673	1.54	41,875	3.12	41,855	3.11
Credit card loans	947,709	16,557	1.75	39,564	4.17	36,663	3.87
Consumer loans	396,161	4,116	1.04	2,311	0.58	5,192	1.31
Others(Note)	6,401	1,013	15.83	45	0.70	1,037	16.20
Total loans and advances to customers	6,547,720	61,117	0.93	82,495	1.26	86,666	1.32

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, adhered to the implementation of city-specific policy, actively responded to the new situation where the supply-demand relationship in the real estate market changed significantly, and supported 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 91.14% 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 88.02% of the closing balance of the Company's residential mortgage loans.

As at the end of the reporting period, the non-performing loan ratio of the Company's residential mortgage loans was 0.51%, representing an increase of 0.03 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 1.57%, representing an increase of 0.29 percentage point as compared with the end of the previous year; and the overdue loan ratio was 0.87%, representing an increase of 0.06 percentage point as compared with the end of the previous year. The Company had always been regularly monitoring and revaluating the value of the existing collaterals so that adjustments to their values have been timely made. As at the end of the reporting period, the weighted average loan-to-value ratio of the Company's residential mortgage loans was 40.59%, representing an increase of 3.44 percentage points as compared with the end of the previous year, and the collaterals were sufficient and stable. The overall risk of residential mortgage loans was controllable.

The Company adhered to selecting high-quality customer groups in terms of its residential mortgage loan business, offered priority support to customers who are first-time homebuyers and home upgraders for their reasonable needs and accelerated the expansion of second-hand home mortgage business, so as to ensure the healthy development of the residential mortgage loan business from the origin. In particular, the Company implemented a synergistic risk prevention approach combining "human oversight" with "automated controls" to enhance monitoring of risk concentration. This accelerated the establishment of a proactive risk management framework. In the future, against the backdrop that the government will support the smooth development of the real estate market, the Company will strive to maintain a relatively outstanding level of quality of residential mortgage loan assets.

Risk control over consumer credit business

The Company conducted consumer credit business for the upgraded consumption scenarios and the comprehensive consumption scenarios of individuals or households encouraged by national policies. The Company insisted on focusing on the acquisition of high-quality customers, strengthening differentiated operations across customer segments and regions, and constructing an asset structure with an improved risk-return ratio. This enabled the steady development of the consumer credit business, satisfying the reasonable consumer financing needs of customers. Thanks to the application of various risk management strategies of the Company, the consumer credit business maintained stable growth while the risk was generally controllable.

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 RMB20.719 billion, representing an increase of RMB46 million as compared with the end of the previous year; the non-performing loan ratio was 1.52%, representing a decrease of 0.02 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 3.50%, representing an increase of 0.38 percentage point as compared with the end of the previous year; and the overdue loan ratio was 2.69%, representing a decrease of 0.42 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. On the one hand, the Company will adhere to selection of quality customers by segment before loan granting, focusing on high-quality customer segments with stable long-term income. Meanwhile, the Company will intensify its efforts for access to data sources and agilely iterate and upgrade its risk admission strategies. On the other hand, the Company will strengthen post-loan monitoring by continuously expanding monitoring dimensions, and upgrade and iterate its models to improve the accuracy of risk identification. At the same time, leveraging big data quantitative risk control technology, the Company will closely monitor any change in the risk profile of its customer base. For customers flagged by data monitoring as potentially at risks, the Company will intensify screening of early warning signals to mitigate risks proactively. For customers with risks, the Company will proactively identify, manage and control risks, actively dispose non-performing assets, and 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. The Company continuously built a differentiated and multi-tiered product structure and service system, and leveraged Fintech to deepen product innovation and process optimisation, so as to further improve the financing service experience for small- and micro-sized customers, effectively expanding credit coverage for small- and micro-sized enterprises.

As of the end of the reporting period, the non-performing loan ratio of the Company's retail micro-finance loans was 1.22%, representing an increase of 0.43 percentage point as compared with the end of the previous year; the special-mentioned loan ratio was 0.60%, representing an increase of 0.11 percentage point as compared with the end of the previous year; and the overdue loan ratio was 1.43%, representing an increase of 0.46 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. On the one hand, the Company will adhere to selection of quality customers by segment before loan granting, while continuing to bolster support for key industries and regions. On the other hand, the Company will keep increasing the risk monitoring data dimensions and iterating the quantitative risk control models to identify the risks earlier, give warnings earlier, and settle risks earlier, so as 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 57.69%. During the reporting period, the risk-adjusted return on capital (RAROC, before tax) under the Advanced Measurement Approach of the Group and the Company was 23.63% and 23.64% respectively.

The Group continuously advances its asset securitisation business. During the reporting period, the Company issued 12 asset securitisation projects through the inter-bank market with a total scale of RMB3.522 billion.

In the future, the Group will continue to optimise the capital allocation strategies, reinforce the asset-liability management, improve the capital return management mechanism, strengthen integrated customer management, improve the efficiency of capital use, and promote the coordinated development of quality, profitability and scale. At the same time, the Group will ensure both internal and external capital replenishment, and make use of various capital instruments and raise capital in numerous channels and methods to consolidate the capital base and ensure the steady operation of the capital adequacy ratio.

3.10 Business Operation

3.10.1 Retail finance business

Business overview

During the reporting period, the profit before tax from the retail finance business of the Company amounted to RMB87.417 billion, representing a year-on-year decrease of 0.65%. The net operating income from the retail finance business amounted to RMB185.264 billion, representing a year-on-year decrease of 3.73% and accounting for 61.93% of the net operating income of the Company. The net interest income from the retail finance business amounted to RMB136.978 billion, representing a year-on-year decrease of 5.74% and accounting for 73.94% of the net operating income from retail finance; the net non-interest income from the retail finance business amounted to RMB48.286 billion, representing a year-on-year increase of 2.46%, accounting for 26.06% of the net operating income from retail finance and 53.46% of the net non-interest income of the Company. During the reporting period, the fee and commission income from retail wealth management business of the Company was RMB23.794 billion, representing a year-on-year increase of 17.85% and accounting for 51.27% of the net fee and commission income from retail finance; and the Company recorded a fee income of RMB13.516 billion from retail bank card business, representing a year-on-year decrease of 18.74%.

During the reporting period, by adhering to its core value of "being customer-centric and creating value for customers", the Company focused on customers' need in "deposit, loan, and remittance", enriched its product offerings, enhanced service models, deepened customer operation, and continued to consolidate its systematic strengths in retail finance to provide customers with comprehensive retail finance services. During the reporting period, the retail business of the Company maintained a good momentum of development.

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, focused on value creation and persistently enhanced quality and efficiency of customer services. On one hand, the Company strengthened customer acquisition. The Company deeply promoted the strategic deployment in key regions, continuously strengthened its customer acquisition capabilities in group finance service, and tapped into the growth potential of high-quality customer base. On the other hand, the Company enhanced customer service. The Company looked back to the origin of customer demand, improved the service system, enhanced professional service capabilities and continued to push forward the digital and intelligent transformation of customer service. 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 224 million retail customers (including debit and credit card customers), representing an increase of 6.67% 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 5,931,500, representing an increase of 13.29% 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 RMB17,082.519 billion, representing an increase of 14.44% 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 RMB4,265.528 billion, representing an increase of 11.49% as compared with the end of the previous year. During the reporting period, 49.01% 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 RMB4,412.783 billion, representing an increase of 12.20% as compared with the end of the previous year. The increase was mainly due to the fact that the Company took the provision of stable products as the main thread, drove the deployment of diversified option-embedded strategies based on customers' diverse wealth allocation needs, and the scale of wealth management products continued to grow. During the reporting period, the agency distribution of non-money-market mutual funds of the Company totalled RMB706.466 billion, representing an increase of 18.13% year-on-year. The increase was mainly due to the increase in allocation of option-embedded products as the Company capitalised on opportunities within the capital markets by focusing on customer needs. During the reporting period, the Company recorded RMB224.770 billion in agency distribution of trust schemes, representing an increase of 155.65% as compared with the corresponding period of the previous year, which was mainly due to the marginal improvement in customers' risk appetite and increased willingness in option-embedded product allocation owing to the recovery in equity markets. During the reporting period, the Company achieved the agency distribution of insurance premiums of RMB147.655 billion, representing an increase of 25.96% year-on-year, which was mainly due to the fact that the Company proactively expanded and enriched its product portfolio, including protection insurance and commercial pensions, and effectively met its customers' diverse financial protection needs through professional protection planning services.

During the reporting period, the Company recorded a fee and commission income from retail wealth management business of RMB23.794 billion. Among them, income from agency distribution of wealth management products amounted to RMB8.863 billion. Income from agency distribution of funds amounted to RMB6.102 billion. Income from agency distribution of insurance policies amounted to RMB4.951 billion. Income from agency distribution of trust schemes amounted to RMB3.502 billion. Other income amounted to RMB376 million. For details of the reasons of 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, constantly improved management level, and continuously upgraded its omni-channel service system to provide customers with high-quality wealth management service.

First, the Company improved its wealth management operation system to improve whole-journey professional services. Centred on customers' core investment and functional needs amid evolving trends, the Company proactively addressed falling interest rates and shifting risk appetites. Driven by investment and research capabilities, the Company maintained diversified product allocation, enhanced differentiated companion service capabilities and fostered the growth in the scale of customers holding wealth management products distributed by the Company. As of the end of the reporting period, the number of retail customers holding wealth management products distributed by the Company reached 64,122,500, representing an increase of 10.15% as compared with the end of the previous year.

Second, the Company provided customers with diversified product offerings in response to customers' wealth management needs. In terms of wealth management, the Company continued to promote the transformation of the product allocation structure centred on stable products in accordance with customer' asset allocation needs. In terms of funds, the Company further enhanced its research and analysis of market trends and policies, and capitalised on market opportunities to enhance the product holding experience. In terms of insurance, the Company leveraged different products and services to meet customers' diverse needs, such as health, elderly care, and inheritance. At the same time, the Company continued to deepen customer service, promoted the growth of business scale, and expanded customer coverage through the segmentation and classification-based refined operation.

Third, the Company constantly promoted the "CMB TREE Asset Allocation Service System". The Company promoted the implementation of multi-asset and multi-strategy allocation, deepened customer support services, and continued to promote the "TREE Long Earnings Plan". The Company provided a one-stop asset allocation solution for customers. As of the end of the reporting period, the Company had 11,756,800 customers who conducted asset allocation under such system, representing an increase of 13.31% 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 strengthened its omni-channel integrated operations, deepened collaborative co-creation models with partners, continuously innovated premium services centred on customer needs, and leveraged its digital and intelligent capabilities to enhance collaborative efficiency. As of the end of the reporting period, "Zhao Cai Hao (招財號)", an open platform of wealth management business on CMB APP, has onboarded in total 172 institutions with industry representativeness, to create value for customers and partners through jointly built service scenarios.

Private banking

As of the end of the reporting period, the Company had 199,326 private banking customers (retail customers of the Company with minimum total daily average assets of RMB10 million per month), representing an increase of 17.87% 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, and built an efficient integrated service matrix by enhancing its capabilities in terms of investment research and asset allocation to provide customers with exclusive comprehensive private banking services.

Firstly, the Company strengthened asset allocation in response to changes in market. While meeting customers' core demands for stability and safety, the Company responded to their risk appetite and changes thereof, proactively seized opportunities in the capital markets, enhanced the deployment of equity products and provided differentiated asset allocation strategies. The Company continuously deepened the allocation of protection insurance products to address customers' needs for wealth succession and retirement planning. In a volatile market environment, underpinned by professional investment research, the Company continuously carried out asset review and engagement with customers to constantly improve their investment experience.

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

Thirdly, the Company fulfilled its social responsibility and promoted wealth for common good. Adhering to the mission of serving the real economy, the Company integrated resources through collaboration between its corporate banking business and private banking business to fully meet the comprehensive needs of entrepreneurial clients in wealth management, corporate financing, social charity, etc. By constantly enriching the variety of family trust, and expanding innovative service models such as charitable trust, the Company advocated wealth for common good and empowered its customers to create social value.

Fourthly, the Company strengthened compliance foundation and enhanced risk management capabilities. The Company implemented the relevant requirements for consumer rights protection, strengthened the whole-process compliance in sales by building digital monitoring models, standardising marketing activities and improving inspection mechanism, and improved 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 97.4510 million active credit cards, and there were 70.1065 million active credit card users. During the reporting period, the credit card transactions of the Company amounted to RMB4,082.047 billion, representing a decrease of 7.62% as compared with the corresponding period of the previous year. Interest income from credit cards amounted to RMB59.660 billion, representing a decrease of 7.30% as compared with the corresponding period of the previous year. Non-interest income from credit cards amounted to RMB20.353 billion, representing a decrease of 15.73% 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.

The Company continuously deepened its operation strategy focusing on "stability and low volatility", advanced the optimisation of its customer base and asset structure, and promoted service and product upgrades, while constantly strengthening its digital and intelligent operation capabilities to help improve operational quality and efficiency. Firstly, the Company focused on high-quality customer acquisition and enhanced the card usage experience. Capitalising on technological and industrial trends, the Company launched the Engineer Card (工程師卡); the Company deepened e-commerce partnerships with the introduction of the Tmall Supermarket Co-branded Card (天貓超市聯名卡); the Company refreshed the American Express Centurion Card (美國運通百夫長卡) for travel scenarios; and the Company was one of the first batch of companies in the industry to launch UnionPay-Visa dual-branded chip card to continually enhance customer payment experience. Secondly, the Company actively responded to policies to stimulate consumption, and took multiple measures to help boost consumption. The Company focused on key consumption scenarios such as national subsidies, tourism and e-commerce, continued to allocate resources to launch marketing campaigns around key periods including public holidays, major e-commerce promotions and year-end sales, thereby helping to unlock residents' consumption potential. Thirdly, the Company enhanced its high-quality asset origination capabilities, enhanced digital and intelligent operational capabilities and promoted the development of its instalment asset business. Furthermore, it deepened automobile instalment business, strengthened online-offline marketing synergy and improved multi-brand business development, thus enhancing its comprehensive service capabilities. Fourthly, the Company deepened technological empowerment, strengthened AI capability development, and advanced the deep integration of AI technology with business scenarios to drive enhancements in customer experience and operational efficiency through technological innovation. 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 RMB3,654.670 billion, representing an increase of 2.15% as compared with the end of the previous year and accounting for 52.92% of the Company's total loans and advances to customers, down by 1.72 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 RMB2,715.679 billion, representing an increase of 3.25% as compared with the end of the previous year, accounting for 39.32% of total loans and advances to customers of the Company and representing a decrease of 0.85 percentage point as compared with the end of the previous year.

During the reporting period, the Company proactively implemented various national policies concerning the real estate, adhered to the implementation of city-specific policy, 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, constantly improved product policies, strengthened service systems, actively promoted product innovation and process improvement, 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 persisted in focusing on the acquisition and management of high-quality customers, and leveraging its strengths in both retail customer resources and financial technology. Through digital and intelligent technologies, it broadened batch customer acquisition channels and innovated customer management models, achieving stable business growth and dynamic balance in asset quality. Concurrently, it continuously optimised risk pricing capabilities to strike a balance between returns and risks. As of the end of the reporting period, the Company recorded a balance of residential mortgage loans of RMB1,411.093 billion, representing an increase of 0.52% as compared with the end of the previous year. The balance of retail micro-finance loans amounted to RMB873.559 billion, representing an increase of 6.03% as compared with the end of the previous year. The balance of consumer loans amounted to RMB426.653 billion, up by 7.70% as compared with the end of the previous year.

3.10.2 Wholesale finance

Business overview

During the reporting period, the Company achieved profit before tax from wholesale finance business of RMB80.378 billion, representing a decrease of 4.21% as compared with the corresponding period of the previous year. The net operating income from wholesale finance business of the Company was RMB120.061 billion, representing an increase of 0.80% as compared with the corresponding period of the previous year, and accounting for 40.13% of the net operating income of the Company. Among them, net interest income of wholesale finance business amounted to RMB80.985 billion, representing an increase of 16.06% as compared with the corresponding period of the previous year, and accounting for 67.45% of the net operating income of wholesale finance business; the net non-interest income of wholesale finance business amounted to RMB39.076 billion, representing a decrease of 20.80% as compared with the corresponding period of the previous year, and accounting for 32.55% of the net operating income of wholesale finance business, and 43.27% of the net non-interest income of the Company.

During the reporting period, the Company actively integrated into the development of the national modern industrial system, accelerated the development of its advantages of featured finance, continued to advance the systematic development of its wholesale finance operations, and consistently enhanced the quality and efficiency of serving the real economy.

Closely aligning with customer requirements, the Company leveraged diverse market funding sources, including direct and indirect financing, while harnessing synergies with group subsidiaries and coordination between domestic and overseas institutions, to meet the on- and off-balance-sheet financing needs of its customers. As of the end of the reporting period, the Company's balance of the financing products aggregate to corporate customers (FPA) was RMB6,730.373 billion[17], representing an increase of RMB671.350 billion over the beginning of the year. Among them, the balance of traditional financing[18] was RMB3,992.355 billion, representing an increase of RMB408.476 billion over the beginning of the year; the balance of non-traditional financing[19] was RMB2,738.018 billion, representing an increase of RMB262.874 billion over the beginning of the year. The balance of non-traditional financing accounted for 40.68% of the balance of FPA, representing a decrease of 0.17 percentage point over the beginning of the year, mainly due to the growth in corporate loans driving an increase in the proportion of traditional financing in the FPA.

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, anchored its efforts in key sectors 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 3,622,500, representing an increase of 14.40% as compared with the end of the previous year. The number of newly acquired corporate customers during the reporting period was 657,200.

17 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 RMB6,059.023 billion, of which the balance of traditional financing totalled RMB3,583.879 billion and the balance of non-traditional financing totalled RMB2,475.144 billion.

18 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.

19 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.

In terms of its strategic customers, the Company continued to enhance industry insights, innovated product offerings and service models, deepened operations centred on strategic customers and their industrial and investment chains, elevated integrated and differentiated services, iterated industry-specialised operational systems for strategic customers, and accelerated the development of an industry-specific financial framework. As of the end of the reporting period, the Company had 328 strategic customers of the Head Office level[20], with a daily average balance of deposits of RMB1,090.132 billion, representing an increase of 3.24% on the same calibre as compared with the previous year, and the balance of loans was RMB1,198.956 billion, representing an increase of 11.92% as compared with the beginning of the year. As of the end of the reporting period, the number of strategic customers of the Company of the branch level[21] was 7,073, with a daily average balance of deposits of RMB867.185 billion, representing an increase of 6.95% on the same calibre as compared with the previous year, and the balance of loans was RMB422.989 billion, representing an increase of 6.14% 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 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 successfully won the bid for the Central Government's Non-Tax Revenue Collection Agency Qualification again with outstanding performance, and became one of the first banks to partner with the Ministry of Housing and Urban-Rural Development in its "one-stop service" for personal home loans with housing provident fund, as well as one of the first batch of banks to achieve system connection and cooperation with the Ministry of Civil Affairs' fund supervision platform. 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 a government industry-finance service system, continuously iterated solutions, and boasted market recognition with its comprehensive service capabilities. As of the end of the reporting period, the Company had 75,700 institutional customers, representing an increase of 18.28% as compared with the end of the previous year, with an average daily RMB deposit balance of RMB1,058.926 billion, representing a year-on-year increase of 15.51%.

With regard to its financial institution customers, the Company adopted a customer-centric approach, improved the segmentation and classification-based management system for financial institution customers, strengthened full-cycle and comprehensive management of top-tiered financial institution customers, deepened understanding of customers, and advanced and refined specialised and integrated operations for industry customers. At the same time, the Company continued to collaborate with policy banks to enhance the coverage of funds from sub-loans for inclusive small- and micro-sized enterprises in pilot areas, thus better serving small- and micro-sized enterprises.

With regard to its cross-border customers, the Company thoroughly implemented the policy of high-level opening-up, actively practised the principle that financial services should serve the real economy. Centred on the customers, it improved its cross-border financial product and service matrix, positioning cross-border finance as an important lever for the acquisition and engagement of high-quality customers of corporate finance. It strengthened segmentation and classification-based operations targeting top-tiered, mid-tiered and basic cross-border customer segments, thereby consolidating its cross-border customer base. During the reporting period, the Company had 103,100 corporate customers in respect of international balance of payments, representing a year-on-year increase of 17.23%.

With regard to basic customers, the Company used digital intelligence to reshape the service journey and optimised the service framework for basic customer segments through various online service channels, thereby enhancing the efficiency of services provided to the basic customers and forming a virtuous cycle of upgrade and tiered growth of basic customers, with continuous optimisation of the customer tier structure. During the reporting period, the Company effectively reached and served 3,151,800 corporate customers through online and offline channels, representing a year-on-year increase of 28.92%. During the reporting period, the Company had 1,529,400 corporate customers for withholding transactions, representing a year-on-year increase of 13.41%. The transaction amount was RMB2.50 trillion, representing a year-on-year increase of 9.65%.

20 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. There was an adjustment to the list of strategic customers of the Head Office level in 2025, and the same-calibre adjustment was made to the relevant 2024 data.

21 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 2025, and the same-calibre adjustment was made to the relevant 2024 data.

Corporate customer deposits

During the reporting period, the Company maintained a close watch on market liquidity growth and structural shifts. By integrating external conditions with internal policies, it continuously enhanced its systematic capabilities for managing high-quality liabilities, thereby proactively addressing evolving internal and external circumstances. Concurrently, it focused on capturing the "incremental" market represented by fiscal funds while consolidating the "existing" market characterised by corporate deposits. Operating under the principle of "volume-price equilibrium", the Company persistently refined its operation and management measures. As of the end of the reporting period, corporate customer deposit balance was RMB5,195.362 billion, representing an increase of 4.90% as compared with the end of the previous year. The average daily balance of corporate customer deposits was RMB4,929.671 billion, representing a year-on-year increase of 5.64%. Demand deposits accounted for 50.62% of the average daily balance of corporate customer deposits, representing a year-on-year decrease of 1.51 percentage points. During the reporting period, the average cost rate of corporate customer deposits was 1.21%, representing a year-on-year decrease of 37 basis points.

Corporate loans

As of the end of the reporting period, the Company's total corporate loans amounted to RMB2,929.737 billion, representing an increase of 13.10% as compared with the end of the previous year, accounting for 42.42% of the Company's total loans and advances and representing an increase of 2.86 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 RMB1,649.709 billion, representing an increase of 8.36% as compared with the end of the previous year, accounting for 58.43% of the total domestic corporate loans and representing a decrease of 2.47 percentage points 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 0.84%, representing a decrease of 0.17 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 RMB1,164.281 billion, representing an increase of 4.96% as compared with the end of the previous year, accounting for 41.24% of the domestic corporate loans, and representing a decrease of 3.12 percentage points as compared with the end of the previous year. The balance of loans to domestic national-standard medium-sized enterprises was RMB585.252 billion, representing an increase of 2.00% as compared with the end of the previous year, accounting for 20.73% of the domestic corporate loans and representing a decrease of 2.22 percentage points as compared with the end of the previous year. The balance of domestic national-standard small- and micro-sized enterprise loans was RMB842.157 billion, representing an increase of 35.19% as compared with the end of the previous year, accounting for 29.83% of the domestic corporate loans and representing an increase of 4.91 percentage points as compared with the end of the previous year. The balance of other loans extended by domestic institutions to enterprises[22] was RMB231.699 billion, representing an increase of 19.35% as compared with the end of the previous year, accounting for 8.20% of the domestic corporate loans and representing an increase of 0.43 percentage point as compared with the end of the previous year.

During the reporting period, the Company closely aligned its operations with national macro-economic policies, prioritising the expansion of loans in key areas such as technology finance, green finance, and inclusive finance. Concurrently, it maintained steady and orderly operation of its real estate business. As of the end of the reporting period, the balance of the corporate loans extended to the manufacturing industry was RMB733.612 billion, representing an increase of 14.36% as compared with the end of the previous year, accounting for 25.04% of the total corporate loans, and representing an increase of 0.28 percentage point as compared with the end of the previous year. The balance of corporate green loans was RMB443.434 billion, representing an increase of 20.72% as compared with the beginning of the year, accounting for 15.14% of the total corporate loans, and representing an increase of 0.96 percentage point as compared with the beginning of the 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.

22 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, the Company took technology finance as the main direction of serving the real economy, driving high-quality development of financial services supporting technological innovation through deepening the "ecologicalisation, specialisation and systematisation" framework.

In terms of ecologicalisation, the Company strengthened channel collaboration around the innovation ecosystem, capital ecosystem, and industrial ecosystem for science and technology, enhancing the quality and effectiveness of full-spectrum services for a broader scope of sci-tech enterprises. The Company partnered with the 14th China Innovation and Entrepreneurship Competition as a supporting bank, to provide financial services to participating enterprises. Leveraging relevant national policies of further expanding the pilot scheme for financial asset investment companies' equity investments, the Company established China Merchants Bank Financial Asset Investment Co., Ltd. to empower technological innovation.

In terms of specialisation, the Company upgraded the "Qualification Points" evaluation model to enhance its ability to identify enterprises' scientific and technological innovation attributes. The Company closely followed regulatory policies and facilitated the rapid implementation of M&A loans for sci-tech enterprises, underwriting of technological innovation bonds, relending for technological innovation and technical upgrades, and other businesses. The Company issued RMB5 billion Greater Bay Area-themed technology innovation bonds, with proceeds specifically allocated to support technological innovation, thereby empowering the growth and development of sci-tech enterprises through comprehensive financial services. Targeting high-frequency scenarios for sci-tech enterprises, building upon the financing product exclusively designed for sci-tech enterprises, "Sci-tech Loan (科創貸)", the Company introduced sub-products such as "Sci-tech Talent Loan (科創人才貸)" and "Sci-tech Technical Renovation Loan (科創技改貸)". These provided scenario-based financing support for start-up and growth-stage sci-tech enterprises.

In terms of systematisation, the Company strengthened the development of the "1+20+100" technology finance organisational structure[23], established the Technology Finance Department of the Head Office, and continuously deepened the construction of the "six specialised" work mechanism which covers specialised policies, products, processes, institutions, teams, and assessments, thereby increasing policy support and resource investment in technology finance. The Company structured its services around the four cycles of technological innovation: innovative talents, innovative technology, innovative products, and innovative industries. By curating service scenarios, building service ecosystems, and innovating service content, the Company upgraded and developed a comprehensive "4×3" matrix-based technology finance service solution.

As of the reporting period, the Company served 350,100 sci-tech enterprise customers, including 208,500 enterprises[24] listed on sci-tech rankings; the balance of technology loans amounted to RMB1,036.854 billion, representing an increase of 8.06% as compared with the beginning of the year.

Inclusive finance business

During the reporting period, the Company continued to enhance the competitiveness of its digital and intelligent inclusive finance products, risk compliance management and marketing capabilities in inclusive finance, and cultivate differentiated and intelligent competitive advantages in inclusive finance operations to improve 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 RMB962.139 billion, representing an increase of RMB74.460 billion or 8.39% as compared with the end of the previous year. The growth rate of such loans was 2.91 percentage points higher than the overall loan growth rate. The number of inclusive small- and micro-sized enterprises with loan balance was 1,224,700, representing an increase of 147,400 as compared with the end of the previous year. During the reporting period, the Company has newly issued inclusive loans of RMB646.929 billion for inclusive small- and micro-sized enterprises, with an average interest rate of 3.65%, representing a year-on-year decrease of 57 basis points.

23 Refers to the organisational structure comprising 1 technology finance committee, 20 key technology finance branches, and 100 specialised technology finance sub-branches.

24 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", comprehensively optimising the system functionality and credit processes of credit-based[25] products while continuously improving user experience. Concurrently, the Company persistently explored the "de-core model"[26], steadily building 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 volume of the Company's supply chain financing amounted to RMB1,104.985 billion, representing a year-on-year increase of 8.90%. The Company served 10,110 core enterprises of the supply chain, representing a year-on-year increase of 17.38%, and served 60,007 upstream and downstream entities, representing a year-on-year increase of 17.80%.

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 and built four-in-one innovative advantage by integrating "products + services + channels + technology". In terms of elderly care service finance, by leveraging its strengths in wealth management and financial technology, the Company refined the customer experience, enhanced service capabilities, and established a comprehensive full-cycle retirement financial services system. 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 leveraged the advantages of multi-licensed operations to vigorously advance the systematic development of business operations across all specialised sectors, forging distinctive and differentiated competitive advantages, so as to deepen and expand financial services for the three-pillar pension insurance system.

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 21,218,600 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 94,133,700 electronic social security cards, representing an increase of 22.15% 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. It continued to build an annuity service system in accordance with the requirements of being a trustee characterised by "managing returns effectively", "controlling risks well" and "delivering excellent services". As of the end of the reporting period, the Company's scale of annuity under management hit a new high, exceeding RMB300 billion, and the number of individual customers associated with account management services of corporate annuity was close to 2.40 million.

In terms of the third pillar, the Company seized the opportunity presented by the full implementation of the private pension scheme to actively promote private pension accounts. As of the end of the reporting period, the number of private pension accounts exceeded 15 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 RMB1.55 trillion.

25 The "credit-based" refers to a scenario in supply chain finance where the financing of upstream and downstream enterprises relies upon the credit limit granted to the "core enterprises" by financial institutions.

26 The "de-core model" refers to a scenario in supply chain finance where upstream and downstream enterprises can secure financing without requiring credit support from the "core enterprises".

Bill business

During the reporting period, the Company remained steadfastly customer-centric, continuously enhancing its customer service capabilities. The Company drove innovation to upgrade its bill product service system, delivering a more comprehensive, intelligent, efficient and specialised customer experience. The Company remained committed to serving the real economy, fostering steady growth in asset origination, optimising asset management capabilities, and strengthening its resilience to external market fluctuations. During the reporting period, the number of customers of bill business of the Company was 224,300 with a year-on-year increase of 13.99%, of which micro-, small- and medium-sized customers amounted to 188,100, accounting for 83.86%. The volume of direct bill discounting business of the Company was RMB2,905.431 billion during the reporting period, representing a year-on-year increase of 12.89%, ranking second in the market (data from the China Banking Association), of which the volume of commercial acceptance bill discounting business was RMB352.505 billion, ranking first in the market (data from the Commercial Bank Bill Business Association). As of the end of the reporting period, the Company's bill discounting balance was RMB322.117 billion, representing a decrease of 15.10% as compared with the end of the previous year, mainly due to the fact that the Company 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 deepen the development of its distinctive "Enterprise Digital Intelligent Finance (企業數智金融)" brand. Based on production and operation scenarios of enterprises, it comprehensively upgraded digital and intelligent financial services across three core dimensions: inclusive digital intelligence, scenario-based finance, and treasury management. Through providing an integrated product service system[27] of "Collection, Payment, Treasury Management, Financing, and Connection", the Company actively integrated itself into the digital transformation of enterprises. It reshaped the enterprise service ecosystem through "AI + finance", which empowered the bidirectional circulation of enterprise operation and capital operation. The Company continued to create value for its corporate customers and build 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, the online service coverage of the financing business of the Company was further enhanced. Based on digital risk control technology, the Company continued to upgrade its "Flash Series (閃電系列)" of domestic trade finance products to improve the handling efficiency of short-term financing for enterprises. The Company upgraded the "Instant Issuance of Letter of Guarantee (保函閃電開)" service and the Guarantee e-Butler service, efficiently meeting customer requirements. Furthermore, the Company continued to expand the in-depth application of artificial intelligence technology, launching the corporate intelligent assistant, "AI Xiao Zhao (AI 小招)", to provide intelligent services including product operation guidance and treasury data analysis. As at the end of the reporting period, "AI Xiao Zhao (AI 小招)" accumulatively served 267,100 corporate customers for a total of 1,479,200 times. During the reporting period, the business volume of domestic letters of credit and domestic letters of guarantee of the Company amounted to RMB690.090 billion, representing a year-on-year increase of 18.14%; and the domestic trade finance business volume amounted to RMB1,642.255 billion, representing a year-on-year increase of 9.56%.

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 focused on the "Payment Centre (付款中心)" to deliver one-stop procurement payment processing, offering enterprises full-cycle digitalised and scenario-based comprehensive payment services that are secure, efficient, cost-effective and intelligent. As for the corporate sales scenario, the Company built upon the "Corporate Cashier (企業收銀台)" to achieve component-based collection and scenario-based service capability upgrades. The Company developed standardised enterprise collection services and customised industry cashier solutions based on the needs of corporate customers of different business sizes, transforming payment services from merely functional to contextually effective, thereby facilitating the digital upgrade of customers' sales management. During the reporting period, the Company served 76,500 corporate customers via Corporate Cashier, representing a year-on-year increase of 23.19%; and the transaction amount was RMB3.55 trillion, representing a year-on-year increase of 14.74%.

27 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.

Based on the demand for upgrading treasury management, the Company took the Treasury Management Cloud as the digital service platform for enterprises to assist different types of enterprises in improving their efficiency in allocating financial resources. To meet customer requirements for value-based treasury development, the Company enhanced capabilities of the system across six key domains: cash operations, resource management, intelligent invoicing, global treasury, risk prevention and control, and strategic decision-making, and launched its new-generation digital and intelligent treasury product suite. At the same time, actively responding to the needs of large corporate group customers to accelerate the construction of treasury systems, the Company provided professional and comprehensive treasury management solutions for central state-owned enterprises, provincial and municipal state-owned enterprises, listed companies, and cross-border customers through an advisory service approach combining "Consulting + Technology + Finance". During the reporting period, the Company successfully implemented treasury management projects of numerous leading enterprises, building a brand reputation in industries such as high-end manufacturing, biomedicine, and new economy and consumer goods. As of the end of the reporting period, the number of customers of Treasury Management Cloud services reached 799,300, representing an increase of 29.93% as compared with the end of the previous year.

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 convenient access to its financial services, helping customers achieve digital connectivity across multiple scenarios and systems throughout the whole business process. As of the end of the reporting period, the number of customers of the Cloud-based H2H Connection service reached 288,600, representing an increase of 30.65% as compared with the end of the previous year.

Cross-border finance business

During the reporting period, the Company vigorously enhanced its capacity to serve the real economy, supporting high-level opening-up and bolstering stable foreign trade and foreign investment. The Company continued to consolidate its cross-border customer base, upgrade its cross-border financial product suite, and improve the customer experience in handling cross-border businesses. The Company advanced the digitalisation of cross-border business handling, progressively implemented intelligent review for cross-border remittances, supported emerging foreign trade models such as cross-border e-commerce, optimised digital services for capital account transactions, and refined its export data financing product "Export Flash Loan (出口閃貸)". To support high-level opening-up, by leveraging its full coverage of the four types of non-resident accounts (including offshore accounts) and full coverage of the free trade account system, the Company provided customers with integrated services including cross-border settlement, foreign exchange transactions, global cash management, trade financing, and cross-border financing. The Company enhanced the digital service capabilities of its overseas branches to better serve globally operating enterprises. Guided by facilitating cross-border RMB trade and investment for market entities, the Company continuously optimised cross-border RMB services, upgraded cross-border RMB settlement services, supported enterprises in managing exchange rate risks, actively participated in the pilot scheme of cross-border cash pool integrating local and foreign currencies, and comprehensively promoted policy awareness to advance the internationalisation of RMB. The Company steadily advanced foreign exchange business reforms to establish a digitally driven, systematically supported foreign exchange business framework. Centred on risk management and technology-empowered operations, the Company redesigned foreign exchange processes to further enhance service efficiency for high-quality enterprises, thereby improving the convenience of cross-border trade, investment, and financing. During the reporting period, the Company recorded USD480.784 billion of international balance of payments for corporate customers, representing a year-on-year increase of 12.96%.

Investment banking business

During the reporting period, the Company focused on serving the real economy, continuously consolidating its competitive edge in investment banking specialised sectors. Through comprehensive upgrades to its product portfolio, service models and professional capabilities, the Company steadily enhanced its value creation capabilities.

With respect to its bond underwriting business, the Company continued to improve its whole-process 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 RMB579.138 billion. Among them, the Company ranked first in the market in terms of the underwriting size of perpetual bonds and ranked second in the market in terms of the underwriting size of sci-tech innovation bonds (including sci-tech innovation notes) (based on the data from the National Association of Financial Market Institutional Investors). The Company actively responded to regulatory initiatives, continuously deepening its commitment to product innovation. It successfully launched pioneering projects including the first batch of technology innovation bonds, the first merger and acquisition notes, and the nation's first tunnel asset-backed REITs. These efforts supported the high-quality development of premium enterprises in strategic emerging industries and sectors of comparative advantages. Meanwhile, the Company received the highest A rating in the 2024 market evaluation of lead underwriting business practices for general lead underwriters of non-financial enterprises debt financing instruments conducted by the National Association of Financial Market Institutional Investors. The Company was also the only institution across the entire market to be recognised as a distinctive lead underwriter in all four aspects: value discovery capability, inclusive capability, pioneering capability, and capability to support opening-up.

With respect to its M&A financing business, the Company focused its efforts on core business lines including technology finance and green finance, providing integrated M&A financial services centred on industrial upgrading and transformation within capital markets, strategic emerging industries, and key sectors. This supported customers in extending their industrial chains and enhancing value, thereby comprehensively serving the high-quality development of the real economy. During the reporting period, the Company's M&A financing business volume amounted to RMB253.283 billion, representing a year-on-year increase of 22.58%. Among them, the amount of RMB M&A loans granted increased by 111.41% year-on-year. The Company successfully executed several major projects with market influence, including the largest Hong Kong-listed stock privatisation project in the automotive sector this year, the largest M&A project of an innovative pharmaceutical company in China, the largest highway acquisition project this year, and the largest bankruptcy restructuring project this year.

With respect to its corporate wealth management business, the Company further deepened its expansion of cooperative institutions, continuously optimising its product system development, and constantly enhancing the customer service experience. During the reporting period, the Company's average daily balance of corporate wealth management products was RMB524.940 billion, representing a year-on-year increase of 31.28%, which was mainly because the Company's corporate wealth management business explored distinctive products and services while adhering to the fundamental principle of low volatility and stability with unwavering focus on customer requirements, thereby leading to gradual improvement of its product portfolio, gradual optimisation of its service framework and continuous enhancement of its market competitiveness.

With respect to its market transactions (matching services) business, the Company established an ecosystem-based service platform to address the diverse, complex and customised investment and financing requirements of corporate customers, thereby facilitating the optimal allocation of financial resources and serving the real economy. During the reporting period, the volume of the Company's market transaction (matching services) amounted to RMB419.468 billion, representing a year-on-year increase of 14.27%, mainly driven by the effective customer base expansion through focusing on serving the real economy.

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 54 Hong Kong IPO underwriting projects and 13 Hong Kong IPO sponsorship projects, ranking second and fourth in the Hong Kong market, respectively, maintaining its leading position in terms of Hong Kong IPO underwriting business.

Financial institution business

With respect to financial institution liability business, during the reporting period, the daily average balance of financial institution deposits of the Company amounted to RMB835.740 billion, among which financial institution demand deposits accounted for 93.77%. During the reporting period, the Company proactively expanded the sources of low-cost liabilities, and optimised cost management through strengthening business coordination mechanism, effectively reducing the average cost ratio of financial institution deposits, representing a year-on-year decrease of 29 basis points.

With respect to its depository service, the Company's security and future margin depository services were in stable operation. The Company partnered with 107 securities companies in third-party depository services and 20,526,300 customers were secured at the end of the reporting period, representing an increase of 11.08% as compared with the end of the previous year. Also, the Company cooperated with 146 futures companies on bank-futures fund transfer, securing 587,300 customers at the end of the reporting period, representing an increase of 16.60% as compared with the end of the previous year.

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 RMB4.71 trillion, representing an increase of 5.13% as compared with the end of the previous year. Among them, the balance of wealth management products of CMB Wealth Management amounted to RMB2.64 trillion, representing an increase of 6.88% as compared with the end of the previous year; the scale of asset management business of China Merchants Fund amounted to RMB1.59 trillion, representing an increase of 1.27% as compared with the end of the previous year; the scale of asset management business of CIGNA & CMAM amounted to RMB318.426 billion, representing an increase of 4.17% as compared with the end of the previous year; the scale of asset management business of CMB International Capital amounted to RMB164.241 billion, representing an increase of 26.02% as compared with the end of the previous year.

CMB Wealth Management adhered to the investment and management philosophy of keeping moving forward while maintaining stability, and continuously consolidated its development foundation. **In terms of product scale**, as of the end of the reporting period, the balance of wealth management products managed by CMB Wealth Management increased by RMB173.565 billion as compared with the end of the previous year, maintaining the first in the industry. **In terms of product layout**, CMB Wealth Management built and improved a full-category wealth management product line featuring a clear hierarchy and well-developed strategies, focusing on absolute return targets, and being supplemented by relative return targets. It strengthened the medium-to-long-term deployment of multi-asset and multi-strategy products, establishing brands such as "Short-term Bonds Suite (短債三寶)" and "Gu Ying Jia (固盈家)", while deepening the operation of the multi-asset and multi-strategy brand matrix of "Quan + Fu (全+福)". It enriched product functions such as wealth management regular fixed investment, target returns, customisable payout dates, and flexible withdrawal options to enhance investment experience. **In terms of investment and research capabilities building**, it deepened the integration of investment and research, strengthened development of capabilities in multi-asset and multi-strategy management, and continuously enhanced strategy research. Its annualised yields of bond-biased hybrid products, equity-biased hybrid products, and equity-based products all ranked among the top in the banking industry, and the market share of its equity-attached wealth management products continued to increase. **In terms of risk management**, adhering to a prudent and sound risk management philosophy, CMB Wealth Management continued to improve its credit investment risk strategy and credit risk early warning system during the reporting period to enhance the professionalism and effectiveness of market risk management and liquidity risk management, and continued to improve internal control and compliance management. **In terms of technology empowerment**, CMB Wealth Management continued to promote the application of AI in core business scenarios such as investment research and risk control. In the investment research and trading sectors, AI trading robots achieved full-chain automation for interest rate bonds, boosting transaction efficiency by threefold.

China Merchants Fund focused on its strategic vision of "building a world-class asset management company guided by the best customer experience". It adhered to a dual-drive approach combining "active management business" and "passive index business", achieving phased progress across all operations. As of the end of the reporting period, the scale of asset management business of China Merchants Fund amounted to RMB1.59 trillion, of which the scale of mutual funds under management amounted to RMB961.469 billion, representing an increase of 9.29% as compared with the end of the previous year. **In terms of product layout**, it basically established a comprehensive product matrix, with ongoing refinement of active and passive product offerings. It expanded the absolute return product line, while actively developing international operations. It successfully launched innovative projects such as the industry's first batch of performance-based floating fee rate products (China Merchants Value Selection Hybrid Fund), the industry's first batch of Sci-tech Innovation Bond ETF products and the industry's first batch of SSE Science and Technology Innovation Board Composite Index ETFs. **In terms of investment and research capabilities building**, it consolidated and deepened the investment research culture of "integrity, focus and openness". It re-examined the investment research framework and relationships, continuously enhanced active management capabilities, strengthened the core logic of multi-asset allocation and drove the development of a more professional, robust and systematic investment research system. **In terms of risk management**, China Merchants Fund continued to improve comprehensive risk management framework, further strengthened risk controls over money market fund investments, enhanced operational procedures for ETF investments, and optimised and improved the level of internal control and compliance management, keeping business risks under great control. No major risk incidents occurred during the reporting period. **In terms of customer operations**, China Merchants Fund actively drove reforms to the marketing system architecture, incorporating customer profitability into performance metrics for the marketing line. It focused its efforts on promoting channel and customer base expansion, steadily advanced the operation of fund investment advisory business, took advantage of the opportunity arising from pension business development, further engaged in customer support and investor education, and fostered more thorough, meticulous and enduring customer services.

CIGNA & CMAM was positioned as a professional and stable long-term capital management institution. It proactively integrated with overall strategic objective of building a value creation bank by leveraging its long-term capital management capabilities and advantages of differentiated product creation. **In terms of the insurance fund fiduciary business**, CIGNA & CMAM strengthened the dynamic adjustment of asset allocation, systematically enhanced investment research capabilities, and seized market opportunities to boost investment returns. As of the end of the reporting period, the scale of insurance funds under fiduciary management was RMB233.313 billion, representing an increase of 23.02% as compared with the end of the previous year. **In terms of product creation**, CIGNA & CMAM accelerated the transformation of alternative asset management product operations, achieving multiple industry-first breakthroughs. It continued to optimise the structure of portfolio-based asset management products, with managed assets growing steadily. **In terms of operation and risk management**, CIGNA & CMAM enhanced refined management of risk compliance, continuously refined institutional processes, accelerated the advancement of strategic culture development, persistently strengthened technological empowerment, comprehensively bolstered team development, and achieved stable, compliant, and healthy development.

CMB International Capital kept leveraging its differentiated advantages and has maintained its position in the first echelon in the industry with its specialisation in private equity investment business, achieving constant improvement of its operational efficiency. During the reporting period, a total of seven investment projects successfully achieved IPO. CMB International Capital launched the first innovative project of De-SPAC for Chinese enterprises. CMB International Capital was shortlisted for the Innovation and Technology Venture Fund (ITVF) of the Hong Kong Innovation and Technology Commission. CMB International Capital also deepened its cooperation with the Oman Investment Authority on Phase I of the New Momentum Technology Fund (新動量科技基金). For the fund plan with Korea Venture Investment Corp. (KVIC), CMB International Capital was the only fund manager selected in Greater China for 2025. Meanwhile, CMB International Capital focused on developing its mutual funds business. During the reporting period, it launched CMB International Capital Hong Kong Dollar Money Market Fund and CMB International Capital Global Investment Grade Select Bond Fund. As of the end of the reporting period, three mutual funds of CMB International Capital have disclosed the performance, with their cumulative returns consistently leading comparable products in the Bloomberg Asia-Pacific region over the same period.

Assets custody business

As of the end of the reporting period, the balance of assets under custody of the Company was RMB26.09 trillion, representing an increase of 14.13% as compared with the end of the previous year. The total scale of custody ranked among the top of the industry.

During the reporting period, the Company continued to strengthen its professional performance capabilities, leveraging its distinctive and specialised advantages to consistently develop a new model integrating "professionalism, technology and service", thereby supporting sustained growth in customer value.

Firstly, the Company's emphasis on both scale and quality has driven the optimisation of the structure of custody business. As of the end of the reporting period, the Company's asset management products[28] contributed to 99.03% of its incremental custody scale, surpassing the average proportion of the industry. The structure of custody business has been optimised continuously.

Secondly, its global custody service network has spanned major financial markets worldwide. The Company's global custody centre in Singapore officially opened in 2025. It caters to the needs of Chinese institutions "going global" and cross-border capital "brought in", delivering comprehensive one-stop solutions. In 2025, the "China Merchants Bank Custody+" brand was awarded as "Outstanding Influential Brand" by 21st Century Business Herald, with its brand influence continuing to grow.

Financial markets business

During the reporting period, the Company continued to enhance its capabilities in diversified asset trading, optimised its client flow trading service model across global financial markets, strengthened its integrated domestic and international operational capabilities, and advanced the high-quality development of its financial markets business.

28 According to the statistical calibre of the Custody Business Professional Committee under China Banking Association, the custody of asset management products includes custody of securities investments funds, customer asset management of fund companies, customer asset management of securities companies, bank wealth management, trust property, private equity investment funds, insurance assets, pension funds, QDII products, QFI products, futures, etc.

In terms of investment transactions, the Company continued to adhere to prudent investment and trading philosophy, diversifying its trading strategies to actively seize market opportunities. By fully utilising derivative instruments to mitigate market volatility, it enhanced investment returns. At the same time, the Company constantly increased resource investment, accelerated technology empowerment and strengthened customer base expansion to enhance its market-making capabilities. During the reporting period, driven by the substantial growth in the scale of market-making business, the transaction volume of RMB bond investments amounted to RMB8.85 trillion[29], representing a year-on-year increase of 195.99%.

In terms of client flow trading business, the Company continued to advocate the concept of exchange rate risk neutrality to corporate customers, and published the blue book on the Exchange Rate Risk Management Practices for Chinese Enterprises to assist the enterprises in enhancing their exchange rate risk management capabilities. It deepened the "product + customer base" scenario-based business model, and closely focused on customer needs and market changes to provide solutions against financial market risks covering the products such as exchange rate and interest rate products to enterprises. During the reporting period, the number of wholesale customers of the Company involved in client flow trading of financial market was 88,823, representing a year-on-year increase of 15.18%, and the transaction volume of client flow trading of wholesale customers of financial market amounted to USD340.024 billion, representing a year-on-year increase of 20.20%.

In terms of digital transformation, the Company actively capitalised on the latest advancements in artificial intelligence technology, deepening the application of AI large model technology within the financial markets business. Firstly, it explored the establishment of a digital multi-factor trading system to support investment and trading activities in bonds, foreign exchange and precious metals. Secondly, it employed large model technology to enhance the identification and monitoring of risk signals, thereby continuously elevating risk compliance management standards.

In terms of internationalisation, the Company optimised its global service model and accelerated the establishment of an integrated domestic and overseas customer service system. By developing financial market customer trading platforms at overseas branches and building a differentiated overseas derivatives product system, the Company better served enterprises' global development and risk management needs. Meanwhile, the Company continued to actively participate in "Bond Connect" and "Swap Connect" trading. It received the "Northbound Top Market Maker" award from Bond Connect Company Limited for seven consecutive years, contributing to the internationalisation of RMB and the opening up of China's capital market.

3.10.3 Distribution channels

The Company provides products and services via multiple online and offline distribution channels.

Offline channels

The Company's business is mainly in the market of China, and its distribution network is mainly located in major central 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 1,801 sub-branches in the Chinese mainland, two branch-level specialised institutions (a Credit Card Centre and a Global Markets Centre), 2,157 self-service banks, 5,162 cash self-service devices and 4,789 visual counters. The Company has a Hong Kong branch in China's Hong Kong, a representative office in Chinese Taipei, a London branch in the UK, 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.

Online channels

Major online channels for retail

CMB APP

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, wealth management services were upgraded with the introduction of "Five-Star Strategies" in fund selection to assist customers in seizing market opportunities. A whole-process insurance allocation service encompassing "allocation – product selection – review" was established, delivering a more professional and convenient wealth management service to customers. Secondly, retail credit services were optimised by introducing multiple post-loan modification functions, and achieving integrated credit card management and usage to deliver one-stop financing

29 Refers to transaction volume of RMB bond investment of the Company's Global Markets Centre.

service. Thirdly, payment and settlement services were enhanced through intelligent image recognition transfers, a one-stop query function for social insurance and housing fund contributions, and a comprehensive upgrade to income-expenditure balance management services, facilitating effortless account management for customers. During the reporting period, the monthly active users of the CMB APP reached 88,748,300.

CMB Life APP for Credit Card

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, connecting with quality partners, the Company continued to improve the online service ecosystem, upgraded interaction forms to address diverse user needs and suit business scenarios, enhanced service capabilities, and optimised the user experience. In coordination with consumption periods such as public holidays and year-end, the Company launched a series of marketing campaigns, strengthening its scalable, well-timed customer engagement capabilities across both online and offline channels. During the reporting period, the number of monthly active users of the CMB Life APP for credit card was 40,720,900. In terms of user engagement, CMB Life APP was in the front rank among other credit card APPs in the banking industry.

Remote Operation Service

The Company provides real-time, comprehensive and prompt integrated services to its customers via multimedia services such as telephone, network and video. In particular, the Company prioritises the optimisation and upgrading of service processes for critical business scenarios, continuously enhancing the customer service experience. Employing a human-machine collaboration model, the Company dynamically identifies customers' immediate needs, providing flexible and tailored services for diverse operational contexts to more precisely meet customised service requirements. During the reporting period, the remote online omni-channel manual service connection rate was 99.09%; the remote online omni-channel manual service 20-second response rate was 94.73%; and the remote online omni-channel customer satisfaction rate was 99.82%.

Intelligent Service System

In terms of debit card intelligent service system, during the reporting period, the Company constantly upgraded the intelligent service "Xiao Zhao (小招)". Firstly, the scope of service capabilities of "Xiao Zhao (小招)" was expanded from focusing on wealth management scenarios to encompassing full-scenario services covering "deposit, loan, and remittance"; Secondly, the Company drove the upgrading of "Xiao Zhao (小招)" to serve as "specialists" and "stewards", progressively shifting from passive "question-and-answer" interactions to "proactive discovery", proactively assisting customers in monitoring and organising information related to accounts, products, and markets. Thirdly, the Company enhanced the intelligent interaction experience by introducing the "Xiao Zhao Voice Control (小招語控)" feature, enabling users to efficiently complete information queries and transaction processing through voice interaction.

In terms of credit card intelligent service system, during the reporting period, the Company continued to push forward the digital and intelligent transformation of customer service for credit card business, optimised intelligent interaction experience and focused on enhancing service quality and efficiency. The Company expanded the deployment of intelligent service channels, proactively improved the construction of AI agents for business scenarios, and further optimised the human-AI collaboration model of the "Xiao Zhao (小招)" of the CMB Life APP for credit cards, improving its problem-solving ability to customers. Leveraging technologies such as data mining, the Company applied intelligent products in the credit card service process, which enabled efficient responses to customer needs, driving improvements in service efficiency and customer experience.

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's CMB Corporate U-Bank comprehensively enhanced service capabilities across critical scenarios including treasury management, procurement and sales. The Company upgraded digital and intelligent capabilities by advancing platform intelligence and customer self-service, creating a more efficient and user-friendly intelligent customer service platform. As the core application for digital and intelligent corporate financial services on mobile devices, CMB Corporate APP provided intelligent treasury services to legal persons, executives and other key personnel of enterprises via the mobile terminals. As of the end of the reporting period, the Company had 3,527,900 wholesale customers on the online channels, representing an increase of 15.06% as compared with the end of the previous year. The coverage rate of wholesale customers on the online channels was 97.39%, representing an increase of 0.56 percentage point as compared with the end of the previous year. During the reporting period, the Company had 2,208,500 monthly active customers of wholesale online channels, representing a year-on-year increase of 13.29%; the total number of wholesale transactions handled by the Company through online channels reached 551 million, representing a year-on-year increase of 14.32%; and the total value of wholesale transactions through online channels amounted to RMB246.69 trillion, representing a year-on-year increase of 10.50%.

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 prioritised expanding its high-value business segments, deepened its asset origination capabilities, optimised the allocation structure of interest-earning assets, and simultaneously advanced both the expansion of asset scale and the enhancement of asset quality. It continued to improve its wealth management product suite, comprehensively elevating both the scale of asset management and its customer service capabilities. During the reporting period, the Hong Kong Branch achieved the net operating income of HKD3.237 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 implemented a sustainable and high-quality development strategy and achieved progress in customer base expansion, optimisation of debt structure, product innovation, and risk compliance construction, with its comprehensive financial service capability constantly improved. During the reporting period, the New York Branch achieved the net operating income of USD93.7231 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, non-financial services, and digital services, etc.

During the reporting period, the Singapore Branch seized the market opportunities and continuously enhanced the comprehensive customer service capabilities and local market influence by focusing on its core customer groups such as high-quality Chinese enterprises, Singapore's leading enterprises and premium financial institutions in Southeast Asia. During the reporting period, the Singapore Branch achieved the net operating income of USD46.7609 million.

Luxembourg Branch

The Luxembourg Branch of the Company, established in 2015, is positioned as an important cross-border finance platform in the 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 built a global service network for private banking customers and provided high-quality non-financial value-added services to high-net-worth private banking customers.

During the reporting period, the Luxembourg Branch continued to strengthen its business development efforts targeting corporate and financial institution customers, enhanced asset origination, and actively pursued specialised services such as foreign exchange client flow trading, bond operations, and interbank business, steadily improving its value creation capabilities. During the reporting period, the Luxembourg Branch achieved the net operating income of EUR27.4414 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". It focused on enhancing profitability resilience, cultivating distinctive operational characteristics, and consolidating its developmental foundations, thereby driving continuous improvement in operational quality and efficiency. During the reporting period, the London Branch achieved the net operating income of USD44.6797 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, the first overseas city-level branch under it, 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 deepened its engagement in key economic and trade sectors between China and Australia, strengthened the expansion of local customer base, focused on local distinctive industrial asset origination, promoted digital transformation, and strengthened deposit acquisition through trade financing projects, thereby steadily improving its comprehensive operating capabilities. During the reporting period, the Sydney Branch achieved the net operating income of AUD67.8099 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 HKD526.542 billion. Total equity attributable to shareholders amounted to HKD54.131 billion. During the reporting period, the net profit attributable to shareholders was HKD4.292 billion.

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 RMB325.298 billion and the net assets were RMB41.082 billion. During the reporting period, the net profit was RMB4.407 billion.

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. CMB International Capital and its subsidiaries have a comprehensive layout across three major sectors: Extensive Investment Banking, Extensive Wealth Management and Extensive Asset Management, encompassing businesses such as corporate financing, global markets, structured financing, wealth management, and asset management.

As of the end of the reporting period, the total assets of CMB International Capital amounted to HKD102.036 billion, and its net assets amounted to HKD23.473 billion. During the reporting period, it realised a net profit of HKD4.035 billion.

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 RMB26.738 billion and net assets of RMB25.668 billion. During the reporting period, the net profit was RMB2.726 billion.

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 RMB15.402 billion, and its net assets amounted to RMB11.155 billion. It realised a net profit of RMB1.438 billion during the reporting period.

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 RMB1.266 billion, with net assets of RMB964 million, and achieved a net profit of RMB125 million during the reporting period.

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 EUR570 million and net assets of EUR91 million. It achieved a net profit of EUR763,400 during the reporting period.

CMB Investment

CMB Investment, a wholly-owned subsidiary of the Company, was approved for business operation in November 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 RMB15.047 billion and net assets of RMB15.014 billion.

3.10.6 Major joint ventures[30]

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 RMB259.289 billion, and its net assets amounted to RMB14.343 billion. During the reporting period, CIGNA & CMB Life Insurance realised a net profit of RMB3.351 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 RMB167.238 billion and the net assets were RMB25.117 billion. It realised a net profit of RMB3.054 billion during the reporting period.

3.11 Risk Management

The Company closely focused on the strategy of building a value creation bank, adhered to a solid and prudent risk culture, strengthened risk appetite management and conveyance, continued to consolidate a fortress-style risk 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 issues under the framework of strategies, policies, risk appetite and authorisations approved by the Board of Directors.

During the reporting period, the Company adhered to the principle that "stabilising quality is stabilising the foundation", strengthened capacity building, comprehensively improved risk management and increased support for the real economy. Additionally, the Company worked to prevent and mitigate risks in key areas, accelerated the digital and intelligent transformation of risk management, and maintained the overall stability of various risk indicators.

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. In its operations, while closely upholding the national policy guidance and regulatory principles, the Company consistently adhered to a solid and prudent risk culture, dynamically improved relevant risk management policies, continuously enhanced credit risk quantification capabilities, strengthened the performance of duties by key personnel, and improved forward-looking management of credit risk, so as to prevent and reduce credit risk loss.

During the reporting period, the Company actively responded to the changes in the risk situation, effectively improved risk management quality and efficiency, and maintained overall stability of asset quality. With regard to corporate loans, the Company mainly took the following measures to enhance credit risk management. Firstly, the Company optimised credit policies and credit granting strategies in a timely manner. Guided by the asset

30 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.

allocation, the Company strengthened the forward-looking assessment of industry development trends, increased the intensity of asset origination by branches in key regions, tapped into the potential of "expanding coverage and increasing volume" for medium-sized credit customers, improved medium- and long-term asset origination strategies, continued to promote "one branch, one policy" list-based client management for asset business, and optimised asset allocation across dimensions such as industries, regions, and customer groups. Secondly, the Company prioritised the prevention and mitigation of risks in key areas. Focusing on accelerating the construction of a new model for real estate development, actively and orderly resolving local debt risks, and proactively preventing risks associated with the transition between old and new economic growth drivers and relevant areas involving the impact of "anti-involution", the Company strictly implemented the latest national and regulatory policies, strengthened early warning, screening and monitoring, dynamically assessed risk changes, and proactively responded to and resolved risks. Thirdly, the Company continuously optimised the credit process. The Company enhanced centralised credit management for group client members, improved the work paradigm of investigation, review and approval processes, standardised the performance standards and requirements for process nodes and roles, strengthened the monitoring of due diligence and quality review as well as the evaluation of duty performance, enhanced the management standard of credit extension compliance and financial solution suitability, and improved the whole-process control of risk monitoring, early warning, classification, disposal, etc. Fourthly, the Company further promoted the efficiency of the recovery and disposal of existing non-performing assets. The Company focused on key areas, improved the division of labour and cooperation mechanism in asset preservation across the Bank, and comprehensively made use of a variety of effective methods to exert every effort in enhancing the level of cash recovery, so as to achieve high-quality risk resolution and disposal. Fifthly, the Company steadily promoted the digital and intelligent transformation in risk management. The Company focused on "high-frequency, critical, and advantageous" scenarios in risk management, accelerated the construction of intelligent agents for positions such as relationship managers, risk managers, and credit officers, continuously improved the intelligent assistants namely, "Risk Assistant (風險小助)" and "Compliance Assistant (合規小助)" and AI toolsets, and continued to enrich the Group Risk-management System (GRS) ecosystem. For details on credit risk management of retail loans, please refer to the section 3.9.7.

For more information about the Company's credit risk management, please refer to Note 60(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. During the reporting period, the Company has incorporated large exposure management into its overall risk management system, continued to improve customer credit management requirements, continued to optimise risk exposure measurement rules, increased Fintech support for data collection on large exposure, and reported regularly on large exposure indicators and related management to regulatory authorities, so as to effectively control customer concentration risks. As of the end of the reporting period, other than customers with regulatory exemption, single non-financial institution customers, group non-financial institution customers, single financial institution customers and group financial institution customers of the Company that reached the standards of large exposure 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, in the face of the complex and volatile international political and economic situation, the Company continued to pay attention to the changes in the situation of key countries or regions in the world, evaluated and updated the country risk ratings according to the risk changes, tightened the limit control of country risk 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 volume indicators, market risk value indicators (VaR, covering interest rate risk factors of various currencies and durations relating to trading book business), interest rate stress testing loss indicators, interest rate sensitivity indicators and accumulative loss indicators and other risk indicators, to measure, monitor and manage the interest rate risk of 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 indicators or bond yield curves. VaR 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. 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. Major interest rate sensibility indicator reflects the duration of bonds and PV01 of bonds and interest rate derivatives (the change in the market value when an interest rate fluctuates unfavourably by 1 basis point). As for routine risk management, the annual scope of authorisation and the market risk limits for the interest rate risk businesses under the trading book are set in accordance with the risk appetite, business planning and risk prediction of the Board of Directors at the beginning of the year for which the Market Risk Management Department is responsible for routine monitoring and continuous reporting.

During the reporting period, China's economy maintained a good momentum of steady progress, characterised by sustained growth in aggregate volume and steady improvement in quality. RMB bond interest rates exhibited an overall upward trend, with the yield on China 10-year government bonds rising from 1.68% to 1.85%. The global economy continued its trend of moderate growth. However, monetary policies among global central banks diverged significantly, and trade protectionist tendencies intensified, resulting in a complex and volatile external environment. 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 all interest rate risk indicators of the trading book remained within the target 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 external environment and internal 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 mismatch, benchmark risk arising from inconsistent changes in the pricing benchmarks of products, and optionality risk due to the prepayment of loans triggered by changes in external interest rates. The Company predicted and analysed 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 trend of risk exposure changes. The Company adjusted the structure of assets and liabilities on the balance sheet and hedged interest rate derivatives off the balance sheet to manage risks. 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 risk exposure indicator, market risk value indicator (VaR, covering foreign exchange rate risk factors of various currencies related to transactions on the trading book), the exchange loss indicator under stress test, option-sensitive indicator and accumulated loss indicator and other risk indicators 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. 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. 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. Major option-sensitive indicators include Delta, Gamma, Vega and other indicators. For routine management, the Company set annual limits on authorisation associated with exchange 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 on-going reporting.

During the reporting period, the appeal of RMB-denominated assets recovered steadily, and foreign exchange reserves remained at a reasonable and sufficient level. As at the end of 2025, the exchange rate of U.S. dollar against RMB has fallen from 7.19 to 7.03. Influenced by factors such as the U.S. interest rate cut policies and tariff adjustments, the U.S. dollar depreciated against most major currencies, with the U.S. dollar index retreating from 108.48 to 98.27. The Company's trading book mainly obtained the spread income through the foreign exchange client flow trading, and implemented rigorous internal control and management through a well-established and efficient management system, and closely monitored changes of limit indicators such as sensitivity index and stop-loss indicator. All exchange rate risk indicators of the Company's trading book were within the target range as of the end of the reporting period.

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 correlation approach and the aggregation 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 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 of banking book.

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 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 60(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 pre-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, the Company aligned with regulatory requirements to further strengthen the management mechanism of operational risk event and loss. The Company established rules for handling expected losses from operational risk events and strengthened the construction of the operational risk management system at the Group level. Secondly, the Company focused on risk control in key business areas, conducted reviews of operational risk management priorities, and selected institutions to conduct operational risk monitoring and assessment. Thirdly, the Company focused on network security and data security by strengthening emergency management and risk response capabilities, thereby improving system operational resilience. Fourthly, the Company strengthened outsourcing risk management by organising the Head Office and branches to conduct post-assessments of outsourcing projects. Fifthly, the Company further improved management on business continuity and intensified business continuity drills. Sixthly, the Company enriched system functions and upgraded the user service experience to enhance digital management capabilities.

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, promoted the steady growth of customer deposits, and enhanced the origination and support of assets, maintaining stable operation of assets and liabilities. Secondly, the Company strengthened forward-looking forecasts of liquidity risk, flexibly carried out active liability management of treasury based on the operation of major businesses and indicators and in line with market trends, expanded diversified financing channels, and stabilised the sources of long-term liabilities through bond issuance and other means. 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 60(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 initiatives 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)", revised and refined the reputational risk management system while adhering to the management principles of forward-looking, compatibility, full-coverage, effectiveness, and subjectivity. The Company continued to optimise the reputational risk management mechanism and deepened management of the entire process. Specifically, the Company established a pre-assessment mechanism, conducted regular inspections and strengthened prevention and governance at the source. The Company launched a public opinion incidents management system, optimised its monitoring and identification mechanism, and ensured that the reputational risk incidents are properly dealt with. The Company emphasised on addressing both symptoms and root causes. In addition to properly handling of public opinion incidents, the Company also investigated the causes thereof, pushing for 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 through the establishment of a management structure comprising the Risk and Capital Management Committee under the Board of Directors, the Risk and Compliance Management Committee, heads of compliance, compliance officers as well as compliance supervisors of the Head Office and its branches, 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, construction of compliance culture, management of employee behaviour and system building, the Company continuously improved compliance risk management techniques and optimised management procedures and established a complete and effective compliance risk management system to achieve 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 took active coping measures and continued to consolidate its internal control and compliance management system through various measures. The first was to optimise the system for internalising external regulations, strengthen the interpretation and conveyance of the new regulatory requirements, and promote the implementation of the new regulatory requirements such as the "Measures for the Compliance Management of Financial Institutions" in the Company. The second was to implement strict legal compliance review requirements, effectively identify, evaluate and prevent the legal compliance risks of new products, new businesses and major projects. The third was to organise diversified compliance culture publicity events such as "2025 Compliance Performance Year", "Legal Compliance Forum" and "Retail Banking Laws & Compliance", and continuously reinforce employee behaviour management. The fourth was to tighten up supervision, inspection, and problem rectification management, and improve the quality and efficiency of inspection and rectification work. The fifth was to actively deepen the digital and intelligent construction in internal control and compliance to ensure the high-quality development of the Company.

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 and its Audit Committee, senior management, functional departments, branches and subsidiaries, an anti-money laundering system with comprehensive coverage, an well-functioning and 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 strengthened the promotion and training on the new Anti-Money Laundering Law and ensured its high-standard implementation. The Company organised training sessions on the new law covering all levels — including the Board of Directors, senior management, business departments, and new employees — through various channels. The Company also conducted gap analysis against the new law to systematically drive the execution of its requirements. The Company continuously optimised suspicious transaction monitoring rules and explored the application of new technologies such as large language model, thereby constantly enhancing the quality, efficiency, and social value of suspicious transaction monitoring and analysis. The Company refined the anti-money laundering customer due diligence system, promoted the establishment of continuous in-progress due diligence mechanisms for key businesses, and optimised due diligence workflows. In addition, various measures were adopted to strengthen the support of the anti-money laundering KYC platform (customer due diligence platform). The Company accelerated the digital and intelligent transformation of the anti-money laundering systems. The Company continued to drive the centralised development, standardisation of services, standardisation of data calibres, and intelligent application of data across the anti-money laundering systems of all Group members.

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" for Companies listed in Shanghai. Accordingly, the Company formulated the CMB Market Value Management System and the Action Plan of "Corporate Value and Return Enhancement". The specific implementation details are as follows:

Firstly, the overall operation remained stable with positive momentum, reaching a new stage of high-quality development. The Company took the strategic target of building a value creation bank, adhered to the coordinated development of quality, profitability and scale and carried out various businesses in a sound manner. Both the scale of assets and liabilities grew steadily. The operating profitability remained stable with positive momentum, and the asset quality remained stable. The transformation through "the Internationalisation Initiative, the Comprehensive Operation Initiative, the Differentiation Initiative, and the Digitisation and Intelligence Initiative" yielded positive results. The core competitiveness further solidified and the return on average equity (ROAE) maintained at a relatively high level in the industry. For details, please refer to "Chairman's Statement", "President's Statement" and Chapter III "Management Discussion and Analysis" in this report.

Secondly, the Company continued the improvement of the corporate governance mechanism to elevate ESG governance standards. The Company consistently advanced the efficient operation of the Board of Directors and its special committees, fully leveraging the role of Independent Directors to continuously enhance the standardisation and effectiveness of the operation of the Board of Directors. The Company implemented the requirements of laws and regulations such as the Company Law of the People's Republic of China and the latest regulatory policies, efficiently advancing reforms to the Board of Supervisors. Timely revisions to the Articles of Association and supporting systems have continuously solidified the foundations of the corporate governance system. Concurrently, the Company actively embraced ESG philosophy, earnestly fulfilled its social responsibility, and continuously enhanced sustainable development capabilities. The Company's MSCI ESG rating was the highest "AAA" for two consecutive years. 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 continuously enhanced information disclosure and investor relations management to constantly increase market recognition. During the reporting period, the Company consistently refined its information disclosure system, strictly fulfilled statutory disclosure obligations, and fully safeguarded investors' right to know. Concurrently, guided by investors' needs, the Company continuously improved the initiative and transparency of information disclosures while actively addressing investor concerns. The Company proactively engaged in communication with diversified investors through various channels, actively promoting its development strategy and operational achievements. During the reporting period, the Company held a total of three regular results announcements in the form of onsite meeting + webcast, conducted multiple rounds of domestic and overseas roadshows, participated in 48 investment strategy meetings, received 69 groups of investors for research, and conducted over 10,000 institutional investor interactions. Hundreds of investor telephone enquiries were handled, and investor emails and messages were promptly addressed. For details, please refer to Section 5.9 "Communication with Shareholders".

Fourthly, the level of cash dividends remained industry-leading, generating long-term sustainable value returns for shareholders. The Company consistently prioritised shareholder returns, emphasising the stability and continuity of its cash dividend policy while repeatedly increasing the cash dividend payout ratio. Since 2013, the Company's cash dividend payout ratio has consistently maintained above 30%. The 2024 cash dividend amounted to RMB50.440 billion (inclusive of tax), representing a sustained increase over years. The cash dividend payout ratio remained around 35%, leading the industry. To further enhance the sense of gain for extensive investors, an interim dividend was introduced for the first time in 2025, with a cash dividend payout ratio of 35.02%. For details, please refer to Section 5.11 "Profit Appropriation".

3.13 Outlook and Coping Tactics

Looking ahead to 2026, on the international front, momentous changes unseen in a century are accelerating, with the global economic and trade environment remaining highly uncertain. Overseas economies are expected to maintain robust growth driven by AI, with inflation carrying upside risks. Monetary policies among major central banks may continue diverging, though the divergence could marginally converge. International geopolitical tensions, the artificial intelligence bubble, and fiscal sustainability concerns in certain economies may constitute three major potential risks.

On the domestic front, in the first year of the 15th Five-Year Plan, China's economic growth target will be set to maintain stable growth. An economic development model driven by domestic demand, consumption-led growth, and endogenous expansion will be persistently advanced. Firstly, economic policies will maintain their intensity while enhancing effectiveness, with greater fiscal support from the central government and appropriately accommodative monetary policy. Secondly, aggregate economic and financial indicators will grow steadily, with accelerated development of a modern industrial system, concentrated commencement of major projects, expansion of service consumption, and reduced drag from real estate investment. Thirdly, supply-side capacity management will advance rapidly, with prices expected to moderate as supply-demand rebalancing takes effect.

Based on the macroeconomic situation and internal development goals, the Company plans to increase both the total deposits from customers, and the total loans and advances to customers by approximately 6% to 7% in 2026.

In 2026, the Company aims to further implement the value creation bank strategy, keep moving forward while maintaining stability, and take proactive measures, creating more and greater value for customers, employees, shareholders, partners, and the society, and contributing to the construction of a financial powerhouse and the path of financial development with Chinese characteristics.

Firstly, the Company will proactively enhance the quality and efficiency of services to the real economy. Capturing policies and market opportunities, the Company will focus on policies and market opportunities in the key areas such as the "Two Renewal Campaigns" and "Two Major Plans"[31], expanding the capacity and improving the quality of the service industry, promoting high-quality development of key industrial chains, advancing the "carbon peak and carbon neutrality" goals, stabilising the property market, and fostering the healthy development of capital markets. The Company will increase lending efforts to maintain reasonable growth in credit volume and effective improvement in credit quality. The Company will continue to excel in technology finance, green finance, inclusive finance, retirement finance, digital finance, intelligent manufacturing finance, cross-border finance, government finance, and consumer finance. Through high-quality financial provision, the Company will contribute to the high-quality development of the economy and society.

31 "Two Renewal Campaigns" refers to large-scale equipment renewals and consumer goods trade-in programs. "Two Major Plans" refers to the plans to execute major national strategies and build security capacity in key areas.

Secondly, the Company will engage in both capital-light and capital-heavy businesses to accelerate balanced and coordinated development of the four major business segments. The Company will continuously consolidate the systematic advantages of the retail finance sector, accelerating to become "the best retail bank in China driven by innovation, leading the market, and with an excellent brand"; the Company will continue to build specialised advantages in corporate finance, expand high-quality customer groups, consolidate and refine the segmentation and classification-based service system, and strengthen core competencies; the Company will promote the investment banking and financial markets segments to further expand and optimise the business, strengthen professional, systematic, and ecological construction, and consolidate and improve competitive advantages in segmented areas; the Company will accelerate the development of the wealth management and asset management segments, fostering mutual reinforcement and virtuous cycles to elevate its capacity for creating value for customers.

Thirdly, the Company will seize opportunities and resolutely advance the transformation through the "Four Initiatives". **The Company will accelerate "the Internationalisation Initiative"**, promote high-quality growth of overseas institutions tailored to local conditions, enhance global service capabilities and influence, and elevate the internationalisation level of management and talent. **The Company will extensively advance "the Comprehensive Operation Initiative"**, fully leverage the advantages of its financial licenses and business presence to enhance the overall competitiveness of its subsidiaries and strengthen mutual empowerment between the parent bank and its subsidiaries. In particular, **the Company will create competitive strengths through "the Differentiation Initiative"**, consolidate the dominant position of retail finance, promote balanced and coordinated development of the four major business segments, reinforce and expand the advantages in serving clients in targeted sectors, develop new strengths in specialised businesses, accelerate the formation of new growth poles in key regions, and enhance differentiated development capabilities. **The Company will accelerate transformation through "the Digitisation and Intelligence Initiative"**, adhere to an "AI First" philosophy to expedite the development of an intelligent bank; the Company will expand and deepen AI applications while intensifying exploration of intelligent agent deployment; the Company will enhance data governance and knowledge management capabilities; the Company will accelerate the building of an AI-driven organisation, establish a digital and intelligent capability management system, and effectively advance the integration of "people + digital intelligence" at a deeper level.

Fourthly, the Company will uphold the bottom line and continuously consolidate a fortress-style risk and compliance management system. The Company will strengthen risk prevention and control in key areas, persistently advance the prevention and resolution of real estate risks, accelerate the establishment of a proactive risk management system for retail loans, and enhance market risk prevention and control. The Company will strengthen system and capability development, continuously consolidate and refine the organisational structure, institutional processes, and evaluation and assessment systems for risk and compliance management. The Company will accelerate AI empowerment as well as digital and intelligent transformation to enhance the effectiveness of the risk and compliance management framework. The Company will strengthen internal control and compliance management, intensively carry out the "Year of Deepening Compliance Management" activities, reinforce risk compliance awareness training, and rigorously guard against money laundering risks, sanctions compliance risks, and country risks.

Fifthly, the Company will consolidate its foundations and continuously enhance its lean management capabilities. **The Company will strengthen asset-liability management**, promote aggregate growth in assets and liabilities, optimise structural adjustments, and ensure reasonable pricing. The Company will refine capital allocation and management, improve the efficiency of capital use, and maintain the competitive edge in net interest margin. **The Company will strengthen holistic cost management**, balance short-, medium-, and long-term value creation. The Company will adopt targeted measures, retaining necessary expenses and reducing those with lower priority, so as to achieve greater cost reduction and efficiency enhancement. **The Company will put emphasis on team management**, strengthening the building of a "professional, diverse, market-driven, and international" talent pool, increasing human resource allocation in key areas, and cultivating a high-calibre specialist workforce. **The Company will strengthen consumer rights protection management**, boost tiered and categorised complaint management, and continuously advance service improvement initiatives to elevate the overall service capabilities. **The Company will upgrade operations management**, and persistently advance digital and intelligent, platform-based, and centralised operations management, thereby enhancing business support and customer service capabilities.

Embracing the wave of openness to accelerate international development

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.

In 2025, the Company's MSCI ESG rating remained grade AAA.

In 2025, the Company achieved the social contribution value of RMB15.69 per share (calculated on the Group's statistical calibre) [32].

For further information on the ESG of the Company, please refer to China Merchants Bank Co., Ltd. Sustainability Report 2025 published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

4.2 Environmental Information

In active response to the national strategic objectives of carbon peak and carbon neutrality, the Company accelerates the development of green finance, improves the management system for green operation, promotes the transformation of green development, and boosts 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.

4.2.1 Environmental (climate) related governance framework

During the reporting period, the Board of Directors of the Company played its strategic leadership role in environmental (climate) management and green finance, regularly reviewed the sustainable development report, strategic implementation report and comprehensive risk report with the Board of Supervisors, and effectively assumed 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 were in place to highlight the Company's concern about environmental (climate) management, green finance and green operation, and provided 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, contemplating resource allocation and green finance assessment supporting policies, advancing information disclosure competency, building green finance brand, and enhancing the effectiveness of the Company's ESG governance. Meanwhile, the special 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 and held five working meetings, formulating, reviewing and approving the "2025 Green Finance Action Plan", 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 mainly responsible for the planning, resolutions review, implementation and supervision related to green operation, ensuring the effective implementation of decisions and measures related to green operation, and coordinating 13 departments of the Head Office and 7 major subsidiaries to collaboratively promote the establishment of the carbon management system for the Company's operation. During the reporting period, the Green Operation Management Committee organised and held four working meetings, formulating the "2025 Green Operation Work Plan" and "2026 Action Plan for Green Operation" to actively promote the Group's solid implementation of green operation work.

32 Social contribution value per share = basic earnings per share + (taxes paid + employee expenses + interest expenses + total external donations)/total share capital of ordinary shares at the end of the period.

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, 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.

In terms of risk appetite, the Company clarified the relevant requirements of green finance, specified 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 the 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 adhered to the "one-vote veto" mechanism for ESG evaluation, and explicitly required projects and customers to comply with national environmental protection standards in terms of site selection, production processes, resource consumption and pollutant emissions. The Company will not participate in projects with high energy consumption, high carbon emissions and low efficiency. The Company will strictly review enterprises in environmentally sensitive industries with high pollution and high carbon emissions. For projects and enterprises that do not meet the requirements of ESG and relevant industrial policies, no credit extension shall be granted, and the issued credit shall be withdrawn.

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 immigrants, 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).

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 and other governmental and regulatory authorities, as well as feedback from the media and the social 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 also established a closed-loop process of "ESG risk identification, risk screening, risk early warning, and control and rectification." In 2025, the Company continued to enrich customer ESG risk data, formed ESG risk signals, and improved the comprehensiveness and accuracy of risk monitoring.

In terms of inspection and supervision, the Company formulated the "Guiding Opinions on Risk Inspection and Supervision for 2025 (《關於2025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 regularly organises audits related to green finance on an annual basis. In 2025, green finance was incorporated into routine audits, with a focus on branches' implementation of green finance policies, process management, data quality, asset quality, and rectification, thereby enhancing the effectiveness of operational management.

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 RMB609.413 billion, representing an increase of 21.01% as compared with the beginning of the year, which was 15.53 percentage points higher than the growth rate of the loans extended by the Company. These green loans were mainly invested 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 had cumulatively granted RMB1.910 billion of sustainability-linked loans; CMB Financial Leasing, a subsidiary of the Company, granted loans of RMB64.302 billion in green leasing business, accounting for 59.33% of total loans granted by CMB Financial Leasing, with a closing loan balance in green leasing business amounting to RMB114.808 billion[33], representing an increase of 23.89% as compared with the beginning of the year.

In terms of green deposits[34], the Company not only met the deposit needs of corporate customers, but also helped them closely integrate environmental protection responsibilities with development practices. During the reporting period, the Company successfully launched green deposit services online through CMB Corporate U-Bank, and conducted in-depth promotion and training on green deposits to promote green deposit acquisition. As of the end of the reporting period, the Company handled a cumulative amount of RMB14.797 billion in green deposits. During the reporting period, CMB Wing Lung Bank, a subsidiary of the Company, issued corporate green deposits with a maximum issuance size of HKD1.7 billion.

In terms of green bonds, as of the end of the reporting period, the balance of proceeds from outstanding RMB-denominated green finance bonds of the Company was RMB5.0 billion, and the balance of proceeds from outstanding overseas USD-denominated green bonds, social responsibility bonds, sustainable development bonds and blue overseas USD-denominated bonds was USD1.4 billion. 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 companies in issuing 56 green bonds, of which the Company has lead-underwritten a total value of RMB22.059 billion, and the funds raised were mainly invested in the construction and operation of renewable energy facilities, supporting facilities for clean energy vehicles, advanced environmental protection equipment manufacturing, industrial energy-saving transformation, new energy vehicles and green ships, urban environmental infrastructure and other fields. In 2025, CMB International Capital, a subsidiary of the Company, assisted 36 companies in issuing 43 green bonds, with a fundraising scale of USD14.410 billion, representing an increase of 30.71% as compared with the end of the previous year.

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 RMB30.358 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 RMB24.563 billion. China Merchants Fund, a subsidiary of the Company, actively promoted ESG products and launched a number of CSI A series index 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 RMB21.580 billion. CMB Wing Lung Bank, a subsidiary of the Company, actively participated in the domestic and overseas green bond investment and trading. As of the end of the reporting period, the balance of green bonds held by CMB Wing Lung Bank was HKD19.337 billion. CMB International Capital, a subsidiary of the Company, actively promoted the transformation, upgrading and sustainable development of the green industry. As of the end of the reporting period, the balance of green investment held by CMB International Capital was RMB11.610 billion.

In terms of green wealth management, as of the end of the reporting period, the Company had a total of 24 existing ESG-themed wealth management products from its agency distribution, with an existing fund size of RMB8.589 billion. In addition, the Company had a total of 136 existing funds themed around ESG, green environmental protection, new energy, carbon neutrality and photovoltaic from its agency distribution, with a combined balance of RMB8.597 billion. CMB Wealth Management, a subsidiary of the Company, actively innovated wealth management products with ESG philosophy. As of the end of the reporting period, CMB Wealth Management had a total of 17 existing green finance-related wealth management products, with an existing fund size of RMB14.033 billion.

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33 The green leasing business is categorised in accordance with the "Green Finance Endorsed Project Catalogue (2025 Edition)" issued by the People's Bank of China, the National Financial Regulatory Administration and CSRC. The same-calibre adjustment was made to the data at the beginning of the period.

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

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 across all scenarios, strengthened internal promotion of green development concept, and simultaneously improved the level of refined management of resources such as energy, paper, water resources and waste in accordance with the green operation work plan, further advancing systematic construction of its green operation in depth.

In terms of carbon management in operations, the Company further improved its organisational mechanisms, management systems, and assessment frameworks to strengthen the system of carbon management for operations. Centred on the Green Operation Management Committee, the Company systematically advanced the construction of the Group-wide green operation management system. Four special meetings were convened in 2025 to ensure the efficient implementation of relevant decisions and measures regarding green operation. The Company improved its institutional system by issuing the "Guidelines for Financial Materiality Analysis of China Merchants Bank's Sustainable Development Topics《招商銀行可持續議題財務重要性分析指引》" to standardise the methodology and processes for sustainability disclosure, as well as the "Measures for Evaluation of Green Operation of China Merchants Bank's Domestic Branches《招商銀行境內分行綠色運營工作評價辦法》" to establish a green operation evaluation framework at branch level. The Company upgraded its digital and intelligent management tools by iterating the carbon management system, optimising the entire process of carbon emission data collection, processing, and analysis to provide digital and intelligent support for its green operation. The Company strengthened its professional capabilities by promoting knowledge accumulation and capacity building in carbon management, while enriching the professional talent pool for carbon management. The Company improved the assessment and evaluation mechanism by setting "green operation" performance indicators at the Head Office, branches and subsidiaries, and incorporating carbon accounting for operations into the data quality assessment system, so as to drive the implementation of green operation through performance assessment.

In terms of carbon accounting for operations, the Company organised the entire Group to complete the annual inventory of greenhouse gas emissions at its own operational level. It continued to improve the quality of carbon data for operations by reviewing historical carbon accounting data for operations, sorting out data quality issues, clarifying carbon emission data standards for operations and collection requirements, and launching online training courses on carbon accounting for operations, so as to consolidate the data foundation of carbon accounting for operations and ensure the authenticity, accuracy and completeness of carbon emission data. Relevant data management measures and achievements were disclosed simultaneously.

In terms of carbon emission reduction for operations, the Company intensified its carbon emission reduction initiatives for operations and released the "Carbon Emission Reduction Toolbox for Green and Low-carbon Operation of China Merchants Bank《招商銀行綠色低碳運營碳減排工具箱》" to provide scenario-based and actionable implementation of emission reduction suggestions. The Company set up specific fund to support the energy-saving retrofit and technology upgrades of infrastructure such as air-conditioning, elevators, and lighting, and established a closed-loop management mechanism for energy-saving projects to regularly evaluate the progress and effectiveness of energy-saving projects of various institutions. The Company also continued to advance the replacement of business vehicles with new energy vehicles, successfully achieving the established goal of 85% new energy vehicles in newly purchased business vehicles across the Bank in 2025.

In terms of energy management, the Company advanced energy-saving and carbon-reduction initiatives across multiple dimensions, implementing a series of measures with notable results. The Company released the "Action Plan for Green Operation for Office Premises of China Merchants Bank in 2025《招商銀行2025年辦公物業綠色運營行動方案》", to promote high-quality energy consumption reduction. The Company established a green operation honour system for office premises across the Bank, set evaluation indicators from the dimensions of electricity, water, and renewable energy utilisation, and drove the green operation of the Bank to a new level. The Company comprehensively collected and analysed electricity consumption data of office buildings and outlets of the Head Office and branches, compiled the "Electricity Consumption Analysis Report of the Bank《全行電力能耗情況分析報告》", providing strong support for scientific decision-making in energy management. During the reporting period, energy-saving renovations and management initiatives were implemented at the office premises of the Head Office and branches, resulting in the reduction of 3,755.77 tons of carbon dioxide equivalent. These initiatives included facility upgrades by replacing lights with LEDs, installing smart-sensor lighting and timed power-off sockets, piloting AI-based air conditioning optimisation, and replacing outdated electronic equipment, as well as strengthening management through floor-level energy inspections and promotion of green operation concepts. Furthermore, the Company phased out high-fuel-consumption vehicles and advocated the "turn off the engine when parked" initiative for business vehicles, reducing fuel consumption by 498,900 litres year-on-year, corresponding to a reduction of 1,084.36 tons of carbon dioxide equivalent. Concurrently, the Company continued to advance energy conservation and emission reduction in its self-owned data centres. The Pinghu Data Centre in Shenzhen and Zhangjiang Data Centre in Shanghai achieved energy-efficient operations by optimising airflow, environmental parameters, and chilled water systems in computer rooms. As a result, the average Power Usage Effectiveness (PUE) of the Company's self-owned data centres dropped to 1.42 in 2025, corresponding to a reduction of 3,657.69 tons of carbon dioxide equivalent.

In terms of paper management, the Company actively promoted paperless officing to reduce the use of paper documents. In terms of electronic seal application, during the reporting period, the electronic seal was used 145 million times, replacing 432 million paper vouchers. In terms of paperless archiving, during the reporting period, the Company advanced paperless archiving by establishing a digital archives system for the Group, through which 34.3904 million electronic records were archived, replacing 344 million paper vouchers. In terms of paperless business operations, through measures including electronic business agreements, paperless business operation approval and handover, and online electronic bank slips for corporate clients, the Company achieved 871 million paperless transactions during the reporting period, replacing 1.162 billion paper vouchers. In terms of paperless credit card, all personal credit card products supported paperless application, and credit card customers were encouraged to use electronic bills, thus saving 1.972 billion pieces of paper for paper bills during the reporting period. In terms of paperless procurement, the Company increased the proportion of the electronification of the whole process of the centralised procurement and decentralised procurement, reducing paper usage by 23.80 million pieces during the reporting period.

In terms of water resources management, the Company vigorously advocated the recycling of wastewater 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 Head Office Tower enhanced the efficiency of building exterior cleaning and watering of green plants and realised intensive use of water resources through water-saving operations such as high-pressure water cannon cleaning and drip irrigation technology, and used air-conditioning condensate for landscape water replenishment after processing.

In terms of waste management, the "Waste Management Procedures" was formulated to achieve the recycling of certain waste materials, thereby realising waste reduction from the source and enhancing economic efficiency. The Company also introduced the "Implementation Rules for Food Safety Management in Staff Canteen at China Merchants Bank Head Office《招商銀行總行員工餐廳食品安全管理實施細則》", strengthening food safety management while promoting anti-food waste and encouraging employees to develop the habit of "Clean Plate" dinning. During the reporting period, the amount of kitchen waste generated by the Head Office in Shenzhen region recorded a year-on-year decrease of 22.78%.

In terms of green publicity, the Company continuously carried out green operation publicity using platforms such as the "Employee Service Platform" and "Energy Management Assistant" to achieve internal publicity. During the reporting period, the Company promoted environmental protection festivals through the "Green Life" column, achieving 101,200 views for its environment-related information. The Company also launched the "Employee Carbon Account" function, and employees had collectively undertaken 3.4844 million low-carbon emission-reduction actions by the end of the reporting period. Externally, the Company carried out publicity events on themes such as low-carbon environmental protection, biodiversity protection and sustainable lifestyle promotion on social media via its official account, guiding the public to pay attention to environmental and ecological protection and participate in the recycling of items. During the reporting period, the total exposure of related contents published on the social media via its official account exceeded 14.96 million times.

In terms of green outlets, the Company continued to promote the modular decoration of outlets, compiled the "Design Standardisation Manual" and the "Management Process Guidance Manual" for modular decoration of outlets, and carried out special training on modular decoration of outlets to improve professional construction capabilities. During the reporting period, the modular decoration construction for 82 outlets was implemented, of which 50 had been completed.

4.3 Social Responsibility Information

4.3.1 Serving the real economy

The Company closely followed the transformation and development trend of the national economy, firmly complied with the requirements of national policies, and increased loan issuance in key areas such as green economy, manufacturing, technological innovation and inclusive economy for small- and micro-sized enterprises, so as to continuously improve the quality and efficiency in serving the real economy. As of the end of the reporting period, the Company's balance of loans extended to manufacturing industry was RMB733.612 billion, representing an increase of 14.36% as compared with the end of the previous year; and balance of technology loans was RMB1,036.854 billion, representing an increase of 8.06% as compared with the beginning of the year. During the reporting period, the Company granted loans totalling RMB646.929 billion to inclusive small- and micro-sized enterprises. At the end of the reporting period, the balance of loans extended to inclusive small- and micro-sized enterprises was RMB962.139 billion, representing an increase of 8.39% as compared with the end of the previous year. As of the end of the reporting period, the balance of the Company's agriculture-related loans amounted to RMB275.119 billion, representing an increase of 14.14% as compared with the end of the previous year, of which the balance of inclusive agriculture-related loans amounted to RMB25.439 billion, representing an increase of 10.60% as compared with the end of the previous year.

CMB Wealth Management, a subsidiary of the Company, continuously directed the wealth management fund towards the real economy, particularly to support the financing of enterprises in scientific and technological innovation, infrastructure and energy fields that are in line with economic transformation and upgrading. 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 RMB2.02 trillion.

Focusing on serving the national strategy and the real economy, 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 in strategic emerging industries of RMB119.662 billion and invested RMB143.923 billion in small- and medium-sized enterprises.

CMB Financial Leasing, a subsidiary of the Company, focused on new quality productive forces in a comprehensive manner, and conducted RMB72.599 billion of leasing business to new quality productive forces during the reporting period. During the reporting period, the Company achieved breakthroughs in the field of aerospace finance. With satellite assets as leased items, the first satellite leasing project was implemented by CMB Financial Leasing. It actively supported China's shipbuilding and deepened the integration of industry and financing. As of the end of the reporting period, CMB Financial Leasing held 137 vessels built by several shipyards under the three major central state-owned shipbuilding groups and local shipbuilding enterprises domestically, with a balance of assets of RMB28.486 billion. At the same time, CMB Financial Leasing has closely followed the footsteps of overseas investment layout and overseas project contracting of Chinese enterprises, served Chinese enterprises in "going global", and took the lead in carrying out cross-border leasing projects with operating leasing products, which has successfully solved overseas financing problems for Chinese enterprises, and helped expand the market for "Made in China" equipment manufacturers.

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 facilitated multiple sci-tech enterprises in sectors such as semiconductors, advanced manufacturing and next-generation information technology in accessing the capital markets. The Company participated in 20 IPO and new share placement projects of sci-tech enterprises, with a total financing scale exceeding HKD28 billion.

CIGNA & CMAM, a subsidiary of the Company, leveraged the "patient capital" advantage of insurance funds to support the 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 reached RMB204.017 billion, accounting for 82.92% 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 students with locally granted student loan from China Development Bank, 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 192 education authorities nationwide at different levels to help safeguard the legitimate rights and interests of students and parents who have prepaid for lessons. Fund security has been protected in 157 million lesson purchases from parents. The Company has empowered more than 2,400 K12 schools through fintech, and provided convenient campus digital financial services to 2,045,100 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 banks cooperating with the National Housing Provident Fund Public Service Platform of the Ministry of Housing and Urban-Rural Development, the Company continued to provide services such as account inquiry, cross-regional transfer and continuation, information inquiry and authorisation for contributors, and joined in the promotion of "showing code, serving you (亮碼可辦)" as a feature of the personal certification of housing provident fund services. During the reporting period, the Company provided online service to 13,059,400 people under housing provident fund scenario.

In the field of medical insurance, the Company assisted in promoting the activation and application of 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 APP and outlets. With the introduction of large language model and artificial intelligence technology, the Company facilitated the medical insurance organisations to improve their management efficacy, and supported "nearby service (就近辦)" and "on-line service (掌上辦)" for medical insurance, making the medical insurance services more warm-hearted and precise. As of the end of the reporting period, a total of 37.1411 million medical insurance codes were activated, serving 23.9014 million insured persons during the reporting period.

The Company actively cooperated with the labour regulation agency to carry out labour security work, continued to deepen the comprehensive financial services associated with the supervision of wages for workers, including migrant workers and sanitation workers. As of the end of the reporting period, the Company had opened a total of 37,505 dedicated wage accounts for migrant workers, guaranteed the payment of wages for migrant workers amounting to RMB408.843 billion and served 18.9020 million migrant workers.

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. By optimising the efficiency of outlet services and enhancing the functionalities of key APPs and customer service hotlines, the Company sought to better meet both the financial and non-financial needs of underserved groups, including people in areas without physical outlets, the elderly, and people with disabilities.

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 7 and 123 existing outlets were relocated to optimised sites to further expand the effective coverage of outlet services. As of the end of the reporting period, the Company had established 133 county-level outlets, representing an increase of 2 as compared with the end of the previous year, thereby enhancing the accessibility of financial services in county regions.

In terms of online channels, for elderly customers, the Company has continuously pushed forward the elderly-oriented transformation of service channels in order to render professional and considerate services to elderly customers. For the 95555 customer service hotline, the Company has optimised the elderly-oriented service menu by simplifying the interactive voice guidance and setting up direct access channels. This enables elderly customers to access manual services with a single click, thereby enhancing the overall customer experience. The Company established a professional and elderly-oriented service team that provides dedicated support for frequently used functions such as balance inquiries, bank statement printing and utility bill inquiries. During the reporting period, the Company provided elderly customers with 501,200 times of telephone quick-access services, with a dedicated telephone line access rate of 99.15% and a customer satisfaction rate of 99.94%. Within the "Elderly Version" interface of the CMB APP, the Company highlighted key message alerts and optimised the access paths and workflows for frequently used functions. It also iterated the voice-guided screen sharing connection feature to enable one-click access to interactive voice service for consultation and communication. As of the end of the reporting period, customers using the CMB APP "Elderly Version" totalled 2.8883 million. For customers with disabilities, the CMB APP has launched the "Xiao Zhao Voice Control (小招語控)", an accessibility assistant that enables voice command execution, voice page summaries, and image descriptions, helping customers conduct transactions smoothly and securely.

During the reporting period, the Company constantly carried out special work to optimise payment services, focusing on key areas such as elderly-friendly transformation, cash services and foreign currency exchange, and provided high-quality, efficient and convenient payment services to customer groups such as the elderly and expatriates in China. The Company provided comprehensive services in exchange for small changes and set up express processing channels. In addition, CMB APP "English Version" was provided with a focus on the core scenarios of users to enhance payment convenience for expatriates in China. At the same time, the Company optimised the cross-border payment service, and as one of the first batch of pilot banks in China, launched the Payment Connect which creates a new channel that offers more efficient and 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 2024 and Work Plan for 2025" and "Cybersecurity Analysis Report for 2024" were reviewed and approved by the Board of Directors.

The Company has established the Information Security Management Committee, chaired by the President and the Chief Information Officer as the Executive Vice Chairman. The Information Security Management Committee convenes 2 meetings a year to receive progress reports on major cybersecurity and data security matters, and to review key issues concerning the strategy, planning, organisational structure, and resource assurance for cybersecurity 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 researched on security management, emergency response and disposal work. The Company established an all-around network security defence system, with an aim of monitoring, responding to and addressing various network security threats and attacks, and formulated contingency plans for typical network security scenarios and conducted emergency drills.

The Company has continuously improved its data security coordination and management mechanism and established a management system covering all aspects of the data life cycle, including data collection, storage, use, processing, transmission, provision, deletion and destruction. The Company has improved the data security regulatory framework, continuously promoted education and training, data classification, key data activity control, technical protection measures, assessment and inspection, and enhancement of security level at overseas branches, sub-branches and subsidiaries, strictly adhering to the rules and mitigating risks.

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 coordinated 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 took the lead in data security and privacy protection of corporate customer information, while the business management departments of the corporate business were responsible for the protection of corporate customer information in their respective business lines. Where the information of associated natural person was involved in the corporate business, 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 special audits, the Company regularly conducts audit inspections related to personal information protection. During the reporting period, the Company carried out special audits on personal information protection, focusing on key areas such as customer data authorisation management, protection of stored personal information, and the transmission and inquiry of sensitive personal data of individual customers, thereby effectively mitigating non-compliance risks.

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

4.3.6 Consumer rights protection

Consumer rights protection governance structure

The Company places great importance on consumer rights protection. It strictly implements all laws, regulations, and regulatory 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.

The senior management of the Company is responsible for the overall planning of the consumer rights protection. The Company has designated a senior manager at the Head Office and each first-tier branch to lead consumer rights protection work. A dedicated consumer rights protection department has been set up to coordinate, organise, advance and implement relevant policies and measures. A sound horizontal information sharing and work coordination mechanism has been established to effectively safeguard the legitimate rights and interests of consumers, and achieve sustainable and healthy development.

Management initiatives for consumer rights protection

Under the theme of "Complaint Management Campaign", the Company has earnestly implemented all requirements related to consumer rights protection. The consumer rights protection has been fully embedded into the entire process of operation management and business. Upholding the principles of fairness, impartiality, and integrity, the Company has taken multiple measures to drive high-quality development in consumer rights protection and actively foster a healthy and orderly financial market environment.

During the reporting period, the Board of Directors, the Board of Supervisors and senior management of the Company continued to strengthen their planning and guidance on consumer rights protection management. The Board of Directors and the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors organised and held meetings to review consumer rights protection issues, including the work plan of consumer rights protection and complaint analysis reports; the Board of Supervisors continued to enhance its supervision on the duty performance of the Board of Directors and senior management on consumer rights protection so as to promote the improvement of the consumer rights protection management capability; the senior management specifically deployed consumer rights protection work during key meetings such as the annual work conference and business analysis meetings. They received work reports on a monthly basis, reviewed complaint analysis reports, fully exercised their coordinating roles, and studied and addressed key issues in consumer rights protection.

During the reporting period, in line with the latest regulatory requirements and practical experience, the Company revised six systems, including those on suitability management, elderly-oriented financial services, and financial education. These updates further improved the consumer rights protection framework, characterised by "comprehensive coverage, a clear classification, and seamless coordination". The Company ensured the effective "top-down" transmission of Head Office policies and organic "bottom-up" alignment of branch-level rules, thereby guaranteeing that consumer rights protection requirements are standardised and effectively implemented across all levels, business lines, and processes.

During the reporting period, the Company adhered to the principles of "knowing your products" and "knowing your customers", strengthening suitability management to ensure that products align with customers' risk tolerance. Before product sales, the Company implemented risk assessment requirements and adopted a prudent evaluation strategy for special groups such as minors and the elderly, while strengthening risk warnings. During product sales, the Company strictly enforced risk-matching requirements, clearly informing consumers of the product's general information, risk rating, associated fees, and suitability recommendations in plain and understandable language. The Company leveraged automated system to intercept non-compliant transactions, strengthened the qualification management and professional training of sales personnel, ensuring that sales practices across all channels are standardised and compliant. After product sales, the Company enhanced customer after-sales management to effectively safeguard the legitimate rights and interests of financial consumers.

During the reporting period, the Company continuously optimised its consumer rights protection review system and deepened the application of artificial intelligence technology. The Company deployed intelligent review models in key business scenarios, such as fund agency distribution and marketing activities, enabling rapid identification of potential risks, shortening review cycles, and enhancing efficiency and quality of reviews. Furthermore, the Company integrated consumer rights protection reviews into the admission procedures for partner institutions and products from its agency distribution, achieving risk prevention and control at the source through stringent system-based controls. Over the year, the Company completed over 210,000 consumer rights protection reviews, achieving 100% coverage across all products and services, and effectively strengthening risk prevention.

During the reporting period, the Company took "CMB Consumer Rights Protection, Safeguarding Your Rights and Interests" as the philosophy of its consumer rights protection sub-brand, and strengthened the value orientation of "customer-centric". The Company conducted continuous research on customers' financial literacy and established an omni-channel and matrix-style promotion model featuring both targeted and regular initiatives, carrying out targeted, tiered, and diverse activities. The Company developed a diversified consumer rights protection awareness ecosystem, launching easy-to-understand content such as the "Understand Finance in Seconds (秒懂金融)" animation series and large-font risk alert posters. Its original themed promotional video achieved over 16 million views on the People's Daily platform. The Company released the Annual Consumer Rights Protection Action Report, systematically reviewing and presenting the year's achievements in consumer rights protection. Furthermore, branches leveraged regional characteristics to conduct differentiated publicity campaigns, effectively enhancing the precision and effectiveness of financial education. In 2025, financial education initiatives achieved over 1 billion consumer participations.

During the reporting period, in accordance with the "China Merchants Bank Consumer Rights Protection Audit Guidelines (《招商銀行消費者權益保護審計指引》)", the Company organised and conducted special audit on consumer rights protection. The audit covered all business lines related to consumer rights protection and 44 province-level branches. The audit focused on assessing the soundness of the consumer rights protection system, the adequacy of implementation safeguards, the effectiveness of consumer rights protection initiatives, the appropriateness of internal assessment and management, and the fulfilment of the eight consumer rights, thereby effectively preventing risks of infringing upon consumers' legitimate rights and interests.

During the reporting period, the Company placed great importance on customer complaint governance. It actively applied technologies such as artificial intelligence, big data, low-code platforms, and robotic process automation to iteratively optimise the complaint management system, achieving automated and end-to-end monitoring of the entire complaint-handling process. In addition, the Company established a dedicated task force to strengthen the governance of key complaints, refine the hierarchical processing and escalation mechanisms, and ensure that customer issues are resolved promptly and appropriately. During the reporting period, the Company received a total of 209,359 consumer complaints[35] from regulatory channels, 95555 consumer complaints channel, Credit Card Centre as well as other channels, of which 41.52% of the complaints were related to debit card business, 24.92% were related to credit card business, 15.19% were related to loan business, 5.80% were related to banking agency business, and 12.57% were related to payment and settlement, foreign exchange, personal financial information and other businesses.

The distribution by region is shown in the table below.

No.	Region	Number of complaints (cases)	No.	Region	Number of complaints (cases)	No.	Region	Number of complaints (cases)	No.	Region	Number of complaints (cases)
1	Shanghai[36]	63,523	12	Chongqing	3,552	23	Dongguan	2,035	34	Hohhot	1,204
2	Shenzhen[37]	28,120	13	Qingdao	3,550	24	Fuzhou	1,939	35	Wuxi	1,165
3	Beijing	15,346	14	Chengdu	3,535	25	Foshan	1,884	36	Nanning	888
4	Nanjing	7,305	15	Hefei	3,212	26	Xiamen	1,713	37	Guiyang	774
5	Guangzhou	7,132	16	Changsha	3,038	27	Ningbo	1,576	38	Nantong	740
6	Wuhan	6,967	17	Suzhou	2,981	28	Yantai	1,507	39	Haikou	715
7	Xi'an	5,695	18	Harbin	2,753	29	Urumqi	1,461	40	Quanzhou	703
8	Hangzhou	5,667	19	Nanchang	2,704	30	Taiyuan	1,460	41	Yinchuan	666
9	Jinan	4,274	20	Zhengzhou	2,569	31	Changchun	1,412	42	Wenzhou	507
10	Shenyang	3,747	21	Dalian	2,370	32	Shijiazhuang	1,312	43	Tangshan	440
11	Tianjin	3,566	22	Kunming	2,055	33	Lanzhou	1,291	44	Xining	306

4.3.7 Rural revitalisation

The Company resolutely implements the national strategic deployment of rural revitalisation, closely adhering to the requirements of the "five major revitalisations". With adherence to the idea of "Education paving the way, healthcare safeguarding, industrial support, and livable environment creation", the Company continues to advance various initiatives with a focus on strengthening the endogenous development capacity of formerly impoverished regions and their communities. During the reporting period, the Company formulated the 2025 rural revitalisation assistance work plan and targeted assistance project plan, clearly defining the guiding principles for the year, main work objectives and specific assistance measures. The Company invested assistance funds of RMB58.2267 million, and helped raise assistance funds of RMB11.2934 million for 56 assistance projects in Wuding County and Yongren County of Chuxiong Yi Autonomous Prefecture, Yunnan Province.

35 Excluding data on complaints about the account management, negotiated repayment, credit reporting and billing standards, and repeated complaints.

36 Including complaints from credit card users.

37 Including complaints to Head Office departments.

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 RMB114 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 a number of 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 639 million points, which translated into donations of 2,920,800 free lunches for children and 354,900 books for public welfare.

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 promote the flow of talents and 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)[38] 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 create an honest environment for entrepreneurship, and forged a team of management staff and employees that loves, cherishes, protects and dedicates themselves to the Company.

The Company compiled the "China Merchants Bank Human Resources Management and Talent Strategy Implementation Report (《招商銀行人力資源管理情況和人才戰略實施情況報告》)" on an annual basis for review and approval by the Board of Directors. The report provided a comprehensive and systematic summary of the year's human resources management and the progress in implementation of talent strategy, ensuring deep integration and synergistic advancement of the talent strategy with the Company's overall development strategy.

The Company actively embraced the opportunities of technological changes and kept up talent arrangements and planning. The Company comprehensively integrated AI to upgrade digital finance training camp, actively explored the application of artificial intelligence in the financial field, studied the positioning of talents in the "AI + finance" field, built an online + offline talent selection model, and strengthened the pre-training and recruitment planning for AI professionals.

The Company stressed the cultivation of international talents. For talents with foreign language expertise and interdisciplinary professional backgrounds, special overseas talent exchange plans and expatriate programs are carried out to improve employees' comprehensive capabilities and command of languages, and cultivate and reserve a talent pipeline with international perspectives in an accelerated manner.

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.

38 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 cultural philosophy, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and restrictive 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 remuneration deferred payment and performance-based remuneration recovery and deduction in accordance with regulatory requirements and operational management needs. During the reporting period, for employees who violate laws, regulations and disciplines or incur significant exposure of risks within their responsibilities, the Company has, in accordance with the relevant regulations, deducted, stopped payment or recalled 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, and has issued the "Notice on the Implementation of External Professional Qualification Certification in 2025". Upholding the principles of "value, authority, and business relevance", the Company has optimised and revised the list of 94 external professional qualification certifications. This aims to support personalised employee empowerment and enhance the professional capabilities of the workforce.

The Company continues to establish a standardised and multi-tiered talent development and training system. It continuously carries out diversified career training programs covering all position levels, focusing on leadership development, professional competence enhancement, and cultural values. During the reporting period, the Company comprehensively upgraded the "Zhuguang Program (逐光計劃)" and organised outstanding new employees across the Bank to participate in centralised learning and training sessions. It adopted the "on-site training" approach for the first time and explored the "integration of training and business practice" model, while unswervingly advancing the digital transformation of training. The Company empowered the high-quality growth of training through the development and operation of digital platforms, integrating AI, finance, and training to continuously enhance employees' professional capabilities, with a view to better integrating employees' personal growth and value fulfilment with the value of China Merchants Bank.

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 and prudent risk management. The Company serves the transformation and upgrading of the national economy and the people's aspirations for a better life 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. During the reporting period, the Company's shareholding structure was reasonable and the shareholders' behaviours were regulated. A structure of decision-making levels and process mechanism with clear responsibilities and boundaries was established among the Shareholders' General Meeting, Board of Directors, Board of Supervisors[39] and the senior management, which provided 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. Serving as the Company's supervisory body, the Board of Supervisors is accountable to the Shareholders' General Meeting, and exercises its relevant powers with the goal of safeguarding the legitimate rights and interests of the Company, its shareholders, employees, creditors and other stakeholders. The senior management is accountable to the Board of Directors, and 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 Board of Supervisors.

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 "2024 Sustainable Development Report", the "2024 Strategy Implementation Report", the "Inclusive Finance Development for 2024 and Work Plan for 2025", the "Human Resources Management and Talent Strategy Implementation Report for 2024", the "Data Governance Work Summary for 2024 and Work Plan for 2025", the "Data Security Work Summary for 2024 and Work Plan for 2025", the "Cybersecurity Analysis Report for 2024", the "Employee Behaviour Evaluation Report for 2024", the "Report on the Development of Internet Loans for 2024 and Work Plan for 2025", the "Report on Consumer Rights Protection and Strategic Implementation for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2025", the "Report on the Performance of Senior Management in Consumer Rights Protection for 2024", the "Report on the Circular in Relation to the Consumer Complaints in the Banking Industry for the First Three Quarters of 2024 issued by the Financial Consumer Protection Bureau under the National Financial Regulatory Administration", the "Report on the Evaluation of Consumer Rights Protection Supervision for 2024", the full text and summary of 2024 Annual Report, the full text and summary of 2025 Interim Report, and other relevant proposals, made solid advances in continuously serving 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, social responsibilities, and other works across the Bank. The Bank worked together with all stakeholders to forge a new landscape of high-quality development.

39 Effective from 18 December 2025, in accordance with the Articles of Association, the Company no longer maintains a Board of Supervisors. The Audit Committee under the Board of Directors has assumed the powers and functions previously exercised by the Board of Supervisors as stipulated by laws and regulations.

During the reporting period, the Board of Supervisors of the Company studied and reviewed the "2024 Sustainable Development Report", the "2024 Strategic Implementation Report", the "Inclusive Finance Development for 2024 and Work Plan for 2025", the "Data Governance Work Summary for 2024 and Work Plan for 2025", the "Employee Behaviour Evaluation Report for 2024", the "Report on the Development of Internet Loans for 2024 and Work Plan for 2025", the "Report on Consumer Rights Protection and Strategic Implementation for 2024", the "Work Plan on the Protection of Consumer Rights and Interests for 2025", the "Report on the Performance of Senior Management in Consumer Rights Protection for 2024", the "Report on the Circular in Relation to the Consumer Complaints in the Banking Industry for the First Three Quarters of 2024 issued by the Financial Consumer Protection Bureau under the National Financial Regulatory Administration", the "Report on the Evaluation of Consumer Rights Protection Supervision for 2024", the full text and summary of 2024 Annual Report, the full text and summary of 2025 Interim Report, and other proposals to supervise key areas including implementation of strategies, inclusive finance, green finance, data governance, consumer rights protection and social responsibilities, while focusing on the Board of Directors and senior management's duty performance on the aforesaid issues, effectively fulfilling its supervisory responsibilities.

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), China Merchants Bank Historical Exhibition Hall, and Culture Walls, the Company achieved comprehensive coverage and multi-dimensional promotion of its corporate culture. The Company continued to organise a variety of cultural activities. For 21 consecutive years, it has held the Corporate Culture Festival, featuring employee-favourite events such as "President Serving in the Lobby", the collective tree-planting campaign "CMB Centennial Forest", and Family Open Days. 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 700,000 views. Furthermore, the Company held recognition ceremonies under its honour system to 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

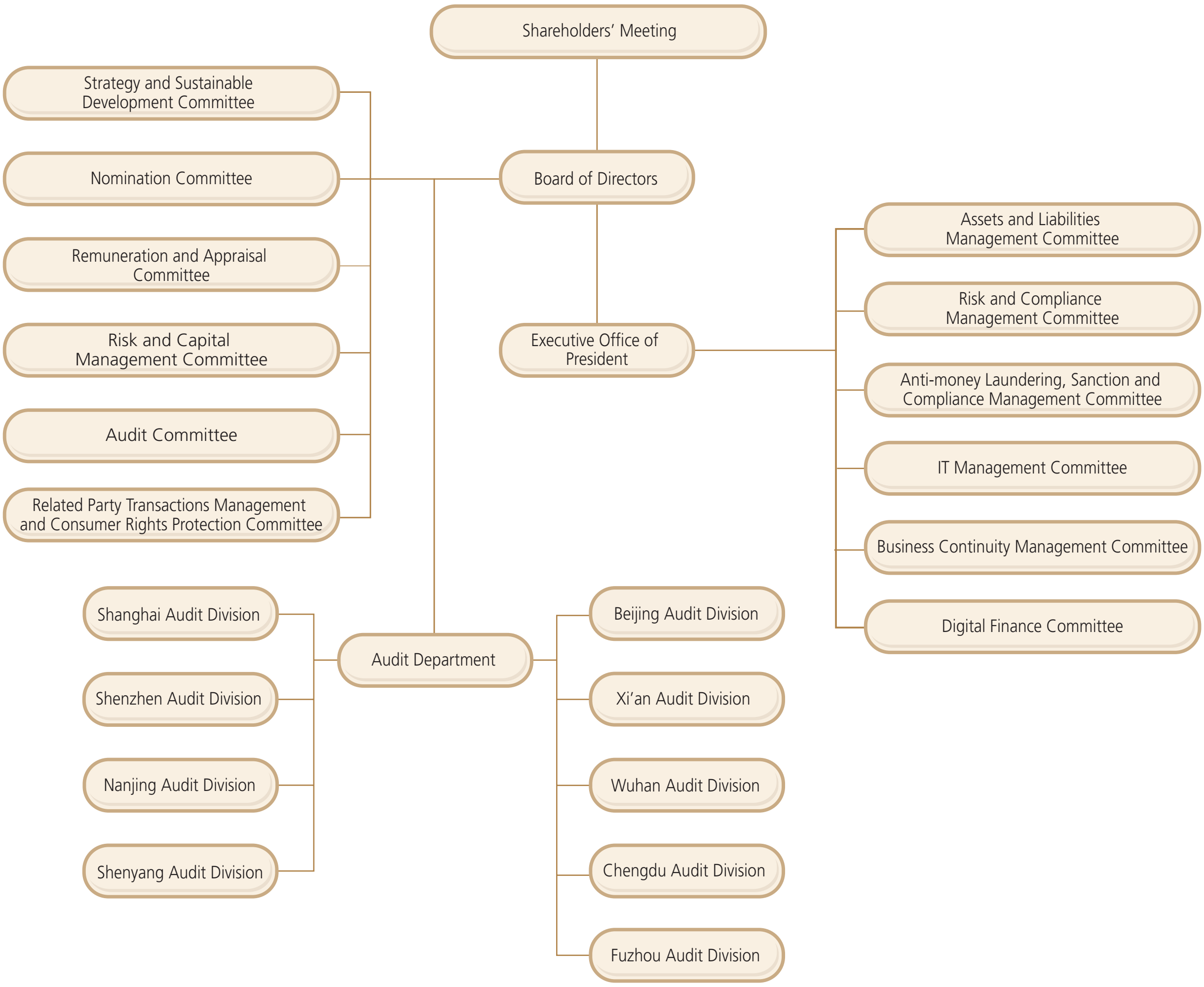
The Company has established and refined a segmentation and classification-based business ethics training system that covers all employees. It has also coordinated participation of members of the Board of Directors and senior management in specialised training programs organised by institutions such as the Central Commission for Discipline Inspection and the National Supervisory Commission, financial regulatory authorities, and industry self-regulatory organisations. These efforts ensure that they stay up to date with the latest regulatory policies and legal requirements, thereby continuously enhancing their performance capabilities. The Company carries out regular training programs on anti-corruption systems, warning education, and other business ethics topics for all regular employees, labour dispatch employees, and part-time staff. These include specialised seminars on warning education, screenings of warning education videos, and study sessions on typical cases. Furthermore, for employees in key business areas and critical positions, the Company compiles compliance education handbooks and conducts targeted warning education campaigns. During the reporting period, the Company conducted 2,729 anti-corruption training sessions, reaching a total of 380,300 participants. All members of the Board of Directors participated in training sessions on anti-commercial bribery and anti-corruption.

The Company places great emphasis on the supervision and management of business ethics. It has established institutional regulations such as the "China Merchants Bank Abnormal Employee Behaviour Management Measures《招商銀行員工異常行為管理辦法》". Through initiatives such as abnormal behaviour screening and pre-departure due diligence, the Company continuously strengthens monitoring of employees' abnormal behaviour and proposes recommendations for accountability and disciplinary actions. The Company has also improved its anti-corruption and anti-bribery oversight mechanisms, maintaining a "zero tolerance" stance towards all forms of bribery and corruption. Furthermore, the Company has enhanced its whistleblowing and grievance reporting system by setting up both online and offline anonymous reporting channels to safeguard the legitimate rights and interests of whistleblowers.

Integrating distinctive advantages to deepen comprehensive operations

Corporate Governance

5.1 Corporate Governance Structure



5.2 Overview of Corporate Governance

During the reporting period, the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the special committees under the Board of Directors and the Board of Supervisors 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, reviewed 13 proposals and heard 6 reports, as further described in section 5.3 "Information about Shareholders' Meetings".

During the reporting period, the Company convened 18 meetings of the Board of Directors, reviewed 106 proposals and heard 22 reports; convened 41 meetings of special committees under the Board of Directors, reviewed 132 proposals and heard 29 reports; convened 1 meeting of the Chairman and Independent Directors, at which 1 report was heard; convened 2 special meetings of Independent Directors and reviewed 3 proposals. During the reporting period, the Board of Directors of the Company focused on reviewing the Company's annual financial report, profit appropriation plan, strategic implementation report, comprehensive risk report, risk preference implementation report, the third pillar report, human resources management and talent strategy implementation report, work report of the Board of Directors, performance of duties evaluation report of the Board of Directors and its members, work report of the President, the report on development of inclusive finance and its work plan, data governance work summary and work plan, related party transactions report, the report on consumer rights protection and its strategic implementation, sustainable development report and other relevant proposals.

During the reporting period, the Company convened 11 meetings of the Board of Supervisors, at which 41 proposals were reviewed and 28 reports were heard; and 4 meetings of the special committees under the Board of Supervisors, at which 8 proposals were reviewed. During the reporting period, the Board of Supervisors has proactively and effectively carried out supervision on the financial activities, internal control, risk management, lawful operation as well as the duty performance of the Board of Directors and the senior management of the Company pursuant to the supervisory duties delegated by the Company Law of the People's Republic of China, the Articles of Association and relevant regulatory authorities. Among the Directors and senior management of the Company, no violation of relevant laws, regulations or the Articles of Association or actions detrimental to the interests of the Company and shareholders were found when performing their duties.

During the reporting period, the 2024 Annual General Meeting of the Company considered and approved the "Resolution regarding the Amendments to the Articles of Association of China Merchants Bank Co., Ltd." and the "Resolution regarding Cancellation of the Board of Supervisors", and the Articles of Association of China Merchants Bank Co., Ltd. (2025 Revision) were approved by the National Financial Regulatory Administration and came into effect. From 18 December 2025, in accordance with the Company's Articles of Association, the Company shall cease to have the Board of Supervisors, and the Audit Committee under the Board of Directors shall take over the original functions and powers of the Board of Supervisors as stipulated by laws and regulations.

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 of the CSRC regarding the corporate governance of listed companies during the reporting period.

For details of the proposals reviewed by the meetings of the Board of Directors and the Board of Supervisors, please refer to the disclosure documents including the announcements on resolutions published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.3 Information about Shareholders' Meetings

During the reporting period, the Company convened one Shareholders' Meeting, namely the 2024 Annual General Meeting held in Shenzhen on 25 June 2025. 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. The meeting reviewed and approved 13 proposals, including the 2024 Work Report of the Board of Directors, the 2024 Work Report of the Board of Supervisors, the 2024 Annual Report (including the audited financial report), the 2024 Financial Statement Report, the 2024 Profit Appropriation Plan (including the declaration of the final dividends), the 2025 Interim Profit Appropriation Plan, the Capital Management Plan for 2025-2029, the appointment of accounting firm for the year 2025, the election of the Directors of the Thirteenth Session of the Board of Directors, the dissolution of the Board of Supervisors, the amendment of the Articles of Association and the Related Party Transactions Report for 2024. For the relevant details of the proposals reviewed at the meeting, please refer to the 2024 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.

5.4 Directors, Supervisors 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)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Miao Jianmin	Male	1965.1	Chairman	2020.9-2028.6	–	–	–	Yes
			Non-Executive Director	2020.9-2028.6				
Shi Dai	Female	1967.9	Non-Executive Director	2024.8-2028.6	–	–	–	Yes
Wang Liang	Male	1965.12	Executive Director	2019.8-2028.6	300,000	300,000	297.05	No
			President and Chief Executive Officer	2022.6-2028.6				

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)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Deng Renjie	Male	1970.2	Non-Executive Director	2025.10-2028.6	–	–	–	Yes
Jiang Chaoyang	Male	1967.12	Non-Executive Director	2025.10-2028.6	192,400	144,300	–	Yes
Zhu Eric Liwei	Male	1971.8	Non-Executive Director	2025.1-2028.6	–	–	–	Yes
Huang Jian	Male	1969.8	Non-Executive Director	2025.3-2028.6	–	–	–	Yes
Ma Xianghui	Male	1974.10	Non-Executive Director	2025.12-2028.6	–	–	–	Yes
Zhong Desheng	Male	1967.7	Executive Director Former Chief Risk Officer	2024.12-2028.6 2024.12-2025.10	177,300	177,300	282.60	No
Tian Hongqi	Male	1957.5	Independent Non-Executive Director	2019.8-(Note 1)	–	–	48.50	No
Li Chaoxian	Male	1958.9	Independent Non-Executive Director	2021.8-(Note 2)	–	–	48.50	No
Shi Yongdong	Male	1968.11	Independent Non-Executive Director	2021.8-(Note 2)	–	–	48.50	No
Li Jian	Female	1953.9	Independent Non-Executive Director	2024.11-2028.6	–	–	48.50	No
Wong Yuk Shan	Male	1949.12	Independent Non-Executive Director	2025.12-2028.6	–	–	0.25	No
Lu Liping	Male	1955.10	Independent Non-Executive Director	2025.12-2028.6	–	–	0.13	No
Zhao Weipeng	Male	1972.3	Secretary of the Party Discipline Committee	2023.8-present	56,800	56,800	281.41	No
Wang Ying	Female	1972.11	Executive Vice President	2023.11-2028.6	230,000	230,000	282.60	No
Peng Jiawen	Male	1969.5	Executive Vice President Chief Financial Officer Secretary of the Board of Directors	2023.11-2028.6 2023.2-2028.6 2023.6-2028.6	221,900	221,900	282.60	No
Lei Caihua	Male	1974.9	Executive Vice President	2025.5-2028.6	264,400	264,400	284.69	No
Xu Mingjie	Male	1968.9	Executive Vice President Chief Risk Officer	2025.6-2028.6 2026.1-2028.6	200,000	200,000	281.20	No
Cui Jiakun	Male	1974.12	Executive Assistant President	2025.12-present	196,800	–	4.39	No
Wang Xinghai	Male	1976.11	Executive Assistant President	2025.12-present	187,700	175,000	4.32	No
Zhou Tianhong	Male	1967.12	Chief Information Officer	2024.12-2028.6	204,300	204,300	251.00	No
Sun Yunfei	Male	1965.8	Former Non-Executive Director	2022.10-2025.12	–	–	–	Yes
Zhang Jian	Male	1964.10	Former Non-Executive Director	2016.11-2025.2	–	–	–	Yes
Chen Dong	Male	1974.12	Former Non-Executive Director	2022.10-2025.3	–	–	–	Yes
Zhu Jiangtao	Male	1972.12	Former Executive Director Former Executive Vice President	2023.8-2025.5 2021.9-2025.5	198,800	149,100	116.71	No
Li Menggang	Male	1967.4	Former Independent Non-Executive Director	2018.11-2025.12	–	–	48.25	No
Liu Qiao	Male	1970.5	Former Independent Non-Executive Director	2018.11-2025.12	–	–	48.37	No
Luo Sheng	Male	1970.9	Former Shareholder Supervisor	2022.6-2025.3	–	–	–	Yes
Li Jinming	Male	1968.2	Former Shareholder Supervisor	2024.6-2025.12	–	–	–	Yes

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)	Total remuneration before tax received from the Company during the reporting period (RMB in ten thousand)	Whether or not received remuneration from the Company's related parties during the reporting period
Wu Heng	Male	1976.8	Former Shareholder Supervisor	2016.6-2025.12	–	–	–	Yes
Xu Zhengjun	Male	1955.9	Former External Supervisor	2019.6-2025.6	–	–	19.44	No
Cai Hongping	Male	1954.12	Former External Supervisor	2022.6-2025.12	–	–	38.49	No
Zhang Xiang	Male	1963.12	Former External Supervisor	2022.6-2025.12	–	–	38.49	No
Cai Jin	Female	1970.7	Former Employee Supervisor	2021.12-2025.6	169,550	169,550	75.65	No
Cao Jian	Male	1970.10	Former Employee Supervisor	2023.3-2025.12	158,400	158,400	180.79	No
Yang Sheng	Male	1972.8	Former Employee Supervisor	2023.6-2025.12	197,700	197,700	181.34	No
Wang Xiaoqing	Male	1971.10	Former Executive Vice President	2023.7-2025.8	62,000	62,000	174.22	No

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 Directors, Mr. Li Chaoxian and 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 remuneration received by the Directors and senior management who were newly appointed or resigned during the reporting period was calculated based on the length of their terms of office as the Directors and senior management of the Company during the reporting period.

(4) The aggregate pre-tax remuneration received by all Directors and senior management from the Company during the reporting period amounted to RMB28.3379 million. The aggregate pre-tax remuneration of full-time Executive Directors and senior management of the Company is still being verified. The remaining part will be disclosed separately upon the completion of confirmation and payment.

(5) As at the end of the reporting period, the spouse of Mr. Yang Sheng held 143,300 A Shares in the Company; and Ms. Cai Jin held 169,550 shares in the Company, which consisted of 165,000 A Shares and 4,550 H Shares. The shares held by others listed in the above table were all A Shares of the Company. The changes in the shareholding of the people listed in the above table during the reporting period were all resulting from shareholding reduction outside their tenure.

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

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

(8) Non-Executive Directors are Shareholder Directors.

5.4.1 New appointment and resignation of Directors, Supervisors and senior management

Directors

In January 2025, the qualification of Mr. Zhu Eric Liwei as the Director was approved by the National Financial Regulatory Administration (NFRA).

In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA, and Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

In May 2025, Mr. Zhu Jiangtao ceased to be the Executive Director of the Company due to the work arrangement.

In June 2025, according to the resolutions passed at the 2024 Annual General Meeting of the Company, Mr. Deng Renjie, Mr. Jiang Chaoyang and Mr. Ma Xianghui were elected as the Non-Executive Directors of the Company, and their qualifications as the Directors were approved by the NFRA in October 2025, October 2025 and December 2025, respectively. Mr. Wong Yuk Shan and Mr. Lu Liping were elected as the Independent Non-Executive Directors of the Company, and their qualifications as the Independent Directors were approved by the NFRA in December 2025.

In December 2025, Mr. Sun Yunfei ceased to be the Non-Executive Director of the Company due to his age, and Mr. Li Menggang and Mr. Liu Qiao ceased to be the Independent Non-Executive Directors of the Company due to the expiry of their terms of office.

Supervisors

In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

In June 2025, Mr. Xu Zhengjun ceased to be the External Supervisor of the Company due to the expiry of his term of office. Ms. Cai Jin ceased to be the Employee Supervisor of the Company due to her age.

In December 2025, the Articles of Association of China Merchants Bank Co., Ltd. (2025 Revision) were approved by the National Financial Regulatory Administration and came into effect. In accordance with the Company's Articles of Association, the Company shall cease to have the Board of Supervisors, and Mr. Li Jinming, Mr. Wu Heng, Mr. Cai Hongping, Mr. Zhang Xiang, Mr. Cao Jian and Mr. Yang Sheng ceased to be the Supervisors of the Company.

Senior management

In May 2025, Mr. Zhu Jiangtao ceased to be the Executive Vice President of the Company due to work arrangement, and the qualification of Mr. Lei Caihua as the Executive Vice President was approved by the NFRA.

In June 2025, the qualification of Mr. Xu Mingjie as the Executive Vice President was approved by the NFRA.

In August 2025, Mr. Wang Xiaoqing ceased to be the Executive Vice President of the Company due to work arrangement.

In October 2025, Mr. Zhong Desheng ceased to be the Chief Risk Officer of the Company due to work arrangement. The appointment of Mr. Xu Mingjie as the Chief Risk Officer of the Company was approved at the 7th meeting of the Thirteenth Session of the Board of Directors of the Company, and his qualification as the Chief Risk Officer was approved by the NFRA in January 2026.

In December 2025, the qualifications of Mr. Cui Jiakun and Mr. Wang Xinghai as the Executive Assistant Presidents were approved by the NFRA.

For details of the new appointment and resignation of Directors, Supervisors 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.

5.4.2 Changes in information of Directors

1. Mr. Miao Jianmin ceased to concurrently serve as the Chairman of China Merchants Life Insurance Company Limited.

2. Ms. Shi Dai concurrently serves as the Vice Chairman of China Merchants Financial Holdings Co., Ltd.

3. Mr. Jiang Chaoyang concurrently serves as the Vice Chairman of China Merchants Capital Investment Co., Ltd.

4. Mr. Zhu Eric Liwei ceased to concurrently serve as the Supervisor of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange).

5. Mr. Zhong Desheng ceased to concurrently serve as the Chief Risk Officer of the Company and the Chairman of CMB Financial Leasing.

5.4.3 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

5.4.4 Biography and positions of Directors and senior management

Directors

Mr. Miao Jianmin is the Chairman and a Non-Executive Director of the Company. Mr. Miao obtained a doctoral degree in Economics from Central University of Finance and Economics and a master's degree from the Research Institute of the People's Bank of China, and is a senior economist. He is an alternate member of the nineteenth and twentieth Central Committee of the Communist Party of China. Mr. Miao is the Chairman of China Merchants Group Ltd. and concurrently serves as the Chairman of China Merchants Financial Holdings Co., Ltd. Mr. Miao was an Executive Director and the Deputy General Manager of China Insurance (Group) Limited Company in Hong Kong, the Vice Chairman and President of China Life Insurance (Group) Company, the Chairman of The People's Insurance Company (Group) of China Limited (a company listed on the Hong Kong Stock Exchange), the Chairman of PICC Property and Casualty Company Limited (a company listed on the Hong Kong Stock Exchange) and the Chairman of China Merchants Life Insurance Company Limited.

Ms. Shi Dai is a Non-Executive Director of the Company. Ms. Shi obtained an MBA degree from China Europe International Business School. She is a senior economist. She currently serves as a Director and the General Manager of China Merchants Group Limited. She concurrently serves as the Vice Chairman of China Merchants Financial Holdings Co., Ltd. She served as the Deputy General Manager of Sinochem Group, the Vice Chairperson of All-China Federation of Trade Unions and concurrently the Vice Chairperson of All-China Women's Federation, a member of the Standing Committee and the head of the Organisation Department of the CPC Ningxia Committee, and the Dean of the Party School of Ningxia Hui Autonomous Region (Ningxia School of Administration).

Mr. Wang Liang is an Executive Director, the President and Chief Executive Officer of the Company. Mr. Wang obtained a master's degree in Economics from Renmin University of China. He is a senior economist. He joined the Company in June 1995 and successively served as the Assistant General Manager, Deputy General Manager and General Manager of Beijing Branch of the Company. He successively served as the Executive Assistant President, Executive Vice President and First Executive Vice President of the Company since June 2012, and started to preside over overall business of the Company since 18 April 2022. He has been the President of the Company since 15 June 2022. He concurrently serves as the Company's authorised representative in charge of matters in relation to listing in Hong Kong, the Chairman of CMB International Capital Holdings Corporation Limited, the Chairman of CMB International Capital Corporation Limited, Chairman of CMB Wing Lung Bank, Vice Chairman of Merchants Union Consumer Finance Company Limited, Director of China Merchants Financial Holdings Co., Ltd., the Vice Chairman (Council Member) of the Standing Council of the China Banking Association Council, a Director of the Fourth Session of the Professional Committee for Intermediate Business of China Banking Association and Executive Director of the Sixth Session of the Financial Accounting Society of China, and a Deputy of the 14th Guangdong Provincial People's Congress. He had served as the Chief Financial Officer, Secretary of the Board of Directors, and Company Secretary of the Company.

Mr. Deng Renjie is a Non-Executive Director of the Company. He obtained a master's degree in International Law from Dalian Maritime University. He currently serves as the Deputy General Manager of China Merchants Group Ltd., and concurrently serves as the Chairman of China Merchants Innovation & Technology (Group) Co., Ltd., the Chairman of China Merchants Testing Technology Holdings Co., Ltd., the Chairman of China Merchants Innovative Investment Management Co., Ltd. and the Director of China Merchants Financial Holdings Co., Ltd. He served as the Assistant General Manager and Director of Administration Department of China Merchants Group Ltd., and concurrently served as the Chairman of China Merchants Expressway Network & Technology Holdings Co., Ltd. (a company listed on Shenzhen Stock Exchange), the Chairman of China Merchants Port Group Co., Ltd. (a company listed on Shenzhen Stock Exchange), the Chairman of the Board of China Merchants Port Holdings Company Limited (a company listed on the Hong Kong Stock Exchange), the Chairman of Liaoning Port Group Limited, the Chairman of China Merchants Industry Holdings Co., Ltd. and the Chairman of China Merchants Ping An Asset Management Co., Ltd.

Mr. Jiang Chaoyang is a Non-Executive Director of the Company. He obtained a master's degree in Management Sciences from Shanghai Jiao Tong University and is a senior economist. He is currently the Deputy General Manager of China Merchants Financial Holdings Co., Ltd. He concurrently serves as the Vice Chairman of China Merchants Capital Investment Co., Ltd. He served as General Manager of Strategic Customers Department of the Head Office, General Manager of Retail Network Banking Department of the Head Office, General Manager of Wealth Management Department of the Head Office, director of the Fintech Office of the Head Office and the Chief Information Officer of China Merchants Bank, and the director of Digital Centre of China Merchants Group Ltd.

Mr. Zhu Eric Liwei is a Non-Executive Director of the Company. He obtained a master's degree in International Business Administration from Schulich School of Business of York University in Canada. He currently serves as the Deputy General Manager of China Merchants Financial Holdings Co., Ltd. He concurrently serves as the Chairman of the Board of Directors of CMB Wing Lung Insurance Company Limited, the Chairman of CM Houlder Insurance Brokers Limited and the Chairman of Shenzhen Yintong Zhihui Information Service Co., Ltd. (深圳市銀通智匯信息服務有限公司). He served as the Assistant Director of the Finance Department of Lenovo Group Limited, the Senior Manager of the Performance Reform Department of PricewaterhouseCoopers, the Assistant General Manager and Deputy General Manager of China Merchants Finance Holdings Co., Ltd., a Member (Executive) of the Executive Committee of the China Merchants Financial Group/Platform, and the Director and Supervisor of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange).

Mr. Huang Jian is a Non-Executive Director of the Company. He obtained a master's degree in Business Administration from Beijing Institute of Technology and is a senior accountant. He currently serves as the General Manager of the Capital Operation Department of China COSCO Shipping Corporation Limited. He concurrently serves as a Director of COSCO SHIPPING Captive Insurance Co., Ltd., a Non-Executive Director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), a Non-Executive Director of SAIC Motor Corporation Limited (a company listed on the Shanghai Stock Exchange), and a Director of Lanhai Medical Investment Co., Ltd. He served as the Chief Financial Officer of COSCO Americas Inc., the Deputy General Manager of the Financial Department of China Ocean Shipping (Group) Company, the Deputy General Manager of the Capital Operation Department of China COSCO Shipping Corporation Limited, etc.

Mr. Ma Xianghui is a Non-Executive Director of the Company. He obtained a bachelor's degree in Investment Economics from China School of Banking and Finance and a master's degree in International Trade from University of International Business and Economics. He is a senior accountant and a Fellow of the Chartered Certified Accountants (FCCA). He currently serves as the General Manager of Financial Management Division of China COSCO Shipping Corporation Limited and the Chairman of COSCO SHIPPING Finance Company Limited, and concurrently serves as a Director of COSCO SHIPPING Specialized Carriers Co., Ltd. (a company listed on the Shanghai Stock Exchange), a Director of COSCO SHIPPING Ports Limited (a company listed on the Hong Kong Stock Exchange), a Director of COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Hong Kong Stock Exchange) and a Director of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. He successively served as the Deputy General Manager of Capital Operation Division of China COSCO Shipping Corporation Limited, the Deputy General Manager of COSCO SHIPPING (Hong Kong) Co., Limited, the Deputy General Manager of COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Hong Kong Stock Exchange), and a Director of Qilu Expressway Company Limited (a company listed on the Hong Kong Stock Exchange).

Mr. Zhong Desheng is an Executive Director of the Company. He obtained a master's degree in the History of Foreign Economic Thoughts from Huazhong University of Science and Technology and is a senior economist. He joined the Company in July 1993 and successively served as the Assistant General Manager and Deputy General Manager of Wuhan Branch, the General Manager of International Business Department of the Head Office, the General Manager of Trade Finance Department of the Head Office and the General Manager of Offshore Finance Centre of the Head Office, the General Manager of Guangzhou Branch, the President of the General Office of Corporate Finance of the Head Office and concurrently the General Manager of the Strategic Customers Department, the Executive Assistant President of the Company and the Executive Vice President of the Company. He concurrently served as the Chief Risk Officer of the Company and the Chairman of CMB Financial Leasing.

Mr. Tian Hongqi is an Independent Non-Executive Director of the Company. Mr. Tian obtained a bachelor's degree in Waterway Finance and Accounting from Shanghai Maritime University, and is a senior accountant. He previously served as the Chief Financial Officer and Chief Information Officer of COSCO SHIPPING Bulk Co., Ltd., the General Manager of the Finance Department of COSCO Container Lines Co., Ltd., the Director and the General Manager of the Financial Department of COSCO Japan, the Chief Financial Officer of COSCO Holdings (Singapore) Pte. Ltd. (中遠控股(新加坡)有限公司), the General Manager of the Finance Department of the COSCO Container Transportation Operation Headquarters (中遠集裝箱運輸經營總部), and the Deputy Director of the Finance Department of COSCO. He concurrently served as an Independent Director of Nanjing Tanker Corporation under China Merchants Group (招商局南京油運股份有限公司, a company listed on the Shanghai Stock Exchange).

Mr. Li Chaoxian is an Independent Non-Executive Director of the Company. Mr. Li obtained a doctoral degree in Industrial Economics and a master's degree in Statistics from Renmin University of China, respectively. He is currently a professor and doctoral supervisor of Beijing Technology and Business University. He concurrently serves as an Independent Director of China World Trade Center Company Limited (a company listed on the Shanghai Stock Exchange). He served as the Deputy Director and Director of the Finance Department of Beijing Business School, Deputy Dean and Dean of the School of Economics of Beijing Technology and Business University, Chief of the Academic Affairs Office of Beijing Technology and Business University, Vice President of Beijing Technology and Business University, and an Independent Director of Beijing HuaDaJianYe Engineering Management Co., Ltd. (北京華達建業工程管理股份有限公司) (a company listed on the National Equities Exchange and Quotations).

Mr. Shi Yongdong is an Independent Non-Executive Director of the Company. Mr. Shi obtained a doctoral degree in Economics from Dongbei University of Finance and Economics and a master's degree in Applied Mathematics from Jilin University. He is a leading talent of the national high-level special support plan, one of the National Cultural Masters (全國文化名家) and the "Four Batches"(四個一批) Talents, and the chief expert of the major projects under the National Social Science Fund of China. He is currently the Dean, a Professor and a Doctoral Supervisor of the School of Finance and Technology of Dongbei University of Finance and Economics, and concurrently serves as a council member of China Finance Society, and a standing council member of the Chinese Finance Annual Meeting (中國金融學年會), the Chinese Financial Projects Annual Meeting (中國金融工程學年會), and the International Symposium on Financial Systems Engineering and Risk Management (金融系統工程與風險管理國際年會). He served as the Deputy Dean of the School of Finance, the Director of the Applied Finance Research Centre, the Chief of the scientific research department and the Dean of the School of Applied Finance and Behavioural Sciences in Dongbei University of Finance and Economics, an Independent Director of Dalian Huarui Heavy Industry Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange), and an Independent Director of Bank of Anshan Co., Ltd.

Ms. Li Jian is an Independent Non-Executive Director of the Company. She holds a doctorate degree in Economics. She currently serves as a professor of the School of Finance and a doctoral supervisor at the Central University of Finance and Economics. She concurrently serves as a council member of China Society for Finance and Banking and an Independent Director of Schroders BOCOM Wealth Management Co., Ltd. She concurrently served as the Director of the Consultative Committee for Economics Teaching in Vocational Schools and Junior Colleges under the Ministry of Education, the Deputy Director of the Consultative Committee for Teaching of Undergraduate Program in Finance under the Ministry of Education, an Independent Director of CITIC Securities Company Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), an Independent Director of Bank of Beijing Co., Ltd., an Independent Director of Bank of Communications Co., Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange) and an Independent Director of PICC Life Insurance Company Limited, etc.

Mr. Wong Yuk Shan is an Independent Non-Executive Director of the Company. He holds a doctorate degree in Biochemistry from McGill University. He currently serves as the Emeritus President of Hong Kong Metropolitan University, the Vice Chairman of the Hong Kong Basic Law Committee of the Standing Committee of National People's Congress, the Chairman of the Chinese Occupational Education Association of Hong Kong, the Governor of Our Hong Kong Foundation, the Chairman of the Civil Service Training Advisory Board of the Government of the HKSAR. He used to serve as the Vice President of the Hong Kong University of Science and Technology, the Vice President of the City University of Hong Kong, the President of the Open University of Hong Kong (currently known as Hong Kong Metropolitan University), the 11th to 13th Hong Kong SAR Deputy for the National People's Congress of China. He also served as the Deputy Chairman of Hong Kong Advisory Council on the Environment, the Chairman of the Hong Kong Veterinary Surgeons Board, the Chairman of the Hong Kong Consumer Council, the Chairman of the Hong Kong Research Grants Council, the Chairman of the Society of Hong Kong Scholars, and the Vice Chairman of the Federation of Fujian Associations of Hong Kong.

Mr. Lu Liping is an Independent Non-Executive Director of the Company. He holds a doctorate degree in Economics from Peking University. He currently serves as a professor of economics at Beijing National Accounting Institute. He serves concurrently as an External Director of Beijing Huafang Investment Company Limited, an External Director of Beijing Financial Street Investment (Group) Co., Ltd and an Independent Director of Jiangxi Special Electric Motor Co., Ltd. (a company listed on the Shenzhen Stock Exchange). He used to serve as a Member of the Academic Committee, the Head of the Finance Department and the Director of the Capital Operation Research Institute of Beijing National Accounting Institute, an Independent Director and Chairman of the Audit Committee of China Foreign Economy and Trade Trust Co., Ltd., an External Director and Chairman of the Audit Committee of Tianjin Teda Group Co., Ltd., an External Director of Tianjin Zhonghuan Electronic Information (Group) Co., Ltd. and an External Director of Tianjin Jinzhi State-owned Assets Capital Investment Operation Co., Ltd.

Senior management

Mr. Wang Liang, please refer to Mr. Wang Liang's biography under the heading of "Directors" above.

Mr. Zhong Desheng, please refer to Mr. Zhong Desheng's biography under the heading of "Directors" above.

Mr. Zhao Weipeng is the Secretary of the Party Discipline Commission of the Company. Mr. Zhao holds a master's degree in Management and is a senior accountant and a non-practicing member of Chinese Institute of Certified Public Accountants. He successively served as the Manager of Finance Department of China Merchants Shipping and Enterprises Company Limited, the Manager of Planning and Finance Department of Hong Kong Ming Wah Shipping Company Limited, the Chief Financial Officer, Deputy General Manager, Secretary of the Party Discipline Commission, and Deputy Secretary to the Party Committee of China Merchants Zhangzhou Development Zone Company Limited, Secretary of the Party Discipline Commission, Deputy Secretary to the Party Committee and Executive Deputy Director of the Management Committee of Zhangzhou China Merchants Economic and Technological Development Zone, Secretary to the Party Committee and General Manager of China Merchants Taipingwan Development & Investment Company Limited, Deputy General Manager (General Manager Level) of Finance Department (Property Rights Department) of China Merchants Group Ltd., Secretary to the Party committee and General Manager of China Merchants Group Finance Co., Ltd. He has been the Secretary of the Party Discipline Commission of the Company since August 2023.

Ms. Wang Ying is an Executive Vice President of the Company. She obtained a master's degree in Political Economics from Nanjing University and is an economist. She joined the Company in January 1997, successively served as the Assistant General Manager and Deputy General Manager of Beijing Branch, General Manager of Tianjin Branch, General Manager of Shenzhen Branch and the Executive Assistant President of the Company, and has been serving as an Executive Vice President of the Company since November 2023. She concurrently serves as the Chairman of CMFM, the Chairman of CIGNA & CMB Life Insurance and the Chairman of CIGNA & CMAM.

Mr. Peng Jiawen is an Executive Vice President, the Chief Financial Officer and the Secretary of the Board of Directors of the Company. He obtained a bachelor's degree in National Economic Planning from Zhongnan University of Economics and Law and is a professorate senior economist. He joined the Company in September 2001, and successively served as an Assistant General Manager and Deputy General Manager of the Planning and Finance Department of the Head Office, Deputy General Manager and General Manager of the Overall Retail Management Department of the Head Office, Deputy General Manager and Vice President of the General Office of Retail Finance of the Head Office, Vice President of the General Office of Retail Finance of the Head Office and concurrently General Manager of Retail Credit Business Department of the Head Office, General Manager of Zhengzhou Branch, General Manager of Asset and Liabilities Management Department of the Head Office and the Executive Assistant President of the Company. He has served as an Executive Vice President of the Company since November 2023, and concurrently serves as the Chief Financial Officer and the Secretary of the Board of Directors of the Company.

Mr. Lei Caihua is an Executive Vice President of the Company. He obtained a bachelor's degree in Investment Economics from Huazhong University of Science and Technology, a master's degree in National Economics from Zhongnan University of Economics and Law, and is an economist. He joined the Company in July 1995, and successively served as the Deputy General Manager of Corporate Banking Department and concurrently the General Manager of SME Finance Department of the Head Office, General Manager of Corporate Finance Product Department of the Head Office, General Manager of Strategic Customers Department of the Head Office, General Manager of Small Enterprise Finance Department of the Head Office, the General Manager of Chongqing Branch, Head of Topology Bank Preparatory Team, the General Manager of Shanghai Branch, and Executive Assistant President of the Company. Since May 2025, he has served as an Executive Vice President of the Company, and concurrently serves as the Chairman of CMB Investment and the Chairman of CMB Financial Leasing.

Mr. Xu Mingjie is an Executive Vice President and Chief Risk Officer of the Company. He obtained a bachelor's degree in Engineering from Xi'an Jiaotong University and a bachelor's degree in Economics from Shanghai University of International Business and Economics, and is a chartered certified accountant. He joined the Company in September 1995, successively served as the Assistant General Manager of Corporate Finance Product Department of the Head Office, Assistant General Manager of Investment Banking Department of the Head Office, Deputy General Manager of Investment Banking Department of the Head Office, General Manager of Credit Approval Department of the Head Office, General Manager of Risk Management Department of the Head Office and an Executive Assistant President of the Company, and concurrently served as the General Manager of Beijing Branch of the Company. He has served as an Executive Vice President of the Company since June 2025 and concurrently serves as the Chief Risk Officer of the Company.

Mr. Cui Jiakun is an Executive Assistant President of the Company. He obtained a bachelor's degree in Economics from Nanjing Agricultural University and an MBA degree from China Europe International Business School, and is an economist. He joined the Company in June 2000, and successively served as the Deputy General Manager of Shanghai Branch, the General Manager of Suzhou Branch and the General Manager of Guangzhou Branch. Since December 2025, he has served as an Executive Assistant President of the Company, and concurrently serves as the General Manager of Beijing Branch of the Company.

Mr. Wang Xinghai is an Executive Assistant President of the Company. He obtained a bachelor's degree in Economics with a major in International Enterprise Management from Capital University of Economics and Business. He joined the Company in July 1999, and successively served as the Deputy General Manager of Beijing Branch, the General Manager of the Institutional Customers Department of the Head Office, the General Manager of the Pension Finance Department of the Head Office and the Deputy General Manager and General Manager of Shenzhen Branch. Since December 2025, he has served as an Executive Assistant President of the Company, and concurrently serves as the General Manager of Shenzhen Branch of the Company.

Mr. Zhou Tianhong is the Chief Information Officer (CIO) of the Company. He obtained a master's degree in computer software from Nanjing University, and is an engineer. He joined the Company in September 1994 and has successively served as the Deputy General Manager (in charge of work) and the General Manager of the Information Technology Department of the Head Office, and the General Manager of the Information Technology Department of the Head Office. He has served as the Chief Information Officer of the Company since December 2024 and concurrently serves as the Director of the Digital Finance Development Office of the Head Office.

5.4.5 Remuneration policy and evaluation and incentive system for Directors, Supervisors and senior management

During the reporting period, the Company offered remuneration to Independent Directors and External Supervisors according to the "Resolution in Respect of Adjustment to Remuneration of Independent Directors" and the "Resolution in Respect of Adjustment to Remuneration of External Supervisors" reviewed and passed at the 2016 First Extraordinary General Meeting. The annual remuneration was RMB500,000 (before tax) for each Independent Director and RMB400,000 (before tax) for each External Supervisor, respectively. The Company offered remuneration to Executive Directors and other senior management according to the "Policies on Remunerations of Senior Management of China Merchants Bank Co., Ltd.". The remuneration comprised three parts, namely basic annual remuneration, performance-based annual remuneration and tenure incentive income, which shall be provided by way of deferred payment in accordance with regulatory requirements. At the same time, the Company has established a mechanism related to performance-based remuneration recovery and deduction. During the reporting period, there was no cessation of payment or recovery of performance-based remuneration for relevant personnel. Relevant Directors have recused themselves from the discussion of their remuneration. The Company offered remuneration to Employee Supervisors in accordance with the policies on remunerations of employees of the Company. All of the Directors and Supervisors nominated by shareholders of the Company do not receive any remuneration from the Company. For details of the remuneration of the Directors and Supervisors and the five highest paid individuals of the Company, please refer to Notes 11 and 12 to the financial statements.

During the reporting period, the Board of Directors of the Company evaluated the performance of the senior management according to the "Policies on Remunerations of Senior Management of China Merchants Bank Co., Ltd.". Performance-based annual remuneration and tenure incentive income of senior management are variable remuneration linked to operating results of the Company and individual evaluation results of senior management. According to the "Measures on Evaluation of Performance of Directors and Supervisors of China Merchants Bank", the Board of Supervisors evaluated the annual duty performance of the Directors and Supervisors through monitoring their duty performance in the ordinary course, conducting duty performance interviews, reviewing and evaluating their annual duty performance records (including but not limited to attendance of meetings, participation of researches, provision of recommendations and the term of office in the Company), the "Duty Performance

Self-Evaluation Questionnaire" completed by each Director and Supervisor, and then reported the same to the Shareholders' General Meeting and regulatory authorities. According to the "Measures on Evaluation of Duty Performance of Senior Management of China Merchants Bank", the Board of Supervisors evaluated the annual duty performance of senior management through monitoring their duty performance in the ordinary course and accessing to their duty performance information (including but not limited to major speeches and major meeting minutes) and work reports, and then reported the same to the Shareholders' General Meeting and regulatory authorities.

5.4.6 Securities transactions of Directors, Supervisors 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 and Supervisors 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 and all Supervisors 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, Supervisors and relevant employees, and the contents of the guidelines are no less exacting than the Model Code.

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

As at 31 December 2025, 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 required to be recorded in the register 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 Liang	Executive Director President and Chief Executive Officer	A Share	Long position	Beneficial owner	300,000	0.00145	0.00119
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

5.5 Board of Directors

The Board of Directors is an independent policy-making body of the Company, responsible for executing resolutions passed by the shareholders' meetings; formulating the Company's major principles and policies, including development strategy, risk preference, internal control and internal auditing systems, and remuneration regulations; deciding on the Company's operating plans, investment and financing proposals; making annual financial budgets, final accounts and profit appropriation plans; and appointing and assessing members of senior management. The Company adopts a system in which the President assumes full responsibility under the leadership of the Board of Directors. The senior management team has discretionary powers in terms of operation and makes daily decisions on operation management within the scope of authorisation by the Board of Directors, and the Board of Directors would not intervene in any specific matters in the Company's daily operation and management.

The Board of Directors of the Company facilitates scientific and reasonable decision-making through the establishment of a diversified directorship structure, and continues to improve the decision-making and operational efficiency through promoting the effective operation of special committees. The Board of Directors focuses on key issues, directions and strategies, and continues to strengthen the corporate philosophy of balanced, healthy and sustainable development. The Board of Directors ensures the Company to achieve coordinated development in quality, profitability and scale through effective management of its strategies, risks, capital, remuneration, internal control, related party transactions, protection of consumer rights, etc., thus providing a solid basis for the Company to enhance its operation and management capabilities.

5.5.1 Composition of the Board of Directors and diversity policy

As at the end of the reporting period, the Board of Directors of the Company has fifteen members, including seven Non-Executive Directors, two Executive Directors, and six Independent Non-Executive Directors. All the seven Non-Executive Directors are seasoned management personnel such as the Chairman of the Board of Directors, General Manager, Deputy General Manager or Capital and Financial Management of large state-owned enterprises. They have extensive experience in corporate management, finance, accounting and Fintech fields. The two Executive Directors have been engaged in financial management for a long time with extensive professional experience. Among the six Independent Non-Executive Directors, there are renowned experts in accounting and finance, university professors, as well as financial experts and legal experts with international vision, and they all have in-depth knowledge about the development of the banking industry at home and abroad.

The Company attaches great importance to maintaining the diversity of the members of the Board of Directors, and has incorporated diversity policy into the Articles of Association. The responsibilities performed by the Nomination Committee under the Board of Directors are to "promote the diversity of the members of the Board of Directors, including but not limited to gender, age, culture, educational background and professional experience, and regularly review the implementation of diversity policy". The diversified director structure of the Company has brought broad vision and high-level professional experience to the Board of Directors, and also maintained independence within the Board of Directors to ensure that the Board of Directors of the Company effectively make independent judgements and scientific decisions when studying and deliberating major issues.

As of the end of the reporting period, the Company has two female Directors, in line with the diversity requirements of the Board of Directors under the Hong Kong Listing Rules, which has met the gender diversity target of the Board of Directors of the Company. In 2025, the qualifications of five Non-Executive Directors and two Independent Directors of the Company were approved by the National Financial Regulatory Administration. The above Directors have extensive professional experience in finance, financial management, accounting, law, and other related fields. The Company's Directors reside widely, including in Beijing, Shanghai, Shenzhen, Hong Kong, and Dalian, bringing diverse cultural and educational backgrounds to the Board of Directors. The Board of Directors of the Company acknowledges that a diversified structure of the Board will bring wide-ranging ideas and unique insights to the Board of Directors and its special committees, contribute to the quality of decision-making by the Board of Directors and its special committees, while providing a strong guarantee for the high-quality development of the Company. The Company will continue to promote the diversified composition of the Board of Directors.

The Nomination Committee under the Board of Directors shall evaluate the structure, number of members, composition and the implementation and effectiveness of the diversity of the Board of Directors (including multiple aspects such as gender, skills, knowledge and experience) at least once a year according to the operating activities, asset scale and equity structure of the Company, and advise on any changes to the Board of Directors to align with the Company's strategy. To ensure that the Board of Directors maintains gender diversity in the long run, the Company will seek to identify potential female Director candidates whose skills, knowledge, experience, and other attributes satisfy the relevant requirements based on its own operational and management conditions and the structure of the Board of Directors, establishing and maintaining communication channels with potential Director candidates to enable timely selection when needed.

The list of Directors of the Company is set out in the section headed "Directors, Supervisors and Senior Management" in this report. To comply with the Hong Kong Listing Rules, the Independent Non-Executive Directors have been clearly identified in all the corporate communication documents of the Company which disclose their names.

5.5.2 Appointment, re-election and removal of Directors

In accordance with the Articles of Association, non-employee Directors shall be elected or removed by the Shareholders' Meeting, and can be removed by the Shareholders' Meeting before the expiry of his/her term of office. The employee Director shall be elected and removed by the employee representative meeting, the employee meeting or other democratic procedures. The term of office of a Director shall be three years. A Director's term of office shall commence from the date on which the Bank receives the approval of the qualification for the position from the banking supervision and administration department under the State Council. Upon expiry of his/her term of office, a Director may be re-elected and re-appointed. Where no new appointment is made upon expiry of the term of a Director, the original Director shall, prior to the newly appointed director assumes his/her office, continue to perform his/her duties as a Director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association.

Subject to compliance with the relevant laws and administrative regulations, the Shareholders' Meeting may, by ordinary resolution, remove Director (other than Independent Directors and employee Director) prior to the expiry of his/her term of office (but claims for compensation under any contract shall not be affected by this provision).

The procedures for appointment, re-election and removal of Directors, candidates' qualification and other requirements of the Company are set out in the Articles of Association and the implementation rules of the Nomination Committee under the Board of Directors. The Nomination Committee under the Board of Directors of the Company shall carefully consider the qualifications and experience of every candidate for a Director and recommend suitable candidates to the Board of Directors. Upon passing the candidate nomination proposal, the Board of Directors shall propose election of the related candidates at a Shareholders' Meeting and submit the relevant proposal at a Shareholders' Meeting for review and approval.

5.5.3 Responsibilities of Directors

As of the end of the reporting period, all incumbent Directors of the Company cautiously, earnestly and diligently exercised their rights under the Articles of Association and the domestic and overseas regulatory rules, devoted sufficient time and effort to the business of the Company, ensured that the business practices of the Company were fully compliant with the requirements of the laws, administrative regulations and economic policies of the country, gave all shareholders fair treatment, reviewed the business operation and management of the Company in a timely manner, and fulfilled the responsibilities stipulated under the laws and administrative regulations, departmental regulations and other duties of diligence stipulated under the Articles of Association. All Directors of the Company were aware of their joint and individual responsibilities towards shareholders. During the reporting period, the average attendance rate of Directors at meetings of the Board of Directors and the special committees under the Board of Directors was 95.88%.

The Independent Non-Executive Directors of the Company have presented their professional opinions on the resolutions reviewed by the Board of Directors, including offering independent written opinions on significant matters such as the profit appropriation plan, nomination and election of Directors and senior management, engagement of accounting firms and related party transactions. In addition, the Independent Non-Executive Directors of the Company also gave full play to their professional advantages in the relevant special committees under the Board of Directors, and provided professional and independent opinions regarding corporate governance and operation management of the Company, thereby providing effective guarantee on the scientific decision-making of the Board of Directors.

The Board of Directors of the Company reviewed its work during the reporting period, believing that it has effectively performed its duties and safeguarded the rights and interests of the Company and its shareholders. The Company is of the opinion that all the Directors have devoted sufficient time to perform their duties.

The Company attached great importance to the ongoing trainings of Directors, so as to ensure that they have a proper understanding of the operations and businesses of the Company, and that they are fully aware of their responsibilities under the relevant laws, administrative regulations, departmental regulations, regulatory authorities and the Articles of Association. The Company has renewed the "Insurance for Liabilities of Directors, Supervisors and Senior Management" for all of its Directors.

During the reporting period, the Board of Supervisors of the Company made an appraisal on the annual duty performance of the Directors and the annual duty performance of the Independent Non-Executive Directors, and reported the appraisal results to the Shareholders' General Meeting.

5.5.4 Chairman of the Board of Directors and the President

The positions of Chairman of the Board of Directors and the President of the Company have been held by different persons and their duties have been clearly defined in accordance with the requirements of the Hong Kong Listing Rules. Mr. Miao Jianmin serves as the Chairman of the Company and is responsible for leading the Board of Directors, ensuring that all the Directors are kept updated on issues arising at board meetings, managing the operation of the Board of Directors, and ensuring that all major issues are discussed by the Board of Directors in a constructive and timely manner. In order to enable the Board of Directors to discuss all major and relevant matters in time, the Chairman of the Board of Directors worked together with senior management to ensure that the Directors duly receive appropriate, complete and reliable information for their reference and review. During the reporting period, Mr. Wang Liang serves as the President and is responsible for the business operation of the Company and implementation of its strategies and business plans.

5.5.5 Attendance of Directors at relevant meetings

The following table sets forth the records of attendance of each Director at the meetings convened by the Board of Directors, the special committees under the Board of Directors, the Shareholders' General Meeting and the special meetings of Independent Directors during the reporting period. All Directors performed due diligence in their duties, capitalised on opportunities, tackled challenges and used their professional specialties and extensive experience to contribute their intelligence and strength to the operation and development of the Company. The Company has adopted the constructive opinions and suggestions raised by each of the Directors in aspects including strategy guideline, wealth management, Fintech, risk control and management, internal control and compliance, anti-money laundering, green finance development, inclusive finance development, ESG development, related party transactions management, protection of consumer rights and improvement of incentive and restrictive mechanisms, and no objection has been raised by any of the Directors on the matters reviewed.

		Special committees under the Board of Directors								
Directors	Board of Directors	Strategy and Sustainable Development Committee	Nomination Committee	Remuneration and Appraisal Committee	Risk and Capital Management Committee	Audit Committee	Related Party Transactions Management and Consumer Rights Protection Committee	Shareholders' General Meeting	Special meetings of Independent Directors
	Actual times of attendance/Required times of attendance								
Non-Executive Directors									
Miao Jianmin	18/18	5/5	6/6	/	/	/	/	0/1	/
Shi Dai	17/18	5/5	/	/	/	/	/	0/1	/
Deng Renjie	3/3	0/0	/	/	/	/	/	/	/
Jiang Chaoyang	5/5	/	/	1/1	4/4	/	/	/	/
Zhu Eric Liwei	18/18	/	/	/	14/14	5/5	5/5	1/1	/
Huang Jian	16/16	/	/	4/4	13/13	3/3	/	1/1	/
Ma Xianghui	0/0	/	/	/	/	0/0	/	/	/
Sun Yunfei (resigned)	18/18	5/5	/	/	/	/	/	1/1	/
Zhang Jian (resigned)	1/1	/	/	/	/	/	/	/	/
Chen Dong (resigned)	2/2	/	/	1/1	0/1	/	/	/	/
Executive Directors									
Wang Liang	18/18	5/5	6/6	/	/	/	/	1/1	/
Zhong Desheng	17/18	/	/	/	12/14	/	/	1/1	/
Zhu Jiangtao (resigned)	6/6	/	/	/	/	/	1/2	/	/
Independent Non-Executive Directors									
Tian Hongqi	18/18	/	/	/	/	6/6	5/5	1/1	2/2
Li Chaoxian	18/18	5/5	/	5/5	/	/	5/5	1/1	2/2
Shi Yongdong	18/18	/	/	/	14/14	4/4	2/2	1/1	2/2
Li Jian	17/18	/	6/6	/	9/9	6/6	3/3	1/1	2/2
Wong Yuk Shan	0/0	/	0/0	0/0	/	0/0	/	/	/
Lu Liping	0/0	/	0/0	0/0	/	0/0	/	/	/
Li Menggang (resigned)	18/18	/	6/6	5/5	/	6/6	/	1/1	2/2
Liu Qiao (resigned)	18/18	/	6/6	5/5	5/5	2/2	/	1/1	2/2

Note:

(1) During the reporting period, the Board of Directors of the Company held a total of 18 meetings, of which 7 were on-site meetings and 11 were meetings convened in the form of written resolutions; the special committees under the Board of Directors held a total of 41 meetings, of which 15 were on-site meetings and 26 were meetings convened in the form of written resolutions.

(2) The Chairman was absent from the 2024 Annual General Meeting due to other business engagement. Wang Liang, the Director of the Company, presided over and acted as the chairman of the meeting, effectively communicating with the shareholders.

(3) Shi Dai, the Director of the Company, was absent from the 51st meeting of the Twelfth Session of the Board of Directors due to other business engagement and appointed Zhu Eric Liwei, the Director of the Company, as her proxy to attend the meeting. Zhong Desheng, the Executive Director, and Li Jian, the Independent Non-Executive Director, were absent from the 7th meeting of the Thirteenth Session of the Board of Directors due to other business engagement and appointed Wang Liang, the Executive Director, and Li Chaoxian, the Independent Non-Executive Director, as their proxies to attend the meeting respectively.

(4) Chen Dong, a committee member, was absent from the 28th meeting of the Risk and Capital Management Committee under the Twelfth Session of the Board of Directors due to other business engagement and appointed Zhu Eric Liwei, a committee member, as his proxy to attend the meeting.

5.5.6 Performance of duties by Independent Non-Executive Directors

The Board of Directors of the Company currently has six Independent Non-Executive Directors, which meets the requirement that at least one third of the total Directors of the Company shall be Independent Directors. The qualification, number and proportion of Independent Non-Executive Directors are in compliance with the relevant requirements of the PRC banking regulatory authorities, the CSRC, Shanghai Stock Exchange and the Hong Kong Stock Exchange. All the six Independent Non-Executive Directors of the Company are not involved in the circumstances set out in Rule 3.13 of the Hong Kong Listing Rules which would cause doubt on their independence. The Company has received from the Independent Non-Executive Directors their respective annual confirmation of independence. Therefore, the Company is of the opinion that all the Independent Non-Executive Directors have complied with the requirement of independence. The majority of members of the Nomination Committee, the Remuneration and Appraisal Committee, the Audit Committee and the Related Party Transactions Management and Consumer Rights Protection Committee under the Board of Directors of the Company are Independent Non-Executive Directors, and all of such committees are chaired by an Independent Non-Executive Director. During the reporting period, the six Independent Non-Executive Directors kept communicating with the Company through attendance at the meetings, special research and investigations and conferences. They effectively performed their roles as Independent Non-Executive Directors by diligently attending the meetings held by the Board of Directors and its various special committees, actively expressing their opinions and suggestions and attending to the interests and demands of minority shareholders. For details of the attendance of Independent Non-Executive Directors at the meetings convened by the Board of Directors and its special committees, please refer to the section headed "Attendance of Directors at relevant meetings" in this report.

During the reporting period, the Independent Non-Executive Directors of the Company expressed their independent opinions on significant matters such as the profit appropriation plan, implementation of the interim profit appropriation, nomination and election of Directors and senior management, engagement of accounting firms and related party transactions. They made no objection to the resolutions of the Board of Directors and others of the Company.

Pursuant to the Corporate Governance Code, the Company has established a mechanism within the governance framework to ensure that the Board of Directors has access to independent views and opinions, and the implementation and effectiveness of the mechanism are reviewed by the Board of Directors on an annual basis. According to the "Rules Governing Independent Directors' Work on Annual Reports" of the Company, the Independent Non-Executive Directors of the Company listened to the reports on the operation of the Company in 2025, believing that such reports had fully and objectively reflected the operation of the Company in 2025. They recognised and were satisfied with the work performed and the results achieved in 2025. They also reviewed the unaudited financial statements of the Company, and discussed with the certified public accountants in charge of annual audit in respect of major issues and formed their written opinions; they reviewed the procedures for convening board meetings throughout the year, the decision-making procedures for matters on the agenda and the adequacy of information about such meetings; they reviewed the continuing connected transactions of the Company and made confirmations as required by the Hong Kong Listing Rules.

5.5.7 Corporate governance functions

During the reporting period, the Board of Directors has performed the following duties on corporate governance:

1. Formulate and evaluate the policies and practices on corporate governance of the Company and make certain amendments as it deems necessary, so as to ensure the validity of those policies and practices;
2. Evaluate and supervise the trainings and the improvement of professional competence of Directors and senior management;
3. Evaluate and supervise the policies and practices of the Company for compliance with laws and regulatory requirements;
4. Formulate, evaluate and supervise the Code of Conduct and the Compliance Handbook applicable to the Directors and employees of the Company;
5. Review the compliance of the Company with the Code of Corporate Governance and the disclosures in the Report of Corporate Governance;
6. Manage, control, monitor and assess the risks of the Company and evaluate the internal control status of the Company. The Board of Directors is of the opinion that the risk management and internal control systems of the Company are effective.

5.5.8 Statement made by the Directors about their responsibility for the financial statements

The senior management of the Company provided the Board of Directors with adequate explanation and sufficient information to enable the Board of Directors to make informed assessment on the financial and other information submitted to it for approval. The Directors of the Company acknowledged their responsibility for preparing the financial statements for the year ended 31 December 2025 to present a true view of the operating results of the Company. So far as the Directors are aware, there is no material uncertainty related to events or conditions that might have a significant adverse effect on the Company's ability of sustainable operation.

5.5.9 Special committees under the Board of Directors

There are six special committees under the Board of Directors of the Company, namely the Strategy and Sustainable Development Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Risk and Capital Management Committee, the Audit Committee and the Related Party Transactions Management and Consumer Rights Protection Committee.

In 2025, all the special committees under the Board of Directors of the Company gave full play to their professional advantages and earnestly performed various duties, actively offering advices to the Board of Directors on strategic guidance, Fintech, risk management, internal control and compliance, inclusive finance, green finance, related party transactions management, consumer rights protection, incentive and restrictive mechanisms and construction of the Board of Directors. During the year, these committees held a total of 41 meetings to study and review 161 significant matters, and reported their review opinions and advices to the Board of Directors by submitting meeting minutes and giving presentations on-site at the meetings, hence fully performing their respective functions in assisting the Board of Directors to make scientific decisions.

The composition and duties of the six special committees under the Board of Directors of the Company and their work in 2025 are summarised as follows.

Strategy and Sustainable Development Committee

As of the end of the reporting period, the members of the Strategy and Sustainable Development Committee included Non-Executive Directors Miao Jianmin (Chairman), Shi Dai, Deng Renjie, Wang Liang (Executive Director) and Li Chaoxian (Independent Non-Executive Director).

Main authorities and duties:

1. Formulate the operational goals and medium-to-long term development strategies, and make an overall assessment on its strategic risks;
2. Consider material investment and financing projects and make proposals to the Board of Directors;
3. Supervise and review the implementation of the annual operational and investment plans;
4. Evaluate and monitor the implementation of Board resolutions;
5. Put forward proposals and plans on important issues for discussion and determination by the Board of Directors;
6. Formulate data governance strategies and major matters related to data governance;
7. Review the ESG development strategy and basic management system, review the ESG-related work reports, supervise the implementation and achievement of ESG development strategies and regularly assess their implementation, and promote the implementation of other ESG-related work in accordance with regulatory requirements;
8. Other matters authorised by the Board of Directors; and
9. Other duties and powers granted by laws, administrative regulations, departmental regulations and regulatory authorities.

In 2025, the Strategy and Sustainable Development Committee under the Board of Directors of the Company convened five meetings, namely, the 15th meeting (10 March), the 16th meeting (11 March) and the 17th meeting (7 May) of the Strategy and Sustainable Development Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (21 August) and the 2nd meeting (24 September) of the Strategy and Sustainable Development Committee under the Thirteenth Session of the Board of Directors, and successively reviewed the Company's annual financial budget and final accounts report, annual profit appropriation plan, interim profit appropriation plan, implementation of business plan, sustainable development report, report of the inclusive financial development and annual work plan, human resources management and talent strategy implementation report, the use of Fintech innovation project funds, work summary and work plan of data governance. The Committee focused on reviewing major operation and management matters such as the market value management system of CMB, the participation in the pilot program of financial asset investment company, the framework quota for capital bond issuance, and the general authorisation for the issuance of financial bonds and certificates of deposit. The Committee comprehensively facilitates the mission of serving the real economy and ensures that the Company's operation management and business development align with the strategic plans of the 14th Five-Year Plan.

Nomination Committee

The majority of members of the Nomination Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. As of the end of the reporting period, the members of the Nomination Committee include Li Jian (Chairman), Wong Yuk Shan and Lu Liping (all being Independent Non-Executive Directors), Miao Jianmin (a Non-Executive Director) and Wang Liang (an Executive Director).

Main authorities and duties:

1. Study and draft the selection criteria and procedures of Directors and senior management;
2. Promote the diversity of the members of the Board of Directors, including but not limited to the diversity of gender, age, culture, education background and professional experience, and regularly review the implementation of the diversity;
3. Review the structure, number of Directors and composition (including their skills, knowledge and experience) of the Board of Directors regularly according to the business activities, asset scale and shareholding structure of the Company, and put forward proposals in respect of any intended changes to the Board of Directors in line with the strategies of the Company;
4. Search extensively for qualified candidates for Directors and senior management members;
5. Conduct preliminary examination on the candidates for Directors and senior management members;
6. Any other matters authorised by the Board of Directors; and
7. Other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

In 2025, the Nomination Committee under the Board of Directors of the Company convened six meetings, namely, the 15th meeting (20 January), the 16th meeting (16 April), the 17th meeting (9 May) and the 18th meeting (21 May) of the Nomination Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (28 October) and the 2nd meeting (24 December) of the Nomination Committee under the Thirteenth Session of the Board of Directors, at which the resolutions on the nomination of Directors, the resolution on the re-appointment of the Chief Risk Officer, the plan for the re-election of the Thirteenth Session of the Board of Directors, and the resolution regarding the list of candidates for the Directors of the Thirteenth Session of the Board of Directors were successively considered. In addition, the Nomination Committee under the Board of Directors regularly reviewed the members, structure and diversity implementation of the Board of Directors and its special committees, ensuring that the structure of the Board composition is in compliance with the relevant regulatory requirements.

The specific process for the nomination and election of Directors of the Company is as follows: qualified nomination body recommends candidates for directorship to the Company, the Nomination Committee under the Board of Directors conducts a preliminary review of the qualifications and conditions of the candidates for directorship and proposes the qualified candidates to the Board of Directors for consideration, and upon consideration and approval by the Board of Directors, proposes the candidates for directorship to the Shareholders' General Meeting in a written proposal (for details, please refer to the section of "Board of Directors" set out in the Articles of Association of the Company). In the selection process of candidates for directorship, the Nomination Committee under the Board of Directors takes full consideration of the compliance of the candidates with laws, regulations and other relevant requirements, independence, cultural and educational background or professional experience, as well as the structure, number, composition and diversity of the Board of Directors, and will make recommendations on any proposed changes to the Board of Directors in line with the Company's strategy.

Remuneration and Appraisal Committee

The majority of members of the Remuneration and Appraisal Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. As of the end of the reporting period, the members of the Remuneration and Appraisal Committee currently include Wong Yuk Shan (Chairman), Li Chaoxian, Lu Liping (all being Independent Non-Executive Directors), Jiang Chaoyang and Huang Jian (both being Non-Executive Directors). The Remuneration and Appraisal Committee is mainly responsible for reviewing the remuneration management system and policies of the Company, formulating the remuneration package for the Directors and senior management, making proposals to the Board of Directors and supervising the implementation of such proposals.

Main authorities and duties:

1. Study and draft the assessment standards of Directors and senior management members and make assessment depending on the actual conditions of the Company;
2. Study, draft and review the remuneration policies and proposals in respect of Directors and senior management members; draft and review the remuneration policies and proposals in respect of Directors and senior management members, including remuneration determination mechanism, decision-making process, payment and cessation of payment recovery arrangements;
3. Draft or modify share incentive plans, employee stock ownership plans, ensure the granting of rights to incentive recipients and the conditions for the exercise of such rights by incentive recipients are met, and conduct the arrangement of stock ownership plans for Directors and senior management members in the event of a proposed spin-off of a subsidiary;
4. Review the remuneration management system and policies of the Company;
5. Evaluate the performance of the Executive Directors and approve the terms of service agreements for the Executive Directors;
6. Any other matters authorised by the Board of Directors; and
7. Other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

In 2025, the Remuneration and Appraisal Committee under the Board of Directors of the Company convened five meetings, namely the 14th meeting (17 January), the 15th meeting (20 May) and the 16th meeting (25 June) of the Remuneration and Appraisal Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (27 October) and the 2nd meeting (24 December) of the Remuneration and Appraisal Committee under the Thirteenth Session of the Board of Directors. The Remuneration and Appraisal Committee under the Board of Directors implements the medium- and long-term strategic objectives formulated by the Board of Directors, guides management staff and employees to "base on the long-term development and grasp the present opportunities", continuously improves the connotation of incentive and restraint mechanism, reviews the results of the annual operation performance appraisal, and formulates the proposals on the annual operation performance appraisal and the operation strategy appraisal for the three-year term, ensuring the stable and continuous operation of the Company's incentive and restraint mechanism.

Risk and Capital Management Committee

As of the end of the reporting period, the members of the Risk and Capital Management Committee were Jiang Chaoyang (Chairman), Zhu Eric Liwei and Huang Jian (all being Non-Executive Directors), Zhong Desheng (an Executive Director), Shi Yongdong and Li Jian (both being Independent Non-Executive Directors).

Main authorities and duties:

1. Supervise the status of risk control by the senior management members in relation to credit risk, market risk, operation risk, liquidity risk, strategic risk, compliance risk, reputation risk, country risk and other risks;
2. Make regular assessment on the risk policies, management status, risk-withstanding ability and capital status;
3. Perform the relevant duty of the advanced capital measurement method under the authorisation of the Board of Directors;
4. Submit opinions and proposals on perfecting the management of risks and capital;
5. Arrange and instruct risk prevention works in accordance with the authorisation of the Board of Directors;
6. Instruct and promote construction of legal institutions and compliance management;
7. Evaluate, supervise and govern the risk management policies and practices of relevant overseas institutions, including those of the Company in the United States, in accordance with overseas regulatory requirements;
8. Any other matters authorised by the Board of Directors; and
9. Other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

In 2025, the Risk and Capital Management Committee under the Board of Directors of the Company convened fourteen meetings, namely the 28th meeting (18 March), the 29th meeting (19 March), the 30th meeting (25 April), the 31st meeting (30 May) and the 32nd meeting (23 June) of the Risk and Capital Management Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (20 August), the 2nd meeting (22 August), the 3rd meeting (25 September), the 4th meeting (30 September), the 5th meeting (24 October), the 6th meeting (12 November), the 7th meeting (3 December), the 8th meeting (18 December) and the 9th meeting (24 December) of the Risk and Capital Management Committee under the Thirteenth Session of the Board of Directors. The Risk and Capital Management Committee adhered to prudent and sound risk management concepts, actively responded to the complex economic and financial conditions by holding quarterly meetings, further enhanced the proactivity and foresight of risk management, deepened the systematic development of comprehensive risk management, and effectively fulfilled its risk management responsibilities. The Risk and Capital Management Committee focused on risks in sectors including real estate and local government platforms, and proposed specific risk management requirements; regularly reviewed reports on anti-money laundering and various compliance work, paid close attention to the international situation and geopolitical changes, and ensured the compliance and safety of the Company's operation management; specifically listened to reports on retail business risk investigation, and maintained an intensified focus on retail credit risk and interest rate risk; adhered to long-term and reasonable capital planning by regularly reviewing reports on the internal assessment on capital adequacy, capital management planning, and the third pillar, etc., and continuously enhanced the capability of endogenous growth of capital.

Audit Committee

The majority of members of the Audit Committee were Independent Non-Executive Director, and the committee was chaired by an Independent Non-Executive Director. As of the end of the reporting period, the members of the Audit Committee are Tian Hongqi (Chairman), Li Jian, Wong Yuk Shan and Lu Liping (all being Independent Non-Executive Directors) and Zhu Eric Liwei and Ma Xianghui (all being Non-Executive Directors). None of the above persons has ever served as a partner of the incumbent auditors of the Company. In view of the fact that the Articles of Association of China Merchants Bank Co., Ltd. (2025 Revision) were approved by the National Financial Regulatory Administration and came into effect, from 18 December 2025, in accordance with the Company's Articles of Association, the Company shall cease to have the Board of Supervisors, and the Audit Committee under the Board of Directors shall take over the original authorities and duties of the Board of Supervisors as stipulated by laws and regulations.

Main authorities and duties:

1. make recommendations to the Board on the appointment or dismissal of the person in charge of financial affairs;

2. be responsible for the annual audit work, make recommendations to the Board on the disclosure of financial information in the financial reports and regular reports, and give opinions on the authenticity, accuracy, completeness and timeliness of the information set out in the audited financial report and appoint, in the name of the Company, registered accountants and practicing accountants to assist in reviewing such information should any doubt arises;

3. review the profit distribution plans, and submit opinions on the compliance and reasonableness of the profit distribution plans;

4. examine the accounting policy and financial reporting procedure; submit opinions to the Board on changes in accounting policies, accounting estimates or correction of major accounting errors due to reasons other than changes in accounting standards;

5. formulate policies, procedures and relevant internal control systems for the selection and appointment of an Accounting Firm as authorised by the Board of Directors; propose the initiation of work related to the selection and appointment of an Accounting Firm; deliberate selection and appointment documents, determine evaluation factors and scoring criteria, and supervise the selection and appointment process; make recommendations on the proposed selection and appointment of an Accounting Firm and audit fees, and submit them to the decision-making body for decision; supervise and evaluate the audit work performed by the Accounting Firm; report periodically (at least annually) on the evaluation of the performance of the Accounting Firm engaged and on the performance of the supervisory duties of the Audit Committee of the Board of Directors;

6. guide and supervise the internal audit work and have the right to request the Board of Directors and senior management to provide audit-related information, evaluate the work procedures and work results of the internal audit department; coordinate the communications between internal auditors and external auditors;

7. examine the internal control system and put forward suggestions on the improvement of internal control; and make proposals to the Board of Directors for the disclosure of assessment report on internal control;

8. review and supervise the mechanism for employees to whistleblow any misconducts in respect of financial reports, internal control or other aspects, so as to ensure that the Company always handles the whistleblowing issues in a fair and independent manner and takes appropriate actions;

9. supervise the adoption by the Board of Directors of prudent business philosophy and value standards and formulate suitable development strategies in line with the actual situations of the Company, evaluate the scientificalness, reasonableness and robustness of the Company's development strategy and prepare an evaluation report; with main focus on supervising its operation decisions, internal control, risk management of the Company;

10. supervise the objectivity and reasonableness of the remuneration management system and its implementation of the whole Company and the remuneration packages for its senior management members;

11. supervise the process of election and appointment of Directors;

12. supervise the actual performance of duties by Directors, and senior management members of the Company, conduct overall assessment on the performance of duties by Directors and senior management members of the Company, and report the final assessment results to the banking supervision and administration department under the State Council and report the same to the shareholders' meeting of the Company; require the Directors and senior management members to proceed with rectifications within a designated period and take accountability when they violate the relevant laws, administrative regulations, departmental rules and the Articles of the Company and resolutions of the shareholders' meeting, or engage in any activities damaging the interests of the Company, and report to the regulatory authority when necessary;
13. represent the Company in negotiating with its Directors and senior management members, and make written or verbal proposals to them, give directions, conduct discussions, raise questions and require formal replies when necessary; and initiate legal proceedings against them according to the provisions of the Company Law;
14. review the resignations of Directors, and senior management members when necessary;
15. put forward proposals to the shareholders' meeting; propose to convene extraordinary meetings; convene and preside over shareholders' meetings if the Board of Directors fails to perform the duty of convening and presiding over shareholders' meetings according to the provisions of the laws, administrative regulations and the Articles of Association;
16. the Company's important decisions shall be reported to the Audit Committee of the Board of Directors in advance, and the information on operation conditions, financial conditions, important contracts, important events and cases, audit issues and significant changes in personnel shall be provided according to the requirements of the Audit Committee of the Board of Directors; the Audit Committee of the Board of Directors shall conduct investigation when becoming aware of any unusual operating situation;
17. communicate with the banking supervision and administration department under the State Council or its branches on the status of the Company on a regular basis; and
18. other matters as provided by laws, administrative regulations, departmental rules and management organs and the Articles of Association, and other matters as authorised by the Board of Directors.

In 2025, the Audit Committee under the Board of Directors of the Company convened six meetings, namely, the 21st meeting and the meeting for Independent Directors' work on annual reports (12 March), the 22nd meeting (19 March), the 23rd meeting (25 April) and the 24th meeting (22 May) of the Audit Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (22 August) and the 2nd meeting (24 October) of the Audit Committee under the Thirteenth Session of the Board of Directors. The Audit Committee, based on the quarterly meeting mechanism and by means of the regular report and internal and external audit work report, supervised and verified the authenticity, accuracy, completeness and timeliness of the financial report information. The Audit Committee reviewed the annual, interim and quarterly internal audit plans and work reports and other proposals, and provided guidance on the key work of internal audit and development of digitalisation capability in order to exert a positive influence in further improving the Company's internal audit level and enhancing the quality and efficiency of the audit work. The Audit Committee reviewed the amendment to the internal control assessment methods and the internal control assessment work plan for 2025 of China Merchants Bank and other proposals, continued to promote and supervise the construction and improvement of the internal control system of the Company. The Audit Committee reviewed the proposal of the engagement of accounting firms for 2025, reviewed the external auditor's audit plan, audit results, management recommendations and other reports, discussed with the certified public accountants for annual auditing on important matters during the auditing, which fully capitalised on the supervisory role of external auditing. The Audit Committee continued to maintain the communication mechanism with the Risk and Capital Management Committee under the Board of Directors and worked together to eliminate blind spots in risk management, fully played an important role in supervising operation and management, revealing risks and problems, and improving management level, and effectively fulfilled relevant responsibilities.

According to "Work Procedures on Annual Reports for Audit Committee under the Board of Directors" adopted by the Company, the Audit Committee under the Board of Directors of the Company performed the following duties in preparing and reviewing the annual report for 2025:

1. The Audit Committee considered and discussed the accounting firm's audit plan for 2025 and the unaudited financial statements of the Company;

2. In the course of annual audit and after the issue of a preliminary audit opinion by the auditors in charge of annual audit, the Audit Committee heard the report on the operation of the Company for 2025, exchanged opinions on the significant matters and audit progress with the auditors in charge of annual audit, reviewed the financial statements of the Company, and then formed written opinions on the above issues;

3. Before the convening of the annual meeting of the Board of Directors, the Audit Committee reviewed and prepared a resolution on the Company's Annual Report for 2025 which was submitted to the Board of Directors for consideration and approval. Moreover, the Audit Committee reviewed and submitted to the Board of Directors the conclusion report prepared by the auditors in charge of annual audit in respect of the audit work of the Company in 2025.

Related Party Transactions Management and Consumer Rights Protection Committee

The majority of members of the Related Party Transactions Management and Consumer Rights Protection Committee were Independent Non-Executive Directors, and the committee was chaired by an Independent Non-Executive Director. As of the end of the reporting period, the members of the Related Party Transactions Management and Consumer Rights Protection Committee are Li Chaoxian (Chairman), Tian Hongqi and Shi Yongdong (all being Independent Non-Executive Directors), and Zhu Eric Liwei (an Non-Executive Director).

Main authorities and duties:

1. Identify related parties;

2. Examine, monitor and review material Related-Party Transactions and Continuing Related-Party Transactions, and control the risks associated with Related-Party Transactions;

3. Review the measures on Related-Party Transactions, and supervise the establishment and improvement of the relevant management system of Related-Party Transactions;

4. Review the announcement(s) in respect of Related-Party Transaction(s);

5. Review and consider the strategies, policies and objectives of consumer rights protection;

6. Review reports on consumer rights protection efforts and relevant proposals;

7. Supervise and evaluate the comprehensiveness, promptness and effectiveness of the consumer rights protection efforts, as well as the duty performance of the senior management in consumer rights protection;

8. Instruct and supervise the establishment and improvement of the management system for consumer rights protection;

9. Any other matters authorised by the Board of Directors; and

10. Other functions and powers conferred by the laws, administrative regulations, department rules and regulatory authorities.

In 2025, the Related Party Transactions Management and Consumer Rights Protection Committee of the Company convened five meetings, namely, the 13th meeting (12 March), the 14th meeting (20 May) and the 15th meeting (19 June) of the Related Party Transactions Management and Consumer Rights Protection Committee under the Twelfth Session of the Board of Directors, and the 1st meeting (15 August) and the 2nd meeting (11 December) of the Related Party Transactions Management and Consumer Rights Protection Committee under the Thirteenth Session of the Board of Directors. The Related Party Transactions Management and Consumer Rights Protection Committee focused on reviewing the fairness of related party transactions, assisting the Board of Directors to ensure the legality and compliance of related party transactions management, implementing the relevant responsibilities of consumer rights protection according to regulatory requirements and deliberated the Related Party Transactions Report for 2024, the List of Related Parties in 2025 and other proposals, reviewed the related party transactions between the Company and Merchants Union Consumer Finance, China Merchants Fund, China Merchants Group Ltd. and other related parties, reviewed the "Report on Consumer Rights Protection and Strategic Implementation for 2024", the "Regulatory Referral of Complaints for 2024" and other resolutions, reviewed the regulatory notification document on consumer rights protection and the Company's main consumer rights protection system.

5.6 Investigations/Surveys and Trainings Conducted by Directors during the Reporting Period

During the reporting period, the Board of Directors of the Company organised two investigations/surveys for Directors, during which the Directors visited some of the province-level and city-level branches to have deep understanding of the operation and management of the branches and sub-branches, reviewed reports of the branches on operation and management, risk management and control, internal control management, cost management and protection of consumers' rights and interests and put forward targeted opinions and suggestions.

During the reporting period, all Directors of the Company participated in the "Anti-Money Laundering and Counter-Terrorism Financing Training" according to the requirements on duty performance, systematically studied the external situation of anti-money laundering, risk trends of money laundering, important new regulations and risk warnings on anti-money laundering in 2025, and the use of anti-money laundering technology, continuously enhancing the ability of the Board of Directors to fulfil their duties in the areas of anti-money laundering and counter-terrorism financing. The Chairman of the Board of Directors and all Independent Directors of the Company reviewed the "Report on the Operations of Retirement Finance of China Merchants Bank", to have a comprehensive understanding of the operations of China Merchants Bank's retirement finance business and to have an in-depth review of the development plan of China Merchants Bank's retirement finance business. The Company conducted specialised training for all Directors on topics such as anti-corruption and ESG, including green finance, to strengthen the sense of compliance of Directors in their daily work and to implement anti-commercial bribery and anti-corruption requirements. Mr. Tian Hongqi and Ms. Li Jian participated in the Follow-up Training for Independent Directors of Listed Companies organised by Shanghai Stock Exchange, to conduct systematic study on special topics such as recent regulatory policies and key regulatory points of listed companies, changes in independent directors' legal responsibilities under the new situation, and the key points and suggestions on the anti-fraud performance of independent directors of listed companies. Ms. Shi Dai, Mr. Zhu Eric Liwei and Mr. Zhong Desheng participated in The First Session of Initial Training for Directors, Supervisors and Senior Management of Listed Companies in 2025 organised by Shanghai Stock Exchange. Mr. Li Menggang and Ms. Li Jian participated in the Training on Compliance Performance of Duties by Directors, Supervisors and Senior Management of Listed Companies in 2025 organised by Shanghai Stock Exchange, studied in depth the key points of the performance of duties by key minority personnel and the management of changes in shareholdings of listed companies, information disclosure regulatory policies and situation analysis, typical cases of disciplinary actions against Directors, Supervisors and senior management, typical cases of administrative violations, corporate governance, and the performance of duties by Directors, Supervisors and senior management. Mr. Zhu Eric Liwei and Mr. Huang Jian have obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules as at 20 June 2024, Mr. Deng Renjie, Mr. Jiang Chaoyang, Mr. Ma Xianghui, Mr. Wong Yuk Shan, and Mr. Lu Liping have obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules as at 12 June 2025, and have confirmed that they understand their duties and obligations as Directors of the Company. Mr. Tian Hongqi and Mr. Li Chaoxian participated in the Capacity Building Training for Independent Directors (Fifth Session) organised by the China Association for Public Companies, studied the working guidelines of the Audit Committee and the duty performance experience shared by the convenor and members of the Audit Committee.

The aforesaid investigations/surveys and trainings are conducive to promoting the improvement of duty performance by the Directors of the Company, and ensuring that the Directors get the full picture of the information required for their duty performance and continue to make contributions to the Board of Directors of the Company.

5.7 Company Secretary under Hong Kong Listing Rules

Mr. Peng Jiawen and Ms. Ho Wing Tsz Wendy of Tricor Services Limited, an external services provider, were the joint company secretaries of the Company under the Hong Kong Listing Rules. Mr. Peng Jiawen is the major contact person of the Company on internal issues.

Mr. Peng Jiawen, please refer to Mr. Peng Jiawen's biography under the heading of 5.4.4 "Biography and positions of Directors and senior management".

Ms. Ho Wing Tsz Wendy is a joint company secretary of the Company. Ms. Ho obtained an MBA degree from the Hong Kong Polytechnic University. She is a Chartered Secretary, a Chartered Governance Professional, a senior Fellow of The Hong Kong Chartered Governance Institute, a senior Fellow of The Chartered Governance Institute in the United Kingdom and a holder of the Practitioner's Endorsement issued by The Hong Kong Chartered Governance Institute. Ms. Ho Wing Tsz Wendy served as a council member of The Hong Kong Chartered Governance Institute (HKCGI) for six consecutive years (2020 to 2025) and as the Chairlady of the Professional Development Committee of HKCGI for three consecutive years from 2023 to 2025. She is currently the Vice Chairlady of the Professional Development Committee of HKCGI. Ms. Ho is an Executive Director of Corporate Services of Tricor Services Limited, and her professional practice area covers business consulting, corporate services for private, offshore and listed companies. Ms. Ho has over 25 years of experience in the corporate secretarial and compliance service field and is currently the company secretary or joint company secretary of a few listed companies on the Hong Kong Stock Exchange.

During the reporting period, Mr. Peng Jiawen and Ms. Ho Wing Tsz Wendy attended the relevant professional trainings for not less than 15 hours in compliance with the requirements of Rule 3.29 of the Hong Kong Listing Rules.

5.8 Major Amendments to the Articles of Association

To further improve the corporate governance system, the Company, according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and other laws and regulations and the latest regulatory requirements of domestic and overseas regulatory authorities, has made all-around review and amendments to the Articles of Association. The amended Articles of Association has obtained the approval from the National Financial Regulatory Administration during the reporting period. For details, please refer to the relevant announcements of the Company dated 28 May and 19 December 2025 and the circular of the Company dated 30 May 2025 published on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

5.9 Communication with Shareholders

The Company attaches great importance to communication with its shareholders, and has established an effective communication mechanism with investors. The Board of Directors has always adhered to strict compliance with regulatory requirements, performed the obligation to disclose information in compliance with the law, and constantly improved the quality of the disclosed information of the Company. The Company provided communication channels for investors through the Company's official website, investors' mailbox, hotline and "SSE E-interaction (上證e互動)" platform, and in the form of shareholders' meetings, investor briefings, results road shows, investor research, securities analyst research, etc., which fully satisfied the needs of our investors and analysts at home and abroad to communicate with the Company.

The Board of Directors of the Company has reviewed and inspected the implementation of shareholder communication policies such as investor relations management and information disclosure during the reporting period of the Company, and believes that the above work of the Company is positive and effective. As of the end of the reporting period, the price-to-book ratio of the Company's A shares and H shares remained among the top in the domestic banking industry. The Company has obtained the highest rating of A in the annual information disclosure evaluation of listed companies on Shanghai Stock Exchange for the twelfth consecutive year.

Investor relations

During the reporting period, the Company held one on-site annual general meeting, and held one annual results press conference, one interim results exchange meeting and one quarterly results exchange meeting in the form of on-site and online meeting, with a total number of more than 9,000 participants, and the meetings were disseminated to the market in depth through live streaming across all platforms, transcripts and video replays. At the press conference, the Chairman and senior management made in-depth presentations on the results achieved by the Company in adhering to the strategy of building a value creation bank, creating a high-quality development model characterised by "adopting strict management, upholding fundamental principles and breaking new ground (守正創新)", accelerating to improve the three major capabilities of "wealth management, digital and intelligent technology, and risk management", and realising the coordinated development of quality, profitability and scale and other aspects. At the same time, they gave detailed answers to market and media concerns such as macroeconomic outlook, how to maintain ROE advantage, how to accelerate transformation through the "Four Initiatives", credit demand and net interest margin outlook, net non-interest income outlook, outlook on real estate and retail loans asset quality, and dividend policy and other matters. During the reporting period, the Company insisted on conducting domestic and overseas roadshows led by the senior management, visited the United States, Europe, Singapore, Malaysia, Thailand, Australia, major Chinese cities including Hong Kong, and visited more than 600 well-known domestic and foreign investment institutions through 96 "one-to-one" and "one-to-many" group meetings, to comprehensively, frankly and professionally communicate with various investors and respond to market concerns.

During the reporting period, the Company participated in investment strategy meetings held by a total of 48 investment banks and securities companies, including 125 "one-to-one" and "one-to-many" group meetings. The Company received 69 researches of securities analysts and investors and met with more than 1,000 institutional investors. The Company also answered hundreds of phone calls from its investors and processed hundreds of messages from its investors on the Company's official website, investors' mailbox, and "SSE E-interaction (上證e互動)" platform.

The Company has recorded the above-mentioned investor reception and communication activities in accordance with relevant regulatory requirements, and has properly kept the relevant documents.

Information disclosure

In order to strengthen the management of the information disclosure affairs, standardise the information disclosure procedure, and protect the legitimate rights and interests of investors, the Company has established a relatively sound system of information disclosure management in accordance with the domestic and overseas regulatory rules, which provides systematic safeguards and a basis for coordinating the Group's information disclosure work. According to the "Management System for Information Disclosure of China Merchants Bank Co., Ltd." and the "Management System for Inside Information and Insiders of China Merchants Bank Co., Ltd.", the Company specified the internal control procedures and management measures for the disclosure of relevant material information, including inside information. Meanwhile, the Company has also established a series of targeted operation mechanisms and workflows based on specific work requirements to ensure that internal and external information is circulated in an efficient, orderly and confidential manner, so as to guarantee the compliant operation of information disclosure to the greatest extent. During the reporting period, the Company closely monitored changes in regulatory rules, actively promoted to internalise external regulations, and completed the revision of the "Management Measures on Information Disclosure Suspension and Exemption of China Merchants Bank Co., Ltd.".

During the reporting period, the Company strictly complied with statutory obligations of information disclosure, and disclosed all major issues in a truthful, accurate, complete, timely and fair manner. On the basis of statutory information disclosure, the Company was guided by the investors' needs, continued to enhance proactiveness and transparency in information disclosure, and effectively protected investors' right to know. During the reporting period, the Company proactively disclosed the report of the preliminary annual results to help investors grasp the core financial performance of the Company in a timely manner; continued to optimise the disclosure structure in periodic reports in accordance with its strategic transformation and presented the phased results of the Company's in-depth promotion of the "value creation bank" strategy in an all-round and multi-dimensional manner; insisted on the continuity and comparability of important data disclosure to facilitate long-term tracking and comparative analysis by investors; actively responded to investors' and market concerns and fully alerted potential risks and challenges based on the characteristics of bank operations, thereby enabling investors to comprehensively assess the Company's development prospects and investment value.

During the reporting period, in accordance with regulatory rules and internal rules and systems, the Company effectively managed inside information and insiders, and organised and completed the registration of insiders and other related work in a timely manner.

Investor inquiries

Office of the Board of Directors of China Merchants Bank

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

Tel: +86 755 8319 8888 (Transfer to the investor relations management team of the Office of the Board of Directors)

Fax: +86 755 8319 5109

Investors may login onto the page of "CMB Info – Investor Relations – Contact Us" on the Company's official website (www.cmbchina.com) and click the URL link "Email" thereon to leave a message for us.

5.10 Shareholders' Rights

Convening of extraordinary Shareholders' General Meetings

An extraordinary Shareholders' General Meeting shall be convened by the Board of Directors upon request in writing by shareholders individually or jointly holding more than 10% of the Company's voting shares at such meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association of the Company, provide a written reply of approval or disapproval for convening an extraordinary Shareholders' General Meeting within 10 days upon receiving the request. If the Board of Directors agrees to convene an extraordinary Shareholders' General Meeting, a notice of such meeting shall be issued within 5 days upon the approval for a resolution from the Board of Directors.

If the Board of Directors does not agree to convene an extraordinary Shareholders' General Meeting or fails to make a reply within 10 days upon receiving the request, the proposers are entitled to propose to the Audit Committee under the Board of Directors in writing to convene an extraordinary Shareholders' General Meeting. If the Audit Committee under the Board of Directors agrees to convene an extraordinary Shareholders' General Meeting, a notice of such meeting shall be issued within 5 days upon receiving the request. If the Audit Committee under the Board of Directors fails to give such notice of the meeting within the specified timeframe, the shareholders individually or jointly holding more than 10% of the Company's voting shares for more than 90 consecutive days may convene and preside over an extraordinary Shareholders' General Meeting on their own.

Making interim proposals at the Shareholders' General Meetings

If the Company convenes a Shareholders' General Meeting, shareholders individually or jointly holding more than 1% of the total voting shares of the Company have the right to submit interim proposals in writing to the Company and submit the same to the convenor, other than those proposals concerning the nomination of Executive Director or Non-Executive Director. The convenor shall issue a supplemental notice of the Shareholders' General Meeting within 2 days upon receiving the interim proposals, and announce the contents of such proposals.

Please refer to section 1.1.4 in Chapter I "Company Information" for the relevant contact details of making interim proposals to the Shareholders' General Meetings.

Convening of extraordinary board meeting

An extraordinary board meeting may be held if it is requisitioned by shareholders representing more than 10% of the voting rights. The Chairman shall convene the extraordinary board meeting within 10 days upon receiving such proposal requisitioned by shareholders representing more than 10% of the voting rights.

Making inquiries and suggestions to the Board of Directors

Shareholders are entitled to inquire the information on the Company in accordance with the provisions of the Articles of Association of the Company upon the submission of written documents certifying the class and quantity of shares of the Company held by the shareholders, on condition that the identity of whom has been verified by the Company. For shareholders who need to inquire relevant information on the Company or have any inquiries about their shareholdings in the Company, please refer to sections 1.1.4 and 1.1.9 in Chapter I "Company Information" for details of the relevant contacts.

Shareholders are entitled to supervise the operation of the Company and put forward suggestions or inquiries on it, please refer to Chapter V "Investor Inquiries" for details of the relevant contacts.

Special provisions on rights of holders of preference shares

In the event of any of the following circumstances, the Company shall notify the preference shareholders of the convening of a Shareholders' General Meeting and follow the procedures for notifying the ordinary shareholders set forth in the Articles of Association of the Company. The preference shareholders of the Company shall be entitled to attend the Shareholders' General Meeting and the classified voting with ordinary shareholders on the following matters: (1) amendments to the Articles of Association in relation to preference shares; (2) reduction of the registered capital of the Company by more than 10% at one time or in the aggregate; (3) merger, division, dissolution or change of corporate form of the Company; (4) issuance of preference shares; (5) other circumstances as specified by laws, administrative regulations or the Articles of Association.

If the Company fails to pay dividends on preference shares as agreed for a total of three fiscal years or two consecutive fiscal years, the voting rights of the preference shareholders shall be restored, and the preference shareholders shall have the right to attend the Shareholders' General Meeting and vote with ordinary shareholders from the day following the date on which the Shareholders' General Meeting resolves not to distribute the dividends of the preference shares as agreed for that year. The voting rights of the aforesaid preference shareholders shall remain in effect until such time as the Company pays the dividends in full for that year.

Other rights

The ordinary shareholders of the Company are entitled to receive distributable profits and other forms of profit appropriation based on their shareholdings. The preference shareholders of the Company are entitled to priority in profit appropriation.

Other rights conferred by laws, administrative regulations and the Articles of Association of the Company.

5.11 Profit Appropriation

5.11.1 The profit appropriation plan for 2025

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 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 proposed to declare 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 inclusive) 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 inclusive), 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 appropriation 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 above profit appropriation plan is subject to consideration and approval at the 2025 Annual General Meeting of the Company.

For the other information on the closing date for registration, the period for closure of register of members and the profit appropriation plan for the shareholders who are entitled to attend the Company's 2025 Annual General Meeting and those who are entitled to receive the final dividends for 2025, the Company will make further announcement(s) at appropriate times. The Company expects that the distribution of final dividends to the H Shareholders will be completed by 30 August 2026.

5.11.2 Profit appropriation of the Company for the last three years

Year	Number of bonus shares for every share held (No. of shares)	Cash dividend for every share held (inclusive of tax, in RMB)	Number of shares issued on capitalisation of surplus reserve for every share held (No. of shares)	Total cash dividends (inclusive of tax, in millions of RMB)	Net profit attributable to holders of ordinary shares in the consolidated financial statements for the year (in millions of RMB)	Proportion of cash dividend to net profit attributable to holders of ordinary shares in the consolidated financial statements (%)
2023	–	1.972	–	49,734	142,044	35.01
2024	–	2.000	–	50,440	142,810	35.32
2025(Note)	–	2.016	–	50,843	143,874	35.34

Note: The cash dividend for 2025 includes the interim cash dividend already distributed for 2025. The profit appropriation plan for 2025 is subject to consideration and approval at the 2025 Annual General Meeting of the Company.

5.11.3 The formulation and implementation of the Company's cash dividend policies

Profit appropriation policies of the ordinary shares

As specified in the Articles of Association, the profit appropriation policies of the ordinary shares of the Company are:

1. Profit appropriation of the Company shall focus on reasonable returns on investment of shareholders, and such policies shall maintain continuity and stability;

2. The Company may distribute dividends in cash, shares or a combination of cash and shares, and it shall distribute dividends mainly in cash; the objective of the Company's cash dividend policy is to strive for a steadily increasing dividend payout; subject to compliance with prevailing laws, regulations and the requirements of relevant regulatory authority on the capital adequacy ratio, as well as the requirements of general working capital, business development and the need for substantial investment, merger and acquisition plans of the Company, the cash dividend to be distributed by the Company to shareholders of ordinary shares each year in principle shall not be less than 30% of the net profit after taxation attributable to shareholders of ordinary shares audited in accordance with the PRC Generally Accepted Accounting Principles for that year; profit appropriation may be withheld if the Company's audit report for the latest year contains a qualified opinion, or an unqualified opinion with a material uncertainty paragraph related to going concern, or if other circumstances stipulated by applicable laws, regulations, or the Company's listing regulatory authorities arise;

3. The Company may declare interim cash dividends; however, the maximum amount of any interim dividend for a given year considered and approved by the Shareholders' Meeting shall not exceed the net profit attributable to holders of ordinary shares of the Company for the corresponding period;

4. If the Company generated profits in the previous accounting year but the Board of Directors did not make any cash profit appropriation plan after the end of the previous accounting year, the Company shall state the reasons for not distributing the profit and the usage of the profit retained in the periodic report and the Independent Directors shall give an independent opinion in such regard;

5. If the Board of Directors considers that the price of the shares of the Company does not match the size of the share capital of the Company or where the Board of Directors considers necessary, the Board of Directors may propose a profit appropriation plan in the form of shares and implement the same upon consideration and approval at a Shareholders' Meeting, provided that the abovementioned cash profit appropriation requirements are satisfied;

6. The Company shall pay cash dividends and other amounts to holders of domestic shares listed domestically and such sums shall be calculated, declared and paid in Renminbi. The Company shall pay cash dividends and other amounts to holders of H Shares and such sums shall be calculated and declared in Renminbi and paid in Hong Kong Dollars. The foreign currencies required by the Company for payment of cash dividends and other sums to shareholders of overseas listed foreign shares shall be handled according to the relevant requirements of foreign exchange administration of the State;

7. Where appropriation of the Company's fund by a shareholder, which is in violation of relevant rules, has been identified, the Company shall make a deduction against the cash dividend to be paid to such shareholder, and such amount shall be used as the reimbursement of the funds appropriated;

8. The Company shall disclose the implementation progress of the cash dividend policy and other relevant matters in its periodic reports in accordance with the applicable requirements.

Implementation of profit appropriation policies of the ordinary shares

The Company implemented the profit appropriation for 2024, based on the 2024 profit appropriation plan considered and approved by the 48th meeting of the Twelfth Session of the Board of Directors and the 2024 Annual General Meeting. In addition, the Company implemented the interim profit appropriation for the first half of 2025, based on the "Proposal regarding the Interim Profit Appropriation Plan for 2025" considered and approved by the 48th meeting of the Twelfth Session of Board of Directors and the 2024 Annual General Meeting, as well as the "Proposal regarding the Implementation of the Interim Profit Appropriation for 2025" considered and approved by the 10th meeting of the Thirteenth Session of the Board of Directors. The implementation of the Company's profit appropriation plans for 2024 and the first half of 2025 were strictly carried out in accordance with the relevant provisions of the Articles of Association. The minority shareholders were afforded opportunities to fully express their views and requests. The criteria and proportion of cash dividends were clear and specific. The profit appropriation plan of the Company and its implementation have provided adequate protection for the legitimate rights and interests of minority investors.

The profit appropriation plan of the Company for 2025 will also be implemented in strict accordance with the relevant provisions of the Articles of Association. Such proposal has been considered and approved by the 13th meeting of the Thirteenth Session of the Board of Directors of the Company and shall be submitted for consideration and approval at the 2025 Annual General Meeting of the Company.

5.12 Taxes and Tax Deductions

The shareholders of the Company pay relevant taxes according to the following regulations and the tax laws updated from time to time, enjoy possible tax deductions as the case may be, and shall consult with their professional tax and legal consultants for specific payment affairs. The laws, regulations, and rules cited as follows are relevant provisions promulgated as of 31 December 2025.

A-share shareholders

For natural person shareholders and securities investment fund shareholders holding the Company's A Shares, according to relevant provisions of the Notice on the Issues Concerning the Implementation of the Policies for Differentiated Individual Income Tax Imposed upon the Dividends and Bonuses from Listed Companies (關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知) (Cai Shui [2012] No.85) and the Notice on the Issues Concerning the Policies for Differentiated Individual Income Tax Imposed upon the Dividends and Bonuses from Listed Companies (關於上市公司股息紅利差別化個人所得稅政策有關問題的通知) (Cai Shui [2015] No.101), if the holding period is within one month (including one month), the full amount of dividends and bonuses shall be included in the taxable income, and the actual tax burden ratio is 20%; if the holding period is from 1 month to 1 year (including 1 year), 50% of the dividends and bonuses shall be included in the taxable income, and the actual tax burden ratio is 10%; if the holding period exceeds one year, the dividends and bonuses shall be temporarily exempted from individual income tax.

For qualified foreign institutional investor (QFII) shareholders who hold the Company's A Shares, the Company shall, in accordance with the provisions as set forth in the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Payment of Dividends, Bonuses, and Interest to QFII (關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2009] No.47), withhold and pay the enterprise income tax at the tax rate of 10%. If qualified foreign institutional investor (QFII) shareholders are involved in enjoying tax treaty (arrangement) treatment, the withholding of enterprise income tax shall be implemented in accordance with the Announcement of the State Administration of Taxation on Administrative Measures for Non-resident Taxpayers to be Entitled to Benefits under Tax Treaty (國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告) (State Administration of Taxation Announcement No.35 of 2019) and the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Payment of Dividends, Bonuses, and Interest to QFII (關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2009] No.47).

For investors (including enterprises and individuals) of the Hong Kong Stock Exchange investing in the Company's A Shares listed on Shanghai Stock Exchange (referred to as Northbound Trading), according to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81), the dividends and bonuses shall be distributed in RMB by the Company through China Securities Depository and Clearing Corporation Limited Shanghai Branch to the account of the nominal holder of A Shares. The Company will withhold income tax at the tax rate of 10% and apply to the competent taxation authority for withholding declaration. For Northbound Trading investors who are tax residents of other countries or regions and the income tax rate for dividends and bonuses is lower than 10% as stipulated in the tax treaty signed between its domicile country or region and China, the withholding of income tax shall be implemented in accordance with the Announcement of the State Administration of Taxation on Administrative Measures for Non-resident Taxpayers to be Entitled to Benefits under Tax Treaty (State Administration of Taxation Announcement No.35 of 2019) and the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81).

For other A-share shareholders (including institutional investors) who are resident enterprises under the Law of the People's Republic of China on Enterprise Income Tax, the income tax shall be declared and paid by themselves.

H-share shareholders

According to relevant provisions of the Notice on Matters Concerning the Levy and Administration of Individual Income Tax after the Repeal of Guo Shui Fa [1993] No. 045 (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知) (Guo Shui Han [2011] No. 348) and the Notice on the Issues Concerning Chinese Resident Enterprises' Withholding of Enterprise Income Tax for Distribution of Dividends to H-share Shareholders Who Are Foreign Non-resident Enterprises (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No.897) issued by the State Administration of Taxation, the Company withholds dividend income tax at the tax rate of 10% for individual and enterprise shareholders of the Company's H Shares. However, if otherwise set forth in relevant tax laws, regulations, and treaties, the Company shall handle specifically in accordance with the tax levy and administration requirements of the taxation authorities.

For investors investing in the Company's H Shares through Southbound Trading, according to the relevant requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127), the Company shall withhold individual income tax at the tax rate of 20% for dividends received by individual investors in the Chinese mainland from investing in the Company's H Shares through Southbound Trading; dividends received by securities investment funds in the Chinese mainland from investing in the Company's H Shares through Southbound Trading shall be taxed as individual investors; the Company will not withhold income tax on dividends for corporate investors in the Chinese mainland, and the tax payable shall be declared and paid by the relevant enterprises themselves.

Shareholders of domestic preference shares

The individual income tax payment matters related to the dividends of domestic preference shares obtained by individuals through non-public issuance shall be handled in accordance with relevant taxation laws and regulations of China.

According to the Law of the People's Republic of China on Enterprise Income Tax and the Regulations for Implementation of the Law on Enterprise Income Tax, the dividend income of domestic preference shares among eligible resident enterprises shall be tax-free income. The dividend income of domestic preference shares obtained by non-resident enterprises shall be tax-deductible, and the enterprise income tax shall be levied at the tax rate of 10%.

5.13 Information on Employees

As of the end of the reporting period, the Group had a total of 121,585 employees[40] (including dispatched employees).

The classification of the Group's employees by gender is: 51,950 males and 69,635 females, with a relatively balanced gender ratio.

The classification of the Group's employees by profession is: 21,150 employees in corporate finance, 54,176 employees in retail finance, 7,319 employees in risk management, 17,737 employees in operation and operational management, 11,051 employees in research and development, 1,126 employees in administrative and logistics support and 9,026 employees in comprehensive management.

The classification of the Group's employees by educational background is: 33,742 employees with master's degrees and above, 77,101 employees with bachelor's degrees and 10,742 employees with junior college degrees or below.

The distribution of the Group's employees by region is: 28,751 employees in the Yangtze River Delta, 15,719 employees in the Bohai Rim, 37,076 employees in the Pearl River Delta and the Western Taiwan Straits Economic Zone, 5,416 employees in the Northeast, 13,727 employees in the Central, 17,169 employees in the West and 3,727 employees outside the Chinese mainland.

40 Including employees of the Company, CMB Wing Lung Bank and its subsidiaries, CMB Financial Leasing, CMB International Capital and its subsidiaries, CMB Wealth Management, China Merchants Fund and its subsidiaries, CIGNA & CMAM, CMB Investment, CIGNA & CMB Life Insurance, MUCFC, CMB YunChuang and CMB Network Technology.

The classification of the Group's employees in research and development by educational background is: 5,455 employees with master's degrees or above, 5,494 employees with bachelor's degrees and 102 employees with junior college degrees or below. The age structure is as follows: 4,195 employees aged 30 and below, 5,479 employees aged 30-40 (excluding 30, but including 40), 1,152 employees aged 40-50 (excluding 40, but including 50), 225 employees aged 50-60 (excluding 50, but including 60).

The Company is committed to eliminating gender discrimination in recruitment. In terms of remuneration management, the Company adheres to the principle of gender equality in remuneration and benefits, and provides employees with equal training and career development opportunities. For details, please refer to section 4.3.9 "Human capital development" in this report. The Company will continue to take steps to promote diversity among employees at all levels.

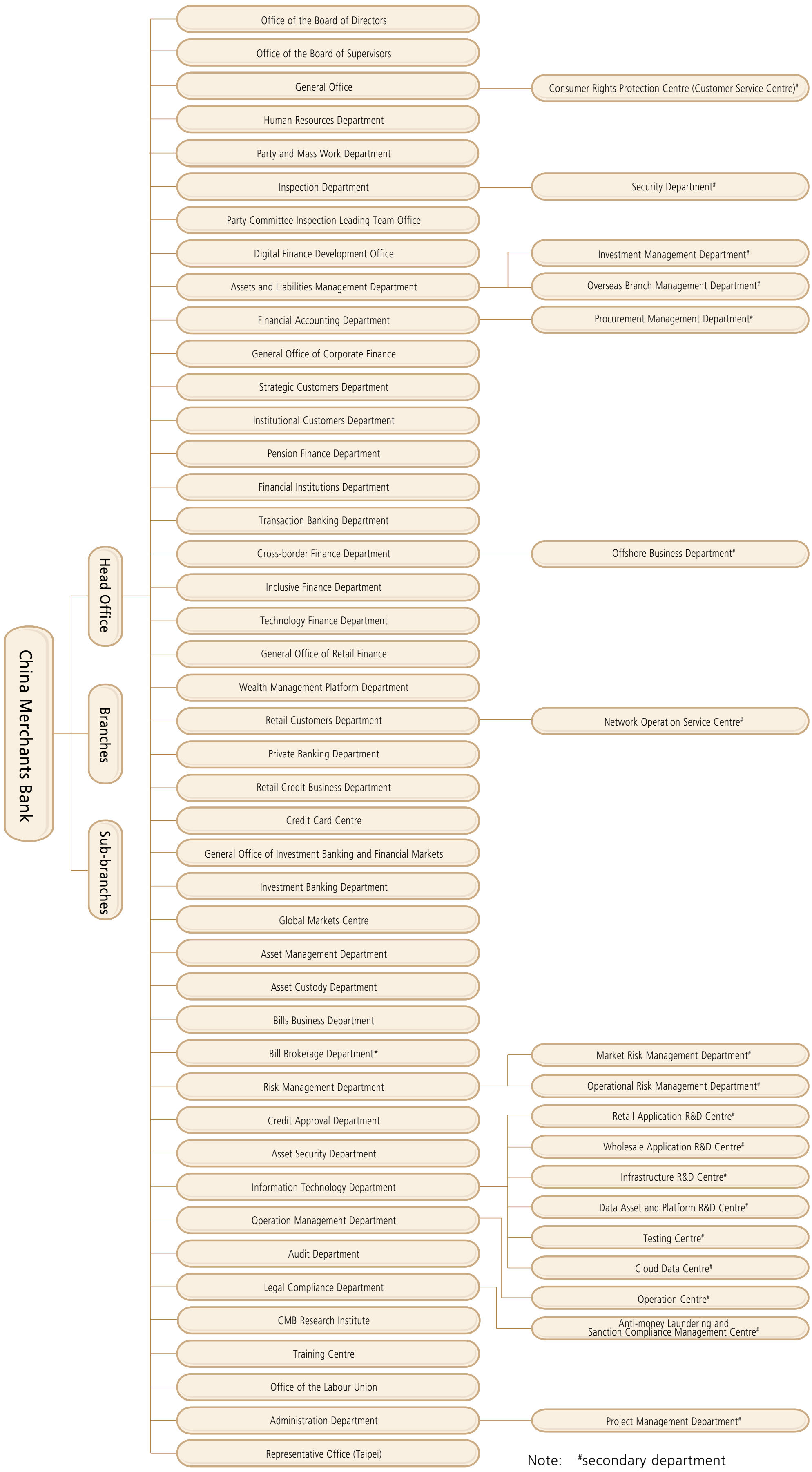
Staff remuneration policy and training

The Company's remuneration policy is in line with its cultural concepts, operation targets and corporate values. It aims to "improve its market-based remuneration incentive and restrictive 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, Six Can-do mechanism 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 remuneration deferred payment and performance-based remuneration recovery and deduction for senior management and employees in positions with significant influence on risks in accordance with regulatory requirements and operational management needs. During the reporting period, for employees who violate laws, regulations and disciplines or incur significant exposure of risks within their responsibilities, the Company has, in accordance with the relevant regulations, deducted, stopped payment or recalled their performance-based remuneration according to the severity. During the reporting period, the Company formulated the annual remuneration plan in accordance with external regulations and internal operation and management practices, and reported the execution of the annual payroll to the competent authority for record as required. The Company's remuneration plan incorporates appraisal indicators covering economic performance, risk management, and social responsibility, with remuneration distribution reflecting long-term operational performance and risk exposure in a comprehensive manner.

The Company has established a professional, tiered, internationalised, paradigm-based, scenario-driven, and digital and intelligent talent development system. It employs diversified training methods including digital and intelligent learning, offline training, and site visits and exchanges to organise multifaceted training programs such as new staff training, management staff training, part-time instructor training, training administrator training, key staff training, on-site training, and cross-border institutional exchange training. The training mainly includes cultural values, professional integrity, professional ethics and security, business and product knowledge, leadership, compliance awareness education for employees, etc. The Company continuously enhances employees' professional capabilities, striving to better integrate employees' personal growth and value fulfilment with the value of China Merchants Bank.

For details of the Company's human capital development, please refer to section 4.3.9 "Human capital development" in this report.

5.14 Organisational Structure of the Company as at the End of the Reporting Period



Note: #secondary department
*independent secondary department

5.15 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	3,975,018
	Credit Card Centre	686 Lai'an Road, Pudong New Area, Shanghai	1	891,075
	Global Markets Centre	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	1	1,314,141
Yangtze River Delta	Shanghai Branch	1088 Lujiazui Ring Road, Pudong New Area, Shanghai	103	543,635
	Shanghai Pilot Free Trade Zone Branch	56 Bohang Road, Pudong New Area, Shanghai	5	16,937
	Nanjing Branch	199 Lushan Road, Jianye District, Nanjing	87	310,909
	Hangzhou Branch	300 Fuchun Road, Shangcheng District, Hangzhou	81	302,058
	Ningbo Branch	342 Min' an East Road, Yinzhou District, Ningbo	34	120,599
	Suzhou Branch	36 Wansheng Street, Industrial Park, Suzhou	35	167,699
	Wuxi Branch	6-107, 6-108 1st Financial Street, Binhu District, Wuxi	21	81,616
	Wenzhou Branch	464 Fudong Road, Lucheng District, Wenzhou	16	39,836
	Nantong Branch	88 Kerong Road, Chongchuan District, Nantong	19	47,476
Bohai Rim	Beijing Branch	156 Fuxingmen Nei Street, Xicheng District, Beijing	134	612,616
	Qingdao Branch	65 Hai'er Road, Laoshan District, Qingdao	53	88,722
	Tianjin Branch	255 Guangdong Road and 9 Qianjin Road, Hexi District, Tianjin	46	116,026
	Jinan Branch	7000 Jingshi Road, High-tech Zone, Jinan	63	166,144
	Yantai Branch	117 Changjiang Road, Economic &Technological Development Area, Yantai	19	32,540
	Shijiazhuang Branch	172 Zhonghua South Street, Qiaoxi District, Shijiazhuang	23	48,912
	Tangshan Branch	406 Xiangyun Road, Lubei District, Tangshan	13	20,480
Pearl River Delta and the Western Taiwan Straits Economic Zone	Guangzhou Branch	5 Huasui Road, Tianhe District, Guangzhou	79	330,317
	Shenzhen Branch	2016 Shennan Boulevard, Futian District, Shenzhen	117	602,267
	Fuzhou Branch	316 Jiangbinzhong Boulevard, Taijiang District, Fuzhou	40	93,723
	Xiamen Branch	18 Lingshiguan Road, Siming District, Xiamen	33	91,451
	Quanzhou Branch	China SCE • International Finance Centre South of Eastern Section of Baozhou Road, Fengze District, Quanzhou	17	36,986
	Dongguan Branch	200 Hongfu Road, Nancheng District, Dongguan	31	89,311
	Foshan Branch	12 Denghu Road East, Nanhai District, Foshan	36	96,131
Northeast	Shenyang Branch	79 Qingnian Avenue, Shenhe District, Shenyang	51	53,545
	Dalian Branch	17 Renmin Road, Zhongshan District, Dalian	34	45,184
	Harbin Branch	3 Zhongyang Avenue, Daoli District, Harbin	42	45,393
	Changchun Branch	9999 Renmin Avenue, Nanguan District, Changchun	23	29,146

Region	Name of branch	Business address	No. of branches	Asset scale (in millions of RMB)
Central	Wuhan Branch	188 Yunxia Road, Jianghan District, Wuhan	98	210,032
	Nanchang Branch	1111 Huizhan Road, Honggutan New District, Nanchang	47	107,860
	Changsha Branch	39 Chazishan East Road, Yuelu District, Changsha	49	112,195
	Hefei Branch	169 Funan Road, Hefei	43	119,362
	Zhengzhou Branch	96 Nongye Road East, Zhengzhou	54	109,256
	Taiyuan Branch	265 Nan Zhong Huan Road, Xiaodian District, Taiyuan	23	52,748
	Haikou Branch	1 Shimao Road North, Haikou	13	41,855
West	Chengdu Branch	488 Tianfu 4th Street, High-tech Zone, Chengdu	59	154,284
	Lanzhou Branch	9 Qingyang Road, Chengguan District, Lanzhou	24	43,318
	Xi'an Branch	1 Gaoxin No.2 Road, Gaoxin District, Xi'an	72	167,869
	Chongqing Branch	88 Xingguang Road, New North District, Chongqing	49	147,008
	Urumqi Branch	2 Huanghe Road, Urumqi	18	37,349
	Kunming Branch	1 Chongren Street, Wuhua District, Kunming	54	81,327
	Hohhot Branch	9 Chilechuan Avenue, Saihan District, Hohhot	23	45,365
	Nanning Branch	136-5 Minzu Avenue, Qingxiu District, Nanning	19	40,989
	Guiyang Branch	West 2nd Tower, International Finance Centre, Guanshanhu District, Guiyang	19	35,783
	Yinchuan Branch	138 Beijingzhong Road, Jinfeng District, Yinchuan	14	18,902
	Xining Branch	79 Haiyan Road, Chengxi District, Xining	11	12,961
Overseas	Hong Kong Branch	31/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong	1	141,580
	New York Branch	18/F, 535 Madison Avenue, New York, U.S.A	1	49,779
	Singapore Branch	1 Raffles Place, Tower2, #32-61, Singapore	1	27,531
	Taipei Representative Office	333, Section 1, Jilong Road, Xinyi District, Taipei	1	–
	Luxembourg Branch	20 Boulevard Royal, L-2449, Luxembourg	1	17,432
	London Branch	18/F, 20 Fenchurch Street, London, UK	1	26,236
	Sydney Branch	L39, GPT, 1 Farrer Place, Sydney, NSW	2	18,183
Total	**/**	**/**	**1,955**	**12,229,097**

5.16 Internal Control

During the reporting period, the Company carried out "2025 Compliance Performance Year" activity. The three lines of defence, comprising business department, risk and compliance management department, audit and inspection department, worked in an orderly and coordinated manner. The Head Office, branches, sub-branches and subsidiaries worked together efficiently. Through the establishment of publicity platform, the organisation of special activities, the release of compliance posters, the holding of video competitions, and the compilation of learning manuals, the Company continuously provided employees with compliance performance education, case warning education and behavioural norms education, vigorously promoted the concept of compliance, strengthened the construction of compliance culture, and consolidated the foundation of internal control management.

During the reporting period, the Company further improved internal control system, revised the Internal Control Assessment Methods of China Merchants Bank, further standardised the internal control assessment procedures and reports. The Company also further strengthened internal supervision and inspection, vigorously promoted various routine and special inspections conducted by the inspection teams of each branch, fully disclosed the problems, risks and deficiencies in operation and management, and continuously improved the internal control and management of the Company. At the same time, the Company implemented the fundamental rectification of the problems found during internal and external inspection to effectively guarantee the compliance operation and stable development of the Company's businesses. In addition, the Company continuously supervised its subsidiaries to improve and enhance their internal control and compliance management systems through various measures, such as perfecting compliance mechanisms, standardising systems, improving compliance assessments, strengthening inspection and rectification, and providing training.

The Company organised evaluation campaigns on the status of internal control of the whole Bank in 2025. As reviewed by the Board of Directors of the Company, no significant or major defects in terms of completeness, reasonableness and effectiveness were found in the Company's internal control system. For details, please refer to the "Report of Evaluation on Internal Control of China Merchants Bank Co., Ltd. in 2025", and the "Auditors' Report on Internal Control of China Merchants Bank Co., Ltd. in 2025" issued by the accounting firm with standard unqualified opinions.

5.17 Internal Audit

The Company implements an independent and vertical internal audit system. The Board of Directors shall take the ultimate responsibility for the independence and effectiveness of the internal audit, review and approve the internal audit charter, audit organisation system, medium- and long-term audit plan and annual audit plan, appoint the head of the Audit Department, provide necessary guarantees for the independent and objective implementation of internal audit and assess the independence and effectiveness of internal audit. The Head Office has set up an Audit Department to undertake specific internal audit responsibilities, be responsible for and report to the Board of Directors and its Audit Committee. The Head Office Audit Department has nine audit divisions to strengthen the audit, inspection and rectification follow-up of regional branches and institutions. The Head Office Audit Department has set up nine teams to increase support and guidance to the audit division and four corresponding audit teams to strengthen the audit of Head Office departments, overseas institutions, anti-money laundering mechanism, credit card business, etc.

During the reporting period, the Company's internal audit focused on the implementation of national economic and financial policies, closely followed strategic, risk and regulatory priorities, conducted audits on serving the real economy, risk prevention and control in key areas and other aspects, deepened the audit supervision responsibilities, improved the audit rectification mechanism, comprehensively promoted the construction of digital and intelligent audit, and effectively promoted the sound development of the Bank's operation and management.

5.18 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.

Implementing differentiated development to create competitive advantages

Important Events

6.1 Principal Business Activities

The Company is engaged in banking and related financial services.

6.2 Financial Highlights

Details are set out in Chapter II Summary of Accounting Data and Financial Indicators.

6.3 Reserve Available for Distribution

For details of changes in the reserve available for distribution of the Company, please refer to the Statement of Changes in Equity in the financial statements.

6.4 Fixed Assets

Changes in fixed assets of the Company are detailed in Note 28 to the financial statements.

6.5 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.

6.6 Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association and the shareholders of the Company have not been granted any pre-emptive rights.

6.7 Retirement and Welfare

Details about retirement welfare provided by the Company to its employees are detailed in Note 39 to the financial statements.

6.8 Principal Customers

During the reporting period, the net operating income contributed by the top 5 customers of the Company did not exceed 30% of the total net operating income of the Company.

6.9 Compliance with Laws and Regulations

During the reporting period, the Company has complied in all material aspects with the relevant laws and regulations that would have a material impact on the operations of the Company.

6.10 Directors' Interests in the Businesses Competing with Those of the Company

During the reporting period, none of the Directors of the Company has any interests in the businesses which compete or are likely to compete, either directly or indirectly, with those of the Company.

6.11 Financial, Business and Kinship Relations among Directors, Supervisors and Senior Management

Save as disclosed herein, during the reporting period, the Company is not aware that there has been any financial, business, kinship or other material or connected relations among the Directors, Supervisors and senior management of the Company.

6.12 Contractual Rights and Service Contracts of Directors and Supervisors

Save as disclosed herein, during the reporting period, the Directors and Supervisors or entities connected with such Directors or Supervisors of the Company have no material interests in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party. During the reporting period, none of the Directors and Supervisors of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (excluding statutory compensation).

6.13 Disciplinary Actions Imposed on the Company, Directors, Supervisors or Senior Management

During the reporting period, the Company was not subject to criminal investigations for suspected crimes. The Company, its Directors, Supervisors 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, Supervisors 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.

6.14 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 court judgements or repay any due debt of a significant amount.

6.15 Undertakings

In the course of the rights issue of A shares and H shares in 2013, each of China Merchants Group Ltd., China Merchants Steam Navigation Co., Ltd. (招商局輪船股份有限公司) (now renamed as China Merchants Steam Navigation Co., Ltd. (招商局輪船有限公司)) and China Ocean Shipping (Group) Company (now renamed as China Ocean Shipping Company Limited) had undertaken that they would not seek for related party transactions on terms more favourable than those given to other shareholders; they would repay the principal and interest of the loans granted by the Company on time; they would not interfere with the daily operations of the Company. Upon expiration of the lock-up period of the allocated shares, they would not transfer their allocated shares until they obtain the approval from the regulatory authorities on the share transfer and the shareholder qualification of transferees; and upon obtaining the approval from the Board of Directors and the Shareholders' Meeting of the Company, they would continue to support the reasonable capital needs of the Company; they would not impose unreasonable performance indicators on the Company. For details, please refer to the A Share Rights Issue Prospectus dated 22 August 2013 on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company. So far as the Company is aware, as at the end of the reporting period, the above shareholders had not violated the aforesaid undertakings.

According to the relevant requirements of the CSRC, the Company considered and approved the "Resolution Regarding the Dilution of Current Returns by the Non-public Issuance of Preference Shares and the Remedial Measures" at its 2016 Annual General Meeting, and formulated the remedial measures in respect of the dilution of current returns of the holders of ordinary shares which may be caused by the non-public issuance of preference shares. Meanwhile, the Directors and senior management of the Company also undertook to earnestly implement the remedial measures. For details, please refer to the documents of the 2016 Annual General Meeting of the Company published on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company. So far as the Company is aware, as at the end of the reporting period, neither the Company nor its Directors and senior management had breached any of the aforesaid undertakings.

6.16 Significant Connected Transactions[41]

6.16.1 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.

On 22 December 2025, the Company entered into a fund business co-operation agreement (the "2025 Agreement") with CMFM to ensure the Group's continual provision of agency distribution of funds and other services to CMFM and its associates ("CMFM Group") for a term of three years commencing from 1 January 2026 and ending on 31 December 2028. The Board of Directors of the Company considered and approved the proposal regarding the annual caps for the transactions contemplated under the 2025 Agreement, agreeing that the annual caps for such transactions with CMFM Group for the period from 2026 to 2028 shall be RMB1.7 billion, RMB2.1 billion and RMB2.7 billion, respectively. The transactions contemplated under the 2025 Agreement will constitute non-exempt continuing connected transactions of the Company which are subject to the reporting, annual review and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the relevant announcement of the Company dated 22 December 2025.

6.16.2 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 other members of 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.

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

On 28 December 2022, 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 2023 and expiring on 31 December 2025. 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 RMB1.5 billion, RMB1.8 billion and RMB2.2 billion for the continuing connected transactions with CMFM Group for 2023, 2024 and 2025, 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 28 December 2022.

During the reporting period, the total value of continuing connected transactions between the Company and CMFM Group amounted to RMB1,185 million.

6.16.3 Confirmation from the Independent Non-Executive Directors and auditors

The Independent Non-Executive Directors of the Company have reviewed the above-mentioned non-exempt continuing connected transactions between the Company and CMFM Group and confirmed that:

1. The transactions were entered into in the ordinary and usual course of business of the Company;
2. The terms of the transactions are fair and reasonable, and are in the interest of the Company and its shareholders as a whole;
3. The transactions were entered into on normal commercial terms or better terms, and the fees for agency distribution of funds and other services shall be at rate(s) standardised by the Company and no less favourable than those charged to the independent third parties by the Company in the ordinary and usual course of business;
4. The transactions were conducted in accordance with the terms of relevant agreements.

Furthermore, pursuant to Rule 14A.56 of the Hong Kong Listing Rules, the Company has engaged Ernst & Young to perform relevant assurance procedures on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors confirmed that the auditor has reported the results of its performing procedures to the Board of Directors.

Regarding the disclosed continuing connected transactions, nothing of these transactions has come to the attention of the auditor as to the circumstances described under Rule 14A.56 of the Hong Kong Listing Rules. Ernst & Young has issued an assurance letter in respect of the findings of the above continuing connected transactions.

6.16.4 Significant transactions with related parties

The significant transactions between the Company and related parties are set out in note 61 to the financial statements. These transactions were entered into between the Company and its related parties in its ordinary course of business on normal commercial terms and with the principle of fairness, including borrowings, investments, deposits, securities trading, agency services, custody and other fiduciary operations as well as off-balance sheet transactions, and those which constituted connected transactions under the Hong Kong Listing Rules were in compliance with the applicable requirements thereof.

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 6.16.2 "Non-exempt continuing connected transactions" of Chapter VI in this report, none of the other related party transactions as disclosed in note 61 to the financial statements of this 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.

6.17 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 326 pending on final judgement cases (including litigations and arbitrations) in which the Company was involved, with an aggregate principal and interest of RMB1,464 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.

6.18 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 PRC banking 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.

6.19 Explanation on Significant Investment

During the reporting period, the Board of Directors of the Company considered and approved the proposal in relation to investment in the establishment of a financial asset investment company. With the approval of the National Financial Regulatory Administration, CMB Investment, a wholly-owned subsidiary of the Company, has officially commenced its operations. For details, please refer to the relevant announcements of the Company dated 8 May, 3 July and 23 November 2025. Please refer to section 3.10.5 "Major subsidiaries" for descriptions of CMB Investment.

6.20 Material Assets Acquisition, Disposal and Merger

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

6.21 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. Ernst & Young Hua Ming LLP, being the auditor of the Company, has issued a special audit opinion in this regard.

6.22 Engagement of Accounting Firms

Upon completion of the annual audit work for the year 2023 of the Company, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) and Deloitte Touche Tohmatsu have provided audit services for the Company for eight consecutive years, reaching the maximum term of consecutive engagement as specified by the Ministry of Finance. The Company is required to change its accounting firms in 2024. Upon the approval at the 2023 Annual General Meeting of the Company, the Company engaged Ernst & Young Hua Ming LLP as the domestic accounting firm of the Company and its domestic subsidiaries for 2024, and engaged Ernst & Young et al. as the international accounting firm of the Company and its overseas subsidiaries for 2024. The term of each of the engagements is one year. The Company has fully communicated with the previous and current accounting firms on the change of the accounting firm, and they have no objection to the change and confirm that there is no matter regarding the change of the accounting firm that needs to be brought to the attention of the shareholders or creditors of the Company. Save as disclosed above, the Company did not change its accounting firms in the past three financial years.

Upon the approval at the 2024 Annual General Meeting of the Company, the Company engaged Ernst & Young Hua Ming LLP as the domestic accounting firm of the Company and its domestic subsidiaries for 2025, and engaged Ernst & Young et al. as the international accounting firm of the Company and its overseas subsidiaries for 2025. The term of each of the engagements is one year. Since 2024, the Company has engaged the aforesaid accounting firms as its auditors. Benny Bing Yin Cheung is the engagement partner and certified public accountant who signed the IFRS audit report, Feng Suoteng is the engagement partner and certified public accountant who signed the PRC GAAP audit report, and Fan Xun is the other certified public accountant who signed the PRC GAAP audit report, each of whom has been providing audit services to the Company since 2024.

The financial statements of the Company for 2025 prepared under the PRC Generally Accepted Accounting Principles and the internal control of the Company as at the year end of 2025 were audited by Ernst & Young Hua Ming LLP, and the financial statements for 2025 prepared under IFRS Accounting Standards were audited by Ernst & Young. The total audit fees of the Group amounted to approximately RMB28.17 million, among which the audit fees for internal control were approximately RMB1.04 million. The above audit service fees are determined based on the time commitments of the partners and other staff at various levels of the accounting firms in the audit process, taking into account the responsibilities borne in professional services, the expertise and experience required, and other factors. The Group paid the total non-audit fees related to bond issuance, taxation, and other professional services of approximately RMB10.03 million to Ernst & Young Hua Ming LLP, Ernst & Young and other members of Ernst & Young for 2025. Ernst & Young Hua Ming LLP and Ernst & Young confirmed that the provision of such non-audit services would not compromise their audit independence.

6.23 Explanation of Changes of Accounting Policies and Accounting Estimates

For details of accounting policies and accounting estimates of the Company during the reporting period, please refer to Note 4 "Material accounting policy information" and Note 5 "Significant accounting estimates and judgements" to the financial statements. For details of the changes of accounting policies, please refer to Note 3 "Application of new and amendments to IFRS Accounting Standards" to the financial statements.

6.24 Review of Annual Results

Ernst & Young Hua Ming LLP and Ernst & Young, both being the external auditors of the Company, have audited the financial statements of the Company prepared in accordance with the PRC Generally Accepted Accounting Principles and the IFRS Accounting Standards, respectively, and each has issued an unqualified audit report. The Audit Committee under the Board of Directors of the Company has reviewed the Company's annual report for 2025.

6.25 Annual General Meeting

For the convening of its 2025 Annual General Meeting, the Company will make further announcement.

6.26 Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existing during the reporting period.

6.27 Permitted Indemnity Provision

The Company has maintained appropriate insurance coverage for the liabilities of the Directors, Supervisors and senior management in respect of legal actions against its Directors, Supervisors and senior management arising out of corporate activities.

6.28 Publication of Annual Report

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

Adhering to an "AI First" philosophy to build an intelligent bank

Changes in Shares and Information on Shareholders

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

		31 December 2024		Changes in the No. of shares during the reporting period	**31 December 2025**	
		No. of shares (share)	Percentage (%)	(share)	**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 479,538 shareholders of ordinary shares, including 453,281 holders of A Shares and 26,257 holders of H Shares. Neither the holders of A Shares nor the holders of H Shares are subject to trading restrictions on sales.

As at the end of the previous month prior to the disclosure date of this report (i.e., 28 February 2026), the Company had a total of 624,961 holders of ordinary shares, including 598,877 holders of A Shares and 26,084 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, 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	4,555,932,579	18.06	H Shares not subject to trading restrictions on sales	1,264,081	–	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	–	–	–
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	Hong Kong Securities Clearing Company Limited	Overseas legal person	1,221,284,589	4.84	A Shares not subject to trading restrictions on sales	-49,834,760	–	–
6	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	–	–	–
7	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	–	–	–
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	China Securities Finance Corporation Limited	Domestic legal person	524,229,972	2.08	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

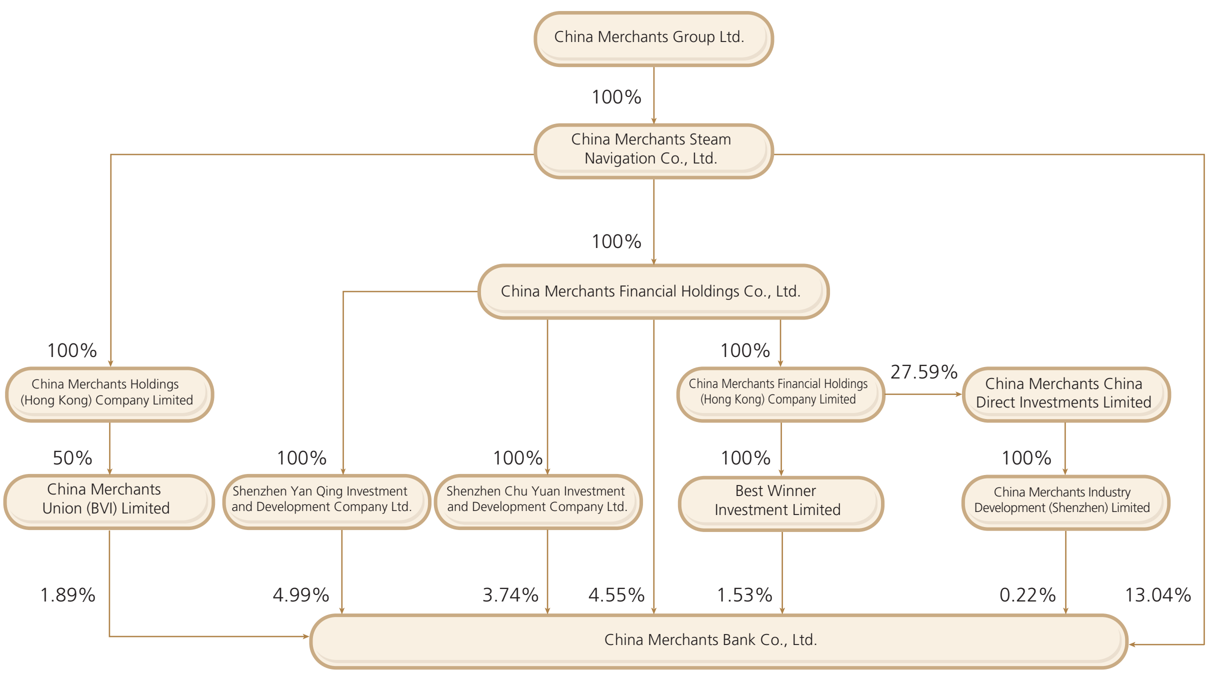
7.3.1 Information on the Company's largest shareholder

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, 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 as at the end of the reporting period, 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. 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. It is a diversified central enterprise, with its main businesses focusing on four major segments, namely transportation and logistics, comprehensive finance, real estate and industrial zones, science and technology innovation industry. Currently, it is aiming at the goal of becoming an innovation-driven, international and comprehensive world-class enterprise, resolutely fulfilling the mission of "strengthening the country with industry, serving the country with finance, and rejuvenating the country with science and technology", and actively exploring the construction of an integrated development model of "technology – industry – finance".

The Company has no controlling shareholder or de facto controller. There is no controlling shareholder who holds more than 50% of the shares of the Company, or any shareholder who can effectively control more than 30% of the voting rights of the shares of the Company. To the knowledge of the Company, there is no acting in concert or other arrangement among the shareholders of the Company that would allow them to effectively control the actions of the Company. As at the end of the reporting period, the Company had a total of 15 Directors (including 6 Independent Directors). No shareholder nominated or recommended more than half of the total number of Directors of the Company, and no shareholder had the ability to unilaterally determine the voting results of the Board of Directors of the Company.

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 RMB16.191 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 31 December 2025, 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 percentages 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	Other	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

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 Financial Holdings Co., Ltd.	A	Long	Beneficial owner	1,147,377,415			
		Long	Interest of controlled corporation	2,260,702,660			
		Long	Other	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
JPMorgan Chase & Co.	H	Long	Beneficial Owner	44,192,566			
		Long	Investment manager	64,812,840			
		Long	Person having a security interest in shares	431,867			
		Long	Trustee	10,285			
		Long	Approved lending agent	120,520,616			
				229,968,174	4	5.01	0.91
		Short	Beneficial owner	52,232,624	4	1.14	0.21
BlackRock, Inc.	H	Long	Interest of controlled corporation	231,977,141	5	5.05	0.92
		Short	Interest of controlled corporation	16,392,800	5	0.36	0.06
Ping An Asset Management Co., Ltd.	H	Long	Investment manager	1,110,512,000		24.19	4.40

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 (%)
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	921,703,000	6	20.08	3.65
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	921,703,000	6	20.08	3.65

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 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 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 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) JPMorgan Chase & Co. was deemed to hold a total of 229,968,174 H shares (long position) and 52,232,624 H shares (short position) in the Company by virtue of its control over a number of companies. The equity interests and short positions of JPMorgan Chase & Co. in the Company included a lending pool of 120,520,616 H shares. Besides, 38,369,637 H shares (long position) and 30,862,554 H shares (short position) were held through derivatives as follows:

1,386,500 H shares (long position) and 2,797,500 H shares (short position)	– through physically settled listed derivatives
9,000 H shares (long position) and 1,214,750 H shares (short position)	– through cash settled listed derivatives
9,924,468 H shares (long position) and 20,848,653 H shares (short position)	– through physically settled unlisted derivatives
27,049,669 H shares (long position) and 6,001,651 H shares (short position)	– through cash settled unlisted derivatives

(5) BlackRock, Inc. was deemed to hold a total of 231,977,141 H shares (long position) and 16,392,800 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 12,006,300 H shares (short position) which were held through cash settled unlisted derivatives.

(6) Ping An Insurance (Group) Company of China, Ltd. holds interest in 921,703,000 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 31 December 2025 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 43 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 Preference Shares

7.5.1 Issuance and listing 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.

7.5.2 Number of shareholders of preference shares and their shareholdings

As at the end of the reporting period, the Company had a total of 24 holders of preference shares, and all of them were holders of domestic preference shares. As at the end of the previous month before the disclosure date of this report (i.e., 28 February 2026), the Company had a total of 24 holders of preference shares, and all of them were holders of domestic preference shares.

As at the end of the reporting period, the shareholdings of the Company's top ten holders of domestic preference shares were as follows:

No.	Name of shareholders	Type of shareholders	Type of shares	Shares held at the end of the period (share)	Percentage of shareholdings (%)	Changes as compared with the end of the previous year (share)	Number of shares subject to trading restrictions on sales (share)	Number of shares pledged, marked or frozen (share)
1	China Mobile Communications Group Co., Ltd.	State-owned legal person	Domestic preference shares	106,000,000	38.55	–	–	–
2	Suyin Wealth Management Co., Ltd. – No. 1 Hengyuan Rongda (恒源融達) of Suyin Wealth Management	Others	Domestic preference shares	23,000,000	8.36	–	–	–
3	China National Tobacco (Henan Province) Company	State-owned legal person	Domestic preference shares	20,000,000	7.27	–	–	–
	Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Ordinary insurance products	Others	Domestic preference shares	20,000,000	7.27	–	–	–
5	China National Tobacco (Anhui Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–	–
	China National Tobacco (Sichuan Province) Company	State-owned legal person	Domestic preference shares	15,000,000	5.45	–	–	–
7	Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	9,000,000	3.27	–	–	–
8	CSCF – Bank of China – CSCF – Youxiang (優享) No. 33 Collective Asset Management Scheme of Bank of China	Others	Domestic preference shares	8,700,000	3.16	6,000,000	–	–
9	China Credit Trust Co., Ltd. – China Credit Trust – Huiying (匯贏) No. 128 Collective Fund Trust Scheme	Others	Domestic preference shares	8,100,000	2.95	8,000,000	–	–
10	Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management	Others	Domestic preference shares	7,500,000	2.73	–	–	–

Notes:

(1) The shareholdings of holders of domestic preference shares are presented under separate account according to the register of members of preference shares of the Company.

(2) China National Tobacco (Henan Province) Company, China National Tobacco (Anhui Province) Company and China National Tobacco (Sichuan Province) Company are all subsidiaries of China National Tobacco Corporation; "Everbright Securities Asset Management – China Everbright Bank – Xinyou (鑫優) No. 2 Collective Asset Management Scheme of Everbright Securities Asset Management" and "Everbright Securities Asset Management – Bank of China – Xinyou (鑫優) No. 32 Collective Asset Management Scheme of Everbright Securities Asset Management" are both managed by Everbright Securities Asset Management Co., Ltd. Save for the above, the Company is not aware of any affiliated relationship or action in concert among the above holders of preference shares or between the above holders of preference shares and the Company's top ten holders of ordinary shares.

(3) "Percentage of shareholdings" represents the percentage of the number of domestic preference shares held by the holders of preference shares to the total number of domestic preference shares.

7.5.3 Dividend distribution of preference shares

Dividend distribution of domestic preference shares

In accordance with the relevant requirements under the "Resolution Regarding the Plan for the Non-public Issuance of Domestic Preference Shares of the Company", which was considered and approved at the 2016 Annual General Meeting, the first class meeting of the holders of A Shares for 2017 and the first class meeting of the holders of H Shares for 2017, the Company fully paid the dividends for domestic preference shares on 18 December 2025, which was in compliance with the relevant distribution conditions and distribution procedures.

The dividends for domestic preference shares of the Company are paid once a year in cash. The non-cumulative dividend payment method is adopted for domestic preference shares. The holders of domestic preference shares will not participate in the remaining profit appropriation with the ordinary shareholders after they are distributed the dividends in accordance with the agreed dividend rate. Pursuant to the terms of dividends payment for domestic preference shares, based on the coupon dividend rate of 3.62% for domestic preference shares, the cash dividends per preference share paid were RMB3.62 (including tax), and based on 275 million of domestic preference shares in issue, the total amount of the dividends paid was RMB995.5 million (including tax).

For the details of dividend distribution for domestic preference shares, please refer to the relevant announcement published by the Company on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company on 5 December 2025.

7.5.4 Redemption or conversion of preference shares

During the reporting period, there had been no redemption or conversion of preference shares.

The Company proposed to redeem all of the domestic preference shares on 15 April 2026, which was approved by two 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 and 20 March 2026 published on the websites of Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Company.

7.5.5 Restored voting rights of preference shares

During the reporting period, the voting rights of the Company's preference shares in issue had not been restored.

7.5.6 Accounting policies for preference shares and the reason of adoption

The Company made accounting judgements on the preference shares issued and outstanding of the Company in accordance with the requirements of the relevant accounting principles, including the "IFRS 9 – Financial Instruments" and the "International Accounting Standard 32 – Financial Instruments: Presentation" issued by the International Accounting Standards Board. As the preference shares issued and outstanding of the Company carry no obligation to deliver cash and cash equivalents, nor have they any contractual obligations to deliver a variable number of its own equity instruments for settlement, they were therefore measured as equity instruments.

Financial Statements

Independent Auditor's Report

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To the shareholders of China Merchants Bank Co., Ltd.

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

Opinion

We have audited the consolidated financial statements of China Merchants Bank Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 164 to 302, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Expected credit losses of loans and advances to customers	
The measurement of expected credit losses (ECL) of loans and advances to customers measured at amortised cost and at fair value through other comprehensive income involves the use of numerous models, significant judgments and assumptions. For example, • Significant increase in credit risk – Criteria for determining whether significant increase in credit risk has occurred are highly judgmental, and may have a significant impact on expected credit losses for loans and advances to customers measured with longer outstanding maturities. • Models and parameters – Complex models, numerous inputs and parameters, including probability of default, loss given default, exposure at default, and risk grouping, are used to measure expected credit losses, involving plenty of management judgments and assumptions. • Forward-looking information – The measurement of expected credit losses requires consideration of forward-looking information. The forecast of macro-economic and consideration of the impact of multiple probability-weighted macro-economic scenarios on expected credit losses, involving significant judgments and assumptions. • Whether financial assets are credit-impaired – The determination of credit impairment requires consideration of multiple factors, and measurement of expected credit losses depends on estimates of future cash flows.	We tested and evaluated the design and operating effectiveness of key controls over measurement of expected credit losses, including: • With the support of our IT audit specialists, we tested and evaluated the data and system functions related to the measurement of expected credit losses, including data computational, data inputs and system interfaces of the system; • We tested and evaluated the key controls over the management, implementation and monitoring of expected credit losses approach, including ongoing monitoring of model performance, model validation, model enhancement, approval of material models and key parameters. We adopted a risk-based sampling approach in our loan review procedures, focusing on the asset quality of key areas such as industries that are significantly affected by macroeconomic changes. We assessed the debtors' repayment capacity and evaluated the Group's judgment in rating loans, taking into consideration post-lending inspection reports, debtors' financial information, collateral valuation reports and other available information. With the support of our modelling specialists, our audit procedures in respect of the expected credit losses model, key parameters, and management's significant judgments and assumptions included the following: • We reviewed the documentation of the methodology of ECL model. Taking into account results of validation and enhancement of ECL model, we assessed the reasonableness of ECL model methodology and related parameters, including probability of default, loss given default, exposure at default, risk grouping, forward-looking information and whether there had been a significant increase in credit risk;

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Expected credit losses of loans and advances to customers *(continued)* As at 31 December 2025, total loans and advances to customers measured at amortised cost and at fair value through other comprehensive income amounted to RMB7,159,767 million, accounting for 54.78% of total assets. Allowances for impairment losses of such loans and advances totalled RMB267,222 million. As the measurement of expected credit losses involves numerous significant judgments and assumptions, we consider expected credit losses for loans and advances to customers a key audit matter. Relevant disclosures are included in Notes 4(5), 5(4), 22 and 60(a) of the consolidated financial statements.	• We reviewed the validation reports of ECL model and relevant documents to evaluate the reasonableness of validation approach, completeness of validation scope, and appropriateness of validation conclusion; • In respect of the internal credit risk rating parameters used in ECL model, we understood the credit risk internal rating system and methodology. We also reviewed the validation reports of internal credit risk rating model and selected samples to evaluate the reasonableness of internal credit rating data; • We assessed the reasonableness of the selection of macro-economic variables, the determination and weighting of multiple macro-economic scenarios, and the forward-looking adjustments. We assessed the reasonableness of the forecasts of key macro-economic variables by comparing to forecasts of external authoritative institutions; • We selected samples to verify whether the calculation logic and calculation results of the ECL model are consistent with the model methodology, and assessed the accuracy of ECL model data inputs; • We assessed the reasonableness of management's determination of credit impairment. For credit-impaired loans and advances, we selected samples to evaluate the reasonableness of the amount, timing and probability of management's estimated future cash flows, especially recoverable cash flows from collaterals. We checked and evaluated the appropriateness of the consolidated financial statement disclosures in relation to the measurement of expected credit losses in the context of applicable accounting framework.

Key Audit Matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Consolidation of structured entities	
The Group holds interests in many different structured entities as a result of its business activities in financial investments, asset management and asset securitization. Such interests in structured entities mainly include wealth management products, asset management plans, trust plans, asset-backed securities and funds. The Group needs to comprehensively consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns to determine whether it has control over such structured entities, and therefore whether it should include them in the scope of consolidation. The determination of control over structured entities requires significant judgements regarding multiple factors. These encompass: the purpose and design of the structured entities; the Group's capacity to direct their relevant activities; both direct and indirect beneficial interests and returns; performance-based management fees; as well as gains or losses arising from providing credit enhancements or liquidity support. Comprehensive analysis of these factors and concluding on whether the Group has control involve significant management judgements and estimates. In view of the materiality and the complexity of management judgements, we consider consolidation assessment of structured entities a key audit matter. Relevant disclosures are included in Note 4(1), Note 5(1) and Note 64 to the consolidated financial statements.	We understood, evaluated and tested the design and operating effectiveness of key controls over the Group's assessment of whether it controls a structured entity. We reviewed the Group's analysis, which was made on the basis of a comprehensive consideration of all relevant facts and circumstances, including the power over the structured entities, the magnitude and variability of the variable returns obtained from the structured entities, and the linkage between these two aspects, to assess the Group's judgment and conclusion on whether it controls the structured entities. We understood the purpose for establishing the structured entities and reviewed of the relevant contractual documents, on a sampling basis. Taking into account the liquidity support, credit enhancement, and other relevant circumstances provided by the Group to structured entities initiated by itself such as wealth management products, we analysed whether the Group has legal or constructive obligations to ultimately absorb losses from these entities. We assessed the appropriateness of management's judgment on the consolidation of structured entities to the consolidated financial statements. We checked and assessed the appropriateness of the consolidated financial statement disclosures in relation to the consolidation of structured entities in the context of applicable accounting framework.

Other information included in the Annual Report

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

The directors of the Bank are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Cheung Bing Yin Benny (practising certificate number: P06447).

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	2025	2024
Interest income	6	**351,351**	374,271
Interest expense	7	**(135,758)**	(162,994)
Net interest income		**215,593**	211,277
Fee and commission income	8	**84,265**	81,040
Fee and commission expense		**(9,007)**	(8,946)
Net fee and commission income		**75,258**	72,094
Other net income	9	**40,949**	51,118
– Disposal of financial instruments at amortised cost		**1,607**	4,045
Operating income		**331,800**	334,489
Operating expenses	10	**(118,505)**	(117,650)
Operating profit before impairment losses and taxation		**213,295**	216,839
Expected credit losses	14	**(39,586)**	(39,976)
Impairment losses on other assets		**(189)**	(843)
Share of profits of joint ventures	25	**3,984**	1,713
Share of profits of associates	26	**1,489**	919
Profit before taxation		**178,993**	178,652
Income tax	15	**(27,867)**	(29,093)
Profit for the year		**151,126**	149,559
Attributable to:			
Equity holders of the Bank		**150,181**	148,391
Non-controlling interests		**945**	1,168
Earnings per share			
Basic and diluted (RMB Yuan)	17	**5.70**	5.66

The notes form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Note	2025	2024
Profit for the year		**151,126**	149,559
Other comprehensive income for the year after tax			
Items that may be reclassified subsequently to profit or loss		**(20,683)**	23,770
– Share of other comprehensive income/(expense) from equity-accounted investees		**(3,144)**	2,452
– Net fair value gain/(loss) on debt instruments measured at fair value through other comprehensive income		**(13,251)**	16,423
– Net changes in expected credit losses of debt instruments measured at fair value through other comprehensive income		**(1,072)**	3,000
– Net movement in cash flow hedge reserve		**(41)**	(36)
– Exchange difference on translation of financial statements of foreign operations		**(3,175)**	1,931
Items that will not be reclassified to profit or loss		**2,612**	2,923
– Net fair value gain on equity instruments designated at fair value through other comprehensive income		**2,603**	2,903
– Remeasurement of defined benefit scheme		**9**	20
Other comprehensive income for the year, net of tax	16	**(18,071)**	26,693
Attributable to:			
Equity holders of the Bank		**(18,016)**	26,571
Non-controlling interests		**(55)**	122
Total comprehensive income for the year		**133,055**	176,252
Attributable to:			
Equity holders of the Bank		**132,165**	174,962
Non-controlling interests		**890**	1,290

The notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in millions of Renminbi unless otherwise stated)

	Notes	2025	2024
Assets			
Cash		**14,808**	16,622
Precious metals		**38,669**	9,415
Balances with central banks	18	**560,207**	557,443
Balances with banks and other financial institutions	19	**200,399**	220,231
Placements with banks and other financial institutions	20	**507,439**	408,955
Amounts held under resale agreements	21	**258,708**	271,329
Loans and advances to customers	22	**7,004,238**	6,632,548
Financial investments at fair value through profit or loss	23(a)	**647,796**	617,018
Derivative financial assets	60(f)	**18,823**	32,533
Debt investments at amortised cost	23(b)	**2,124,951**	1,941,580
Debt investments at fair value through other comprehensive income	23(c)	**1,337,950**	1,092,127
Equity investments designated at fair value through other comprehensive income	23(d)	**24,424**	22,315
Interests in joint ventures	25	**20,126**	19,310
Interests in associates	26	**12,788**	11,705
Investment properties	27	**997**	1,117
Property and equipment	28	**131,524**	128,761
Right-of-use assets	29(a)	**15,290**	16,890
Intangible assets	30	**1,922**	2,196
Goodwill	31	**9,954**	9,954
Deferred tax assets	32	**89,856**	83,674
Other assets	33	**49,654**	56,313
Total assets		13,070,523	12,152,036

The notes form part of these consolidated financial statements.

	Notes	2025	2024
Liabilities			
Borrowing from central banks		**111,077**	189,934
Deposits from banks and other financial institutions	34	**911,699**	699,975
Placements from banks and other financial institutions	35	**250,701**	235,376
Financial liabilities at fair value through profit or loss	36	**120,499**	67,461
Derivative financial liabilities	60(f)	**18,652**	31,583
Amounts sold under repurchase agreements	37	**95,410**	84,042
Deposits from customers	38	**9,924,558**	9,195,329
Salaries and welfare payable	39(a)	**35,959**	34,512
Tax payable	40	**14,713**	11,713
Contract liabilities	41	**3,548**	4,193
Lease liabilities	29(b)	**11,253**	12,778
Provisions	42	**16,919**	16,762
Debt securities issued	43	**143,487**	222,921
Deferred tax liabilities	32	**1,115**	1,592
Other liabilities	44	**130,034**	110,390
Total liabilities		**11,789,624**	10,918,561
Equity			
Share capital	45	**25,220**	25,220
Other equity instruments	46	**177,457**	180,446
– Preference shares	46(a)	**27,468**	27,468
– Perpetual bonds	46(b)	**149,989**	152,978
Capital reserve	47	**65,409**	65,429
Investment revaluation reserve	48	**23,574**	38,385
Hedging reserve	49	**15**	56
Surplus reserve	50	**136,270**	122,652
General reserve	51	**163,481**	154,932
Retained earnings		**654,512**	583,638
Proposed profit appropriation	52(b)	**25,296**	50,440
Exchange reserve	53	**1,641**	4,816
Total equity attributable to shareholders of the Bank		**1,272,875**	1,226,014
Non-controlling interests		**8,024**	7,461
– Non-controlling interest		**8,024**	7,461
Total equity		**1,280,899**	1,233,475
Total equity and liabilities		**13,070,523**	12,152,036

The notes form part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 27 March 2026.

Miao Jianmin
Director

Wang Liang
Director

Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2025

(Expressed In Millions Of Renminbi Unless Otherwise Stated)

		2025													
		Total equity attributable to equity holders of the Bank												Non-controlling interests	
			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 appropriation	Exchange reserve	Subtotal	Non-controlling interest	Total
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 year		-	-	(2,989)	(20)	(14,811)	(41)	13,618	8,549	70,874	(25,144)	(3,175)	46,861	563	47,424
(a) Net profit for the year		-	-	-	-	-	-	-	-	150,181	-	-	150,181	945	151,126
(b) Other comprehensive income for the year	16	-	-	-	-	(14,800)	(41)	-	-	-	-	(3,175)	(18,016)	(55)	(18,071)
Total comprehensive income for the year		-	-	-	-	(14,800)	(41)	-	-	150,181	-	(3,175)	132,165	890	133,055
(c) Capital movement from equity holders		-	-	(2,989)	(20)	-	-	-	-	-	-	-	(3,009)	-	(3,009)
(i) Issue of perpetual bonds	46(b)	-	-	47,000	(9)	-	-	-	-	-	-	-	46,991	-	46,991
(ii) Redemption of perpetual bonds	46(b)	-	-	(49,989)	(11)	-	-	-	-	-	-	-	(50,000)	-	(50,000)
(d) Profit appropriations		-	-	-	-	-	-	13,618	8,549	(79,318)	(25,144)	-	(82,295)	(327)	(82,622)
(i) Appropriations to statutory surplus reserve	50	-	-	-	-	-	-	13,618	-	(13,618)	-	-	-	-	-
(ii) Appropriations to general reserve	51	-	-	-	-	-	-	-	8,549	(8,549)	-	-	-	-	-
(iii) Dividends paid	52(a)	-	-	-	-	-	-	-	-	(25,548)	(50,440)	-	(75,988)	(327)	(76,315)
(iv) Proposed year-end dividends for the year 2025	52(b)	-	-	-	-	-	-	-	-	(25,296)	25,296	-	-	-	-
(v) Dividends to preference shares		-	-	-	-	-	-	-	-	(996)	-	-	(996)	-	(996)
(vi) Distribution to perpetual bonds		-	-	-	-	-	-	-	-	(5,311)	-	-	(5,311)	-	(5,311)
(e) Transfers within equity upon disposal of equity instruments designated at fair value through other comprehensive income		-	-	-	-	(11)	-	-	-	11	-	-	-	-	-
At 31 December 2025		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

The notes form part of these consolidated financial statements.

		2024														
		Total equity attributable to equity holders of the Bank												Non-controlling interests		
			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 appropriation	Exchange reserve	Subtotal	Non-controlling interest	Perpetual debt capital	Total
At 1 January 2024		25,220	27,468	122,978	65,432	13,656	92	108,737	141,481	518,638	49,734	2,934	1,076,370	6,521	2,838	1,085,729
Changes in equity for the year		–	–	30,000	(3)	24,729	(36)	13,915	13,451	65,000	706	1,882	149,644	940	(2,838)	147,746
(a) Net profit for the year		–	–	–	–	–	–	–	–	148,391	–	–	148,391	1,075	93	149,559
(b) Other comprehensive income for the year	16	–	–	–	–	24,725	(36)	–	–	–	–	1,882	26,571	74	48	26,693
Total comprehensive income for the year		–	–	–	–	24,725	(36)	–	–	148,391	–	1,882	174,962	1,149	141	176,252
(c) Capital movement from equity holders		–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	75	(2,886)	27,186
(i) Increase in non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	75	–	75
(ii) Issue of perpetual bonds	46(b)	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997	–	–	29,997
(iii) Redemption of perpetual debt capital		–	–	–	–	–	–	–	–	–	–	–	–	–	(2,886)	(2,886)
(d) Profit appropriations		–	–	–	–	–	–	13,915	13,451	(83,387)	706	–	(55,315)	(284)	(93)	(55,692)
(i) Appropriations to statutory surplus reserve	50	–	–	–	–	–	–	13,915	–	(13,915)	–	–	–	–	–	–
(ii) Appropriations to general reserve	51	–	–	–	–	–	–	–	13,451	(13,451)	–	–	–	–	–	–
(iii) Dividends paid for the year 2023	52(a)	–	–	–	–	–	–	–	–	–	(49,734)	–	(49,734)	(284)	–	(50,018)
(iv) Distribution to perpetual debt capital		–	–	–	–	–	–	–	–	–	–	–	–	–	(93)	(93)
(v) Proposed dividends for the year 2024	52(b)	–	–	–	–	–	–	–	–	(50,440)	50,440	–	–	–	–	–
(vi) Dividends to preference shares		–	–	–	–	–	–	–	–	(996)	–	–	(996)	–	–	(996)
(vii) Distribution to perpetual bonds		–	–	–	–	–	–	–	–	(4,585)	–	–	(4,585)	–	–	(4,585)
(e) Transfers within equity upon disposal of equity instruments designated at fair value through other comprehensive income		–	–	–	–	4	–	–	–	(4)	–	–	–	–	–	–
At 31 December 2024		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

The notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025
(Expressed in millions of Renminbi unless otherwise stated)

	2025	2024
Operating activities		
Profit before taxation	**178,993**	178,652
Adjustments for:		
– Impairment losses on loans and advances	**42,582**	43,608
– Impairment losses on investments and other	**(2,807)**	(2,789)
– Unwinding of discount on loans and advances	**(118)**	(223)
– Depreciation of property and equipment and investment properties	**11,613**	11,454
– Depreciation of right-of-use assets	**3,928**	4,107
– Amortisation of other assets	**879**	925
– Net gains on debt securities and equity investments	**(30,653)**	(26,024)
– Interest income on investments	**(91,477)**	(84,924)
– Interest expense on issued debt securities	**5,383**	7,656
– Share of profits of associates	**(1,489)**	(919)
– Share of profits of joint ventures	**(3,984)**	(1,713)
– Net gains on disposal of properties and equipment and other assets	**(742)**	(249)
– Interest expense on lease liabilities	**391**	457
Changes in:		
Balances with central banks	**16,647**	14,860
Loans and advances to customers	**(414,137)**	(432,133)
Other assets	**(121,011)**	20,925
Deposits from customers	**739,543**	941,149
Amounts due to banks and other financial institutions	**237,879**	129,098
Amounts due from banks and other financial institutions with original maturity over 3 months	**(68,410)**	(160,145)
Borrowing from central banks	**(78,832)**	(187,678)
Other liabilities	**53,548**	21,479
Cash generated from operating activities before income tax payment	**477,726**	477,573
Income tax paid	**(26,269)**	(30,550)
Net cash generated from operating activities	**451,457**	447,023
Investing activities		
Proceeds from disposals and redemptions of investments	**2,270,020**	2,045,080
Investment income received	**125,561**	113,717
Proceeds from the disposals of property and equipment and other assets	**13,074**	10,757
Proceeds from the disposals of subsidiaries, associates or joint ventures	**638**	416
Payment for the purchases of investments	**(2,705,121)**	(2,427,328)
Payment for the acquisition of subsidiaries, associates or joint ventures	**(951)**	(571)
Payment for the purchases of property and equipment and other assets	**(28,141)**	(34,930)
Net cash used in investing activities	**(324,920)**	(292,859)

The notes form part of these consolidated financial statements.

	Notes	2025	2024
Financing activities			
Proceeds from the issuance of negotiable interbank certificates of deposit	55(b)	**27,230**	155,569
Proceeds from the issuance of certificates of deposit and other debt securities	55(b)	**81,221**	61,462
Proceeds from the issuance of debt securities	55(b)	**27,237**	24,995
Proceeds from the issuance of perpetual bonds		**46,991**	29,997
Proceeds from other financing activities	55(b)	**19,529**	9,947
Repayment of negotiable interbank certificates of deposit	55(b)	**(105,950)**	(90,160)
Repayment of certificates of deposit and other debt securities	55(b)	**(77,173)**	(49,187)
Repayment of debt securities	55(b)	**(35,801)**	(59,989)
Payment for redemption of perpetual bonds		**(50,000)**	–
Payment for lease liabilities	55(b)	**(4,534)**	(4,793)
Payment for redemption of perpetual debt capital		**–**	(2,886)
Distribution paid on perpetual debt capital	55(b)	**–**	(93)
Payment for dividends distribution	55(b)	**(50,767)**	(50,018)
Distribution paid on preference shares	55(b)	**(996)**	(996)
Distribution paid on perpetual bonds	55(b)	**(5,311)**	(4,585)
Interest paid on financing activities	55(b)	**(4,678)**	(5,339)
Payment for other financing activities	55(b)	**(36,936)**	(11,775)
Net cash used in financing activities		**(169,938)**	2,149
Net (decrease)/increase in cash and cash equivalents		**(43,401)**	156,313
Cash and cash equivalents as at 1 January		**756,527**	599,019
Effect of foreign exchange rate changes		**(3,304)**	1,195
Cash and cash equivalents as at 31 December	55(a)	**709,822**	756,527
Cash flows from operating activities include:			
Interest received		**259,757**	288,626
Interest paid		**139,784**	142,636

The notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(Expressed in millions of Renminbi unless otherwise stated)

1. Organisation and principal activities

(1) Organisation

China Merchants Bank Co., Ltd. (the "Bank") is a commercial bank established 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 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").

As at 31 December 2025, apart from the Head Office, the Bank had 51 branches in the mainland China, Hong Kong, New York, Singapore, Luxembourg, London and Sydney. In addition, the Bank has a representative office in Taipei.

(2) Principal activities

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

2. Basis of preparation of consolidated financial statements

(1) Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations promulgated by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) Basis of measurement

These consolidated financial statements are presented in Renminbi ("RMB") and unless otherwise stated, rounded to the nearest million. RMB is the functional currency of the domestic operations of the Group. The functional currencies of overseas branches and subsidiaries are determined in accordance with the primary economic environment in which they operate, and are translated into RMB for the preparation of these financial statements according to Note 4(15).

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period and the measurement principles as explained below.

2. Basis of preparation of consolidated financial statements *(continued)*

(2) Basis of measurement *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the financial statements in conformity with IFRS Accounting Standards 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 estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the future periods are discussed in Note 5.

3. Application of new and amendments to IFRS Accounting Standards

Amendments to IFRS Accounting Standards effective in current year applied by the Group

Amendments to IAS 21	Lack of Exchangeability

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

3. Application of new and amendments to IFRS Accounting Standards *(continued)*

Standards and amendments to IFRS Accounting Standards that are issued but not yet effective and have not been adopted by the Group

		Effective for annual period beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	the date to be determined
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	The examples do not have an effective date or transitional provisions

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

The standards and amendments to IFRS Accounting Standards except IFRS 18 mentioned above are not expected to have material impact on the consolidated financial statements in the foreseeable future.

4. Material accounting policy information

The Group establishes its accounting policies and estimates in accordance with the specific characteristics of its business operations, as further elaborated in the relevant notes.

In assessing the materiality of financial information, the Group evaluates both the nature and magnitude of financial statement items within its operational context. For qualitative materiality judgments, it considers whether an item arises from ordinary business activities or significantly impacts the Group's financial position, operating results, or cash flows. For quantitative assessments, the Group examines the item's proportional weight relative to total assets, total liabilities, shareholders' equity, operating revenue, operating costs, or net profit.

(1) Business combination

Financial statements include financial statements of the Bank and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. If the intra-group transaction indicates that the relevant assets have impairment losses, the losses shall be recognised in full.

When necessary, adjustments are made by the Group to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Bank, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the equity holders of the Bank. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the net profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 4(2)) or, an associate (see Note 4(3)).

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities or assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities or assets is determined not to be a business and no further assessment is needed.

4. Material accounting policy information *(continued)*

(1) Business combination *(continued)*

Business combinations or asset acquisitions *(continued)*

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred or assumed by the Group, and any equity interests issued by the Group. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, irrespective of non-controlling interests, the identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at their fair values; except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Non-controlling interests that represent ownership interests in the acquiree, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially recognised at either fair value or the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

(2) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligation for its liabilities.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When judging whether there is a joint control, the Group usually considers the following cases:

- whether any party within the joint arrangement cannot control the relevant activities of the joint ventures;
- whether the decisions about the joint ventures' relevant activities require the unanimous consent of the parties sharing control.

The consolidated statement of profit or loss includes the Group's share of the results of joint ventures for the year and the consolidated statement of financial position includes the Group's share of the net assets of the joint ventures.

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the joint ventures' net assets. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investments, is recognised immediately in profit or loss in the period in which investment is acquired.

The consolidated statement of profit or loss includes post-tax results of the joint ventures for the year, including any impairment loss on goodwill relating to the investment in the joint ventures recognised for the year (see Notes 4(4) and 4(10)).

When the Group's share of losses exceeds its interest in the joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. For these purposes, the Group's interest in the joint ventures is the carrying amount of the investment under equity method together with the Group's interests that in substance form part of the Group's net investment in the joint ventures.

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

4. Material accounting policy information *(continued)*

(2) Joint ventures *(continued)*

When the Group ceases to have joint control over a joint venture and has no significant influence on it, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss, previous other comprehensive income would be reclassified to profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)).

(3) Associates

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

When judging whether there is any significant influence, the Group usually considers the following cases:

– representation on the Board of Directors or equivalent governing body of the investee;

– participation in policy-making processes;

– material transactions between the entity and its investee.

Investments in associates are accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair value of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the associates' net assets. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investments, is recognised immediately in profit or loss in the period in which investment is acquired.

The consolidated statement of profit or loss includes the Group's post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in the associates recognised for the year (see Notes 4(4) and 4(10)).

When the Group's share of losses exceeds its interest in the associates, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates. For these purposes, the Group's interest in the associates is the carrying amount of the investment under equity method together with the Group's interests that in substance form part of the Group's net investment in the associates.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in the consolidated statement of profit or loss, previous other comprehensive income would be reclassified to profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 4(5)).

(4) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest based on the fair value of net assets acquired in the acquiree and the fair value of the Group's previously held equity interests in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU") or group of CGUs, that is expected to benefit from the synergies of the combination and tested at least annually for impairment (see Note 4(10)).

4. Material accounting policy information *(continued)*

(4) Goodwill *(continued)*

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(5) Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

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

At initial recognition, financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. When determining the effective interest rate, the Group estimates the future cash flow on the basis of considering all contract terms of financial assets or financial liabilities, but does not consider the expected credit losses.

Classification and measurement of financial assets

The Group classifies its financial assets into the following measurement categories at initial recognition: financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment, which is not held for trading, in other comprehensive income ("OCI").

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at amortised cost

Financial assets measured at amortised cost are subsequently measured with the effective interest method, and the gains or losses arising from amortisation or impairment are recognised in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if debt instruments had been measured at amortised cost. When debt instruments are derecognised, the cumulative gains or losses previously recognised in investment revaluation reserve are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments which are not held for trading as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other net income" line item in profit or loss.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes fair value gains or losses, any dividend or interest earned on the financial asset, and is included in "other net income".

Impairment under ECL model

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets which are subject to impairment under IFRS 9 *Financial Instruments*, including financial assets at amortised cost, debt instrument assets at fair value through other comprehensive income, leases receivable, loan commitments and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group assesses the ECL of financial assets with forward-looking information. 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessment are done based on the factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For the above financial instruments that apply the ECL model, except for the purchased or originated credit-impaired financial assets, an assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by the Group to determine whether to recognise lifetime ECL. When the credit risk of these financial instruments does not increase significantly after the initial recognition, the Group recognises a loss allowance for the financial instrument at an amount equal to 12-month ECL; in the event of a significant increase in credit risk, the Group recognises a loss allowance at an amount equal to lifetime ECL. The Group recognises the loss allowance of receivables that result from transactions that are within the scope of IFRS 15 *Revenue from contracts with customers* at an amount equal to lifetime ECL.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The assessment of whether the credit risk has increased significantly is detailed in Note 60(a).

Credit-impaired financial assets

The Group defines whether there is credit impairment based on the internal evaluation results of the credit risk management system for relevant financial assets. The Group considers that financial assets have been credit impaired when its loan classification is substandard, doubtful or loss or is more than 90 days overdue.

Measurement and recognition of ECL

ECL is measured based on the probability of default, loss given default and the exposure at default. The measurement and recognition of ECL are detailed in Note 60(a).

Generally, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Impairment under ECL model *(continued)*

Measurement and recognition of ECL *(continued)*

For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected credit losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, ECL is the present value of the difference between the contractual cash flows that are due to the Group:

- if the holder of the loan commitments draws down the loan, and
- the cash flows that the Group expects to receive if the loan is drawn down.

The loss allowance for loan commitments and financial guarantee contracts is recognised in profit or loss and accumulated in provisions. As for debt instruments measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these financial assets. The loss allowance for other financial assets which are subject to impairment under IFRS 9 *Financial Instruments* is recognised in profit or loss through a loss allowance account.

Classification and measurement of financial liabilities

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading (including derivatives belonging to financial liabilities) or (ii) designated as at FVTPL. Except for hedging accounting, financial liabilities measured at FVTPL are subsequently measured at fair value and all changes in fair value are recognised in profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL.

Other financial liabilities

Except for financial liabilities at FVTPL, financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or by continued involvement in transferred financial assets, financial guarantee contract and loan commitment, other financial liabilities are classified as financial liabilities at amortised cost, which are subsequently measured at amortised cost and the gains or losses arising from derecognition or amortisation are included in profit or loss.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Hedge accounting

At the inception of a hedging relationship, the Group designates the hedging arrangement and prepares written documentation outlining the hedging relationship, risk management objectives, and risk management strategies. This documentation specifies the hedging instrument, hedged item, nature of the hedged risk, and the Group's methodology for assessing hedge effectiveness. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item attributable to the hedged risk. The Group are continuously assessed hedging relationships for compliance with hedge effectiveness requirements, both at initial designation and in subsequent periods.

Fair value hedge

The gains or losses on the hedging instrument are recognised in consolidated statement of profit or loss. When the hedging for the risk exposure relates to an non-trading equity instrument designated as at FVTOCI, the gains or losses on the hedging instrument are recognised in other comprehensive income.

The carrying amount of the hedged item not already measured at fair value is adjusted for the gain or loss attributable to the risk being hedged and is taken to consolidated statement of profit or loss. The adjustment to the carrying amount of the hedged item is based on a recalculated effective interest rate at the date that amortisation begins and shall be amortised to consolidated statement of profit or loss if the hedged item is a financial instrument measured at amortised cost. Amortisation begins as soon as an adjustment exists but no later than when the hedged item ceases to be adjusted for hedging gains and losses. If the hedged item is debt instruments measured at FVTOCI, the amounts previously recorded as cumulative adjustments of hedging gains or losses are amortised in similar method and recognised in the consolidated statement of profit or loss. The carrying amount of the hedged item is not adjusted.

Cash flow hedge

The effective portions of changes in the fair value of derivatives that are designated and qualified as cash flow hedge are recognised in other comprehensive income and accumulated separately in hedging reserve. Any gain or loss relating to an ineffective portion is recognised immediately in the consolidated statement of profit or loss.

For cash flow hedge of a recognised asset or liability, the associated cumulative gain or loss is reclassified from hedging reserve to the consolidated statement of profit or loss in the same period during which the hedged cash flows affect profit and loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss at that time remains in hedging reserve until the forecast transaction is ultimately recognised in the consolidated statements of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss is immediately reclassified to the consolidated statement of profit or loss.

Hedge effectiveness testing

The Group has elected to adopt the general hedge accounting in IFRS 9 *Financial Instruments*. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Hedge accounting *(continued)*

Hedge effectiveness testing *(continued)*

If the hedging instrument has expired, been sold, terminated, or exercised (provided that a rollover or replacement that forms part of the hedging strategy is not treated as expiration or termination), or if changes in risk management objectives result in the hedging relationship no longer meeting the risk management objectives, or if the hedge no longer satisfies other criteria for hedge accounting, the Group discontinues the application of hedge accounting.

Specific items

Cash equivalents

Cash equivalents comprise investments that are short term, highly liquid, readily convertible into known amounts of cash and subject to insignificant risk of changes in value, and unrestricted balances with the central banks, banks and other financial institutions, and amounts held under resale agreements, with original maturity of 3 months or less.

Balances and placements with banks and other financial institutions

Banks refer to those institutions approved by the People's Bank of China ("PBOC") and other authorities. Other financial institutions represent finance companies, insurance companies, investment trust companies and leasing companies which are registered with the National Financial Regulatory Administration ("NFRA") and under the supervision of the NFRA and securities firms and investment fund companies which are registered with and under the supervision of other regulatory authorities. Balances and placements with banks and other financial institutions are measured at amortised cost.

Resale and repurchase agreements

Amounts for purchase of financial assets under resale agreements are accounted for under "amounts held under resale agreements". Amounts from sale of financial assets under repurchase agreements are accounted for under "amounts sold under repurchase agreements".

The difference between the purchase and resale consideration or sale and repurchase consideration is amortised over the period of the transaction using the effective interest method and is included in interest income or expense (as appropriate).

Financial investments

Equity investments are accounted for as financial assets at fair value through profit or loss or equity investments designated at fair value through other comprehensive income. Debt investments are classified as financial assets at fair value through profit or loss, debt investments at amortised cost, debt investments at fair value through other comprehensive income in accordance with the entity's business model, contractual cash flow characteristics and the fair value option.

Loans and advances to customers

Loans and advances directly granted by the Group to customers and finance leases receivables are accounted for as loans and advances to customers.

Loans and advances to customers are classified as loans and advances to customers at fair value through profit or loss (loans and advances to customers at FVTPL), loans and advances to customers at amortised cost, loans and advances to customers at fair value through other comprehensive income (loans and advances to customers at FVTOCI) in accordance with the entity's business model, contractual cash flow characteristics and the fair value option.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Specific items *(continued)*

Derivative financial instruments

The Group's derivative financial instruments mainly include forward, foreign currency swaps, interest rate swaps and option contracts undertaken in response to customers' needs or for the Group's own risk management purposes. The Group enters into derivative contracts with other banks and financial institutions that can conduct such business to hedge against risks arising from derivative transactions undertaken for customers.

Derivative financial instruments are stated at fair value. Except for the gains or losses arising from the effective hedging portion of those derivatives in cash flow hedge and the gains or losses on the hedging instrument that hedges an non-trading equity instrument designated as at FVTOCI are recognised in other comprehensive income, all other gains or losses are recognised in the consolidated statement of profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 *Financial Instruments* are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 *Financial Instruments* are treated as separate derivatives with the same terms when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the hybrid contracts are not measured at FVTPL. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow hedging relationship.

Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

(i) the financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and

(ii) if the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

At initial recognition, the Group classifies the perpetual bonds and perpetual debt capitals issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

For perpetual bonds and perpetual debt capitals issued that classified as equity instruments, any distribution of interests during the instruments' duration is treated as profit appropriation. When the perpetual bonds and perpetual debt capitals are redeemed, the redeemed amount is charged to equity. Relevant transaction expenses are deducted from equity.

At initial recognition of preference shares, the Group classifies the preference shares issued or their components as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

When the Group classifies preference shares issued as an equity instrument, fees, commissions and other transaction costs of preference shares issuance are deducted from equity. The dividends on preference shares are recognised as profit distribution at the time of declaration.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Derecognition of financial instruments

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset; or
- has retained its rights to receive cash flows from the asset but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has retained its rights to receive cash flows from the asset but has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset and liability are recognised to the extent of the Group's continuing involvement in the asset.

When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement at the time of transfer is the lower of (i) the amount of the asset and (ii) the guarantee amount (the maximum amount that the Group could be required to repay in the consideration received). When the Group continues to recognise an asset to the extent of its continuing involvement, the Group also recognises an relevant liability as the sum of the guarantee amount and the fair value of the guarantee contract (usually the consideration received for the provision of security).

When the Group has completed all necessary legal or other procedures and the financial assets measured at amortized cost remain irrecoverable, the Group will decide to write off such financial assets and reverse the corresponding allowance for credit losses. The write-off constitutes derecognition of the financial assets measured at amortized cost. If the Group subsequently recovers any written-off financial assets measured at amortized cost, the recovered amount shall reduce the impairment loss and be recognized in profit or loss for the current period.

(b) Securitisation

As part of its operational activities, the Group securitises credit assets, generally through the sale of these assets to structured entities which issue securities to investors. Interests in the securitised financial assets may be retained in the form of senior or junior tranches, or other residual interests (retained interests).

When applying the accounting policies on securitised financial assets, the Group has considered both the degree of transfer of risks and rewards on the transferred financial assets and the degree of control exercised by the Group over the transferred financial assets:

- when the Group transfers substantially all the risks and rewards of ownership of the financial assets, the Group shall derecognise the financial assets;
- when the Group retains substantially all the risks and rewards of ownership of the financial assets, the Group shall continue to recognise the financial assets; and
- when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, the Group would determine whether it has retained control of the financial assets. If the Group has not retained control, it shall derecognise the financial assets and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. If the Group has retained control, it shall continue to recognise the financial assets to the extent of its continuing involvement in the financial assets.

4. Material accounting policy information *(continued)*

(5) Financial instruments *(continued)*

Derecognition of financial instruments *(continued)*

(b) ***Securitisation*** *(continued)*

When a securitisation of financial assets does not qualify for derecognition, the relevant financial assets are not derecognised, and the consideration collected are recorded as a financial liability.

When the securitisation results in derecognition or partial derecognition of financial assets, the Group allocates the carrying amount of the transferred financial assets between the financial assets derecognised and the retained interests based on their relative fair values at the date of transfer. Gains or losses on securitisation, which is the difference between the consideration received and the allocated carrying amount of the financial assets derecognised, are recorded in "other net income". The retained interests continue to be recognised on the same basis before the securitisation.

(c) ***Sales of assets on condition of repurchase***

Derecognition of financial assets sold on condition of repurchase is determined by the economic substance of the transaction. If a financial asset is sold under an agreement to repurchase the same or substantially the same asset at a fixed price or at the sale price plus a reasonable return, the Group will not derecognise the asset. If a financial asset is sold together with an option to repurchase the financial asset at its fair value at the time of repurchase (in case of transferor sells such financial asset), the Group will derecognise the financial asset.

(d) ***Financial liabilities***

A financial liability (or part of it) is derecognised when the obligation under the liability (or part of it) is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4. Material accounting policy information *(continued)*

(6) Property, equipment, investment property and depreciation

Property, equipment and investment property, are stated at cost or deemed cost less accumulated depreciations and accumulated impairment losses. When the Group cannot separately measure the fair value of its leasehold interests in land and the associated buildings not held under operating leases as of the lease commencement date, such land and buildings shall be classified as fixed assets or investment properties.

Depreciation is calculated to write off the cost of property, equipment and investment property over the following estimated useful lives, after taking into account an estimated residual value on a straight-line basis:

Land and buildings	20 years
Investment properties	20 years
Computer equipment	3 years
Leasehold improvements (leased property)	3 years
Capitalized improvements (self-owned property)	the estimated useful lives
Aircraft, vessels and professional equipment	no more than 25 years
Other	3 – 5 years

Construction in progress represents property under construction and is stated at cost less impairment losses. Cost comprises the direct and indirect cost of construction. Construction in progress is transferred to an appropriate class of property or other asset when the asset is ready for its intended use. No depreciation is provided for construction in progress.

Subsequent expenditure relating to a property, equipment and investment property is capitalised only when it is probable that future economic benefits associated with the property and equipment will flow to the Group. All other expenditure are recognised in the consolidated statement of profit or loss as an expense or included in the relevant asset's cost according to the benefit recipient as incurred.

Profits or losses on disposal of property, equipment and investment property are determined as the difference between the net disposal proceeds and the carrying amount of the property, equipment and investment property, and are accounted for in the consolidated statement of profit or loss as they arise.

(7) Repossessed assets

Repossessed assets (non-financial instruments) are initially recognized at fair value of the debt relinquished and presented under the "Other Assets" category. At the end of the reporting period, repossessed assets (non-financial instruments) are measured at the lower of carrying amount and recoverable amount. When the recoverable amount is lower than the carrying amount, an impairment provision is recognized for repossessed assets (non-financial instruments), which is recorded in the "Impairment losses on other assets" line item of the income statement.

Repossessed assets (financial instruments) are detailed in Note 4(5).

(8) Intangible assets

Intangible assets are stated at cost less accumulated amortisation (only intangible assets with finite useful lives) and accumulated impairment losses (see Note 4(10)). Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. The Group does not have intangible assets with useful lives assessed to be indefinite as at the end of the reporting period.

The amortisation period of intangible assets is as follows:

Software and Other	Core deposit
2 – 20 years	28 years

Both the periods and method of amortisation are reviewed annually.

4. Material accounting policy information *(continued)*

(9) Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

(a) Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Short-term leases and leases of low-value assets

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (lease term of 12 months or less and do not contain a purchase option) and leases of low value assets (the value of assets is equivalent to below RMB35,000).

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(c) Right-of-use assets

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost. This cost includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.* The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

After the commencement date, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The Group recognises the depreciation of right-of-use assets as an operating expense on a straight-line basis. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers the ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Accounting policy for any identified right-of-use asset impairment loss are disclosed in Note 4(10).

(d) Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

4. Material accounting policy information *(continued)*

(9) Leases *(continued)*

As a lessee *(continued)*

(e) Lease liabilities

Lease liability is presented as a separate line in the consolidated statement of financial position.

Except for short-term leases and leases of low-value asset, lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date using lessee's incremental borrowing rate as the discount rate.

Lease payments refer to the payment made by the lessee to the lessor in connection with the right to use the leased assets during the lease term. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- the amount expected to be payable by the lessee under remaining value guarantees.

After the beginning date of the lease term, the Group calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate, and recognised it in the current profit and loss or related asset costs.

After the commencement date, the Group remeasures the lease liability according to the present value calculated by the revised lease payment amount and the revised discount rate and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed remaining value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. But if the change in lease payments results from a change in floating interest rates, the lessee shall use a revised discount rate that reflects changes in the interest rate.

As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the consolidated statement of financial position as "loans and advances to customers". Unrecognised finance income under finance leases are amortised using the effective interest method over the lease term. Accounting policy for impairment losses are disclosed in Note 4(5).

When the Group is a lessor of an operating lease, income derived from operating lease is recognised in the consolidated statement of profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Contingent lease income is charged to profit or loss in the accounting period in which it is incurred.

When a contract includes lease and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

4. Material accounting policy information *(continued)*

(9) Leases *(continued)*

As a buyer-lessor in a sale and leaseback transactions

For a transfer of asset that does not meet the requirements of IFRS 15 *Revenue from Contracts with Customers* to account for a sale of asset, the Group acting as a buyer-lessor does not recognise the transferred asset and recognises loan and advance to customers at an amount that equals the transfer proceed within the scope of IFRS 9 *Financial Instruments*.

(10) Impairment on tangible and intangible assets other than impairment under ECL model

The carrying amount of tangible and intangible assets including property and equipment, right-of-use assets, intangible assets, investment properties, interests in joint ventures, interests in associates, goodwill and other non-current assets are reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount of impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount of an asset is the greater of its fair value less disposal expense and present value of future expected cash flows. In assessing value in use, the estimated future cash flows are discounted to their present values.

Internal and external sources of information are reviewed at the end of the reporting period to identify any indications that other assets may be impaired.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated by the Group at the end of the reporting period whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset or a CGU is the greater of its fair value less disposal expense and the present value of future cash flows. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Impairment losses recognised

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

(11) Precious metals

Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's trading activities are initially recognised at fair value, with changes in fair value arising from remeasurement recognised directly in the consolidated statement of profit or loss in the period in which they arise.

4. Material accounting policy information *(continued)*

(12) Financial guarantee issued, provisions and contingent liabilities

Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The provision of financial guarantees issued is recognised in the consolidated statement of financial position in accordance with accounting policy set out in Note 4(5).

Provisions and contingent liabilities

Except for contingent consideration and contingent liabilities assumed in business combinations not under the same control, Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is highly probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. The Group reviews the carrying amount of provisions at each balance sheet date and adjusts them as appropriate to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

(13) Income recognition

Revenue is the inflow of economic benefits that the Group has formed in its daily activities that will result in an increase in shareholders' equity and have nothing to do with the capital invested by shareholders.

Net interest income

Interest income and expense for all financial instruments except for those classified as at FVTPL are recognised in "Interest income" and "Interest expense" in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, which is recognised in "Other net income".

Dividend income

Dividend income from investments is recognised when the dividend is declared and approved by the investee.

Rental income

Income derived from operating leases is recognised in the consolidated statement of profit or loss using the straight-line method over the lease term.

4. Material accounting policy information *(continued)*

(13) Income recognition *(continued)*

Fee and commission income

Under IFRS 15 *Revenue from Contracts with Customers*, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same. For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts and variable consideration.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time.

If the revenue is recognised over time, the Group recognises revenue in accordance with the progress towards complete satisfaction of a performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

4. Material accounting policy information *(continued)*

(13) Income recognition *(continued)*

Fee and commission income *(continued)*

If revenue is recognised at a point in time, the Group recognises the revenue when the customer obtains control of the distinct good or service. To determine the point in time at which a customer obtains control of a promised service, the following indicators of the transfer of control should also be considered. They include, but are not limited to:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods;
- the customer has the significant risks and rewards of ownership of the goods;
- the customer has accepted the goods or services.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it can control the goods or service before transferring it to customers. The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(14) Taxation

Current income tax and movements in deferred tax balances are recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax assets also arise from unused tax losses and unused tax credits. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates of expected returns of the assets or the repayment of the liabilities. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

4. Material accounting policy information *(continued)*

(14) Taxation *(continued)*

The Group shall recognise a deferred tax asset for all deductible temporary differences associated with investments in subsidiaries and interests in associates and joint ventures that both of the following conditions are satisfied: the temporary differences are likely to be reversed in the foreseeable future; and it is probably to obtain the taxable income used to offset the deductible temporary difference in the future. The Group shall recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where both of the following conditions are satisfied: the investor is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(15) Foreign currencies translations

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into as part of the effective portion of a hedge on certain foreign currency risks; or
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in exchange reserve in respect of that operation attributable to the owners of the Bank are reclassified to the consolidated statement of profit or loss.

4. Material accounting policy information *(continued)*

(16) Employee benefits

Salaries and staff welfare

Salaries, bonuses and other benefits are accrued in the period in which the associated services are rendered by employees.

Post-employment benefits

The Group participates in a number of defined contribution retirement benefit schemes managed by different provincial governments or independent insurance companies. Obligation for contributions to these schemes are jointly borne by the Group and the staff, and contributions paid by the Group are recognised as an expense in the consolidated statement of profit or loss as incurred.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4. Material accounting policy information *(continued)*

(17) Related parties

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the Group has the ability, directly, indirectly or jointly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control, common control or common significant influence by the same third party (except that the Group and the party are subject to common significant influence by the same third party of the other party). Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(18) Segmental reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they meet most of these criteria.

(19) Fiduciary activities

The Group acts in a fiduciary capacity in entrusted loan and entrusted investment business. Assets held by the Group and the related undertakings to return such assets to customers are excluded from the consolidated statement of financial position as the risks and rewards of the assets reside with the customers. The Group only charges a relevant commission.

(20) Dividends or profit distributions

Dividends or profit distributions are recognised as a liability in the year in which they are approved and declared.

(21) General reserve

The general reserve is an integral part of equity. According to the relevant regulations, in addition to the impairment allowances, the Bank maintains a general reserve to make up for unidentified potential losses. The balance of general reserve includes 1.5% of the ending balance of risk assets, country risk provisions allocated as required by regulations for country risk exposures with medium, high, and very high country risk ratings and 2.5% of the income of mutual fund custody businesses. The general reserve of the Group also includes the general reserve maintained by the subsidiaries of the Group according to the applicable laws and regulations of their industry or region.

5. Significant accounting estimates and judgements

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on the assets and liabilities at the end of the reporting period. These estimates involve assumptions about cash flows and the discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to the assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(1) Control over structured entity

When acting as an asset manager or investor in structured entities, the Group needs to make significant judgment in determining whether it controls those structured entities and consequently consolidates them. The Group evaluates the contractual rights and obligations under the transaction structure, analyses and tests the variable returns of the structured entities, and assesses whether it has the ability to use its power to influence those variable returns. Where the Group acts as asset manager of structured entities, the Group makes judgement on whether it is the principal or an agent to assess whether the Group controls the structured entities and should consolidate them. When performing this assessment, the Group considers several factors including, among others, the scope of its decision-making authority over the structured entities, the rights held by other parties, the remuneration to which it is entitled in accordance with the related agreements for the assets management services, the Group's exposure to variability of returns from interests that it holds in the structured entities.

(2) Classification of financial assets

Classification and measurement of financial assets of the Group involves significant judgement on business model. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Specific considerations include how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

(3) Derecognition of financial assets transferred

In its normal course of business, the Group transfers its financial assets through various types of transactions including regular way sales and transfers, securitisation, financial assets sold under repurchase agreements. The Group applies significant judgement and estimate in assessing whether it has transferred these financial assets and qualified for a full derecognition.

Where the Group enters into structured transactions by which it transfers financial assets to structured entities, the Group analyses whether the substance of the relationship between the Group and these structured entities indicates that it controls these structured entities and the Group needs to consolidate them. This will determine whether the following derecognition analysis should be conducted at the consolidated level or at the entity level from which the financial assets are transferred.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties;
- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgement and estimate is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of the Group's assessment on the extent that risks and rewards are transferred.

5. Significant accounting estimates and judgements *(continued)*

(4) Impairment under ECL model

- Significant increase in credit risk: ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 60(a)(ii) for more details.

- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to Note 60(a)(v) for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

- Models and assumptions used: The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. Refer to Note 60(a)(iii) for more details.

- Forward-looking information: When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to Note 60(a)(iv) for more details.

- Probability of Default ("PD"): PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Refer to Note 60(a) (iii) for more details.

- Loss Given Default ("LGD"): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Refer to Note 60(a)(iii) for more details.

(5) Fair value of financial instruments

For a number of financial instruments, no quoted prices in an active market exist. The fair value for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions, reference to the current fair value of similar instruments, discounted cash flow analysis or option pricing models. The Group has established a process to ensure that valuation techniques are constructed by qualified personnel and are validated and reviewed by personnel independent of the business unit that constructed the valuation techniques. Valuation techniques are certified before being implemented for valuation and are calibrated to ensure that outputs reflect actual market conditions. Valuation models established by the Group make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, it should be noted that some inputs, such as credit and counterparty risk and risk correlations, require management estimates. Management estimates and assumptions are reviewed periodically and adjusted if necessary. If the fair value is measured using third party information such as broker quotes or pricing services, the valuation team will evaluate the evidence obtained from third party to support the conclusion that the relevant valuation meets the requirements of IFRS Accounting Standards, including the category of the relevant valuation at the appropriate level in the fair value hierarchy.

(6) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reviewed periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

5. Significant accounting estimates and judgements *(continued)*

(7) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU or group of CGUs to which the goodwill is allocated. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from CGU or group of CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

6. Interest income

	2025	2024
Loans and advances to customers	**233,547**	260,573
– Corporate loans and advances	**85,688**	93,282
– Retail loans and advances	**144,315**	161,740
– Discounted bills	**3,544**	5,551
Balances with central banks	**8,864**	9,698
Balances with banks and other financial institutions	**2,648**	2,768
Placements with banks and other financial institutions	**12,184**	12,433
Amounts held under resale agreements	**2,631**	3,875
Financial investments	**91,477**	84,924
– Debt investments at FVTOCI	**33,178**	28,699
– Debt investments at amortised cost	**58,299**	56,225
Total	**351,351**	374,271

Note: For the year ended 31 December 2025, included in the above is the interest income of RMB7,719 million from loans and advances to customers at fair value through other comprehensive income (2024: RMB8,868 million).

7. Interest expense

	2025	2024
Deposits from customers	**107,869**	130,824
Borrowing from central banks	**2,505**	4,428
Deposits from banks and other financial institutions	**9,102**	8,277
Placements from banks and other financial institutions and others	**8,378**	9,251
Amounts sold under repurchase agreements	**2,521**	2,558
Debt securities issued	**5,383**	7,656
Total	**135,758**	162,994

8. Fee and commission income

	2025	2024
Fees and commissions from wealth management	**26,711**	22,005
Fees and commissions from asset management	**11,927**	10,751
Bank cards fees	**13,643**	16,761
Settlement and clearing fees	**15,465**	15,505
Commissions from credit commitment and lending business	**3,961**	4,219
Commissions from custody business	**5,375**	4,891
Other	**7,183**	6,908
Total	**84,265**	81,040

9. Other net income

	2025	2024
Net gains/(losses) from fair value change	**(8,160)**	6,085
– financial instruments at fair value through profit or loss	**(9,561)**	6,498
– derivatives instruments	**139**	(357)
– precious metals	**1,262**	(56)
Net investment income	**31,364**	27,248
– financial instruments at FVTPL	**19,146**	14,723
– gain on disposal of financial assets at amortised cost	**1,607**	4,045
– gain on disposal of debt instruments at FVTOCI	**9,271**	7,295
– of which: gain on disposal of bills	**711**	1,224
– dividend income from equity investments designated at FVTOCI	**1,100**	947
– other	**240**	238
Foreign exchange gain	**3,228**	4,026
Other income	**13,320**	12,709
– income on operating leases	**13,320**	12,709
Other	**1,197**	1,050
Total	**40,949**	51,118

10. Operating expenses

	2025	2024
Staff costs	**68,689**	68,088
– Salaries and bonuses	**52,680**	52,627
– Social insurance and corporate supplemental insurance	**10,138**	8,013
– Other	**5,871**	7,448
Tax and surcharges	**3,097**	2,950
Depreciation of property and equipment and investment properties	**11,613**	11,454
Amortisation of intangible assets	**441**	680
Depreciation of right-of-use assets	**3,928**	4,107
Short-term leases expense and leases of low-value assets expense	**179**	183
Other general and administrative expenses (note)	**30,558**	30,188
Total	**118,505**	117,650

Note: Auditors' remuneration amounting to RMB28 million for the year ended 31 December 2025 (2024: RMB27 million) is included in other general and administrative expenses.

11. Directors' and supervisors' emoluments

The emoluments of the Directors and Supervisors during the year were as follows:

	2025				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Liang	–	2,971	–	–	2,971
Zhong Desheng	–	2,826	–	–	2,826
Subtotal	–	5,797	–	–	5,797
The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group.					
Non-executive directors					
Miao Jianmin	–	–	–	–	–
Shi Dai	–	–	–	–	–
Deng Renjie (ii)	–	–	–	–	–
Jiang Chaoyang (ii)	–	–	–	–	–
Zhu Eric Liwei (iii)	–	–	–	–	–
Huang Jian (iv)	–	–	–	–	–
Ma Xianghui (ii)	–	–	–	–	–
Subtotal	–	–	–	–	–
The non-executive directors shown above did not receive remuneration from the Bank.					
Independent non-executive directors					
Tian Hongqi	485	–	–	–	485
Li Chaoxian	485	–	–	–	485
Shi Yongdong	485	–	–	–	485
Li Jian	485	–	–	–	485
Wong Yuk Shan (ii)	2	–	–	–	2
Lu Liping (ii)	1	–	–	–	1
Subtotal	1,943	–	–	–	1,943
The independent non-executive directors' emoluments shown above were for their services as directors of the Bank.					
Former executive, non-executive directors and supervisors					
Sun Yunfei (v)	–	–	–	–	–
Zhang Jian (vi)	–	–	–	–	–
Chen Dong (iv)	–	–	–	–	–
Zhu Jiangtao (vii)	–	1,167	–	–	1,167
Li Menggang (v)	483	–	–	–	483
Liu Qiao (v)	484	–	–	–	484
Luo Sheng (viii)	–	–	–	–	–
Li Jinming (ix)	–	–	–	–	–
Wu Heng (ix)	–	–	–	–	–
Xu Zhengjun (x)	194	–	–	–	194
Cai Hongping (ix)	385	–	–	–	385
Zhang Xiang (ix)	385	–	–	–	385
Cai Jin (x)	–	757	–	–	757
Cao Jian (ix)	–	1,808	–	–	1,808
Yang Sheng (ix)	–	1,813	–	–	1,813
Subtotal	1,931	5,545	–	–	7,476
The former executive, non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Total	3,874	11,342	–	–	15,216

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

Notes:

(i) The aggregate pre-tax remuneration of full-time Executive Directors and senior management of the Company is still being verified. The remaining part will be disclosed separately upon the completion of confirmation and payment.

(ii) In June 2025, according to the resolutions passed at the 2024 Annual General Meeting of the Company, Mr. Deng Renjie, Mr. Jiang Chaoyang and Mr. Ma Xianghui were elected as the Non-Executive Directors of the Company, and their qualifications as the Directors were approved by the National Financial Regulatory Administration (NFRA) in October 2025, October 2025 and December 2025, respectively. Mr. Wong Yuk Shan and Mr. Lu Liping were elected as the Independent Non-Executive Directors of the Company, and their qualifications as the Independent Directors were approved by the NFRA in December 2025.

(iii) In January 2025, the qualification of Mr. Zhu Eric Liwei as the Director was approved by the NFRA.

(iv) In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA, and Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(v) In December 2025, Mr. Sun Yunfei ceased to be the Non-Executive Director of the Company due to his age, and Mr. Li Menggang and Mr. Liu Qiao ceased to be the Independent Non-Executive Directors of the Company due to the expiry of their term of office.

(vi) In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(vii) In May 2025, Mr. Zhu Jiangtao ceased to be the Executive Director of the Company due to the work arrangement.

(viii) In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

(ix) In December 2025, the Articles of Association of China Merchants Bank Co., Ltd. (2025 Revision) were approved by the National Financial Regulatory Administration and came into effect. In accordance with the Company's Articles of Association, the Company shall cease to have the Board of Supervisors, and Mr. Li Jinming, Mr. Wu Heng, Mr. Cai Hongping, Mr. Zhang Xiang, Mr. Cao Jian and Mr. Yang Sheng ceased to be the Supervisors of the Company.

(x) In June 2025, Mr. Xu Zhengjun ceased to be the External Supervisor of the Company due to the expiry of his term of office. Ms. Cai Jin ceased to be the Employee Supervisor of the Company due to her age.

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

	2024				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Wang Liang	–	2,962	–	–	2,962
Zhong Desheng (i)	–	2,790	–	–	2,790
Zhu Jiangtao	–	2,793	–	–	2,793
Subtotal	–	8,545	–	–	8,545
The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Bank and the Group.					
Non-executive directors					
Miao Jianmin	–	–	–	–	–
Shi Dai (i)	–	–	–	–	–
Sun Yunfei	–	–	–	–	–
Zhang Jian (ii)	–	–	–	–	–
Chen Dong (iii)	–	–	–	–	–
Zhu Eric Liwei (i)	–	–	–	–	–
Huang Jian (iv)	–	–	–	–	–
Subtotal	–	–	–	–	–
The non-executive directors shown above did not receive remuneration from the Bank.					
Independent non-executive directors and supervisors					
Li Menggang	500	–	–	–	500
Liu Qiao	500	–	–	–	500
Tian Hongqi	500	–	–	–	500
Li Chaoxian	500	–	–	–	500
Shi Yongdong	500	–	–	–	500
Li Jian (i)	74	–	–	–	74
Li Jinming (v)	–	–	–	–	–
Wu Heng	–	–	–	–	–
Luo Sheng (vi)	–	–	–	–	–
Xu Zhengjun	400	–	–	–	400
Cai Hongping	400	–	–	–	400
Zhang Xiang	400	–	–	–	400
Cai Jin	–	1,433	–	–	1,433
Cao Jian	–	1,788	–	–	1,788
Yang Sheng	–	1,900	–	–	1,900
Subtotal	3,774	5,121	–	–	8,895
The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Former executive, non-executive directors and supervisors					
Hu Jianhua (vii)	–	–	–	–	–
Zhou Song (viii)	–	–	–	–	–
Hong Xiaoyuan (vii)	–	–	–	–	–
Wong See Hong (ix)	426	–	–	–	426
Peng Bihong (x)	–	–	–	–	–
Subtotal	426	–	–	–	426
The former executive, non-executive directors' and supervisors' emoluments shown above were for their services as directors or supervisors of the Bank.					
Total	4,200	13,666	–	–	17,866

11. Directors' and supervisors' emoluments *(continued)*

The emoluments of the Directors and Supervisors during the year were as follows: *(continued)*

Notes:

(i) In June 2024, according to the resolutions passed at the 2023 Annual General Meeting of the Company, Ms. Li Jian was elected as an Independent Non-Executive Director of the Company, whose qualification as the Independent Director was approved by the National Financial Regulatory Administration (NFRA) in November 2024; Ms. Shi Dai and Mr. Zhu Eric Liwei were elected as the Non-Executive Directors of the Company, and the qualifications of Ms. Shi Dai and Mr. Zhu Eric Liwei as the Directors were approved by the NFRA in August 2024 and January 2025; Mr. Zhong Desheng was elected as an Executive Director of the Company, and his qualification as the Director was approved by the NFRA in December 2024, the emolument of Mr. Zhong Desheng shown above included the portion for his services before his qualification as the Director was approved by the NFRA during the year.

(ii) In February 2025, Mr. Zhang Jian ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(iii) In March 2025, Mr. Chen Dong ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(iv) In March 2025, the qualification of Mr. Huang Jian as the Director was approved by the NFRA.

(v) In June 2024, according to the relevant resolution passed at the 2023 Annual General Meeting of the Company, Mr. Li Jinming was elected as the Shareholder Supervisor of the Company.

(vi) In March 2025, Mr. Luo Sheng ceased to be the Shareholder Supervisor of the Company due to personal work arrangement.

(vii) In January 2024, Mr. Hu Jianhua and Mr. Hong Xiaoyuan ceased to be Non-Executive Directors of the Company due to their ages.

(viii) In July 2024, Mr. Zhou Song ceased to be the Non-Executive Director of the Company due to the change of work arrangement.

(ix) In November 2024, Mr. Wong See Hong ceased to be the Independent Non-Executive Director of the Company due to expiry of his term of office.

(x) In January 2024, Mr. Peng Bihong ceased to be the Shareholder Supervisor of the Company due to the change of work arrangement.

During the years of 2025 and 2024, no emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

During the years of 2025 and 2024, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration.

12. Five highest paid individuals

During the year ended 31 December 2025, the five (2024: five) highest paid individuals included five persons in total. Of these highest paid individuals, two (2024: three) were directors of the Bank whose emoluments were included in Note 11 above. The aggregate emolument of the remaining three (2024: two) highest paid individuals who were not directors of the Bank is as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries and other emoluments	**8,499**	5,584
Discretionary bonuses	**–**	–
Contributions to defined contribution retirement schemes	**–**	–
Total	**8,499**	5,584

These highest paid individuals who were neither directors nor supervisors of the Bank whose emoluments fell within the following bands is set out below:

	2025	2024
HKD		
2,500,001 – 3,000,000	**–**	2
3,000,001 – 3,500,000	**3**	–
3,500,001 – 4,000,000	**–**	–
4,000,001 – 4,500,000	**–**	–
4,500,001 – 5,000,000	**–**	–

During the years of 2025 and 2024, no emoluments were paid by the Group to any of the persons who are five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. Loans to directors, supervisors and executive officers

Loans to directors, supervisors and executive officers of the Group are as follows:

	2025	2024
Aggregate amount of relevant loans made by the Group outstanding at year end	**30**	25
Maximum aggregate amount of relevant loans made by the Group outstanding during the year	**33**	33

14. Expected credit losses

	2025	2024
Loans and advances to customers	**42,582**	43,608
– Loans and advances at amortised cost (Note 22(c)(i))	**43,268**	41,400
– Loans and advances at FVTOCI (Note 22(c)(ii))	**(686)**	2,208
Amounts due from banks and other financial institutions	**(377)**	1,371
Financial investments	**(2,889)**	(2,400)
– Debt investments at amortised cost (Note 23(b)(iii))	**(2,181)**	(4,130)
– Debt investments at FVTOCI (Note 23(c)(ii))	**(708)**	1,730
Financial guarantees and loan commitments	**299**	(2,703)
Other	**(29)**	100
Total	**39,586**	39,976

15. Income tax

(a) Income tax in the consolidated statement of profit or loss represents:

	2025	2024
Current income tax expense	**29,640**	28,929
– Mainland China	**27,480**	27,174
– Hong Kong	**1,825**	1,511
– Overseas	**335**	244
Deferred taxation	**(1,773)**	164
Total	**27,867**	29,093

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

	2025	2024
Profit before taxation	**178,993**	178,652
Tax at the PRC statutory income tax rate of 25% (2024: 25%)	**44,748**	44,663
Tax effects of the following items:	**(16,881)**	(15,570)
– Effects of tax reduction and exemption policies	**(22,085)**	(18,505)
– Effects of costs, expenses and losses not deductible for tax purpose	**7,116**	4,283
– Effects of different applicable rates in other jurisdictions (note (i))	**(696)**	(300)
– Tax effect of perpetual bond/perpetual debt capital interest expense	**(1,328)**	(1,170)
– Other	**112**	122
Income tax expense	**27,867**	29,093

Note:

(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 31 December 2025, 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 31 December 2025, the top-up tax has no significant impact on the Group's financial statements.

16. Other comprehensive income

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

	2025			2024		
	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	(25,695)	5,012	(20,683)	30,256	(6,486)	23,770
– Net fair value gain/(loss) on debt instruments measured at FVTOCI	(17,902)	4,651	(13,251)	21,913	(5,490)	16,423
– Net changes in expected credit losses of debt instruments measured at FVTOCI	(1,433)	361	(1,072)	4,004	(1,004)	3,000
– Net movement in cash flow hedge reserve	(41)	–	(41)	(44)	8	(36)
– Share of other comprehensive income from equity-accounted investees	(3,144)	–	(3,144)	2,452	–	2,452
– Exchange difference on translation of financial statements of foreign operations	(3,175)	–	(3,175)	1,931	–	1,931
Items that will not be reclassified to profit or loss	2,766	(154)	2,612	3,125	(202)	2,923
– Net fair value gain on equity instruments designated at FVTOCI	2,755	(152)	2,603	3,101	(198)	2,903
– Remeasurement of defined benefit scheme	11	(2)	9	24	(4)	20
Other comprehensive income	(22,929)	4,858	(18,071)	33,381	(6,688)	26,693

(b) Movements relating to components of other comprehensive income are as follows:

	2025	2024
Net fair value gain/(loss) on debt instruments measured at FVTOCI		
Changes in fair value recognised during the year	**(6,298)**	21,894
Reclassification adjustments for amounts transferred to profit or loss upon disposal	**(6,953)**	(5,471)
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**(13,251)**	16,423
Net changes in expected credit losses of debt instruments measured at FVTOCI		
Changes in expected credit losses recognised during the year	**(1,072)**	3,000
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**(1,072)**	3,000
Net fair value gain on equity instruments designated at FVTOCI		
Changes in fair value recognised during the year	**2,603**	2,903
Net movement in investment revaluation reserve during the year recognised in other comprehensive income	**2,603**	2,903
Net movement in cash flow hedge reserve		
Effective portion of changes in fair value of hedging instruments	**(43)**	(33)
Reclassification adjustment for realised gain to profit or loss	**2**	(3)
Net movement in hedging reserve during the year recognised in other comprehensive income	**(41)**	(36)

17. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the Bank and the weighted average number of shares in issue for the year.

	2025	2024
Net profit attributable to equity holders of the Bank	**150,181**	148,391
Less: Net profit attributable to preference shareholders of the Bank	**(996)**	(996)
Net profit attributable to holders of perpetual bonds	**(5,311)**	(4,585)
Net profit attributable to ordinary shareholders of the Bank	**143,874**	142,810
Weighted average number of shares in issue (in million shares)	**25,220**	25,220
Basic and diluted earnings per share (in RMB Yuan)	**5.70**	5.66

Note:

The Bank issued non-cumulative preference shares in 2017 and non-cumulative perpetual bonds in 2020, 2021, 2023, 2024 and 2025. For the purpose of calculating basic earnings per share, dividends on non-cumulative preference shares and interests on non-cumulative perpetual bonds declared during the year have been deducted from the amounts attributable to equity holders 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 31 December 2025 and 2024. Therefore the conversion feature of preference shares has no effect on the diluted earnings per share calculation for both years.

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

18. Balances with central banks

	2025	2024
Statutory deposit reserve (note (i))	**502,368**	507,018
Surplus deposit reserve (note (ii))	**49,783**	30,335
Other deposits with central banks (note (iii))	**7,816**	19,813
Accrued interest	**240**	277
Total	**560,207**	557,443

Notes:

(i) Statutory deposit reserve funds are deposited with The 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 mainland China are calculated at 5.5% and 4% of eligible RMB deposits and foreign currency deposits respectively as at 31 December 2025 (31 December 2024: 6% and 4% of 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 mainland China. The amounts of statutory deposit reserves placed with the central banks of overseas countries are determined by local jurisdictions.

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

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

19. Balances with banks and other financial institutions

	2025	2024
Principal (a)	**199,955**	220,549
Impairment allowances (a)(b)	**(447)**	(830)
Subtotal	**199,508**	219,719
Accrued interest	**891**	512
Total	**200,399**	220,231

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**165,368**	176,929
– Banks	**152,454**	166,974
– Other financial institutions	**12,914**	9,955
Outside the mainland China	**34,587**	43,620
– Banks	**34,171**	43,042
– Other financial institutions	**416**	578
Total	**199,955**	220,549
Less: Impairment allowances	**(447)**	(830)
– Banks	**(378)**	(776)
– Other financial institutions	**(69)**	(54)
Net carrying amount	**199,508**	219,719

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

	2025	2024
Balance as at the beginning of the year	**830**	223
Charge/(release) for the year (note 14)	**(373)**	607
Exchange difference	**(10)**	–
Balance as at the end of the year	**447**	830

20. Placements with banks and other financial institutions

	2025	2024
Principal (a)	**504,938**	406,817
Impairment allowances (a)(c)	**(1,197)**	(1,126)
Subtotal	**503,741**	405,691
Accrued interest	**3,698**	3,264
Total	**507,439**	408,955

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**392,648**	292,720
– Banks	**33,454**	39,380
– Other financial institutions	**359,194**	253,340
Outside the mainland China	**112,290**	114,097
– Banks	**112,290**	114,097
Total	**504,938**	406,817
Less: Impairment allowances	**(1,197)**	(1,126)
– Banks	**(222)**	(216)
– Other financial institutions	**(975)**	(910)
Net carrying amount	**503,741**	405,691

(b) Analysed by remaining maturity

	2025	2024
Maturing		
– Within one month (inclusive)	**131,410**	125,756
– Between one month and one year (inclusive)	**361,292**	264,359
– Over one year	**11,039**	15,576
Total	**503,741**	405,691

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

	2025	2024
Balance as at the beginning of the year	**1,126**	519
Charge/(release) for the year (note 14)	**76**	607
Exchange difference	**(5)**	–
Balance as at the end of the year	**1,197**	1,126

21. Amounts held under resale agreements

	2025	2024
Principal (a)	**259,338**	272,043
Impairment allowances (a)(d)	**(666)**	(746)
Subtotal	**258,672**	271,297
Accrued interest	**36**	32
Total	**258,708**	271,329

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**258,581**	271,387
– Banks	**30,999**	53,048
– Other financial institutions	**227,582**	218,339
Outside the mainland China	**757**	656
– Banks	**–**	72
– Other financial institutions	**757**	584
Total	**259,338**	272,043
Less: Impairment allowances	**(666)**	(746)
– Banks	**(162)**	(176)
– Other financial institutions	**(504)**	(570)
Net carrying amount	**258,672**	271,297

(b) Analysed by remaining maturity

	2025	2024
Maturing		
– Within one month (inclusive)	**258,672**	271,297
Total	**258,672**	271,297

(c) Analysed by underlying assets

	2025	2024
Bonds	**248,696**	257,549
Bills	**9,976**	13,748
Total	**258,672**	271,297

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

	2025	2024
Balance as at the beginning of the year	**746**	589
Charge/(release) for the year (note 14)	**(80)**	157
Balance as at the end of the year	**666**	746

22. Loans and advances to customers

(a) Loans and advances to customers

	2025	2024
Gross amount of loans and advances to customers at amortised cost (i)	**6,640,193**	6,300,863
Accrued interest	**10,133**	10,565
Subtotal	**6,650,326**	6,311,428
Loss allowances of loans and advances to customers at amortised cost (i)	**(262,973)**	(265,365)
Loss allowances of accrued interest	**(997)**	(982)
Subtotal	**(263,970)**	(266,347)
Loans and advances to customers at amortised cost	**6,386,356**	6,045,081
Loans and advances to customers at FVTOCI (ii)	**519,574**	551,692
Accrued interest	**2**	–
Subtotal	**519,576**	551,692
Loans and advances to customers at FVTPL (iii)	**98,306**	35,775
Total	**7,004,238**	6,632,548

(i) Loans and advances to customers at amortised cost

	2025	2024
Corporate loans and advances	**2,919,909**	2,656,238
Retail loans and advances	**3,720,191**	3,644,625
Discounted bills	**93**	–
Gross amount of loans and advances to customers at amortised cost	**6,640,193**	6,300,863
Less: Loss allowances	**(262,973)**	(265,365)
– Stage 1 (12-month ECL)	**(134,817)**	(152,598)
– Stage 2 (Lifetime ECL-not credit-impaired)	**(68,720)**	(56,926)
– Stage 3 (Lifetime ECL-credit-impaired)	**(59,436)**	(55,841)
Net amount of loans and advances to customers at amortised cost	**6,377,220**	6,035,498

(ii) Loans and advances to customers at FVTOCI

	2025	2024
Corporate loans and advances	**294,820**	206,343
Discounted bills	**224,754**	345,349
Loans and advances to customers at FVTOCI	**519,574**	551,692
Loss allowances	**(4,249)**	(4,936)
– Stage 1 (12-month ECL)	**(4,033)**	(4,515)
– Stage 2 (Lifetime ECL-not credit-impaired)	**(216)**	(421)
– Stage 3 (Lifetime ECL-credit-impaired)	**–**	–

No loss allowance is recognised in the consolidated statement of financial position for loans and advances to customers at FVTOCI as the carrying amount is at fair value.

(iii) Loans and advances to customers at FVTPL

	2025	2024
Corporate loans and advances	**1,021**	1,159
Discounted bills	**97,270**	34,601
Accrued interest	**15**	15
Total	**98,306**	35,775

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

(b) Analysis of loans and advances to customers

(i) Analysed by industry sector and category:

Operations in the mainland China

	2025	2024
Manufacturing	**739,562**	652,430
Transportation, storage and postal services	**518,959**	497,123
Production and supply of electric power, heat, gas and water	**390,405**	333,400
Property development	**290,743**	287,798
Wholesale and retail	**274,763**	222,593
Leasing and commercial services	**238,521**	186,736
Telecommunications, software and IT services	**165,130**	124,026
Construction	**107,096**	105,294
Finance	**73,610**	89,007
Mining	**65,091**	49,632
Water, environment and public utilities management	**34,891**	36,728
Other	**97,591**	88,901
Subtotal of corporate loans and advances	**2,996,362**	2,673,668
Discounted bills	**322,117**	379,950
Residential mortgage	**1,411,084**	1,404,101
Credit cards	**938,993**	947,712
Micro-finance loans	**873,750**	824,128
Consumer loans	**426,653**	396,161
Other	**3,867**	5,388
Subtotal of retail loans and advances	**3,654,347**	3,577,490
Gross amount of loans and advances to customers	**6,972,826**	6,631,108

Operations outside the mainland China

	2025	2024
Finance	**72,507**	51,257
Transportation, storage and postal services	**50,569**	44,972
Property development	**22,908**	30,753
Production and supply of electric power, heat, gas and water	**17,624**	9,856
Manufacturing	**13,850**	17,200
Telecommunications, software and IT services	**13,078**	10,991
Leasing and commercial services	**9,441**	7,756
Wholesale and retail	**4,733**	5,118
Mining	**3,926**	2,335
Construction	**3,520**	2,672
Water, environment and public utilities management	**1,256**	1,051
Other	**5,976**	6,111
Subtotal of corporate loans and advances	**219,388**	190,072
Residential mortgage	**14,152**	13,349
Credit cards	**122**	131
Micro-finance loans	**1,946**	1,315
Other	**49,624**	52,340
Subtotal of retail loans and advances	**65,844**	67,135
Gross amount of loans and advances to customers	**285,232**	257,207

As at 31 December 2025, over 90% of the Group's loans and advances to customers were conducted in the mainland China (31 December 2024: over 90%).

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

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

(ii) Analysed by type of guarantees:

	2025	2024
Credit loans	**2,980,421**	2,800,227
Guaranteed loans	**1,007,233**	872,494
Collateralised loans	**2,462,399**	2,381,108
Pledged loans	**485,888**	454,536
Subtotal	**6,935,941**	6,508,365
Discounted bills	**322,117**	379,950
Gross amount of loans and advances to customers	**7,258,058**	6,888,315

(iii) Analysed by overdue term:

	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**

	2024				
	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	29,777	15,187	2,741	1,421	49,126
Guaranteed loans	1,079	2,575	7,418	2,966	14,038
Collateralised loans	8,562	7,190	6,857	1,331	23,940
Pledged loans	2,810	249	501	1,211	4,771
Gross amount of loans and advances to customers	42,228	25,201	17,517	6,929	91,875

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 reporting date are as follows:

	2025	2024
Collateralised loans that are overdue but not impaired	**7,969**	7,170
Pledged loans that are overdue but not impaired	**1,424**	1,542
Total	**9,393**	8,712

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

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

(iv) Analysed by ECL

	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)**

	2024			
	– 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	6,030,395	204,858	65,610	6,300,863
Less: Loss allowances of loans and advances to customers at amortised cost	(152,598)	(56,926)	(55,841)	(265,365)
Net amount of loans and advances to customers at amortised cost	5,877,797	147,932	9,769	6,035,498
Loans and advances to customers at FVTOCI	550,089	1,603	–	551,692
Loss allowances of loans and advances to customers at FVTOCI	(4,515)	(421)	–	(4,936)

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

(c) Movements of allowance for expected credit losses

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

	2025			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	**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**	**–**
Charge/(release) for the year (note 14)	**(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 the end of the year	**134,817**	**68,720**	**59,436**	**262,973**

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	165,866	47,729	53,210	266,805
Transfer to				
– Stage 1	8,028	(7,877)	(151)	–
– Stage 2	(6,417)	6,817	(400)	–
– Stage 3	(1,688)	(9,413)	11,101	–
Charge/(release) for the year (note 14)	(13,314)	19,624	35,090	41,400
Write-offs/disposals	–	–	(53,154)	(53,154)
Recovery of loans and advances written off	–	–	10,274	10,274
Exchange and other differences	123	46	(129)	40
Balance as at the end of the year	152,598	56,926	55,841	265,365

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

	2025	2024
Balance as at the beginning of the year	**4,936**	2,729
Charge/(release) for the year (note 14)	**(686)**	2,208
Exchange difference	**(1)**	(1)
Balance as at the end of the year	**4,249**	4,936

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

(d) Finance leases receivable

The table below provides an analysis of finance leases receivable included in loans and advances to customers for leases of assets in which the Group is a lessor:

	2025	2024
Total minimum leases receivable		
Within 1 year (inclusive)	**13,083**	16,148
Over 1 year but within 2 years (inclusive)	**9,073**	9,230
Over 2 years but within 3 years (inclusive)	**6,929**	5,495
Over 3 years but within 4 years (inclusive)	**6,126**	4,598
Over 4 years but within 5 years (inclusive)	**5,734**	4,058
Over 5 years	**25,040**	18,506
Subtotal	**65,985**	58,035
Unearned finance income	**(11,600)**	(8,991)
Present value of minimum leases receivable	**54,385**	49,044
Less: Impairment allowances	**(3,272)**	(2,738)
– Stage 1 (12-month ECL)	**(1,437)**	(642)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(909)**	(1,763)
– Stage 3 (Lifetime ECL – credit-impaired)	**(926)**	(333)
Net carrying amount of finance leases receivable	**51,113**	46,306

23. Financial investments

	Notes	**2025**	2024
Financial investments at fair value through profit or loss	23(a)	**647,796**	617,018
Debt investments at amortised cost	23(b)	**2,124,951**	1,941,580
Debt investments at FVTOCI	23(c)	**1,337,950**	1,092,127
Equity investments designated at FVTOCI	23(d)	**24,424**	22,315
Total		**4,135,121**	3,673,040

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

	Notes	**2025**	2024
Financial investments measured at FVTPL	(i)	**636,328**	603,353
Financial assets designated at fair value through profit or loss	(ii)	**11,468**	13,665
Total		**647,796**	617,018

23. Financial investments *(continued)*

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

(i) Financial investments measured at FVTPL

Financial investments held for trading

	2025	2024
Bonds:		
Classified by issuer	**337,044**	243,906
– Government bonds	**189,740**	96,730
– Bonds issued by policy banks	**41,970**	45,491
– Bonds issued by commercial banks and other financial institutions	**67,211**	58,420
– Other debt securities	**38,123**	43,265
Classified by listing	**337,044**	243,906
– Listed in the mainland China	**319,617**	222,192
– Listed outside the mainland China	**12,156**	13,079
– Unlisted	**5,271**	8,635
Other investments:		
Classified by underlying assets	**10,162**	2,379
– Equity investments	**1,972**	310
– Fund investments	**1,140**	1,026
– Wealth management products	**1,233**	909
– Precious metal contracts	**5,817**	134
Classified by listing	**10,162**	2,379
– Listed in the mainland China	**930**	310
– Listed outside the mainland China	**7,030**	134
– Unlisted	**2,202**	1,935
Total financial investments held for trading	**347,206**	246,285

23. 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

	2025	2024
Bonds:		
Classified by issuer	**7,759**	8,146
– Bonds issued by commercial banks and other financial institutions	**2,216**	1,443
– Other debt securities	**5,543**	6,703
Classified by listing	**7,759**	8,146
– Listed in the mainland China	**7,320**	6,528
– Listed outside the mainland China	**439**	551
– Unlisted	**–**	1,067
Other investments:		
Classified by underlying assets	**281,363**	348,922
– Equity investments	**4,748**	2,952
– Fund investments	**264,082**	342,925
– Wealth management products	**3,183**	2,225
– Non-standard assets	**9,146**	596
– Other	**204**	224
Classified by listing	**281,363**	348,922
– Listed in the mainland China	**1,196**	835
– Listed outside the mainland China	**324**	216
– Unlisted	**279,843**	347,871
Total other financial investments measured at FVTPL	**289,122**	357,068
Total financial investments measured at FVTPL	**636,328**	603,353

(ii) Financial investments designated at fair value through profit or loss

	2025	2024
Bonds:		
Classified by issuer	**11,468**	13,665
– Government bonds	**30**	43
– Bonds issued by policy banks	**5,733**	8,820
– Bonds issued by commercial banks and other financial institutions	**5,705**	4,802
Classified by listing	**11,468**	13,665
– Listed in the mainland China	**11,300**	11,928
– Listed outside the mainland China	**168**	1,646
– Unlisted	**–**	91
Total financial investments designated at FVTPL	**11,468**	13,665

23. Financial investments *(continued)*

(b) Debt investments at amortised cost

	2025	2024
Debt investments at amortised cost (i)(ii)	**2,136,700**	1,955,920
Accrued interest	**22,089**	21,328
Subtotal	**2,158,789**	1,977,248
Impairment losses of debt investments at amortised cost (i)(ii)(iii)	**(33,610)**	(35,459)
Impairment losses of accrued interest	**(228)**	(209)
Subtotal	**(33,838)**	(35,668)
Total	**2,124,951**	1,941,580

(i) Debt investments at amortised cost:

	2025	2024
Bonds:		
Classified by issuer	**2,036,223**	1,848,162
– Government bonds	**1,427,462**	1,240,885
– Bonds issued by policy banks	**476,846**	494,867
– Bonds issued by commercial banks and other financial institutions	**116,778**	99,345
– Other debt securities	**15,137**	13,065
Classified by listing	**2,036,223**	1,848,162
– Listed in the mainland China	**1,876,853**	1,743,427
– Listed outside the mainland China	**93,846**	68,301
– Unlisted	**65,524**	36,434
Fair value for the listed bonds	**2,057,151**	1,960,310
Other investments:		
Classified by underlying assets	**100,477**	107,758
– Non-standard assets – Loans and advances to customers	**39,610**	49,046
– Non-standard assets – Creditor's beneficiary rights to other commercial banks	**52,810**	49,403
– Non-standard assets – Other	**7,721**	8,656
– Other	**336**	653
Classified by listing	**100,477**	107,758
– Unlisted	**100,477**	107,758
Total	**2,136,700**	1,955,920
Less: Loss allowances	**(33,610)**	(35,459)
– Stage 1 (12-month ECL)	**(8,421)**	(8,949)
– Stage 2 (Lifetime ECL – not credit-impaired)	**(1,057)**	(354)
– Stage 3 (Lifetime ECL – credit-impaired)	**(24,132)**	(26,156)
Net debt investments at amortised cost	**2,103,090**	1,920,461

23. Financial investments *(continued)*

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

(ii) Analysed by stage of ECL:

	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

	2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Debt investments at amortised cost	1,927,893	1,790	26,237	1,955,920
Less: Loss allowances of debt investments at amortised cost	(8,949)	(354)	(26,156)	(35,459)
Net debt investments at amortised cost	1,918,944	1,436	81	1,920,461

(iii) Movements of allowances for expected credit losses

	2025			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	8,949	354	26,156	35,459
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(93)	99	(6)	–
– Stage 3	–	–	–	–
Charge/(release) for the year (note 14)	(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 the end of the year	8,421	1,057	24,132	33,610

23. Financial investments *(continued)*

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

(iii) Movements of allowances for expected credit loss *(continued)*

	2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	13,193	486	25,711	39,390
Transfer to:				
– Stage 1	–	–	–	–
– Stage 2	(40)	40	–	–
– Stage 3	–	–	–	–
Charge/(release) for the year (note 14)	(4,209)	(174)	253	(4,130)
Recovery of debt previously written off	–	–	175	175
Exchange difference	5	2	17	24
Balance as at the end of the year	8,949	354	26,156	35,459

(c) Debt investments at FVTOCI

	2025	2024
Debt investments at FVTOCI (i)	**1,325,300**	1,082,577
Accrued interest	**12,650**	9,550
Total	**1,337,950**	1,092,127
Impairment losses of debt investments at FVTOCI (ii)	**(7,787)**	(8,620)
Impairment losses of accrued interest	**(188)**	(227)
Total	**(7,975)**	(8,847)

No impairment allowances are recognised in the consolidated statement of financial position for debt investments at FVTOCI as the carrying amount is at fair value.

(i) Debt investments at FVTOCI:

	2025	2024
Bonds:		
Classified by issuer	**1,325,100**	1,082,577
– Government bonds	**897,455**	688,572
– Bonds issued by policy banks	**76,447**	23,685
– Bonds issued by commercial banks and other financial institutions	**238,443**	230,694
– Other debt securities	**112,755**	139,626
Classified by listing	**1,325,100**	1,082,577
– Listed in the mainland China	**952,189**	781,480
– Listed outside the mainland China	**144,334**	127,562
– Unlisted	**228,577**	173,535
Other investments:		
Classified by underlying assets	**200**	–
– Securities Brokerage Income Certificates	**200**	–
Classified by listing	**200**	–
– Unlisted	**200**	–
Total	**1,325,300**	1,082,577

23. Financial investments *(continued)*

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

(ii) Movements of allowances for expected credit losses

	2025	2024
Balance as at the beginning of the year	**8,620**	6,812
Charge/(release) for the year (note 14)	**(708)**	1,730
Exchange difference	**(125)**	78
Balance as at the end of the year	**7,787**	8,620

(d) Equity investments designated at FVTOCI

	2025	2024
Repossessed equity instruments	**2,651**	2,596
Other	**21,773**	19,719
Total	**24,424**	22,315
Classified by listing		
– Listed in the mainland China	**306**	322
– Listed outside the mainland China	**14,399**	12,565
– Unlisted	**9,719**	9,428
Total	**24,424**	22,315

During the year ended 31 December 2025, the Group disposed part of the equity investments designated at FVTOCI. The fair value of the equity investments disposed at the date of derecognition was RMB128 million (2024: RMB1,429 million). The cumulative net of tax profit of RMB11 million (2024: cumulative net of tax loss of RMB4 million) was transferred from investment revaluation reserve to retained earnings on disposal.

24. Particulars of principal subsidiaries of the bank

The following list contains particulars of subsidiaries which principally affect the financial results, assets or liabilities of the Group. Unless otherwise stated, the class of all shares held is ordinary. All of these companies are subsidiaries as defined under Note 4(1) and have been included in the scope of the consolidated financial statements of the Group.

Name of company	Place of incorporation and operation	Particulars of the issued and paid up capital (in millions)	% of ownership held by the Bank	Principal activities	Economic nature
CMB International Capital Holdings Corporation Limited (note (i))	Hong Kong	HKD4,129	100%	Investment bank and investment management	Limited liability
CMB Financial Leasing Company Limited (note (ii))	Shanghai	RMB18,000	100%	Finance leasing	Limited liability
CMB Wing Lung Bank Limited (note (iii))	Hong Kong	HKD1,161	100%	Banking	Limited liability
China Merchants Fund Management Co., Ltd. (note (iv))	Shenzhen	RMB1,310	55%	Fund management	Limited liability
CMB Wealth Management Co., Ltd (note (v))	Shenzhen	RMB5,556	90%	Asset management	Limited liability
China Merchants Europe S.A. (note (vi))	Luxembourg	EUR100	100%	Banking	Limited liability
Cigna & CMB Asset Management Company Limited (note (vii))	Beijing	RMB500	(note (vii))	Asset management	Limited liability
China Merchants Bank Financial Asset Investment Co., Ltd. (note (viii))	Shenzhen	RMB15,000	100%	Financial assets investment	Limited liability

24. Particulars of principal subsidiaries of the bank *(continued)*

Notes:

(i) CMB International Capital Holdings Corporation Limited ("CMBIC"), formerly known as Jiangnan Finance Company Limited and CMB International Capital Corporation Limited, is the Bank's wholly-owned subsidiary approved for setting up by the PBOC through its Yin Fu [1998] No. 405. In 2014, the Bank made an additional capital contribution of HKD750 million in CMBIC. The capital of CMBIC increased to HKD1,000 million, and the Bank's shareholding percentage remained unchanged. The Board of Directors passed "The Resolution regarding the Capital Increase and Restructuring of CMBIC" which agreed that the Bank made capital contribution of USD400 million (or its equivalent) to CMBIC on 28 July 2015. The capital contribution was completed on 20 January 2016.

(ii) CMB Financial Leasing Company Limited ("CMBFL") is a wholly-owned subsidiary of the Bank approved for setting up by the former CBIRC through its Yin Jian Fu [2008] No. 110 and commenced its operation in April 2008. In 2014, the Bank made an additional capital contribution of RMB2,000 million in CMBFL. The capital of CMBFL increased to RMB6,000 million and the Bank's shareholding percentage remained unchanged. In August 2021, CMBFL converted RMB6,000 million of its retained earnings into share capital, and the capital of CMBFL increased to RMB12,000 million. The Bank's shareholding percentage remained unchanged. In September 2024, CMBFL converted RMB6,000 million of its retained earnings into share capital, and the capital of CMBFL increased to RMB18,000 million. The Bank's shareholding percentage remained unchanged.

(iii) CMB Wing Lung Bank Limited ("CMB WLB") was formerly known as Wing Lung Bank Limited. On 30 September 2008, the Bank acquired a 53.12% equity interests in CMB WLB. CMB WLB became a wholly owned subsidiary of the Bank on 15 January 2009. CMB WLB had withdrawn from listing on the HKEx as of 16 January 2009.

(iv) In 2012, the Bank acquired 21.60% equity interests in China Merchants Fund Management Co., Ltd. ("CMFM"), its former associate, from ING Asset Management B.V. at a consideration of EUR63,567,567.57. Following the settlement of the above consideration in cash, the Bank's shareholding in CMFM increased from 33.40% to 55.00% in 2013. As a result, the Bank obtained the control over CMFM, which became the Bank's subsidiary on 28 November 2013. In December 2017, the Bank made an additional capital contribution of RMB605 million in CMFM, and other shareholders of CMFM also made capital contribution of RMB495 million proportionally. The capital of CMFM increased to RMB1,310 million, and the Bank's shareholding percentage remained unchanged.

(v) CMB Wealth Management Co., Ltd. ("CMBWM") is a wholly-owned subsidiary of the Bank, approved for setting up by the former CBIRC with Yin Bao Jian Fu [2019] No. 981. It was formally established on 1 November 2019. In accordance with the approval of former CBIRC (Yin Bao Jian Fu [2021] No.920)", JPMorgan Asset Management (Asia Pacific) Limited ("JPMorgan Asset Management") has subscribed for a 10% stake in CMBWM in 2022 with an investment of RMB2,667 million. After the completion of capital injection, CMBWM's registered capital has been increased to approximately RMB5,556 million from RMB5,000 million and the Bank's and JPMorgan Asset Management's shareholdings are 90% and 10% respectively.

(vi) China Merchants Europe S.A. ("CMB Europe S.A.") is a wholly-owned subsidiary of the Bank approved by the former CBIRC with Yin Bao Jian Fu [2016] No. 460. The Bank received an approval from the European Central Bank (ECB) for the establishment of CMB Europe S.A. in Luxembourg in May 2021. In June 2023, the Bank made an additional capital contribution of EUR 50 million in CMB Europe S.A. The capital of CMB Europe S.A. increased to EUR 100 million, and the Bank's shareholding percentage remained unchanged.

(vii) Cigna & CMB Asset Management Company Limited ("CIGNA & CMAM") was registered and established on 18 October 2020 with the approval for setting up by the former CBIRC with Yin Bao Jian Fu [2020] No.708. 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.

(viii) China Merchants Bank Financial Asset Investment Co., Ltd. ("CMB Investment") is a wholly-owned subsidiary of the Bank, established in November 2025, approved for commence operations by the NFRA with Jin Fu [2025] No.667 with a registered capital of RMB15,000 million.

25. Interests in joint ventures

	2025	2024
Share of net assets	**20,126**	19,310
Share of profits for the year	**3,984**	1,713
Share of other comprehensive income/(expense) for the year	**(2,934)**	2,185

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

Name of joint ventures	Economic nature	Place of incorporation and operation	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	RMB2,800	50.00%	50.00%	Life insurance business
Merchants Union Consumer Finance Company Limited (note (ii))	Joint stock limited company	Shenzhen	RMB10,000	50.00%	50.00%	Consumer finance

Notes:

(i) The Group holds 50.00% equity interests in CIGNA & CMB Life Insurance Co., Ltd. ("CIGNA & CMB Life") and Cigna Health and Life Insurance Company ("CHLIC") holds the other 50.00% equity interests. The Bank and CHLIC share the joint venture's risk, profits and losses based on their shareholding 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"). 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 a capital contribution 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".

25. Interests in joint ventures *(continued)*

Summarised financial information of the joint ventures which are individually material to the Group is as follows:

(i) CIGNA & CMB Life:

	Assets	Liabilities	Equity	Revenue	Net profit	Other comprehensive income/ (expense)	Total comprehensive income/ (expense)	Cash and cash equivalents	Depreciation and amortisation	Income tax
2025										
CIGNA & CMB Life	**259,289**	**244,946**	**14,343**	**19,376**	**3,351**	**(3,337)**	**14**	**3,152**	**128**	**1,489**
Group's effective interest	**129,449**	**122,473**	**6,976**	**9,688**	**1,622**	**(1,669)**	**(47)**	**1,576**	**64**	**745**
2024										
CIGNA & CMB Life	214,689	199,905	14,784	49,553	558	4,371	4,929	1,596	141	(61)
Group's effective interest	106,976	99,953	7,023	24,777	222	2,185	2,407	798	71	(31)

(ii) MUCFC:

	Assets	Liabilities	Equity	Revenue	Net profit	Total comprehensive income	Cash and cash equivalents	Depreciation and amortisation	Income tax
2025									
MUCFC	**167,238**	**142,121**	**25,117**	**16,144**	**3,054**	**3,054**	**6,386**	**104**	**467**
Group's effective interest	**83,620**	**71,061**	**12,559**	**8,072**	**1,527**	**1,527**	**3,193**	**52**	**234**
2024									
MUCFC	163,751	141,088	22,663	17,318	3,016	3,016	4,170	50	440
Group's effective interest	81,876	70,544	11,332	8,659	1,508	1,508	2,085	25	220

Summarised financial information of the joint ventures that are not individually material to the Group is as follows:

	Net profit or loss	Other comprehensive income	Total comprehensive income/(expense)
2025			
Other joint ventures	**1,542**	**–**	**1,542**
Group's effective interest	**299**	**–**	**299**
2024			
Other joint ventures	(626)	–	(626)
Group's effective interest	(17)	–	(17)

26. Interests in associates

	2025	2024
Share of net assets	**12,788**	11,705
Share of profits for the year	**1,489**	919
Share of other comprehensive income/(expense) for the year	**(210)**	267

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

	Economic nature	Place of incorporation and operation	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, 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 included in interests in associates.

Summarised financial information of the associate which is individually material to the Group is as follows:

	Assets	Liabilities	Equity	Revenue	Net profit	Other comprehensive income	Total comprehensive income	Cash and cash equivalents	Depreciation and amortisation	Income tax
2025										
Bank of Taizhou Co., Ltd.	**420,332**	**381,710**	**38,622**	**11,221**	**3,529**	**(907)**	**2,622**	**17,285**	**537**	**659**
Group's effective interest	**103,283**	**94,878**	**8,405**	**2,789**	**815**	**(225)**	**590**	**4,296**	**133**	**164**
2024										
Bank of Taizhou Co., Ltd.	412,899	375,527	37,372	12,714	4,781	982	5,763	15,429	521	1,009
Group's effective interest	101,380	93,341	8,039	3,160	1,096	255	1,351	3,835	129	251

Summarised financial information of the associates that are not individually material to the Group is as follows:

	Net profit or loss	Other comprehensive income	Total comprehensive income/(expense)
2025			
Other associates	**7,131**	**39**	**7,170**
Group's effective interest	**674**	**15**	**689**
2024			
Other associates	(726)	33	(693)
Group's effective interest	(177)	12	(165)

27. Investment properties

	2025	2024
Cost:		
At 1 January	**3,479**	3,097
Transfers in/(out)	**94**	318
Exchange difference	**(84)**	64
At 31 December	**3,489**	3,479
Accumulated depreciation:		
At 1 January	**2,362**	1,937
Depreciation	**169**	129
Transfers in/(out)	**31**	245
Exchange difference	**(70)**	51
At 31 December	**2,492**	2,362
Net carrying amount:		
At 31 December	**997**	1,117
At 1 January	**1,117**	1,160

As at 31 December 2025, no impairment allowance was considered necessary for investment properties by the Group (31 December 2024: Nil).

Investment properties of the Group mainly represent the leased properties of CMB WLB and the Bank that have been leased out under operating leases. The fair value of the Group's investment properties is determined by the market approach and the method of capitalisation of net rental income. As at 31 December 2025, the fair value of these properties was RMB3,547 million (31 December 2024: RMB4,322 million).

The Group's total future minimum leases receivable under non-cancellable operating leases are as follows:

	2025	2024
Within 1 year (inclusive)	**232**	199
1 year to 2 years (inclusive)	**162**	187
2 year to 3 years (inclusive)	**76**	165
3 year to 4 years (inclusive)	**59**	104
4 year to 5 years (inclusive)	**45**	106
Over 5 years	**238**	169
Total	**812**	930

The fair value hierarchy of the investment properties of the Group are listed as follows:

	Level 1	Level 2	Level 3	Fair Value as at 31 December 2025
Located in the mainland China	**–**	**1,272**	**–**	**1,272**
Located overseas	**–**	**–**	**2,275**	**2,275**
Total	**–**	**1,272**	**2,275**	**3,547**

	Level 1	Level 2	Level 3	Fair Value as at 31 December 2024
Located in the mainland China	–	1,875	–	1,875
Located overseas	–	–	2,447	2,447
Total	–	1,875	2,447	4,322

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

28. Property and equipment

	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	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	–	–	–	–	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

28. 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 2024	33,026	3,980	17,338	12,767	104,803	5,210	177,124
Additions	9	1,995	2,529	532	29,732	285	35,082
Reclassification and transfers	1,413	(2,150)	46	402	–	(29)	(318)
Disposals	(237)	–	(839)	(94)	(16,074)	(530)	(17,774)
Exchange difference	113	–	63	16	1,172	7	1,371
At 31 December 2024	34,324	3,825	19,137	13,623	119,633	4,943	195,485
Accumulated depreciation:							
At 1 January 2024	15,984	–	14,582	8,946	16,815	4,270	60,597
Depreciation	1,480	–	1,812	891	6,689	453	11,325
Reclassification and transfers	(245)	–	46	(52)	–	(46)	(297)
Disposals	(186)	–	(838)	(32)	(5,501)	(523)	(7,080)
Exchange difference	88	–	44	15	131	11	289
At 31 December 2024	17,121	–	15,646	9,768	18,134	4,165	64,834
Impairment loss:							
At 1 January 2024	20	–	–	–	1,159	–	1,179
Charge	–	–	–	–	791	–	791
Disposals	(20)	–	–	–	(74)	–	(94)
Exchange difference	–	–	–	–	14	–	14
At 31 December 2024	–	–	–	–	1,890	–	1,890
Net carrying amount:							
At 31 December 2024	17,203	3,825	3,491	3,855	99,609	778	128,761
At 1 January 2024	17,022	3,980	2,756	3,821	86,829	940	115,348

(a) As at 31 December 2025, the process of obtaining the registration certificate for the Group's properties with an aggregate net carrying value of RMB5,908 million (31 December 2024: RMB2,394 million) was still in progress. Management is of the view that the aforesaid matter would neither affect the rights of the Group to these assets nor have any significant impact on the business operation of the Group.

(b) As at 31 December 2025, the Group had no significant unused property and equipment (31 December 2024: None).

(c) As at 31 December 2025, the carrying value of mortgaged aircraft and vessels for placements from banks and other financial institutions of the CMBFL was RMB21,806 million (31 December 2024: RMB24,026 million).

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

	2025	2024
Within 1 year (inclusive)	**11,983**	11,988
1 year to 2 years (inclusive)	**10,297**	10,327
2 year to 3 years (inclusive)	**9,571**	8,677
3 year to 4 years (inclusive)	**8,137**	8,178
4 year to 5 years (inclusive)	**7,384**	7,634
Over 5 years	**27,760**	29,074
Total	**75,132**	75,878

29. Lease contracts

(a) Right-of-use assets

	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	56	2,911	1	–	2,968
Decrease	–	(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 (note 10)	183	3,739	4	2	3,928
Decrease	–	(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

	Land use rights	Buildings	Computer equipment	Motor vehicles and other	Total
Cost:					
At 1 January 2024	6,002	25,044	10	11	31,067
Additions	–	4,423	7	–	4,430
Decrease	(61)	(4,222)	(4)	–	(4,287)
Exchange difference	6	24	–	–	30
At 31 December 2024	5,947	25,269	13	11	31,240
Accumulated depreciation:					
At 1 January 2024	1,557	12,399	8	3	13,967
Depreciation (note 10)	182	3,919	4	2	4,107
Decrease	(2)	(3,759)	(4)	–	(3,765)
Exchange difference	–	41	–	–	41
At 31 December 2024	1,737	12,600	8	5	14,350
Impairment loss:					
At 1 January 2024	59	–	–	–	59
Decrease	(59)	–	–	–	(59)
At 31 December 2024	–	–	–	–	–
Net carrying amount:					
At 31 December 2024	4,210	12,669	5	6	16,890
At 1 January 2024	4,386	12,645	2	8	17,041

The Group mainly leases land use rights and buildings for its operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee.

29. Lease contracts *(continued)*

(b) Lease liabilities

Analysis of the Group's lease liabilities by remaining maturity is as follows:

	2025	2024
Within 1 month (inclusive)	**417**	448
1 month to 3 months (inclusive)	**594**	607
3 months to 1 year (inclusive)	**2,694**	2,855
1 year to 2 years (inclusive)	**2,879**	3,145
2 years to 5 years (inclusive)	**3,817**	4,560
Over 5 years	**852**	1,163
Total	**11,253**	12,778

(c) Short-term leases and leases of low-value assets

Short-term lease expense and leases of low-value assets expense are disclosed in note 10. The Group entered into short-term leases for buildings, computer equipment, motor vehicles and other.

(d) During the year of 2025, total cash outflow of the Group's leases amounted to RMB4,542 million (2024: RMB4,793 million).

(e) As at 31 December 2025 and 2024, the leases committed but not yet commenced were not significant.

30. Intangible assets

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2025	10,753	1,246	11,999
Additions	191	–	191
Disposals	(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 (note 10)	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

	Software and other	Core deposits	Total
Cost/appraisal value:			
At 1 January 2024	10,577	1,203	11,780
Additions	194	–	194
Disposals	(22)	–	(22)
Exchange difference	4	43	47
At 31 December 2024	10,753	1,246	11,999
Accumulated amortisation:			
At 1 January 2024	8,418	653	9,071
Charge for the year (note 10)	636	44	680
Disposals	(20)	–	(20)
Exchange difference	7	23	30
At 31 December 2024	9,041	720	9,761
Impairment loss:			
At 1 January 2024	–	–	–
Charge for the year	42	–	42
At 31 December 2024	42	–	42
Net carrying amount:			
At 31 December 2024	1,670	526	2,196
At 1 January 2024	2,159	550	2,709

31. Goodwill

	As at 31 December 2024	Addition during the year	Decrease during the year	**As at 31 December 2025**
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 a 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. The details about CMB WLB are set out in Note 24.

(ii) On 28 November 2013, the Bank acquired a 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 of RMB769 million over the fair value of the identifiable net assets, was recognised as goodwill. The details about CMFM are set out in Note 24.

(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 CMB Network Technology'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.

Impairment test for goodwill

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using a steady growth rate. The growth rate is comparable to the forecast long-term economic growth rate issued by authoritative institutions which does not exceed the long-term average growth rate for the business in which the CGU operates.

The discount rate adopted by the Group is the before-tax rate and reflects the specific risk associated with the CGU. A pre-tax discount rates of CMB WLB and CMFM adopted by the Group are 9% and 9%(2024: 10% and 11%). The Group believes any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

32. Deferred tax assets and deferred tax liabilities

	2025	2024
Deferred tax assets	**89,856**	83,674
Deferred tax liabilities	**(1,115)**	(1,592)
Net amount	**88,741**	82,082

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

	2025		2024	
	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 to customers and other assets at amortised cost	**293,989**	**73,194**	294,876	73,469
Financial assets at FVTOCI	**24**	**6**	1,389	233
Financial instruments at FVTPL	**705**	**176**	845	209
Lease liabilities	**11,108**	**2,770**	12,656	3,163
Salaries and welfare payable and other	**93,066**	**22,005**	92,695	22,081
Total	**398,892**	**98,151**	402,461	99,155
Deferred tax liabilities before offsetting qualifying amounts				
Financial assets at FVTOCI	**(13,992)**	**(3,432)**	(32,611)	(8,153)
Financial instruments at FVTPL	**(554)**	**(137)**	(9,597)	(2,399)
Right-of-use assets	**(11,089)**	**(2,764)**	(12,575)	(3,142)
Other	**(20,135)**	**(3,077)**	(22,188)	(3,379)
Total	**(45,770)**	**(9,410)**	(76,971)	(17,073)

	2025	2024
Deferred tax assets before offsetting qualifying amounts	**98,151**	99,155
Offsetting amounts	**(8,295)**	(15,481)
Deferred tax assets after offsetting qualifying amounts	**89,856**	83,674
Deferred tax liabilities before offsetting qualifying amounts	**(9,410)**	(17,073)
Offsetting amounts	**8,295**	15,481
Deferred tax liabilities after offsetting qualifying amounts	**(1,115)**	(1,592)

32. Deferred tax assets and deferred tax liabilities *(continued)*

(b) Movements of deferred tax

	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

	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 2024	74,251	(2,232)	(363)	17,294	88,950
Recognised in profit or loss	(808)	1,004	(1,828)	1,468	(164)
Recognised in other comprehensive income	–	(6,704)	–	4	(6,700)
Exchange difference	26	12	1	(43)	(4)
At 31 December 2024	73,469	(7,920)	(2,190)	18,723	82,082

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 the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

33. Other assets

	2025	2024
Amounts pending for settlement	**4,622**	14,206
Continuing involvement assets	**5,274**	5,274
Accrued interest	**4,084**	4,662
Prepaid lease payments	**392**	482
Repossessed assets (a)	**356**	383
Guarantee deposits	**749**	629
Prepayment for leasehold improvement and other miscellaneous items	**5,490**	6,617
Post-employment benefits: defined benefit plan (note 39(b))	**74**	71
Other	**28,613**	23,989
Total	**49,654**	56,313

(a) Repossessed assets

	2025	2024
Land and buildings	**449**	506
Other repossessed assets	**9**	5
Total	**458**	511
Less: Impairment allowances	**(102)**	(128)
Net repossessed assets	**356**	383

Note: In 2025, the Group disposed of repossessed assets with a total carrying value of RMB86 million (2024: RMB52 million).

34. Deposits from banks and other financial institutions

	2025	2024
Principal (a)	**910,488**	699,306
Accrued interest	**1,211**	669
Total	**911,699**	699,975

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**908,760**	697,014
– Banks	**32,203**	37,744
– Other financial institutions	**876,557**	659,270
Outside the mainland China	**1,728**	2,292
– Banks	**1,056**	1,157
– Other financial institutions	**672**	1,135
Total	**910,488**	699,306

35. Placements from banks and other financial institutions

	2025	2024
Principal (a)	**249,635**	234,453
Accrued interest	**1,066**	923
Total	**250,701**	235,376

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**174,442**	153,837
– Banks	**173,961**	150,562
– Other financial institutions	**481**	3,275
Outside the mainland China	**75,193**	80,616
– Banks	**74,983**	80,397
– Other financial institutions	**210**	219
Total	**249,635**	234,453

36. Financial liabilities at fair value through profit or loss

	2025	2024
Financial liabilities held for trading (a)	**88,605**	29,146
Financial liabilities designated at fair value through profit or loss (b)	**31,894**	38,315
Total	**120,499**	67,461

(a) Financial liabilities held for trading

	2025	2024
Financial liabilities related to precious metal	**88,317**	28,757
Short position on bonds	**288**	389
Total	**88,605**	29,146

(b) Financial liabilities designated at fair value through profit or loss

	2025	2024
In the mainland China	**31,085**	32,489
– Other	**31,085**	32,489
Outside the mainland China	**809**	5,826
– Debt securities issued	**–**	5,567
– Other	**809**	259
Total	**31,894**	38,315

As at 31 December 2025 and 2024, the difference between the fair values of the Group's financial liabilities designated at fair value through profit or loss and the contractual payable amount at maturity is not significant. The amounts of changes in the fair value of these liabilities that are attributable to changes in credit risk of the Group are not significant during the years ended 31 December 2025 and 2024 and as at 31 December 2025 and 2024.

37. Amounts sold under repurchase agreements

	2025	2024
Principal (a)(b)	**95,262**	83,747
Accrued interest	**148**	295
Total	**95,410**	84,042

(a) Analysed by nature of counterparties

	2025	2024
In the mainland China	**81,106**	60,182
– Banks	**77,482**	56,941
– Other financial institutions	**3,624**	3,241
Outside the mainland China	**14,156**	23,565
– Banks	**9,873**	11,759
– Other financial institutions	**4,283**	11,806
Total	**95,262**	83,747

(b) Analysed by underlying assets

	2025	2024
Debt securities	**95,262**	83,747
– Government bonds	**71,743**	57,326
– Bonds issued by policy banks	**5,007**	8,530
– Bonds issued by commercial banks and other financial institutions	**17,564**	11,128
– Other debt securities	**948**	6,763
Total	**95,262**	83,747

38. Deposits from customers

	2025	2024
Principal (a)	**9,836,130**	9,096,587
Accrued interest	**88,428**	98,742
Total	**9,924,558**	9,195,329

(a) Analysed by nature of counterparties

	2025	2024
Corporate customers	**5,340,216**	5,063,553
– Demand deposits	**2,761,092**	2,772,365
– Time deposits	**2,579,124**	2,291,188
Retail customers	**4,495,914**	4,033,034
– Demand deposits	**2,234,851**	1,980,251
– Time deposits	**2,261,063**	2,052,783
Total	**9,836,130**	9,096,587

(b) The deposits taken from customers as collateral or for the purpose of guarantees are as follows:

	2025	2024
Guarantee for acceptance bills	**295,228**	283,883
Guarantee for loans	**10,769**	12,086
Guarantee for issuing letters of credit	**30,556**	27,385
Deposit for letters of guarantee	**58,235**	53,126
Other	**18,222**	21,087
Total	**413,010**	397,567

39. Staff welfare scheme

(a) Salaries and welfare payable

	2025			
	Beginning balance	**Charge/ (Decrease) for the year**	**Payment/ transfers in the year**	**Ending balance**
Short-term employee benefits (i)	**34,364**	**60,898**	**(59,491)**	**35,771**
Post-employment benefits – defined contribution plans (ii)	**148**	**7,791**	**(7,751)**	**188**
Total	**34,512**	**68,689**	**(67,242)**	**35,959**

	2024			
	Beginning balance	Charge/ (Decrease) for the year	Payment/ transfers in the year	Ending balance
Short-term employee benefits (i)	28,314	62,029	(55,979)	34,364
Post-employment benefits – defined contribution plans (ii)	361	6,059	(6,272)	148
Other long-term employee benefits – cash settled share-based transactions	4	–	(4)	–
Total	28,679	68,088	(62,255)	34,512

39. Staff welfare scheme *(continued)*

(a) Salaries and welfare payable *(continued)*

(i) Short-term employee benefits

	2025			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Salaries and bonus	**28,838**	**52,680**	**(50,992)**	**30,526**
Welfare expense	**54**	**1,531**	**(1,558)**	**27**
Social insurance	**342**	**2,347**	**(2,354)**	**335**
– Medical insurance	**327**	**2,196**	**(2,203)**	**320**
– Injury insurance	**5**	**63**	**(63)**	**5**
– Maternity insurance	**10**	**88**	**(88)**	**10**
Housing reserve	**51**	**3,306**	**(3,333)**	**24**
Labour union and employee education expenses	**5,079**	**1,034**	**(1,254)**	**4,859**
Total	**34,364**	**60,898**	**(59,491)**	**35,771**

	2024			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Salaries and bonus	23,592	52,627	(47,381)	28,838
Welfare expense	15	2,389	(2,350)	54
Social insurance	362	1,954	(1,974)	342
– Medical insurance	345	1,812	(1,830)	327
– Injury insurance	6	50	(51)	5
– Maternity insurance	11	92	(93)	10
Housing reserve	141	2,940	(3,030)	51
Labour union and employee education expenses	4,204	2,119	(1,244)	5,079
Total	28,314	62,029	(55,979)	34,364

39. Staff welfare scheme *(continued)*

(a) Salaries and welfare payable *(continued)*

(ii) Post-employment benefits-defined contribution plans

	2025			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Basic retirement insurance	**69**	**3,980**	**(3,996)**	**53**
Supplementary pension	**66**	**3,672**	**(3,615)**	**123**
Unemployment insurance	**13**	**139**	**(140)**	**12**
Total	**148**	**7,791**	**(7,751)**	**188**

	2024			
	Beginning balance	Charge for the year	Payment/ transfers in the year	Ending balance
Basic retirement insurance	179	3,519	(3,629)	69
Supplementary pension	161	2,430	(2,525)	66
Unemployment insurance	21	110	(118)	13
Total	361	6,059	(6,272)	148

In accordance with the regulations in the PRC, the Group participates in statutory pension schemes organised by the municipal and provincial governments for its all employees (endowment insurance). During the year ended 31 December 2025, the Group's contributions to these pension schemes are determined by local governments and vary at a range of 14% to 17% (2024: 14% to 16%) of the staff salaries and bonuses.

In addition to the above statutory pension schemes, the Group has established a supplementary defined contribution plan for its employees (annuity insurance) in accordance with relevant annuity policies for corporate entities in the PRC. During the year ended 31 December 2025, the Group's annual contributions to this plan are calculated at 8% of the staff salaries and bonuses (2024: not exceeding 8%).

For its employees outside the mainland China, the Group participates in defined contribution retirement schemes at funding rates determined in accordance with the local practices and regulations.

39. Staff welfare scheme *(continued)*

(b) Post-employment benefits – defined benefit plan

The Group's subsidiary CMB WLB operates a defined benefit plan (the "plan") for the staff, which includes a defined benefit scheme and a defined benefit pension scheme. Contributions to the plan are determined based on periodic valuations by qualified actuaries on the assets and liabilities of the plan. The plan provides benefits based on members' final salary. The costs are solely funded by CMB WLB.

The latest actuarial valuation of the plan as at 31 December 2025 was performed by Towers Watson Hong Kong Limited, a professional actuarial firm in accordance with IAS 19 *Employee Benefits*. The present values of the defined benefit obligation and current service cost of the plan are calculated based on the projected unit credit method. At the valuation date, the plan had a funding level of 132% (2024: 133%).

The amounts recognised in the consolidated statement of financial position as at 31 December 2025 and 2024 are analysed as follows:

	2025	2024
Fair value of the plan assets	**306**	283
Present value of the funded defined benefit obligation	**(232)**	(212)
Net asset recognised in the consolidated statement of financial position	**74**	71

A portion of the above asset is expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts receivable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. No contribution to the plan is expected to be paid in 2026.

There was no plan amendment, curtailment or settlement impact for the years ended 31 December 2025 and 2024.

The amounts recognised in the consolidated statement of profit or loss are as follows:

	2025	2024
Current service cost	**(6)**	(7)
Net interest income	**3**	1
Net expense for the year included in retirement benefit costs	**(3)**	(6)

The actual gain on the plan assets for the year ended 31 December 2025 was RMB51 million (2024: gain of RMB24 million).

The movements in the defined benefit obligation during the year are as follows:

	2025	2024
Present value of obligation at 1 January	**212**	217
Current service cost	**6**	7
Interest cost	**6**	7
Actual benefits paid	**(14)**	(18)
Actuarial gains or losses due to liability experience	**13**	12
Actuarial gains or losses due to financial assumption changes	**18**	(20)
Actuarial gains or losses due to demographic assumption changes	**–**	–
Exchange difference	**(9)**	7
Actual obligation at 31 December	**232**	212

The movements in the fair value of the plan assets during the year are as follows:

	2025	2024
Fair value of the plan assets at 1 January	**283**	267
Interest income	**9**	8
Expected return on plan assets	**42**	16
Actual benefits paid	**(14)**	(18)
Exchange difference	**(14)**	10
Fair value of the plan assets at 31 December	**306**	283

39. Staff welfare scheme *(continued)*

(b) Post-employment benefits – defined benefit plan *(continued)*

The major categories of the plan assets are as follows:

	2025		2024	
	Amount	**%**	Amount	%
Equities	**179**	**58.5**	155	54.8
Bonds	**53**	**17.3**	56	19.8
Cash	**74**	**24.2**	72	25.4
Total	**306**	**100.0**	283	100.0

As at 31 December 2025, deposit with the Bank included in the amount of the plan assets was RMB65 million (2024: RMB63 million).

The principal actuarial assumptions adopted in the valuation are as follows:

	2025 **%**	2024 %
Discount rate		
– Defined benefit scheme	**2.7**	3.1
– Defined benefit pension scheme	**2.5**	3.7
Long-term average rate of salary increase for the plan	**4.0**	3.0
Pension increase rate for the defined benefit pension plan	**–**	–

In 2025 and 2024, there were no significant change in the amount of retirement benefit plan liabilities due to changes in the above-mentioned actuarial assumptions.

40. Tax payable

	2025	2024
Corporate income tax	**9,051**	5,680
Value added tax	**3,711**	3,963
Other	**1,951**	2,070
Total	**14,713**	11,713

41. Contract liabilities

	2025	2024
Credit card points	**2,090**	2,838
Other deferred fee and commission income	**1,458**	1,355
Total	**3,548**	4,193

42. Provisions

	2025	2024
Expected credit losses on provisions	**14,963**	14,712
Other	**1,956**	2,050
Total	**16,919**	16,762

The expected credit losses for loan commitments and financial guarantee contracts by stages are as follows:

	2025	2024
Stage 1 (12-month ECL)	**13,611**	12,560
Stage 2 (Lifetime ECL-not credit-impaired)	**1,036**	1,338
Stage 3 (Lifetime ECL-credit-impaired)	**316**	814
Total	**14,963**	14,712

43. Debt securities issued

	Notes	2025	2024
Debt securities issued	(a)	**80,963**	85,003
Negotiable interbank certificates of deposit issued		**11,259**	89,186
Certificates of deposit and other debt securities issued (note)		**50,181**	47,394
Accrued interest		**1,084**	1,338
Total		**143,487**	222,921

Note: Other debt securities issued are notes issued by overseas subsidiaries of the Bank.

(a) Debt securities issued

As at the end of the 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 year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Medium term note	60 months	2021/9/1	1.25	USD300	2,195	–	(1)	(90)	–	2,104
Medium term note	36 months	2022/3/2	2.00	USD400	2,938	–	–	(68)	(2,870)	–
Fixed rate bond	36 months	2022/5/11	2.65	RMB5,000	5,000	–	–	–	(5,000)	–
Fixed rate bond	36 months	2022/9/1	2.40	RMB10,000	9,999	–	1	–	(10,000)	–
Fixed rate bond	36 months	2023/3/27	2.77	RMB5,000	4,999	–	–	–	–	4,999
Medium term note	36 months	2023/6/13	SOFR+0.65	USD400	2,927	–	–	(125)	–	2,802
Fixed rate bond	36 months	2024/3/22	2.35	RMB5,000	4,999	–	–	–	–	4,999
Medium term note	36 months	2024/7/10	5.22	USD400	2,955	–	–	(134)	–	2,821
Medium term note	36 months	2024/7/15	5.78	USD300	2,212	–	(1)	(95)	–	2,116
Fixed rate bond	36 months	2025/2/25	1.90	RMB5,000	–	5,000	(1)	–	–	4,999
Fixed rate bond	36 months	2025/6/5	1.66	RMB5,000	–	5,000	(1)	–	–	4,999
Floating rate bond	36 months	2025/12/3	DR+0.34	RMB3,500	–	3,500	–	–	–	3,500
Fixed rate bond	60 months	2025/12/3	1.85	RMB1,500	–	1,500	–	–	–	1,500
Total					38,224	15,000	(3)	(512)	(17,870)	34,839

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 RMB314 million equivalent as of 31 December 2025 (31 December 2024: RMB364 million equivalent).

43. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

As 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 year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	120 months	2019/7/3	3.63	USD100	716	–	1	(16)	–	701
Fixed rate bond	120 months	2020/7/14	4.25	RMB2,000	1,995	–	5	–	(2,000)	–
Fixed rate bond	60 months	2020/8/12	1.88	USD800	5,748	–	3	(38)	(5,713)	–
Fixed rate bond	120 months	2020/8/12	2.75	USD400	2,860	–	3	(61)	–	2,802
Fixed rate bond	60 months	2021/2/4	2.00	USD400	2,873	–	2	(61)	–	2,814
Fixed rate bond	120 months	2021/2/4	2.88	USD400	2,855	–	3	(61)	–	2,797
Fixed rate bond	60 months	2021/3/24	2.00	USD20	143	–	–	(2)	–	141
Fixed rate bond	60 months	2021/9/16	1.75	USD300	2,151	–	3	(46)	–	2,108
Floating rate bond	60 months	2022/12/16	SOFR+1.40	USD100	719	–	–	(16)	–	703
Fixed rate bond	24 months	2023/2/17	3.50	RMB500	500	–	–	–	(500)	–
Floating rate bond	24 months	2023/5/31	SOFR+1.00	USD75	539	–	–	–	(539)	–
Floating rate bond	36 months	2023/6/13	SOFR+1.05	USD103	739	–	1	(16)	–	724
Fixed rate bond	18 months	2023/7/10	3.05	RMB700	700	–	–	–	(700)	–
Floating rate bond	24 months	2023/8/16	SOFR+0.95	USD100	719	–	–	(5)	(714)	–
Floating rate bond	60 months	2023/8/18	SOFR+1.30	USD50	358	–	–	(7)	–	351
Floating rate bond	36 months	2023/8/23	SOFR+1.00	USD300	2,152	–	3	(46)	–	2,109
Floating rate bond	24 months	2023/8/25	SOFR+0.95	USD100	718	–	–	(4)	(714)	–
Fixed rate bond	36 months	2023/11/16	2.80	RMB2,500	2,496	–	2	–	–	2,498
Fixed rate bond	36 months	2023/11/27	3.35	RMB350	349	–	–	–	–	349
Floating rate bond	36 months	2023/11/30	SOFR+1.10	USD50	359	–	–	(7)	–	352
Fixed rate bond	36 months	2023/12/5	2.90	RMB4,000	3,994	–	4	–	–	3,998
Fixed rate bond	36 months	2024/3/5	2.45	RMB3,000	2,995	–	2	–	–	2,997
Floating rate bond	36 months	2024/3/12	SOFR+1.05	USD40	288	–	–	(7)	–	281
Floating rate bond	36 months	2024/3/27	SOFR+1.00	USD67	481	–	–	(10)	–	471
Floating rate bond	12 months	2024/4/16	SOFR+0.64	USD20	144	–	–	–	(144)	–
Floating rate bond	12 months	2024/4/22	SOFR+0.65	USD30	216	–	–	–	(216)	–
Fixed rate bond	36 months	2024/5/23	2.20	RMB2,500	2,495	–	2	–	–	2,497
Floating rate bond	36 months	2024/6/4	SOFR+0.76	USD500	3,588	–	3	(77)	–	3,514
Floating rate bond	36 months	2024/8/7	SOFR+0.76	USD257	1,849	–	(1)	(39)	–	1,809
Floating rate bond	36 months	2024/10/8	SOFR+0.76	USD30	216	–	–	(5)	–	211
Floating rate bond	48 months	2024/10/25	SOFR+0.639	USD30	216	–	–	(5)	–	211
Floating rate bond	12 months	2024/11/20	SOFR+0.45	USD50	359	–	–	(5)	(354)	–
Floating rate bond	12 months	2024/11/27	SOFR+0.49	USD100	719	–	–	(11)	(708)	–
Floating rate bond	12 months	2024/12/17	SOFR+0.49	USD30	216	–	–	(4)	(212)	–
Fixed rate bond	36 months	2025/5/22	1.75	RMB2,000	–	2,000	(3)	–	–	1,997
Floating rate bond	60 months	2025/6/5	SOFR+0.80	USD400	–	2,875	–	(65)	–	2,810
Floating rate bond	36 months	2025/6/5	SOFR+0.68	USD300	–	2,156	1	(49)	–	2,108
Fixed rate bond	36 months	2025/7/23	1.71	RMB1,500	–	1,500	(3)	–	–	1,497
Floating rate bond	36 months	2025/9/25	SOFR+0.63	USD50	–	356	–	(4)	–	352
Floating rate bond	3 months	2025/12/17	SOFR+0.35	USD5	–	35	–	–	–	35
Total					47,465	8,922	31	(667)	(12,514)	43,237

Note: Financial bonds issued by CMBFL that were held by the Bank amounted to a total of RMB150 million equivalent as of 31 December 2025 (31 December 2024: Nil). 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 RMB1,884 million equivalent and RMB212 million equivalent as of 31 December 2025 (31 December 2024: RMB1,533 million equivalent and RMB236 million equivalent).

43. Debt securities issued *(continued)*

(a) Debt securities issued *(continued)*

As at the end of the reporting period, debt securities issued by CMBIC's subsidiary was 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 year (RMB in million)	Discount or premium amortisation (RMB in million)	Exchange difference (RMB in million)	Repayment during the year (RMB in million)	Ending balance (RMB in million)
Fixed rate bond	24 months	2024/4/29	3.15	RMB720	719	–	1	–	–	720
Floating rate bond	36 months	2024/6/26	SOFR+0.65	USD100	728	–	1	(31)	–	698
Floating rate bond	36 months	2025/8/26	SOFR+0.60	USD300	–	2,136	(1)	(40)	–	2,095
Floating rate bond	60 months	2025/8/26	SOFR+0.68	USD300	–	2,136	(1)	(40)	–	2,095
Total					1,447	4,272	–	(111)	–	5,608

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 RMB161 million equivalent as of 31 December 2025 (31 December 2024: Nil).

44. Other liabilities

	2025	2024
Clearing and settlement accounts	**8,348**	15,151
Salary risk allowances (note)	**48,950**	48,950
Dividend Payable	**25,574**	26
Continuing involvement liability	**5,274**	5,274
Collecting on behalf of customers	**602**	885
Cheques and remittances returned	**8**	7
Other payable	**41,278**	40,097
Total	**130,034**	110,390

Note: Salary risk allowances are specific funds withheld from the employees' annual remunerations of which the payments are delayed for the purpose of risk management. The allocation of the funds is based on performance assessment and risk management results, taking into account the short term and long term benefit. In the event of a decline in the asset quality, a sharp deterioration of risk profiles and profitability, the occurrence of legal case, or a significant regulatory violation identified by any regulatory authorities, the relevant employees will be restricted from the allocation of these allowances.

45. Share capital

By type of shares:

	2025 and 2024 No. of shares (in million)
– A Shares	20,629
– H Shares	4,591
Total	25,220

All H Shares are ordinary shares and rank pari passu with the A Shares. There is no restriction on these shares.

	Capital	
	No. of shares (in million)	Amount
At 31 December 2025 and 2024	**25,220**	**25,220**

46. Other equity instruments

(a) Preference shares

	Issuance date	Accounting classification	Dividend rate	Issue price	No. (millions of shares)	Amount (RMB in million)	Due date	Conversion conditions	Conversion
Domestic Preference Shares (note (i))	22 Dec 2017	Equity instruments	3.62%	RMB 100/Share	275	27,468	Perpetual existence	Note (ii)	None
Total					275	27,468			

The changes of Preference Shares issued were as follows:

	Issuance date	1 January 2025		Increase/(decrease)		**31 December 2025**	
		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**

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 at 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 dividend rate per annum to 3.62% in accordance with market rules.

(ii) Domestic Preference Shares have clauses that state 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) 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 shares distribution, until the Preference Shares dividend 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 Preference Shares holders.

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 funds raised by the Preference Shares above have been included in additional Tier 1 capital of the Bank.

46. Other equity instruments *(continued)*

(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 (ii))	7 Dec 2021	Equity instruments	3.69%	RMB 100/Unit	430	42,989	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	Equity instruments	3.41%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	Equity instruments	2.42%	RMB 100/Unit	300	30,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (v))	29 Apr 2025	Equity instruments	2.13%	RMB 100/Unit	200	20,000	Perpetual existence	None	None
Domestic Perpetual Bonds (note (vi))	29 May 2025	Equity instruments	2.05%	RMB 100/Unit	270	27,000	Perpetual existence	None	None
Total					1,500	149,989			

The movement of Perpetual Bonds issued were as follows:

		1 January 2025		Increase/(decrease)		**31 December 2025**	
	Issuance date	No. (millions of units)	Amount (RMB in million)	No. (millions of units)	Amount (RMB in million)	**No. (millions of units)**	**Amount (RMB in million)**
Domestic Perpetual Bonds (note (i))	9 Jul 2020	500	49,989	(500)	(49,989)	**–**	**–**
Domestic Perpetual Bonds (note (ii))	7 Dec 2021	430	42,989	–	–	**430**	**42,989**
Domestic Perpetual Bonds (note (iii))	1 Dec 2023	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (iv))	5 Nov 2024	300	30,000	–	–	**300**	**30,000**
Domestic Perpetual Bonds (note (v))	29 Apr 2025	–	–	200	20,000	**200**	**20,000**
Domestic Perpetual Bonds (note (vi))	29 May 2025	–	–	270	27,000	**270**	**27,000**
Total		1,530	152,978	(30)	(2,989)	**1,500**	**149,989**

Notes:

(i) With the approval of the relevant regulatory authorities in China, the Bank issued RMB50,000 million of 2020 China Merchants Bank Co., Ltd. Undated Additional Tier 1 Capital Bonds (Series 1) (the "Perpetual Bonds 2020") in the national inter-bank bond market on 9 July 2020. The unit face value is RMB100. The coupon rate adjusted period is every 5 years from the issuance of the Perpetual Bonds 2020. In any coupon rate adjusted period, the coupon rate of the Perpetual Bonds will remain at a prescribed fixed rate. The Perpetual Bonds 2020 will continue to be outstanding so long as the Bank continues to operate. With the approval of the NFRA, the Bank fully redeemed the bonds on 9 July 2025.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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", together with Perpetual Bonds 2020, Perpetual Bonds 2021, Perpetual Bonds 2023, Perpetual Bonds 2024, Perpetual Bonds 2025 Series 1, "Perpetual Bonds") 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.

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 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, distributions 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 distributions to the Perpetual Bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

46. Other equity instruments *(continued)*

(b) Perpetual Bonds *(continued)*

Notes: *(continued)*

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) 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 issuances 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

	2025	2024
Equity attributed to shareholders of the Bank	**1,272,875**	1,226,014
– Equity attributed to ordinary shareholders of the Bank	**1,095,418**	1,045,568
– Equity attributed to other equity instrument holders of the Bank	**177,457**	180,446
Including: Net profit	**6,307**	5,581
Total comprehensive income	**6,307**	5,581
Distributions in current year	**(6,307)**	(5,581)
Cumulative undistributed dividends	**–**	–
Equity attributed to non-controlling interests	**8,024**	7,461
– Equity attributed to non-controlling holders of ordinary shares	**8,024**	7,461

47. Capital reserve

Capital reserve primarily represents share premium of the Bank.

	2025	2024
At 1 January	**65,429**	65,432
Decrease	**(20)**	(3)
At 31 December	**65,409**	65,429

48. Investment revaluation reserve

	2025	2024
Debt instruments measured at FVTOCI: investment revaluation reserve	**15,678**	29,946
Fair value gain on equity instruments designated at FVTOCI	**8,508**	5,916
Remeasurement of defined benefit scheme	**111**	102
Share of other comprehensive income of equity-accounted investees	**(723)**	2,421
Total	**23,574**	38,385

49. Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges. Subsequent recognition of the hedged cash flow is accounted for in accordance with the accounting policy adopted for cash flow hedge in Note 4(5).

50. Surplus reserve

Statutory surplus reserve is calculated according to the requirements of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance ("MOF") and is provided at 10% of the audited profit after tax of the Bank.

	2025	2024
At 1 January	**122,652**	108,737
Appropriation for the year	**13,618**	13,915
At 31 December	**136,270**	122,652

51. General reserve

The general reserve is an integral part of equity. According to the relevant regulations, in addition to the impairment allowances, the Bank maintains a general reserve to make up for unidentified potential losses. The balance of general reserve includes 1.5% of the ending balance of risk assets, country risk provisions allocated as required by regulations for country risk exposures with medium, high, and very high country risk ratings and 2.5% of the income of mutual fund custody businesses. The general reserve of the Group also includes the general reserve maintained by the subsidiaries of the Group according to the applicable laws and regulations of their industry or region.

	2025	2024
At 1 January	**154,932**	141,481
Appropriation for the year	**8,549**	13,451
At 31 December	**163,481**	154,932

52. Profit appropriations

(a) Dividends approved/declared by shareholders

	2025	2024
Ordinary share dividends in 2025 interim, approved and declared: RMB1.013 per share	**25,548**	–
Ordinary share dividends in 2024, approved, declared and distributed: RMB2.000 per share	**50,440**	–
Ordinary share dividends in 2023, approved, declared and distributed: RMB1.972 per share	**–**	49,734
Total	**75,988**	49,734

(b) Proposed profit appropriations

	2025	2024
Statutory surplus reserve	**13,618**	13,915
General reserve	**8,549**	13,451
Cash dividends for the year-end of 2025: RMB1.003 per share (For the year ended 31 December 2024: RMB2.000 per share)	**25,296**	50,440
Total	**47,463**	77,806

The profit appropriation plan for 2025 is proposed in accordance with the resolution passed at the meeting of the Board of Directors held on 27 March 2026 and will be submitted to the 2025 Annual General Meeting for approval.

53. Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the mainland China.

54. The bank's statement of financial position and changes in the bank's equity

	2025	2024
Assets		
Cash	**14,433**	16,119
Precious metals	**38,517**	9,307
Balances with central banks	**553,779**	555,154
Balances with banks and other financial institutions	**138,171**	173,859
Placements with banks and other financial institutions	**486,065**	376,530
Amounts held under resale agreements	**254,506**	269,987
Loans and advances to customers	**6,662,680**	6,300,684
Financial assets at fair value through profit or loss	**575,922**	546,965
Derivative financial assets	**18,208**	31,815
Debt investments at amortised cost	**2,051,231**	1,908,600
Debt investments at fair value through other comprehensive income	**1,156,344**	922,824
Equity investments designated at fair value through other comprehensive income	**12,065**	11,517
Investments in subsidiaries	**75,645**	61,645
Interests in joint ventures	**19,230**	18,724
Interests in associates	**8,408**	8,042
Investment properties	**1,062**	841
Property and equipment	**29,216**	27,695
Right-of-use assets	**14,746**	16,324
Intangible assets	**1,079**	1,292
Deferred tax assets	**86,376**	80,031
Other assets	**31,414**	40,659
Total assets	**12,229,097**	11,378,614
Liabilities		
Borrowing from central banks	**111,077**	189,934
Deposits from banks and other financial institutions	**903,310**	692,390
Placements from banks and other financial institutions	**61,817**	46,741
Financial liabilities at fair value through profit or loss	**88,317**	34,469
Derivative financial liabilities	**17,647**	31,089
Amounts sold under repurchase agreements	**71,947**	53,887
Deposits from customers	**9,547,148**	8,874,817
Salaries and welfare payable	**30,386**	29,751
Tax payable	**12,447**	9,668
Contract liabilities	**3,535**	4,159
Lease liabilities	**10,787**	12,294
Provisions	**16,829**	16,638
Debt securities issued	**76,397**	156,146
Other liabilities	**102,041**	83,546
Total liabilities	**11,053,685**	10,235,529
Equity		
Share capital	**25,220**	25,220
Other equity instruments	**177,457**	180,446
Capital reserve	**76,056**	76,076
Investment revaluation reserve	**17,838**	36,366
Hedging reserve	**27**	4
Surplus reserve	**136,270**	122,652
General reserve	**150,236**	142,486
Retained earnings	**566,623**	508,957
Proposed profit appropriation	**25,296**	50,440
Exchange reserve	**389**	438
Total equity	**1,175,412**	1,143,085
Total equity and liabilities	**12,229,097**	11,378,614

54. The bank's statement of financial position and changes in the bank's equity *(continued)*

		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Total
At 1 January 2025	25,220	27,468	152,978	76,076	36,366	4	122,652	142,486	508,957	50,440	438	1,143,085
Changes in equity for the year	–	–	(2,989)	(20)	(18,528)	23	13,618	7,750	57,666	(25,144)	(49)	32,327
Net profit for the year	–	–	–	–	–	–	–	–	136,184	–	–	136,184
Other comprehensive income for the year	–	–	–	–	(18,527)	23	–	–	–	–	(49)	(18,553)
Total comprehensive income for the year	–	–	–	–	(18,527)	23	–	–	136,184	–	(49)	117,631
Capital movement from equity holders	–	–	(2,989)	(20)	–	–	–	–	–	–	–	(3,009)
Issue of perpetual bonds	–	–	47,000	(9)	–	–	–	–	–	–	–	46,991
Redemption of perpetual bonds	–	–	(49,989)	(11)	–	–	–	–	–	–	–	(50,000)
Profit appropriations	–	–	–	–	–	–	13,618	7,750	(78,519)	(25,144)	–	(82,295)
Appropriation to statutory surplus reserve	–	–	–	–	–	–	13,618	–	(13,618)	–	–	–
Appropriation to general reserve	–	–	–	–	–	–	–	7,750	(7,750)	–	–	–
Dividends paid (Note)	–	–	–	–	–	–	–	–	(25,548)	(50,440)	–	(75,988)
Proposed year-end dividends for the year 2025	–	–	–	–	–	–	–	–	(25,296)	25,296	–	–
Dividends to preference shares	–	–	–	–	–	–	–	–	(996)	–	–	(996)
Distribution to perpetual bonds	–	–	–	–	–	–	–	–	(5,311)	–	–	(5,311)
Transfers within equity upon disposal of equity instruments designated at FVTOCI	–	–	–	–	(1)	–	–	–	1	–	–	–
At 31 December 2025	25,220	27,468	149,989	76,056	17,838	27	136,270	150,236	566,623	25,296	389	1,175,412

Note: Includes interim dividends on ordinary shares of RMB25,548 million for 2025 and annual dividends on ordinary shares of RMB50,440 million for 2024.

		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Capital reserve	Investment revaluation reserve	Hedging reserve	Surplus reserve	General reserve	Retained earnings	Proposed profit appropriation	Exchange reserve	Total
At 1 January 2024	25,220	27,468	122,978	76,079	14,354	11	108,737	129,085	453,168	49,734	360	1,007,194
Changes in equity for the year	–	–	30,000	(3)	22,012	(7)	13,915	13,401	55,789	706	78	135,891
Net profit for the year	–	–	–	–	–	–	–	–	139,148	–	–	139,148
Other comprehensive income for the year	–	–	–	–	21,990	(7)	–	–	–	–	78	22,061
Total comprehensive income for the year	–	–	–	–	21,990	(7)	–	–	139,148	–	78	161,209
Issue of perpetual bonds	–	–	30,000	(3)	–	–	–	–	–	–	–	29,997
Profit appropriations	–	–	–	–	–	–	13,915	13,401	(83,337)	706	–	(55,315)
Appropriation to statutory surplus reserve	–	–	–	–	–	–	13,915	–	(13,915)	–	–	–
Appropriation to general reserve	–	–	–	–	–	–	–	13,401	(13,401)	–	–	–
Dividends paid for the year 2023	–	–	–	–	–	–	–	–	–	(49,734)	–	(49,734)
Proposed dividends for the year 2024	–	–	–	–	–	–	–	–	(50,440)	50,440	–	–
Dividends to preference shares	–	–	–	–	–	–	–	–	(996)	–	–	(996)
Distribution to perpetual bonds	–	–	–	–	–	–	–	–	(4,585)	–	–	(4,585)
Transfers within equity upon disposal of equity instruments designated at FVTOCI	–	–	–	–	22	–	–	–	(22)	–	–	–
At 31 December 2024	25,220	27,468	152,978	76,076	36,366	4	122,652	142,486	508,957	50,440	438	1,143,085

55. Notes to consolidated cash flow statement

(a) Analysis of the balances of cash and cash equivalents (including assets with original maturity within 3 months):

	2025	2024
Cash and Balances with central banks	**64,591**	46,957
Balance with banks and other financial institutions	**145,435**	158,646
Placements with banks and other financial institutions	**133,750**	111,547
Amounts held under resale agreements	**258,867**	271,447
Debt securities investments and discounted bills	**107,179**	167,930
Total	**709,822**	756,527

(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 cash flows statement as cash flows from financing activities.

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	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	**27,230**	**81,221**	**27,237**	**–**	**–**	**19,529**	**–**	**155,217**
Repayment	**(105,950)**	**(77,173)**	**(35,801)**	**–**	**–**	**(36,936)**	**(4,534)**	**(260,394)**
Interest/dividend paid	**–**	**–**	**–**	**(4,678)**	**(57,074)**	**–**	**–**	**(61,752)**
Non-cash changes:								
Additions of lease liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**2,618**	**2,618**
Accrued interest	**–**	**–**	**–**	**4,424**	**–**	**–**	**391**	**4,815**
Dividend declared	**–**	**–**	**–**	**–**	**82,622**	**–**	**–**	**82,622**
Discount or premium amortisation	**793**	**140**	**26**	**–**	**–**	**–**	**–**	**959**
Fair value adjustments	**–**	**–**	**99**	**–**	**–**	**(950)**	**–**	**(851)**
Other	**–**	**–**	**–**	**–**	**–**	**17,661**	**–**	**17,661**
Exchange difference	**–**	**(1,401)**	**(1,168)**	**–**	**–**	**(26)**	**–**	**(2,595)**
At 31 December 2025	**11,259**	**50,181**	**80,963**	**1,084**	**25,574**	**35,060**	**11,253**	**215,374**

	Negotiable interbank certificates of deposit	Certificates of deposit and other debt instruments issued (Note)	Debt securities issued (Note)	Accrued interest on bonds	Dividend payable	Other financial liabilities	Lease liabilities	Total
At 1 January 2024	21,443	34,340	124,372	1,814	26	32,616	12,675	227,286
Cash changes:								
Proceeds from the issue	155,569	61,462	24,995	–	–	9,947	–	251,973
Repayment	(90,160)	(49,187)	(59,989)	–	–	(11,775)	(4,793)	(215,904)
Interest/dividend paid	–	–	–	(5,339)	(55,692)	–	–	(61,031)
Non-cash changes:								
Additions of lease liabilities	–	–	–	–	–	–	4,439	4,439
Accrued interest	–	–	–	4,863	–	–	457	5,320
Dividend declared	–	–	–	–	55,692	–	–	55,692
Discount or premium amortisation	2,334	430	29	–	–	–	–	2,793
Fair value adjustments	–	1	229	–	–	690	–	920
Other	–	–	–	–	–	4,289	–	4,289
Exchange difference	–	348	934	–	–	15	–	1,297
At 31 December 2024	89,186	47,394	90,570	1,338	26	35,782	12,778	277,074

Note: Including financial liabilities designated at fair value through profit or loss.

(c) Significant non-cash transactions

There were no significant non-cash transactions during the years ended 31 December 2025 and 2024.

56. 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 lines 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 service, bank card service, 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 as stated in Note 4. Operating segment income represents income generated from external customers, inter-segment transactions are offset. No customer contributed 10% or more to the Group's revenue for 2025 and 2024. Internal transactions are conducted at fair value.

56. Operating segments *(continued)*

(a) Segment results, assets and liabilities

	Wholesale finance business		Retail finance business		Other business		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
External net interest income	**42,077**	30,010	**109,422**	120,186	**64,094**	61,081	**215,593**	211,277
Internal net interest income/(expense)	**41,876**	42,015	**30,971**	28,072	**(72,847)**	(70,087)	**–**	–
Net interest income	**83,953**	72,025	**140,393**	148,258	**(8,753)**	(9,006)	**215,593**	211,277
Net fee and commission income	**15,731**	14,705	**48,487**	47,141	**11,040**	10,248	**75,258**	72,094
Other net income	**38,255**	48,663	**2,108**	1,385	**586**	1,070	**40,949**	51,118
Operating income	**137,939**	135,393	**190,988**	196,784	**2,873**	2,312	**331,800**	334,489
Operating expenses								
– Depreciation of property and equipment and investment properties	**(8,531)**	(8,340)	**(2,680)**	(2,710)	**(402)**	(404)	**(11,613)**	(11,454)
– Depreciation of right-of-use assets	**(1,407)**	(1,490)	**(2,319)**	(2,389)	**(202)**	(228)	**(3,928)**	(4,107)
– Other	**(37,526)**	(38,308)	**(60,361)**	(60,035)	**(5,077)**	(3,746)	**(102,964)**	(102,089)
Reportable segment profit before impairment losses	**90,475**	87,255	**125,628**	131,650	**(2,808)**	(2,066)	**213,295**	216,839
Expected credit losses and impairment losses on other assets	**(5,063)**	301	**(34,952)**	(41,006)	**240**	(114)	**(39,775)**	(40,819)
Share of profits of associates and joint ventures	**–**	–	**–**	–	**5,473**	2,632	**5,473**	2,632
Reportable segment profit before taxation	**85,412**	87,556	**90,676**	90,644	**2,905**	452	**178,993**	178,652
Capital expenditure (note)	**24,911**	31,771	**3,759**	3,298	**285**	207	**28,955**	35,276

	Wholesale finance business		Retail finance business		Other business		Total	
	31 December 2025	31 December 2024	**31 December 2025**	31 December 2024	**31 December 2025**	31 December 2024	**31 December 2025**	31 December 2024
Reportable segment assets	**7,888,999**	7,103,051	**3,688,125**	3,564,804	**1,386,692**	1,383,480	**12,963,816**	12,051,335
Of which: Interest in associates and joint ventures	**–**	–	**–**	–	**32,914**	31,015	**32,914**	31,015
Reportable segment liabilities	**6,756,216**	6,268,091	**4,640,157**	4,118,838	**287,581**	452,085	**11,683,954**	10,839,014

Note: Capital expenditure represents the amount incurred for acquiring segment assets which are expected to be used for more than one year.

56. Operating segments *(continued)*

(b) Reconciliations of reportable segment revenue, profit or loss, assets, liabilities and other material items

	2025	2024
Operating income for reportable segments	**331,800**	334,489
Total profit before income tax for reportable segments	**178,993**	178,652

	31 December 2025	31 December 2024
Assets		
Total assets for reportable segments	**12,963,816**	12,051,335
Goodwill	**9,954**	9,954
Intangible assets	**460**	526
Deferred tax assets	**89,856**	83,674
Other unallocated assets	**6,437**	6,547
Consolidated total assets	**13,070,523**	12,152,036
Liabilities		
Total liabilities for reportable segments	**11,683,954**	10,839,014
Tax payable	**14,713**	11,713
Deferred tax liabilities	**1,115**	1,592
Other unallocated liabilities	**89,842**	66,242
Consolidated total liabilities	**11,789,624**	10,918,561

56. Operating segments *(continued)*

(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 mainland China. 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 on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the revenue. Segment assets and non-current assets are allocated based on the location 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 centres and fund operation centres;

– "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 region" 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; and

– "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.

	Total assets		Total liabilities		Non-current assets		Operating income		Profit before tax	
Geographical information	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024	2025	2024	2025	2024
Headquarters	**6,080,367**	5,620,792	**5,064,774**	4,616,716	**64,410**	61,287	**119,836**	134,972	**79,917**	81,021
Yangtze River Delta region	**1,628,335**	1,521,903	**1,608,321**	1,503,109	**5,180**	5,469	**46,742**	44,260	**23,496**	23,957
Bohai Rim region	**1,085,440**	1,002,690	**1,070,350**	988,780	**3,446**	3,845	**35,784**	33,801	**18,810**	18,547
Pearl River Delta and West Coast region	**1,339,581**	1,234,991	**1,312,274**	1,225,218	**3,330**	3,957	**37,107**	35,486	**12,991**	15,054
Northeast region	**173,268**	173,447	**171,332**	171,967	**854**	1,357	**6,707**	6,398	**2,666**	2,109
Central region	**753,308**	733,700	**745,557**	725,410	**2,881**	3,195	**20,319**	19,665	**9,168**	9,750
Western region	**785,155**	751,874	**778,045**	744,561	**2,522**	2,734	**20,557**	20,145	**9,069**	9,275
Overseas	**267,759**	236,567	**276,733**	244,455	**588**	746	**4,559**	4,290	**2,100**	2,635
Subsidiaries	**957,310**	876,072	**762,238**	698,345	**109,390**	107,343	**40,189**	35,472	**20,776**	16,304
Total	**13,070,523**	12,152,036	**11,789,624**	10,918,561	**192,601**	189,933	**331,800**	334,489	**178,993**	178,652

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.

57. Assets pledged as security

The following assets have been pledged as collateral for borrowing from central banks and liabilities under repurchase or placement arrangements:

	2025	2024
Borrowing from central banks	**110,679**	189,511
Placements from banks and other financial institutions	**13,353**	6,802
Amounts sold under repurchase agreements	**95,262**	83,747
Total	**219,294**	280,060
Assets pledged		
– Financial assets at fair value through profit or loss	**18,300**	6,921
– Debt investments at amortised cost	**167,971**	165,583
– Debt investments at fair value through other comprehensive income	**22,975**	30,491
– Loans and advances to customers	**24,160**	90,320
Total	**233,406**	293,315

The transactions under repurchase or placement agreements are conducted under terms that are usual and customary to standard borrowing and placing activities.

58. 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. Acceptances comprise 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.

	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

58. Contingent liabilities and commitments *(continued)*

(a) Credit commitments *(continued)*

	2024			
	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit-impaired)	Total
Irrevocable guarantees	326,654	1,983	582	329,219
– Financial guarantees	33,109	754	293	34,156
– Non-financing letters of guarantees	293,545	1,229	289	295,063
Irrevocable letters of credit	304,725	1,249	–	305,974
Bills of acceptances	581,176	3,054	360	584,590
Irrevocable loan commitments	162,159	415	96	162,670
– with an original maturity within 1 year (inclusive)	45,039	3	1	45,043
– with an original maturity over 1 year	117,120	412	95	117,627
Credit card unused commitments	1,588,137	32,399	5	1,620,541
Other	96,525	708	20	97,253
Total	3,059,376	39,808	1,063	3,100,247

As at 31 December 2025, the Group's irrevocable letters of credit included sight letters of credit of RMB20,231 million (31 December 2024: RMB20,139 million), usance letters of credit of RMB18,087 million (31 December 2024: RMB18,230 million), and other commitments of RMB350,132 million (31 December 2024: RMB267,605 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 RMB5,708,716 million at 31 December 2025 (31 December 2024: RMB5,385,015 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 customers. As a result, such balances are not included in the above credit commitments.

	2025	2024
Credit risk weighted amounts of contingent liabilities and commitments	**1,024,984**	846,851

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.

58. Contingent liabilities and commitments *(continued)*

(b) Capital commitments

The authorised capital commitments of the Group were as follows:

	2025	2024
Contracted for	**200**	177
Authorised but not contracted for	**201**	216
Total	**401**	393

The lease commitments of the Group as a lessor are detailed in note 58 (e).

(c) Outstanding litigations

At 31 December 2025, the Bank or other group entities was a defendant in certain outstanding litigations with total gross claims of RMB1,476 million (2024: RMB2,024 million). The Group considers that no material losses would be incurred by the Group as a result of these outstanding litigations.

(d) Redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to make advances to bond holders if the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest to the bond holders are calculated in accordance with relevant requirements set by the MOF or the PBOC. The redemption price 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:

	2025	2024
Redemption obligations	**36,693**	30,807

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 where the Group is a lessor at the end of the reporting period are as follows:

	2025	2024
Operating lease commitments	**19,779**	14,321
Financial lease commitments	**40,910**	37,503
Total	**60,689**	51,824

59. 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 for loan advances through the Group to their specified targets on their behalf in accordance with specific terms and conditions, with the help of the Group in monitoring loan usage and seeking 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 lending are not assets of the Group and are not recognised in the consolidated statement of financial position. Income received and receivable for providing these services are recognised in the consolidated statement of profit or loss as fee and commission income.

At the end of the reporting period, the entrusted assets and liabilities were as follows:

	2025	2024
Entrusted loans	**265,483**	245,897
Entrusted funds	**(265,483)**	(245,897)

(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 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 are not recognised in the consolidated statement of financial position. The funds received from customer for wealth management business that 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 were RMB2,453,150 million as at 31 December 2025 (31 December 2024: RMB2,298,278 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 balances of entrusted funds were as follows:

	2025	2024
Entrusted management of insurance funds	**233,313**	189,647

60. 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 the Implementation Rules on Expected Credit Loss Approach of Commercial Banks, the Group uses the expected credit loss 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.

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 22.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(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

As describe in Note 4(5), 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 (Note 60(a)(i)), 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.

For wholesale business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special mention; more than 30 days (inclusive) overdue; the internal credit risk rating of the customer has been downgraded to certain level; the early warning signal of the customer has reached a certain level; or the customer has other significant risk signals identified by the Group.

For retail and credit card business, credit risk is considered as significantly increased if any of the following conditions is met: the 5-tier classification is special mention; more than 30 days (inclusive) overdue; the customer or the debt has credit risk early warning signal; or the customer has other significant risk signals 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).

(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.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(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 for 2025 under the baseline scenario were set at round 5% and 0.5% 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 31 December 2025 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 31 December 2025 will decrease by approximately 2.9% compared to the current result (at 31 December 2024: will decrease by approximately 2.6%). When the weighting of the pessimistic scenario increases by 10% and the weighting of the baseline scenario decreases by 10%, the ECL amount at 31 December 2025 will increase by approximately 4.2% compared to the current result (at 31 December 2024: will increase by approximately 4.6%).

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 consolidated statement of financial position and the contract amount of the off balance sheet items disclosed in Note 58(a). At 31 December 2025, the amount of the Group's maximum credit risk exposure was RMB16,093,396 million (31 December 2024: RMB14,922,470 million).

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(vii) Renegotiated 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 rescheduled loans and advances to customers.

The carrying amount of loans and advances that had been renegotiated was RMB28,307 million as at 31 December 2025 (31 December 2024: RMB24,826 million).

(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 31 December 2025, the Group had the balance of non-performing loans of RMB68,206 million (31 December 2024: RMB65,610 million).

(ix) Credit quality of bond investments rating results

At the end of the reporting period, the analysis of the credit quality of bond investments by designated external credit assessment institution, is as follows:

	2025	2024
Impaired gross amount of debt investments	**556**	693
Impairment allowances	**(499)**	(505)
Subtotal	**57**	188
Neither overdue nor impaired		
AAA	**3,281,531**	2,846,729
AA+ to AA-	**113,964**	89,538
A+ to A-	**238,754**	177,286
Lower than A-	**31,857**	25,609
Unrated	**50,932**	56,601
Impairment allowances	**(7,850)**	(7,985)
Subtotal	**3,709,188**	3,187,778
Total	**3,709,245**	3,187,966

Notes:

(i) Bonds issued by the governments and policy banks held by the Group amounted to RMB3,115,683 million as at 31 December 2025 (31 December 2024: RMB2,599,093 million).

(ii) The impairment allowances above is for debt investments at amortised cost only.

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(x) Collateral

An estimate of the fair value of collateral and other credit enhancements held against financial assets that are overdue but not impaired is as follows:

	2025	2024
Estimate of the fair value of collateral and other credit enhancements held against following financial assets		
– Loans and advances to customers	**16,125**	17,545

(xi) Movements of loans and advances and debt investments measured at amortised cost

Loans and advances measured at amortised cost:

	2025			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL – not credit-impaired)**	**Stage 3 (Lifetime ECL – credit-impaired)**	**Total**
Balance as at the beginning of the year	**6,030,395**	**204,858**	**65,610**	**6,300,863**
Net changes for the year	**433,820**	**(33,422)**	**(5,001)**	**395,397**
Transfer to				
– Stage 1	**32,719**	**(32,616)**	**(103)**	**–**
– Stage 2	**(145,667)**	**146,425**	**(758)**	**–**
– Stage 3	**(32,927)**	**(31,598)**	**64,525**	**–**
Write-offs	**–**	**–**	**(56,067)**	**(56,067)**
Balance as at the end of the year	**6,318,340**	**253,647**	**68,206**	**6,640,193**

	2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	5,686,659	165,105	61,560	5,913,324
Net changes for the year	461,401	(25,764)	5,056	440,693
Transfer to				
– Stage 1	45,122	(44,949)	(173)	–
– Stage 2	(132,857)	133,368	(511)	–
– Stage 3	(29,930)	(22,902)	52,832	–
Write-offs	–	–	(53,154)	(53,154)
Balance as at the end of the year	6,030,395	204,858	65,610	6,300,863

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(xi) Movements of loans and advances and debt investments measured at amortised cost *(continued)*

Debt investments at amortised cost:

	2025			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL – not credit-impaired)**	**Stage 3 (Lifetime ECL – credit-impaired)**	**Total**
Balance as at the beginning of the year	**1,927,893**	**1,790**	**26,237**	**1,955,920**
Net changes for the year	**182,101**	**475**	**(1,564)**	**181,012**
Transfer to				
– Stage 1	**1**	**(1)**	**–**	**–**
– Stage 2	**(2,317)**	**2,323**	**(6)**	**–**
– Stage 3	**–**	**(1)**	**1**	**–**
Write-offs	**–**	**–**	**(232)**	**(232)**
Balance as at the end of the year	**2,107,678**	**4,586**	**24,436**	**2,136,700**

	2024			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL – not credit-impaired)	Stage 3 (Lifetime ECL – credit-impaired)	Total
Balance as at the beginning of the year	1,738,945	1,517	27,548	1,768,010
Net changes for the year	189,931	(708)	(1,313)	187,910
Transfer to				
– Stage 1	1	(1)	–	–
– Stage 2	(984)	984	–	–
– Stage 3	–	(2)	2	–
Write-offs	–	–	–	–
Balance as at the end of the year	1,927,893	1,790	26,237	1,955,920

60. Risk management *(continued)*

(a) Credit risk *(continued)*

(xii) 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 22, note 23(b) and note 60(a)(xi) respectively. The staging analysis for credit commitments and the expected credit losses allowances of financial guarantees and loan commitments are disclosed in notes 58(a) and 42 respectively. The staging analysis for other financial instruments is as follows:

	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)

	2024							
	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	557,166	–	–	557,166	–	–	–	–
Balances with banks and other financial institutions	220,537	1	11	220,549	(818)	(1)	(11)	(830)
Placements with banks and other financial institutions	406,817	–	–	406,817	(1,126)	–	–	(1,126)
Amounts held under resale agreements	271,903	–	140	272,043	(606)	–	(140)	(746)
Debt investments at FVTOCI	1,082,186	209	182	1,082,577	(7,339)	(21)	(1,260)	(8,620)

Note: The balances disclosed above do not include accrued interest.

60. Risk management *(continued)*

(b) Market risk

Market risk refers to the risk of loss due to changes in observable market factors such as interest rates, exchange rates, commodity prices and stock prices, resulting in changes in the fair value or future cash flows of the Group's financial instruments. 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.

(i) 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 the requirements of the Group.

(1) Trading book

The Group has established a market risk structure and 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 trading book are consistent with that of the interest rate risk of trading book.

The Group adopts quantitative indicators such as exposure indicator, market value at risk indicator (VaR, covers interest rate, foreign exchange rate, and commodity risk factors), exchange rate scenario stress test loss index, exchange rate sensitivity index, and cumulative loss index in its management of foreign exchange risk. The management methods include delegation, setting limits, daily monitoring and continuous reporting, etc.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(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.

(3) Assets and liabilities by original currency are shown as follows:

	2025						
	In RMB Equivalent					Main original currency	
	RMB	USD	HKD	Other	Total	USD	HKD
Assets							
Cash and balances with central banks	537,480	29,542	2,022	5,731	574,775	4,227	2,252
Amounts due from banks and other financial institutions	804,487	116,591	29,618	11,225	961,921	16,682	32,986
Loans and advances to customers	6,718,620	120,400	135,616	20,449	6,995,085	17,227	151,033
Financial investments and derivative financial assets	3,569,334	441,253	73,574	35,272	4,119,433	63,136	81,938
Other assets (note (i))	292,968	120,533	3,300	2,508	419,309	17,246	3,675
Total	11,922,889	828,319	244,130	75,185	13,070,523	118,518	271,884
Liabilities							
Borrowing from central banks and amounts due to banks and other financial institutions	1,225,028	120,910	12,927	7,199	1,366,064	17,300	14,397
Deposits from customers	9,061,882	521,440	189,375	63,433	9,836,130	74,609	210,904
Financial liabilities at FVTPL and derivative financial liabilities	134,278	4,212	620	41	139,151	602	690
Debt securities issued	66,570	68,123	3,752	3,958	142,403	9,747	4,179
Other liabilities (note (i))	247,091	58,936	8,158	(8,309)	305,876	8,434	9,085
Total	10,734,849	773,621	214,832	66,322	11,789,624	110,692	239,255
Net position	1,188,040	54,698	29,298	8,863	1,280,899	7,826	32,629
Off-balance sheet position:							
Credit commitments (note (ii))	3,229,204	117,920	22,968	19,700	3,389,792	16,872	25,579
Derivatives (nominal amounts):							
– forward purchased	709,400	716,934	54,308	39,855	1,520,497	102,580	60,482
– forward sold	(627,659)	(726,163)	(49,904)	(39,851)	(1,443,577)	(103,901)	(55,577)
– net currency option position	(60,542)	22,487	9,685	16,210	(12,160)	3,217	10,786
Total	21,199	13,258	14,089	16,214	64,760	1,896	15,691

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(3) Assets and liabilities by original currency are shown as follows: (continued)

	2024						
	In RMB Equivalent					Main original currency	
	RMB	USD	HKD	Other	Total	USD	HKD
Assets							
Cash and balances with central banks	535,838	27,834	2,068	8,048	573,788	3,813	2,200
Amounts due from banks and other financial institutions	721,600	139,379	25,582	10,146	896,707	19,096	27,215
Loans and advances to customers	6,342,999	123,464	135,150	21,337	6,622,950	16,916	143,780
Financial investments and derivative financial assets	3,264,823	334,397	51,019	24,665	3,674,904	45,816	54,277
Other assets (note (i))	261,120	103,735	13,681	5,151	383,687	14,213	14,553
Total	11,126,380	728,809	227,500	69,347	12,152,036	99,854	242,025
Liabilities							
Borrowing from central banks and amounts due to banks and other financial institutions	1,061,944	123,045	15,668	6,360	1,207,017	16,858	16,668
Deposits from customers	8,427,705	445,503	161,032	62,347	9,096,587	61,038	171,314
Financial liabilities at FVTPL and derivative financial liabilities	90,565	8,258	168	53	99,044	1,132	179
Debt securities issued	141,431	69,991	7,610	2,551	221,583	9,589	8,096
Other liabilities (note (i))	263,383	19,854	9,253	1,840	294,330	2,720	9,845
Total	9,985,028	666,651	193,731	73,151	10,918,561	91,337	206,102
Net position	1,141,352	62,158	33,769	(3,804)	1,233,475	8,517	35,923
Off-balance sheet position:							
Credit commitments (note (ii))	2,949,528	111,092	21,153	18,474	3,100,247	15,221	22,504
Derivatives (nominal amounts):							
– forward purchased	734,725	730,591	30,788	46,870	1,542,974	100,097	32,754
– forward sold	(670,870)	(778,692)	(13,120)	(41,155)	(1,503,837)	(106,688)	(13,958)
– net currency option position	(80,894)	68,451	(12)	882	(11,573)	9,378	(13)
Total	(17,039)	20,350	17,656	6,597	27,564	2,787	18,783

Notes:

(i) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

(ii) Credit commitments may expire unused at the end of the commitment period, therefore the above net position does not represent the future cash outflows.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

(4) Sensitivity analysis

Under the existing managed floating exchange rate regime, the Group uses sensitivity analysis to measure the potential effect of changes in foreign currency exchange rates on the Group's net profit and equity. The following table sets forth the results of the Group's foreign exchange risk sensitivity analysis on the assets and liabilities of all foreign currencies involved at 31 December 2025 and 31 December 2024.

	2025		2024	
Change in foreign currency exchange rate	**Down by 1%**	**Up by 1%**	Down by 1%	Up by 1%
(Decrease)/increase in net profit	**(213)**	**213**	(112)	112
(Decrease)/increase in equity	**(541)**	**541**	(378)	378

Actual changes in the Group's net profit and equity resulting from increases or decreases in foreign exchange rates may be different from the results of this sensitivity analysis.

(ii) 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.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

(1) Trading book (continued)

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 trading book market risk management adopts the scale index, stop loss index, sensitivity index, value at risk index, stress test index and other risk measurement indices as the limit index, and sets the limit value by comprehensively considering the risk appetite, risk tolerance, business operation strategy, risk return, management conditions and other factors.

The Group uses valuation, sensitivity analysis, value-at-risk analysis, stress test and other measurement methods to identify and quantify risk factors in the interest rate market. The Group applies the market risk measurement model in its daily risk management and takes market risk measurement as the basis for business planning, resource allocation, financial market business operation and risk management.

(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.

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 business 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.

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) 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.

	2025					
	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	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

60. Risk management *(continued)*

(b) Market risk *(continued)*

(ii) 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)*

	2024					
	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	573,788	547,644	–	–	–	26,144
Amounts due from banks and other financial institutions	896,707	678,771	193,834	24,089	13	–
Loans and advances to customers (note (i))	6,622,950	2,921,730	3,085,793	553,747	61,680	–
Financial investments and derivative financial assets	3,674,904	487,488	510,412	1,287,820	1,309,218	79,966
Other assets (note (ii))	383,687	–	–	–	–	383,687
Total assets	12,152,036	4,635,633	3,790,039	1,865,656	1,370,911	489,797
Liabilities						
Borrowing from central banks and amounts due to banks and other financial institutions	1,207,017	1,008,346	187,090	11,192	389	–
Deposits from customers	9,096,587	6,367,726	1,418,427	1,285,129	22,696	2,609
Financial liabilities at FVTPL and derivative financial liabilities	99,044	–	5,691	–	–	93,353
Lease liabilities	12,778	1,055	2,855	7,705	1,163	–
Debt securities issued	221,583	115,232	54,627	44,330	7,394	–
Other liabilities (note (ii))	281,552	4	–	3,033	–	278,515
Total liabilities	10,918,561	7,492,363	1,668,690	1,351,389	31,642	374,477
Asset-liability gap	1,233,475	(2,856,730)	2,121,349	514,267	1,339,269	115,320

Notes:

(i) For loans and advances to customers, the "3 months or less" category includes overdue amounts as at 31 December 2025 and 31 December 2024 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 31 December 2025 and 31 December 2024.

	2025		2024	
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	**(4,648)**	**4,648**	(4,713)	4,713
(Decrease)/increase in equity	**(13,337)**	**13,648**	(10,793)	10,931

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.

60. 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.

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

Analysis of the Group's assets and liabilities by contractual remaining maturity is as follows:

	2025								
	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	Total
Cash and balances with central banks (note (i))	64,591	172	699	870	–	–	508,443	–	574,775
Amounts due from banks and other financial institutions	65,846	472,977	114,148	280,149	28,184	617	–	–	961,921
Loans and advances to customers	35,811	493,615	487,310	1,999,735	2,065,357	1,884,138	–	29,119	6,995,085
Financial investments and derivative financial assets (note (ii))	6,988	250,973	175,595	495,397	1,581,991	1,578,091	30,104	294	4,119,433
– Financial investments at FVTPL (including derivative financial assets)	6,988	192,914	66,453	134,002	167,739	92,843	5,680	–	666,619
– Debt investments at amortised cost	–	32,316	39,374	193,537	846,817	990,752	–	294	2,103,090
– Debt investments at FVTOCI	–	25,743	69,768	167,858	567,435	494,496	–	–	1,325,300
– Equity investments designated at FVTOCI	–	–	–	–	–	–	24,424	–	24,424
Other assets (note (iii))	28,275	13,735	16,337	22,958	18,214	5,609	310,097	4,084	419,309
Total assets	201,511	1,231,472	794,089	2,799,109	3,693,746	3,468,455	848,644	33,497	13,070,523
Borrowing from central banks and amounts due to banks and other financial institutions	805,452	130,180	125,317	237,987	59,467	7,661	–	–	1,366,064
Deposits from customers	4,995,943	767,078	961,815	1,718,792	1,345,525	46,977	–	–	9,836,130
Financial liabilities at FVTPL and derivative financial liabilities	68,370	15,258	5,839	8,087	12,030	29,567	–	–	139,151
Lease liabilities	–	417	594	2,694	6,695	853	–	–	11,253
Debt securities issued	–	9,237	20,378	47,264	62,844	2,680	–	–	142,403
Other liabilities (note (iii))	143,971	55,693	19,504	44,555	30,659	241	–	–	294,623
Total liabilities	6,013,736	977,863	1,133,447	2,059,379	1,517,220	87,979	–	–	11,789,624
(Short)/long position	(5,812,225)	253,609	(339,358)	739,730	2,176,526	3,380,476	848,644	33,497	1,280,899

60. Risk management *(continued)*

(c) Liquidity risk *(continued)*

Analysis of the Group's assets and liabilities by contractual remaining maturity is as follows: *(continued)*

	2024								
	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	Total
Cash and balances with central banks (note (i))	46,957	38	136	1,925	–	–	524,732	–	573,788
Amounts due from banks and other financial institutions	47,422	479,313	151,267	194,478	24,214	13	–	–	896,707
Loans and advances to customers	37,161	567,322	521,001	1,785,295	1,888,461	1,793,147	–	30,563	6,622,950
Financial investments and derivative financial assets (note (ii))	4,936	269,334	155,234	506,409	1,381,773	1,330,326	26,820	72	3,674,904
– Financial investments at FVTPL (including derivative financial assets)	4,936	229,529	51,315	131,726	162,250	65,290	4,505	–	649,551
– Debt investments at amortised cost	–	20,519	58,800	181,330	740,026	919,716	–	70	1,920,461
– Debt investments at FVTOCI	–	19,286	45,119	193,353	479,497	345,320	–	2	1,082,577
– Equity investments designated at FVTOCI	–	–	–	–	–	–	22,315	–	22,315
Other assets (note (iii))	36,930	12,493	14,400	21,479	18,287	4,669	270,768	4,661	383,687
Total assets	173,406	1,328,500	842,038	2,509,586	3,312,735	3,128,155	822,320	35,296	12,152,036
Borrowing from central banks and amounts due to banks and other financial institutions	656,081	149,972	150,656	201,897	41,794	6,617	–	–	1,207,017
Deposits from customers	4,752,616	673,445	936,315	1,420,661	1,288,740	24,810	–	–	9,096,587
Financial liabilities at FVTPL and derivative financial liabilities	16,928	10,044	6,266	18,668	16,519	30,619	–	–	99,044
Lease liabilities	–	448	607	2,855	7,705	1,163	–	–	12,778
Debt securities issued	–	26,710	72,254	61,455	53,770	7,394	–	–	221,583
Other liabilities (note (iii))	141,006	34,895	22,135	49,859	33,352	305	–	–	281,552
Total liabilities	5,566,631	895,514	1,188,233	1,755,395	1,441,880	70,908	–	–	10,918,561
(Short)/long position	(5,393,225)	432,986	(346,195)	754,191	1,870,855	3,057,247	822,320	35,296	1,233,475

Notes:

(i) For cash and balances with central banks, the amounts with indefinite maturities represent statutory deposit reserve and fiscal deposit balances.

(ii) For financial investments at FVTPL included in financial investments, their maturity dates do not represent the Group's intention to hold them to maturity.

(iii) Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

60. 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.

	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	–	–	–	–	–	–	–

60. 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)*

	2024									
	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	573,788	573,788	46,957	38	136	1,925	–	–	524,732	–
Amounts due from banks and other financial institutions	896,707	904,328	47,430	479,793	152,137	197,581	27,374	13	–	–
Loans and advances to customers	6,622,950	7,670,661	37,161	583,775	555,313	1,963,041	2,235,195	2,265,613	–	30,563
Financial investments	3,642,371	4,273,759	4,956	272,560	163,542	555,653	1,597,127	1,653,029	26,820	72
– Financial investments at FVTPL	617,018	638,145	4,956	225,776	45,894	124,509	156,719	75,786	4,505	–
– Debt investments at amortised cost	1,920,461	2,324,329	–	25,001	67,717	219,327	895,238	1,116,976	–	70
– Debt investments at FVTOCI	1,082,577	1,288,970	–	21,783	49,931	211,817	545,170	460,267	–	2
– Equity investments designated at FVTOCI	22,315	22,315	–	–	–	–	–	–	22,315	–
Other assets	102,337	102,337	33,461	12,442	14,328	21,190	5,063	511	10,681	4,661
Total	11,838,153	13,524,873	169,965	1,348,608	885,456	2,739,390	3,864,759	3,919,166	562,233	35,296
Non-derivative financial liabilities and lease liabilities										
Borrowing from central banks and amounts due to banks and other financial institutions	1,207,017	1,220,980	656,335	150,888	152,614	206,029	47,556	7,558	–	–
Deposits from customers	9,096,587	9,321,148	4,793,218	686,784	958,060	1,470,346	1,387,318	25,422	–	–
Financial liabilities at FVTPL	67,461	67,510	16,886	6,247	1,342	7,526	4,998	30,511	–	–
Lease liabilities	12,778	13,793	–	451	614	2,908	8,299	1,521	–	–
Debt securities issued	221,583	228,531	–	26,990	73,018	63,674	57,135	7,714	–	–
Other liabilities	181,168	181,168	43,755	33,783	21,974	48,334	33,017	305	–	–
Total	10,786,594	11,033,130	5,510,194	905,143	1,207,622	1,798,817	1,538,323	73,031	–	–
Loan commitments	–	1,783,211	1,783,211	–	–	–	–	–	–	–

Note: Accrued interest of financial assets and liabilities are included in "other assets" and "other liabilities" respectively.

60. Risk management *(continued)*

(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.

(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 the approaches 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 31 December 2025, 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.

60. Risk management *(continued)*

(e) Capital management *(continued)*

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.

The capital ratios calculated by the Advanced Measurement Approach set out in the Rules on Capital Management of Commercial Banks are as follows:

	2025	2024
Common equity tier 1 adequacy ratio	**14.16%**	14.86%
Tier 1 capital adequacy ratio	**16.51%**	17.48%
Capital adequacy ratio	**18.24%**	19.05%
Common equity tier 1	**1,080,721**	1,036,392
Regulatory deductions from Common equity tier 1	**13,161**	13,344
Net Common equity tier 1	**1,067,560**	1,023,048
Additional tier 1 capital	**177,457**	180,446
Net tier 1 capital	**1,245,017**	1,203,494
Tier 2 capital	**130,014**	108,248
Net capital	**1,375,031**	1,311,742
Risk-weighted assets (taking into consideration the capital floor requirements)	**7,540,202**	6,885,783

(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.

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

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.

The following tables provide an analysis of the notional amounts and the corresponding fair values of derivatives of the Group by remaining maturities 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.

	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)

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

	2024						
	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	295,444	931,606	847,772	1,290	2,076,112	11,136	(11,478)
Interest rate swaps	290,990	931,524	847,772	1,290	2,071,576	11,035	(11,478)
Bond futures	4,454	82	–	–	4,536	101	–
Currency derivatives	944,726	947,917	83,676	1,722	1,978,041	20,926	(19,773)
Forwards	44,479	21,093	1,372	280	67,224	588	(579)
Foreign exchange swaps	664,671	740,338	67,377	1,442	1,473,828	17,734	(16,958)
Futures	18	387	–	–	405	–	–
Options	235,558	186,099	14,927	–	436,584	2,604	(2,236)
Other derivatives	4,767	6,090	230	37	11,124	262	(123)
Equity options purchased	805	2,769	–	37	3,611	131	–
Equity options written	805	2,769	–	–	3,574	–	(21)
Commodity trading swaps	3,157	351	–	–	3,508	131	(100)
Credit default swaps	–	201	230	–	431	–	(2)
Fair value hedge derivatives							
Interest rate derivatives	–	–	500	–	500	–	(15)
Interest rate swaps	–	–	500	–	500	–	(15)
Currency derivatives	1,200	1,940	6,614	–	9,754	76	(161)
Foreign exchange swaps	1,200	1,940	6,614	–	9,754	76	(161)
Cash flow hedge derivatives							
Interest rate derivatives	2,110	10,384	9,533	330	22,357	128	(33)
Interest rate swaps	2,110	10,384	9,533	330	22,357	128	(33)
Derivatives managed in conjunction with financial instruments designated at FVTPL							
Interest rate derivatives	–	–	183	–	183	5	–
Interest rate swaps	–	–	183	–	183	5	–
Total	1,248,247	1,897,937	948,508	3,379	4,098,071	32,533	(31,583)

There was no ineffective portion of cash flow hedges during the years ended 31 December 2025 and 2024.

60. Risk management *(continued)*

(f) Use of derivatives *(continued)*

The credit risk weighted amounts in respect of these derivatives are as follows:

	2025	2024
Default risk weighted assets of counterparties	**6,640**	4,254
Credit valuation adjustment risk weighted assets	**1,581**	2,353
Total	**8,221**	6,607

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.

(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 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

– Level 3 inputs are unobservable inputs for the asset or liability.

The Group recognises transfers among levels of the fair value hierarchy at the end of the reporting period during which the transfer takes 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.

60. 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 reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date:

	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

60. 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 reporting period, of the Group's assets and liabilities which are measured at fair value on a recurring basis at each reporting date: *(continued)*

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Financial investments measured at FVTPL	15,699	584,337	3,317	603,353
– Debt securities	14,204	237,508	340	252,052
– Precious metal contracts	134	–	–	134
– Equity investments	1,360	3	1,899	3,262
– Fund investments	1	343,079	871	343,951
– Wealth management products	–	3,134	–	3,134
– Other	–	613	207	820
Financial investments designated at FVTPL	1,646	12,019	–	13,665
– Debt securities	1,646	12,019	–	13,665
Derivative financial assets	–	32,533	–	32,533
Loans and advances to customers at FVTPL	–	34,601	1,174	35,775
Debt investments at FVTOCI	230,469	861,658	–	1,092,127
Loans and advances to customers at FVTOCI	–	345,349	206,343	551,692
Equity investments designated at FVTOCI	12,873	1,903	7,539	22,315
Total	260,687	1,872,400	218,373	2,351,460
Liabilities				
Financial liabilities held for trading	28,757	389	–	29,146
– Financial liabilities related to precious metal	28,757	–	–	28,757
– Short position on bonds	–	389	–	389
Financial liabilities designated at FVTPL	5,567	31,592	1,156	38,315
– Debt securities issued	5,567	–	–	5,567
– Other	–	31,592	1,156	32,748
Derivative financial liabilities	–	31,583	–	31,583
Total	34,324	63,564	1,156	99,044

During the years ended 31 December 2025 and 2024, there were no significant transfers of financial instruments between Level 1 and Level 2 of the fair value hierarchy.

60. 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 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.

60. 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 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

60. 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)

	Fair value as at 31 December 2024	Valuation techniques	Unobservable inputs
Equity investments designated at FVTOCI	1,022	Market approach	Liquidity discount
Equity investments designated at FVTOCI	67	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
Equity investments designated at FVTOCI	6,450	Net asset value approach	Net assets, liquidity discount
Loans and advances to customers at FVTPL	1,174	Discounted cash flow approach	Risk-adjusted discount rate
Loans and advances to customers at FVTOCI	206,343	Discounted cash flow approach	Risk-adjusted discount rate
Financial investments measured at FVTPL			
– Equity investments	1,119	Market approach	Liquidity discount
– Equity investments	516	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Equity investments	264	Net asset value approach	Net assets, liquidity discount
– Debt securities	340	Discounted cash flow approach	Risk-adjusted discount rate
– Fund investments	807	Net fund value approach	Net assets
– Fund investments	64	Market approach	Liquidity discount
– Other	163	Discounted cash flow approach	Risk-adjusted discount rate, cash flow
– Other	44	Net fund value approach	Net assets
Financial liabilities designated at FVTPL	1,156	Net fund value approach	Net assets, liquidity discount

60. 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)*

Valuation of financial instruments with significant unobservable inputs

The following tables show the movements from the beginning balances to the ending balances 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 2025	3,317	1,174	206,343	7,539	218,373
Profit or loss					
– In profit or loss	533	(7)	–	–	526
– In other comprehensive income	46	–	(154)	352	244
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

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 2024	4,160	3,729	120,762	7,338	135,989
Profit or loss					
– In profit or loss	(531)	(84)	–	–	(615)
– In other comprehensive income	–	–	252	297	549
Addition for the year	72	–	485,550	–	485,622
Disposals and settlement on maturity	(179)	(2,472)	(400,221)	(104)	(402,976)
Transfer out of level 3	(214)	–	–	–	(214)
Exchange difference	9	1	–	8	18
At 31 December 2024	3,317	1,174	206,343	7,539	218,373
Total unrealised gains and losses included in the consolidated statement of profit or loss for assets held at the end of the reporting period	(434)	(104)	–	–	(538)

60. 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)

Valuation of financial instruments with significant unobservable inputs (continued)

Financial liabilities at fair value through profit or loss	2025	2024
Balance as at 1 January	**1,156**	1,825
In profit or loss	**263**	(235)
Addition for the year	**382**	6
Disposals and settlement on maturity	**(206)**	(455)
Exchange difference	**(26)**	15
Balance as at 31 December	**1,569**	1,156
Total unrealised gains and losses included in the consolidated statement of profit or loss for liabilities held at the end of the reporting period	**263**	(235)

During 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 and the Bank transferred these financial assets from Level 3 to Level 2 within the fair value hierarchy. (2024: No significant transfers).

During the years ended 31 December 2025 and 2024, the Group did not change the valuation techniques for the financial assets and liabilities disclosed above which are measured at fair value on a recurring basis.

60. Risk management *(continued)*

(g) Fair value information *(continued)*

(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 22). 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 23(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.

	2025					2024				
	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	**2,103,090**	**2,205,577**	**117,481**	**2,012,821**	**75,275**	1,920,461	2,066,244	71,429	1,913,893	80,922

Note: The above financial assets do not include accrued interest.

(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:

	2025					2024				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying amount	Fair value	Level 1	Level 2	Level 3
Debt securities issued	**80,963**	**80,793**	**–**	**80,793**	**–**	85,003	89,325	–	89,325	–

Note: The above financial liabilities do not include accrued interest.

61. Material related party transactions

(a) Material connected person information

Details of the Bank's major shareholders and their parent companies are as follows:

Company name	Registered location	Issued and fully paid capital	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)(iv))	–	Transportation, shipping agency, warehousing and storage, leasing, manufacturing building and facility, repair and contracting, sales operating management service, etc.	The largest 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.	The largest 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	Sun Xian
– 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	Sun Xian
– 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
– 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	RMB16,191 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

61. Material related party transactions *(continued)*

(a) Material connected person information *(continued)*

Details of the Bank's major shareholders and their parent companies are as follows: *(continued)*

Company name	Registered location	Issued and fully paid capital	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
– 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
CMB Financial Leasing Company Limited (CMBFL)	Shanghai	RMB18,000 million	–	–	100%	Finance lease	Subsidiary	Limited liability	Zhong Desheng
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 24(vii)	Asset management	Subsidiary	Limited liability	Wang Xiaoqing
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 2024: 29.97%) through its subsidiaries as at 31 December 2025.

(ii) As the largest direct shareholder, CMSN, a subsidiary of CMG, holds 13.04% of the Bank as at 31 December 2025 (2024: 13.04%).

(iii) China COSCO Shipping Corporation Ltd. holds 9.97% of the Bank through its subsidiaries as at 31 December 2025 (2024: 9.97%).

(iv) 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.

(v) 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, Shanghai Automotive Industry Corporation (Group), and China Insurance Security Fund Co., Ltd., which had previously assigned Supervisors to the bank, were major shareholders of the Bank within the past 12 months.

61. Material related party transactions *(continued)*

(a) Material connected person information *(continued)*

The registered capital of the Group's related parties as at 31 December 2025 and 2024 are as follows:

Name of related party		2025		2024
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	7,778,000,000
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**	**16,191,351,300**	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**	N/A	N/A

The proportion of the Bank held by the largest shareholder and the portion of the subsidiaries held by the Bank

	The Bank held by the largest shareholder		The subsidiaries held by the Bank															
	CMSN		CMBIC		CMBFL		CMB WLB		CMFM		CMBWM		CMB Europe S.A.		CIGNA & CMAM		CMB Investment	
	No. of shares	%	HKD	%	RMB	%	HKD	%	RMB	%	RMB	%	EUR	%	RMB	%	RMB	%
At 1 January 2025	3,289,470,337	13.04	4,129,000,000	100.00	18,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	100,000,000	100.00	500,000,000	note	-	-
At 31 December 2025	3,289,470,337	13.04	4,129,000,000	100.00	18,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	100,000,000	100.00	500,000,000	note	15,000,000,000	100.00

	The Bank held by the largest shareholder		The subsidiaries held by the Bank													
	CMSN		CMBIC		CMBFL		CMB WLB		CMFM		CMBWM		CMB Europe S.A.		CIGNA & CMAM	
	No. of shares	%	HKD	%	RMB	%	HKD	%	RMB	%	RMB	%	EUR	%	RMB	%
At 1 January 2024	3,289,470,337	13.04	4,129,000,000	100.00	12,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	100,000,000	100.00	500,000,000	note
At 31 December 2024	3,289,470,337	13.04	4,129,000,000	100.00	18,000,000,000	100.00	1,160,950,575	100.00	1,310,000,000	55.00	5,555,555,555	90.00	100,000,000	100.00	500,000,000	note

Note: This information is detailed in note 24(vii).

As of 31 December 2025, other than those disclosed above, there were 87 companies that shared common directors, supervisors and senior management including their close family members with the Bank and they can control or exercise significant influence over these companies (31 December 2024: 85).

61. 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:

	2025	2024
Short-term loans	**3.00% to 3.10%**	3.10% to 3.45%
Medium to long-term loans	**3.00% to 3.50%**	3.10% to 4.20%
Demand deposits	**0.05% to 0.10%**	0.10% to 0.35%
Time deposits	**0.65% to 1.30%**	0.80% to 2.75%

There were no loans and advances granted to related parties that were credit impaired during the year (2024: None).

(c) Shareholders and their related companies

The Bank's largest shareholder CMG and its related companies held 29.97% (2024: 29.97%) of the Bank's shares as at 31 December 2025 (among them 13.04% of the shares were directly held by CMSN (2024: 13.04%).

The Group's transactions and balances with CMSN and its related companies are disclosed as follows:

	2025	2024
On-balance sheet:		
– Loans and advances to customers	**67,903**	58,843
– Financial investments	**3,790**	7,580
– Deposits from banks and other financial institutions	**38,788**	36,109
– Deposits from customers	**62,316**	75,028
– Lease liabilities	**150**	186
Off-balance sheet:		
– Irrevocable guarantees	**10,021**	8,748
– Irrevocable letters of credit	**1,444**	1,004
– Irrevocable loan commitments	**7,647**	7,489
– Bills of acceptances	**845**	599
Interest income	**2,012**	1,979
Interest expense	**(1,319)**	(1,366)
Net fee and commission income	**610**	425
Operating expenses	**(944)**	(1,012)
Other net income	**127**	238

61. Material related party transactions *(continued)*

(d) Companies that share common directors, supervisors or senior management with the Bank (other than those disclosed in Note 61(c)) and they can control or exercise significant influence over the companies

	2025	2024
On-balance sheet:		
– Loans and advances to customers	**–**	8,805
– Deposits from banks and other financial institutions	**1**	1
– Deposits from customers	**11,444**	14,362
Off-balance sheet:		
– Irrevocable guarantees	**–**	6
– Bills of acceptances	**–**	3
Interest income	**–**	412
Interest expense	**(424)**	(200)
Net fee and commission income	**7**	66
Operating expenses	**(3,550)**	(3,330)
Other net income	**12**	–

(e) Associates and joint ventures other than those disclosed in Note 61(c)

	2025	2024
On-balance sheet:		
– Placements with banks and other financial institutions	**13,300**	12,800
– Loans and advances to customers	**–**	6,459
– Deposits from banks and other financial institutions	**1,845**	1,055
– Deposits from customers	**553**	658
– Lease liabilities	**6**	–
Off-balance sheet:		
– Irrevocable guarantees	**–**	2
Interest income	**271**	775
Interest expense	**(31)**	(35)
Net fee and commission income	**1,383**	1,722
Operating expenses	**(46)**	(197)
Other net income	**49**	16

61. Material related party transactions *(continued)*

(f) Other major shareholders holding more than 5% shares of the Bank and exercising significant influence over the Bank

	2025	2024
On-balance sheet:		
– Placements with banks and other financial institutions	**400**	–
– Loans and advances to customers	**46,756**	46,929
– Financial investments	**360**	250
– Deposits from banks and other financial institutions	**2,508**	4,439
– Deposits from customers	**29,019**	24,718
– Lease liabilities	**15**	13
Off-balance sheet:		
– Irrevocable guarantees	**10,153**	12,979
– Irrevocable letters of credit	**3,136**	4,349
– Irrevocable loan commitments	**1,089**	1,000
– Bills of acceptances	**2,599**	5,398
Interest income	**1,525**	1,455
Interest expense	**(553)**	(405)
Net fee and commission income	**144**	177
Operating expenses	**(8)**	(2)
Other net income	**762**	553

(g) Subsidiaries

	2025	2024
On-balance sheet		
– Balances with banks and other financial institutions	**1,487**	5,585
– Placements with banks and other financial institutions	**33,057**	26,848
– Loans and advances to customers	**12,957**	15,984
– Financial investments	**2,048**	1,526
– Deposits from banks and other financial institutions	**16,293**	6,552
– Deposits from customers	**9,288**	8,100
Off-balance sheet		
– Irrevocable letters of credit	**–**	–
– Bills of acceptances	**–**	–
Interest income	**1,272**	1,434
Interest expense	**(131)**	(120)
Net fee and commission income	**597**	591
Operating expenses	**(6,352)**	(6,614)
Other net income	**907**	610

All significant balances and transactions between the Bank and its subsidiaries have been eliminated in the consolidated financial statements.

(h) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and executive officers.

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	**33,679**	35,001
Discretionary bonuses	**–**	–
Contributions to defined contribution retirement schemes	**–**	–
Total	**33,679**	**35,001**

61. Material related party transactions *(continued)*

(i) Annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other transactions were conducted between the Group and the annuity scheme for the years ended 31 December 2025 and 2024.

62. 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.

63. 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, based on the criteria set out in Note 4(5), the Group derecognises the transferred credit assets in their entirety. During the year of 2025, the Group transferred loans amounting to RMB34,232 million (2024: RMB22,569 million) in securitisation arrangements, as well as substantially all the risks and rewards associated with the loans. The full amount of such securitised loans were 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, the remaining portion is 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 year ended 31 December 2025, there were nil as of new securitised credit assets in which the Group retained the continuing involvement (2024: Nil). The carrying amount of the continuing involvement asset and the corresponding continuing involvement liability, are recognised in other assets and other liabilities in the consolidated statement of financial position, amounting to RMB5,274 million as at 31 December 2025 (31 December 2024: RMB5,274 million).

Transfers of credit assets to third parties

During the year of 2025, in addition to securitisation transactions, the Group has not transferred credit assets (2024: RMB8 million) to independent third parties directly. The Group determined that these transferred assets qualified for full derecognition, based on the criteria set out in Note 4(5), since the Group has transferred substantially all the risks and rewards of the transferred assets to the counterparties.

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.

64. 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 Group's interests in structured entities which is not covered by the consolidated financial statements is as follows:

(a) Interests in the structured entities sponsored by third parties institutions

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, assets-backed securities and fund investments, 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.

The following tables set out an analysis of the balance of interests held by the Group in the structured entities sponsored by third parties and an analysis of the line items in the consolidated statement of financial positions as at 31 December 2025 and 31 December 2024:

	2025				
	Balance				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	9,073	67,642	200	76,915	76,915
Trust beneficiary rights	181	7,311	–	7,492	7,492
Asset-backed securities	850	464	46,903	48,217	48,217
Fund investments	255,474	–	–	255,474	255,474
Wealth management products	880	–	–	880	880
Total	**266,458**	**75,417**	**47,103**	**388,978**	**388,978**

	2024				
	Balance				
	Financial investments at FVTPL	Debt investments at amortised cost	Debt investments at FVTOCI	Total	Maximum exposure
Asset management schemes	596	69,168	–	69,764	69,764
Trust beneficiary rights	163	12,942	–	13,105	13,105
Asset-backed securities	1,755	1,818	43,911	47,484	47,484
Fund investments	334,929	–	–	334,929	334,929
Wealth management products	432	–	–	432	432
Total	337,875	83,928	43,911	465,714	465,714

The maximum exposures of investments in funds, trust beneficiary rights, asset management schemes, wealth management products and asset-backed securities are the balance of these assets.

64. 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 assets 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. Interest of the Group in these unconsolidated structured entities is limited to fees and commissions charged for management services provided.

As at 31 December 2025, the amount of unconsolidated non-principal-guaranteed wealth management products sponsored by the Group was RMB2,643,750 million (31 December 2024: RMB2,470,334 million).

As at 31 December 2025, the amount of unconsolidated funds sponsored by the Group was RMB1,413,031 million (31 December 2024: RMB1,320,359 million).

As at 31 December 2025, the amount of unconsolidated asset management schemes sponsored by the Group was RMB245,943 million (31 December 2024: RMB299,261 million).

As at 31 December 2025, amounts held under resale agreements transacted between the Group and the non-principal-guaranteed wealth management products sponsored by the Group was nil (31 December 2024: RMB18,397 million). The above transactions were conducted in accordance with normal business terms and conditions.

As at 31 December 2025, the amount of unconsolidated non-principal-guaranteed wealth management products held by the Group was RMB3,557 million (31 December 2024: RMB2,703 million).

As at 31 December 2025, the amount of unconsolidated funds held by the Group was RMB9,748 million (31 December 2024: RMB9,022 million).

During the year ended 31 December 2025, the amount of fee and commission income the Group received from such non-principal-guaranteed wealth management products was RMB9,785 million (2024: RMB9,088 million).

During the year ended 31 December 2025, the amount of fee and commission income the Group received from such unconsolidated funds was RMB7,060 million (2024: RMB6,288 million).

During the year ended 31 December 2025, the amount of fee and commission income the Group received from such unconsolidated asset management schemes was RMB770 million (2024: RMB637 million).

The total amount of non-principal-guaranteed wealth management products sponsored by the Group after 1 January 2025 with a maturity date before 31 December 2025 was RMB213,494 million (2024: RMB366,222 million).

65. Events after the reporting period

On 13 March 2026, the Bank issued the *ANNOUNCEMENT ON THE PROPOSED REDEMPTION OF THE DOMESTIC PREFERENCE SHARES*. As considered and approved by the two directors who were delegated from the board of directors by authorization of the shareholders' general meeting of the Company, and approved by the NFRA, the Company proposes to redeem all of the Preference Shares in full on 15 April 2026. The Company proposes to redeem all 275 million Domestic Preference Shares with a nominal value of RMB100 per Preference Share, totalling an aggregate redemption size of RMB27.5 billion.

66. Comparative figures

Certain comparative figures in the notes have been re-presented to conform to presentation in current year.

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.

	2025	2024
Common equity tier 1 adequacy ratio	**14.16%**	14.86%
Tier 1 capital adequacy ratio	**16.51%**	17.48%
Capital adequacy ratio	**18.24%**	19.05%
Components of capital base		
Common equity tier 1:		
Qualifying portion of share capital	**25,220**	25,220
Qualifying portion of capital reserve	**65,404**	65,548
Surplus reserve	**136,233**	122,614
General reserve	**163,481**	155,404
Retained earnings	**669,370**	626,082
Qualifying portion of non-controlling interests	**–**	–
Other (note (i))	**21,013**	41,524
Total common equity tier 1	**1,080,721**	1,036,392
Regulatory deductions from common equity tier 1	**13,161**	13,344
Net common equity tier 1	**1,067,560**	1,023,048
Additional tier 1 capital (note (ii))	**177,457**	180,446
Net tier 1 capital	**1,245,017**	1,203,494
Tier 2 capital:		
Qualifying portion of tier 2 capital instruments and their premium	**–**	–
Surplus provision for impairment	**130,014**	108,248
Qualifying portion of non-controlling interests	**–**	–
Total tier 2 capital	**130,014**	108,248
Regulatory deductions from common equity Tier 2 capital	**–**	–
Net tier 2 capital	**130,014**	108,248
Net capital	**1,375,031**	1,311,742
Total risk-weighted assets (taking into consideration the capital floor requirements)	**7,540,202**	6,885,783

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 preference shares, perpetual bonds, etc.

In 2025, in accordance with the Advanced Measurement Approach approved by former CBIRC in April 2014, the Bank's common equity tier 1 adequacy ratio is 13.74%, tier 1 capital adequacy ratio is 16.15%, capital adequacy ratio is 17.95%, net capital is RMB1,220,932 million and total risk-weighted assets is RMB6,801,840 million (taking into consideration the capital floor requirements).

In 2025, the Group's common equity tier 1 adequacy ratio was 11.92%, tier 1 capital adequacy ratio was 13.90%, capital adequacy ratio was 15.00%, net capital was RMB1,343,023 million and total risk-weighted assets were RMB8,954,305 million, using the Weighted Approach for credit risk, the Standardised Approach for market risk and the Standardised Approach for operational risk in the calculations.

In 2025, the Bank's common equity tier 1 adequacy ratio was 11.38%, tier 1 capital adequacy ratio was 13.37%, capital adequacy ratio was 14.47%, net capital was RMB1,188,894 million and total risk-weighted assets were RMB8,215,906 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:

		31 Dec 2025	30 Sep 2025
1	Total consolidated assets as per published financial statements	**13,070,523**	12,644,075
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**(98,297)**	(90,696)
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	**37,203**	38,085
5	Adjustment for securities financing transactions	**98**	–
6	Adjustment for off-balance sheet items	**2,559,519**	2,517,096
7	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	**–**	–
8	Adjustment for unsettled financial assets	**(19)**	(96)
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	**(13,161)**	(13,194)
13	**Leverage ratio exposure measure**	**15,555,866**	15,095,270

(B) Leverage ratio *(continued)*

Leverage ratio, net tier 1 capital, adjusted on-balance sheet and off-balance sheet assets and other information:

		31 Dec 2025	30 Sep 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs))	**13,003,558**	12,767,589
2	Less: Specific and general provisions associated with on-balance sheet exposures deducted in determining Tier 1 capital	**(306,625)**	(315,836)
3	Less: Asset amounts deducted in determining Basel III Tier 1 capital	**(13,161)**	(13,194)
4	**Adjusted on-balance sheet exposures (excluding derivatives and SFTs)**	**12,683,772**	12,438,559
Derivative exposures			
5	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	**6,873**	9,478
6	Add-on amounts for potential future exposure associated with all derivatives transactions	**48,247**	46,543
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	**906**	1,151
11	Less: Adjusted effective notional deductions for written credit derivatives	**(1)**	(1)
12	**Derivative exposures**	**56,025**	57,171
Securities financing transaction exposures			
13	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	**256,452**	82,444
14	Less: netted amounts of cash payables and cash receivables of gross SFT assets	**–**	–
15	Counterparty credit risk exposure for SFT assets	**98**	–
16	Agent transaction exposures	**–**	–
17	**Total securities financing transaction exposures**	**256,550**	82,444
Other off-balance sheet exposures			
18	Off-balance sheet exposure at gross notional amount	**10,765,965**	10,667,042
19	Less: adjustments for conversion to credit equivalent amounts	**(8,190,828)**	(8,133,622)
20	Less:Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	**(15,618)**	(16,324)
21	**Off-balance sheet items**	**2,559,519**	2,517,096
Capital and total exposures			
22	Tier 1 capital	**1,245,017**	1,241,293
23	**Total exposures**	**15,555,866**	15,095,270

(B) Leverage ratio *(continued)*

Leverage ratio, net tier 1 capital, adjusted on-balance sheet and off-balance sheet assets and other information: *(continued)*

		31 Dec 2025	30 Sep 2025
Leverage ratio			
24	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**8.00%**	8.22%
24a	**Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)**	**8.00%**	8.22%
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	**148,893**	167,250
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	**256,452**	82,444
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)	**15,448,307**	15,180,076
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)	**15,448,307**	15,180,076
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)**	**8.06%**	8.18%
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)**	**8.06%**	8.18%

(C) Liquidity coverage ratio

The Group prepared and disclosed 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 of liquidity coverage ratio of the Group was 175.51% in the fourth quarter of 2025, an increase of 13.93 percentage points from the previous quarter, which was mainly caused by the increase of high quality liquid assets. The liquidity coverage ratio of the Group at the end of the fourth quarter of 2025 was 200.03%, which met the regulatory requirements in 2025. The breakdown of the Group's average value of each item of liquidity coverage ratio in the fourth quarter of 2025 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**		**2,777,244**
Cash outflows			
2	Retail and small business customers deposits, of which:	4,591,920	406,956
3	Stable deposits	1,044,708	52,235
4	Less stable deposits	3,547,212	354,721
5	Unsecured wholesale funding, of which:	5,028,918	1,758,074
6	Operational deposits (excluding correspondent banks)	2,751,970	679,436
7	Non-operational deposits (including all counterparties)	2,270,199	1,071,889
8	Unsecured debt issuance	6,749	6,749
9	Secured funding		37
10	Additional requirements, of which:	2,565,883	716,395
11	Cash outflows arising from derivative contract and other transactions arising from related collateral requirements	595,795	595,795
12	Cash outflows arising from secured debt instruments funding	–	–
13	Undrawn committed credit and liquidity facilities	1,970,088	120,600
14	Other contractual obligations to extend funds	118,723	118,723
15	Other contingent funding obligations	4,194,346	131,379
16	**Total cash outflows**		**3,131,564**
Cash inflows			
17	Secured lending (including reverse repo and securities borrowing)	149,312	147,471
18	Contractual inflows from fully performing loans	1,186,913	804,503
19	Other cash inflows	595,412	595,012
20	**Total cash inflows**	**1,931,637**	**1,546,986**

		Adjusted value
21	**Total stock of high quality liquid assets**	**2,777,244**
22	**Net cash outflows**	**1,584,578**
23	**Liquidity coverage ratio (%)**	**175.51%**

Notes:

(i) The data in the above table is a simple arithmetic average of the 92-day value for the latest quarter.

(ii) The high quality liquid assets in the above table are prepared based on cash and the central bank reserve available under pressure conditions, as well as the bond in line with 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 prepared and disclosed 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 Group's Net Stable Funding Ratio at the end of the fourth quarter of 2025 was 142.02%, representing an increase of 6.04 percentage points as compared with the previous quarter, which was maintained basically stable. The breakdown of the Group's Net Stable Fund Ratio in the last two quarters is set out below:

31 December 2025

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 12 months	
Available stable funding (ASF) item						
1	Capital	1,258,177	–	–	–	1,258,177
2	Regulatory capital	1,258,177	–	–	–	1,258,177
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from Small business customer	2,771,731	2,264,568	35,640	8,278	4,630,164
5	Stable deposits	1,132,172	9,667	992	335	1,086,024
6	Less stable deposits	1,639,559	2,254,901	34,648	7,943	3,544,140
7	Wholesale funding	3,006,770	2,673,836	198,600	314,356	3,040,205
8	Operational deposits	2,749,530	–	–	–	1,374,765
9	Other wholesale funding	257,240	2,673,836	198,600	314,356	1,665,440
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	22,344	225,133	76,407	177,500	190,495
12	NSFR derivative liabilities				25,209	
13	All other liabilities and equity not included in the above categories	22,344	225,133	76,407	152,291	190,495
14	**Total ASF**					9,119,041
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					443,300
16	Deposits held at other financial institutions for operational purposes	36,133	21,802	1	5	29,794
17	Performing loans and securities	165,022	2,806,438	1,600,470	4,333,418	5,384,705
18	Performing loans to financial institutions secured by Level 1 HQLA	–	245,019	–	–	36,753
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	207	754,297	155,428	58,875	249,825
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:	–	1,549,469	1,352,427	2,625,168	3,650,654
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	69,490	31,171	158,435	153,313
22	Performing residential mortgages, of which:	–	30,473	30,569	1,356,693	971,495
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	25,480	25,529	1,061,077	715,204
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	164,815	227,180	62,046	292,682	475,978
25	Assets with matching interdependent liabilities	–	–	–	–	–

(D) Net stable funding ratio *(continued)*

31 December 2025 *(continued)*

Serial No.		Unweighted amount No maturity	< 6 months	6 months to 12 months	≥ 12 months	Weighted amount
Required stable funding (RSF) item *(continued)*						
26	Other assets	94,043	124,155	37,579	83,238	313,284
27	Physical traded commodities, including gold	38,673				32,872
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				525	446
29	NSFR derivative assets				26,936	1,727
30	NSFR derivative liabilities before deduction of variation margin posted				5,360	5,360
31	All other assets not included in the above categories	55,370	124,155	37,579	55,777	272,879
32	Off-balance sheet items				6,610,172	249,682
33	**Total RSF**					6,420,765
34	**Net Stable Funding Ratio (%)**					142.02%

30 September 2025

Serial No.		Unweighted amount No maturity	< 6 months	6 months to 12 months	≥ 12 months	Weighted amount
Available stable funding (ASF) item						
1	Capital	1,254,484	–	–	–	1,254,484
2	Regulatory capital	1,254,484	–	–	–	1,254,484
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from Small business customer	2,573,047	2,214,898	41,562	9,337	4,409,673
5	Stable deposits	1,064,643	9,699	1,263	905	1,022,729
6	Less stable deposits	1,508,404	2,205,199	40,299	8,432	3,386,944
7	Wholesale funding	2,807,652	2,754,352	199,374	295,420	2,963,955
8	Operational deposits	2,734,302	–	–	–	1,367,151
9	Other wholesale funding	73,350	2,754,352	199,374	295,420	1,596,804
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	3,787	226,882	73,672	153,559	168,736
12	NSFR derivative liabilities				21,659	
13	All other liabilities and equity not included in the above categories	3,787	226,882	73,672	131,900	168,736
14	**Total ASF**					8,796,848
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					423,725
16	Deposits held at other financial institutions for operational purposes	65,417	11,504	2	–	38,670
17	Performing loans and securities	167,621	2,524,993	1,647,024	4,237,255	5,477,685
18	Performing loans to financial institutions secured by Level 1 HQLA	–	78,117	–	–	11,718
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	136	685,034	238,215	45,719	268,875
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:	–	1,541,570	1,267,353	2,551,680	3,540,637
21	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	69,726	49,887	163,766	166,254

(D) Net stable funding ratio *(continued)*

30 September 2025 *(continued)*

Serial No.		Unweighted amount				Weighted amount
		No maturity	< 6 months	6 months to 12 months	≥ 12 months	
Required stable funding (RSF) item *(continued)*						
22	Performing residential mortgages, of which:	–	30,367	30,478	1,365,625	1,188,802
23	With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	–	–	–	–	–
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	167,485	189,905	110,978	274,231	467,653
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	51,868	104,381	37,613	111,106	283,721
27	Physical traded commodities, including gold	20,740				17,629
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				716	608
29	NSFR derivative assets				26,723	5,064
30	NSFR derivative liabilities before deduction of variation margin posted				4,882	4,882
31	All other assets not included in the above categories	31,128	104,381	37,613	83,667	255,538
32	Off-balance sheet items				6,396,433	245,644
33	**Total RSF**					6,469,445
34	**Net Stable Funding Ratio (%)**					135.98%

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" time include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

(iii) The item 26 "Other assets" unweighted amount in the above table does not include the item 30 "NSFR derivative liabilities before deduction of variation margin posted".

(E) Currency concentrations other than RMB

	2025			
	USD	HKD	Other	Total
	(in millions of RMB)			
Non-structural position				
Spot assets	**812,631**	**223,356**	**78,531**	**1,114,518**
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	**41,633**	**21,969**	**(921)**	**62,681**
Net structural position	**19,138**	**31,101**	**493**	**50,732**

	2024			
	USD	HKD	Other	Total
	(in millions of RMB)			
Non-structural position				
Spot assets	748,358	193,593	74,475	1,016,426
Spot liabilities	694,927	195,071	81,157	971,155
Forward purchased	738,325	31,449	49,354	819,128
Forward written	794,768	13,811	44,774	853,353
Net option position	14,498	(116)	661	15,043
Net long position	11,486	16,044	(1,441)	26,089
Net structural position	14,190	36,476	100	50,766

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the "HKMA"). The net structural position of the Group includes the structural positions of the Bank's branches substantially involved in foreign exchange.

(F) International claims

The Group is principally engaged in business operations within the mainland China, and regards all claims on third parties outside the mainland China and claims in foreign currencies on third parties within the mainland China 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 have been 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.

	2025			
	Banks and other financial institutions	**Public sector entities**	**Other**	**Total**
Foreign currencies transactions in the mainland China	**105,058**	**20,879**	**104,462**	**230,399**
Asia Pacific excluding the mainland China	**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**

	2024			
	Banks and other financial institutions	Public sector entities	Other	Total
Foreign currencies transactions in the mainland China	122,484	12,623	120,710	255,817
Asia Pacific excluding the mainland China	78,918	31,004	216,901	326,823
– of which attributed to Hong Kong	47,984	24,822	190,446	263,252
Europe	24,834	6,193	21,654	52,681
North and South America	44,952	154,054	24,865	223,871
Total	271,188	203,874	384,130	859,192

(G) Further analysis on loans and advances to customers analysed by industry sector

Operation in the mainland China

	2025		2024	
	Amount	% of gross loans and advances covered by collateral or other security	Amount	% of gross loans and advances covered by collateral or other security
Manufacturing	739,562	14	652,430	16
Transportation, storage and postal services	518,959	40	497,123	39
Production and supply of electric power, heat, gas and water	390,405	33	333,400	29
Property development	290,743	69	287,798	64
Wholesale and retail	274,763	11	222,593	14
Leasing and commercial services	238,521	10	186,736	14
Telecommunications, software and IT services	165,130	26	124,026	34
Construction	107,096	10	105,294	14
Finance	73,610	15	89,007	14
Mining	65,091	11	49,632	15
Water, environment and public utilities management	34,891	35	36,728	40
Other	97,591	20	88,901	23
Subtotal of corporate loans and advances	**2,996,362**	**27**	**2,673,668**	**28**
Discounted bills	322,117	100	379,950	100
Residential mortgage	1,411,084	100	1,404,101	100
Credit cards	938,993	–	947,712	–
Micro-finance loans	873,750	78	824,128	78
Consumer loans	426,653	–	396,161	1
Other	3,867	74	5,388	82
Subtotal of retail loans and advances	**3,654,347**	**57**	**3,577,490**	**57**
Gross amount of loans and advances to customers	**6,972,826**	**46**	**6,631,108**	**48**

(G) Further analysis on loans and advances to customers analysed by industry sector *(continued)*

Operation outside the mainland China

	2025		2024	
	Amount	% of gross loans and advances covered by collateral or other security	Amount	% of gross loans and advances covered by collateral or other security
Finance	72,507	9	51,257	18
Transportation, storage and postal services	50,569	23	44,972	8
Property development	22,908	32	30,753	29
Production and supply of electric power, heat, gas and water	17,624	16	9,856	8
Manufacturing	13,850	13	17,200	16
Telecommunications, software and IT services	13,078	–	10,991	3
Leasing and commercial services	9,441	12	7,756	11
Wholesale and retail	4,733	16	5,118	10
Mining	3,926	–	2,335	–
Construction	3,520	1	2,672	1
Water, environment and public utilities management	1,256	–	1,051	–
Other	5,976	30	6,111	48
Subtotal of corporate loans and advances	219,388	15	190,072	16
Residential mortgage	14,152	100	13,349	100
Credit cards	122	–	131	–
Micro-finance loans	1,946	100	1,315	100
Other	49,624	98	52,340	99
Subtotal of retail loans and advances	65,844	98	67,135	99
Gross amount of loans and advances to customers	285,232	35	257,207	37

When the amount of loans and advances to customers for an industry/category accounts for 10% or above of the total amount of loans and advances to customers, the amount of overdue loans, impaired loans and credit impairment allowances in each expected credit losses stage are disclosed as follows:

	2025				
	Overdue loans and advances	Impaired loans and advances	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit impaired)
Manufacturing	2,897	3,260	23,577	2,327	3,032
Residential mortgage	12,613	7,231	3,563	4,652	4,813
Credit card	31,079	16,373	14,115	24,820	14,469
Micro-business loan	12,459	10,663	10,864	2,834	9,519

	2024				
	Overdue loans and advances	Impaired loans and advances	– Stage 1 (12-month ECL)	– Stage 2 (Lifetime ECL – not credit-impaired)	– Stage 3 (Lifetime ECL – credit impaired)
Manufacturing	2,312	3,250	26,950	1,544	2,889
Residential mortgage	11,690	6,840	10,512	4,369	4,582
Credit card	36,667	16,560	21,667	20,351	14,985
Micro-business loan	8,032	6,538	11,223	3,086	5,493

As at 31 December 2025, for corporate loans and advances measured at amortised cost, the fair value of collateral held against impaired loans and advances is RMB5,818 million (31 December 2024: RMB5,261 million).

(H) Loans and advances to customers overdue for more than 90 days

(i) By geographical segments

	2025	2024
Headquarters	11,692	12,621
Yangtze River Delta region	12,067	10,431
Bohai Rim region	4,010	5,118
Pearl River Delta and West Coast region	10,067	8,647
Northeast region	1,466	1,280
Central region	4,710	4,361
Western region	3,954	3,819
Outside the mainland China	338	352
Subsidiaries	3,791	3,018
Total	52,095	49,647

(ii) By overdue period

	2025	2024
Gross amount of 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)	13,569	13,712
– between 6 and 12 months (inclusive)	13,097	11,489
– over 12 months	25,429	24,446
Total	52,095	49,647
As a percentage of total gross amount of loans and advances to customers:		
– between 3 and 6 months (inclusive)	0.19%	0.20%
– between 6 and 12 months (inclusive)	0.18%	0.17%
– over 12 months	0.35%	0.35%
Total	0.72%	0.72%

(iii) Collateral information

	2025	2024
Secured portion of overdue loans and advances	22,625	20,453
Unsecured portion of overdue loans and advances	29,470	29,194
Fair value of collateral held against overdue loans and advances	60,832	60,051

The amount of the Group's overdue loans and advances to financial institutions for more than 90 days as at 31 December 2025 was nil (31 December 2024: Nil).

Note: The above analysis represents loans and advances overdue for more than 90 days as required and defined by the HKMA.

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

For loans and advances repayable by regular installments, if part of the installments is overdue, the whole amount of these loans would be 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. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they were also considered as overdue.

The collateral of the Group included cash deposit, shares, land use right, property, motor vehicles and other equipment, etc. The fair value of collateral was 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.

(I) Renegotiated loans and advances to customers

	2025		2024	
	Amount	% of total loans and advances	Amount	% of total loans and advances
Renegotiated loans and advances to customers	**28,307**	**0.39%**	24,826	0.36%
Less:				
– Renegotiated loans and advances to customers overdue more than 90 days	**8,165**	**0.11%**	8,084	0.12%
– Renegotiated loans and advances to customers less than 90 days	**20,142**	**0.28%**	16,742	0.24%

The Group adopts the measures for Risk Classification of Financial Assets of Commercial Banks (CBIRC PBC Order [2023] No.1) for its rescheduled loans and advances to customers.

The amount of the Group's renegotiated loans and advances to financial institutions as at 31 December 2025 was RMB76 million (31 December 2024: nil).

(J) Non-bank the mainland china exposures

The Bank is a commercial bank incorporated in the mainland China with its banking business primarily conducted in the mainland China. As of 31 December 2025 and 31 December 2024, most of the Bank's exposures arose from businesses with the mainland China non-bank institutions or individuals. Analyses of various types of exposure by counterparty have been disclosed in the notes to the financial report.

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