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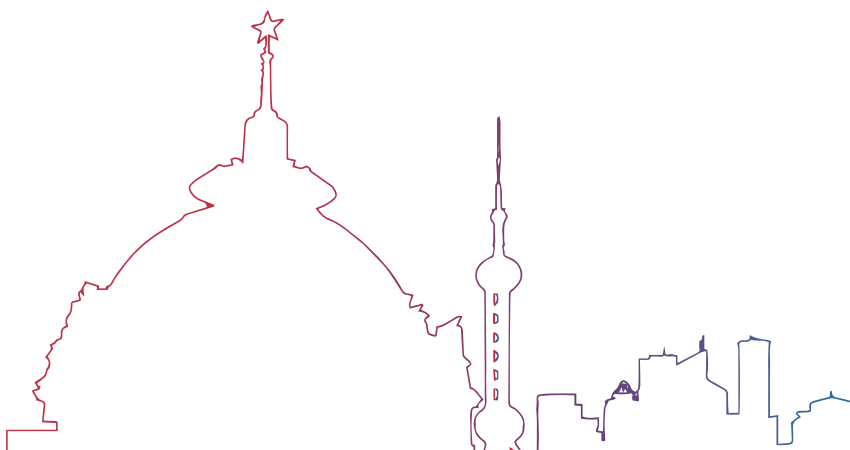
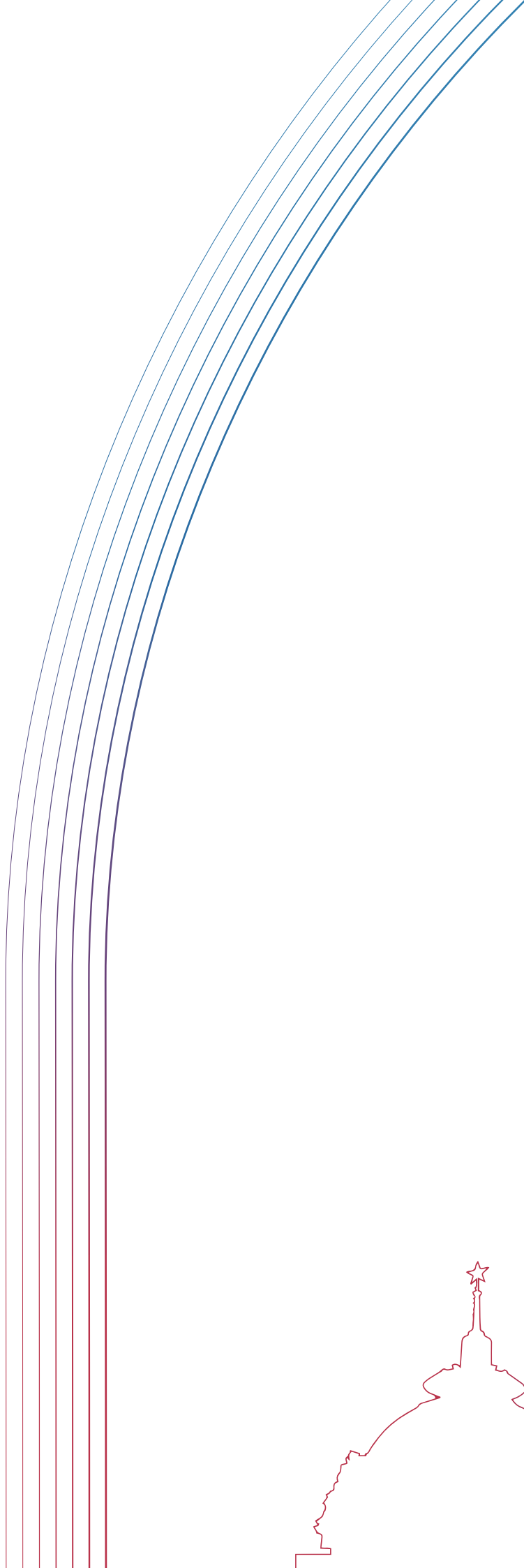
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2025 ANNUAL REPORT

SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.



Mission

Finance creates value for better life

Vision

Develop ourselves into a first-class joint-stock commercial bank with international competitiveness in all aspects

Core values

Stick to integrity and strive for excellence

View of development: adhere to long-termism for stable operation in the long run

View of talent: pursue a people-centric approach to discover talent people and put them in suitable positions

View of risk: make forward-looking, precise judgment, take actions prudentially, and know where to stop

View of management: conduct lawful and compliant management for intensive and efficient operation

View of business performance: seek for high-quality and sustainable business development

Code of clean conduct

Act with probity, excel with expertise

Green initiative

Low-carbon lifestyle and green future

Corporate spirit

Strive with one heart

Organizational climate

Optimism, plainness, unity, and sharing

Manager image

Righteous, wise, pioneering, and responsible

Employee image

Dedicated, professional, innovative, and promising

Brand proposition

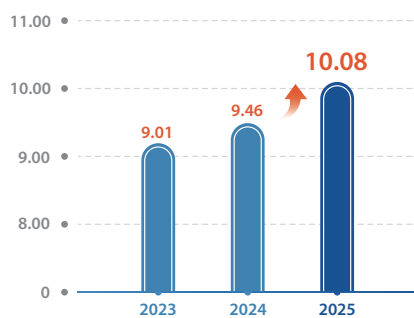
New thinking, heartfelt service



Financial and Operational Highlights

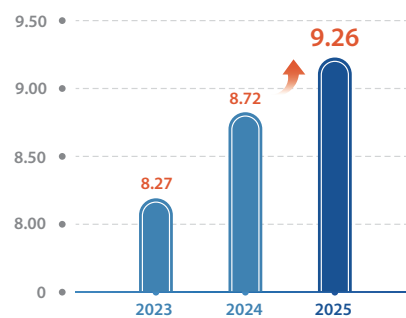
Total assets

In RMB1 trillion



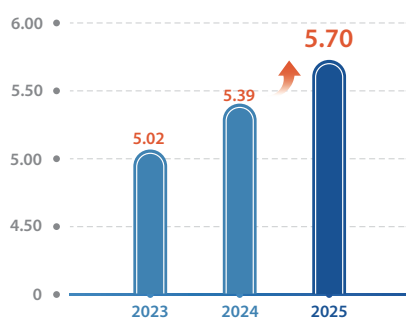
Total liabilities

In RMB1 trillion



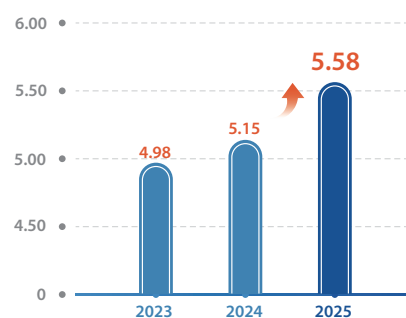
Total loans

In RMB1 trillion



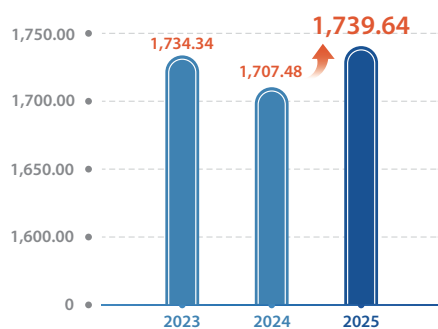
Total deposits

In RMB1 trillion



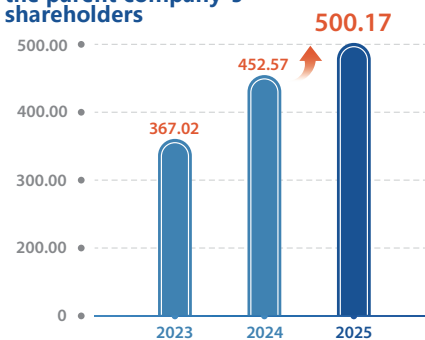
Operating income

In RMB100 million



Net profit attributable to the parent company's shareholders

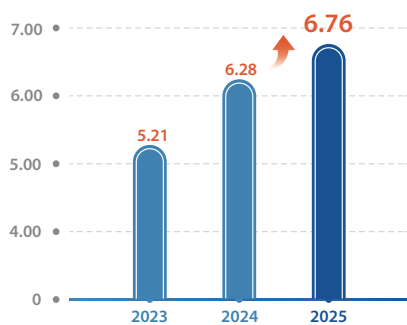
In RMB100 million



Financial and Operational Highlights

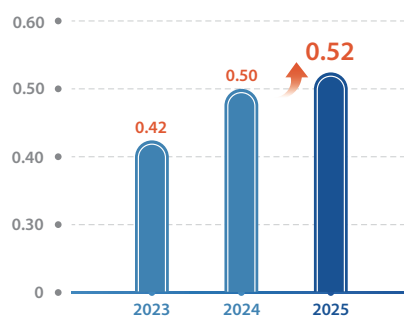
ROE

In %



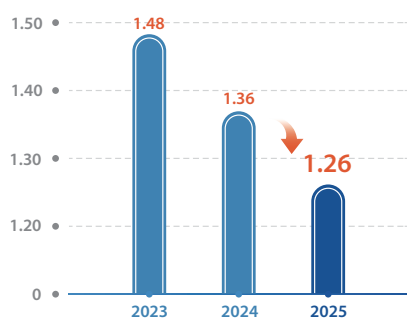
ROA

In %



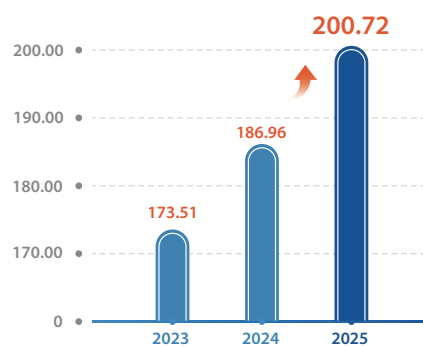
NPL ratio

In %



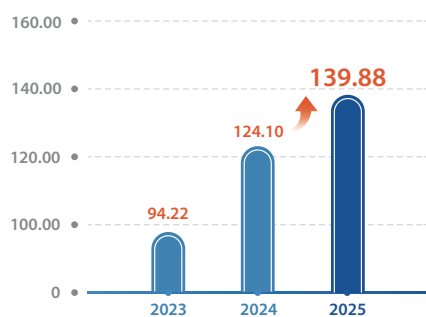
Allowance to NPLs ratio

In %



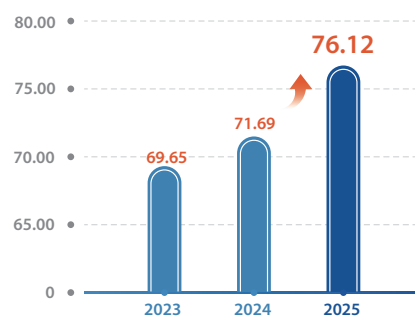
Amount of cash dividends

In RMB100 million



IT input

In RMB100 million



Progress Made along the Five Priority Tracks

> Technology finance

- The Bank's technology finance loans (as per the statistical standard of the PBC) reached RMB**1,047,092 million**.
- The Bank served more than **256,000** technology enterprises, which accounted for over 80% of the listed technology companies nationwide.
- The Bank was rated "Excellent" in the PBC's first evaluation of technology finance service quality and efficiency, **ranking first** among China's joint-stock commercial banks.

> Supply chain finance

- The annual volume of online supply chain business reached RMB**787,113 million**, up **194.82%** year on year.
- The Bank cumulatively served **37,408** upstream and downstream supply chain clients, representing an increase of **97.76%** compared with the end of the previous year.

> Inclusive finance

- The Bank's inclusive finance loans meeting the "two increases and two controls" assessment requirements reached RMB**523,991 million**, representing an increase of **12.51%** compared with the end of the previous year, which reached a four-year high.
- The number of inclusive finance customers meeting the "two increases and two controls" assessment requirements reached **509.8 thousand**, an increase of **24.22%** compared with the end of the previous year.

> Cross-border finance

- The Bank's cross-border transaction settlement volume reached RMB**4,493.1 billion**, up **44%** compared with the previous year.
- The balance of cross-border loans in local and foreign currencies stood at RMB**336.3 billion**, up **27%** compared with the end of the previous year.
- The scale of FT deposits and loans hit RMB**163.4 billion**, an increase of **14%** compared with the end of the previous year.

> Wealth and asset management finance

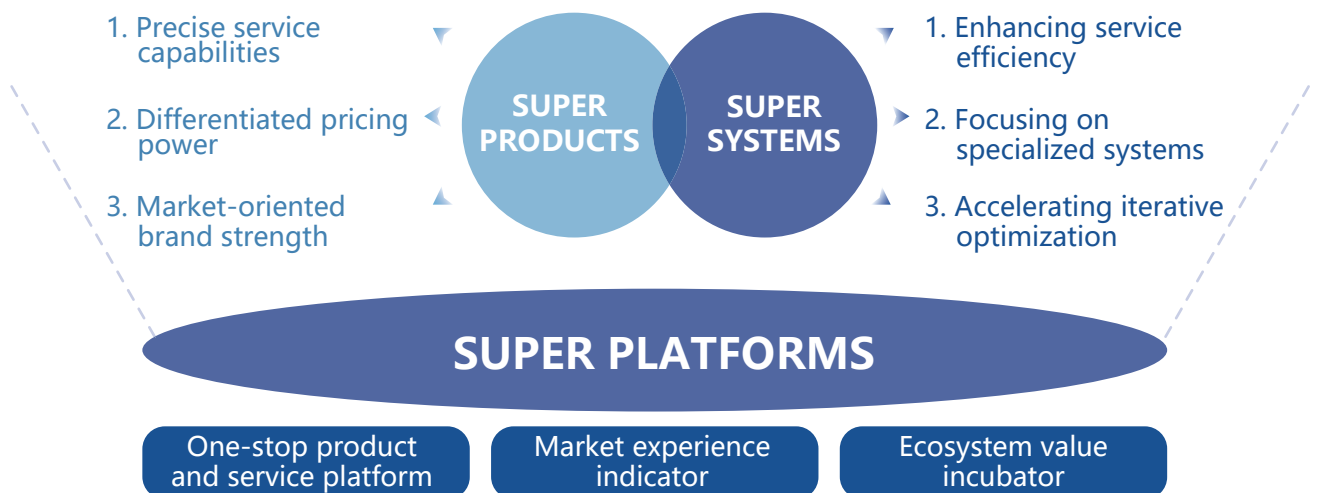
- The Bank's AUM (including market value) from personal customers reached RMB**4,664,533 million**, representing an increase of **20.26%** compared with the end of the previous year.
- The Bank's AUM in the wealth and asset management segment reached RMB**3,360,469 million**, up **23.66%** from the end of the previous year.
- The number of private banking customers with monthly average daily financial assets of RMB**6 million** or above reached **55.5 thousand**.



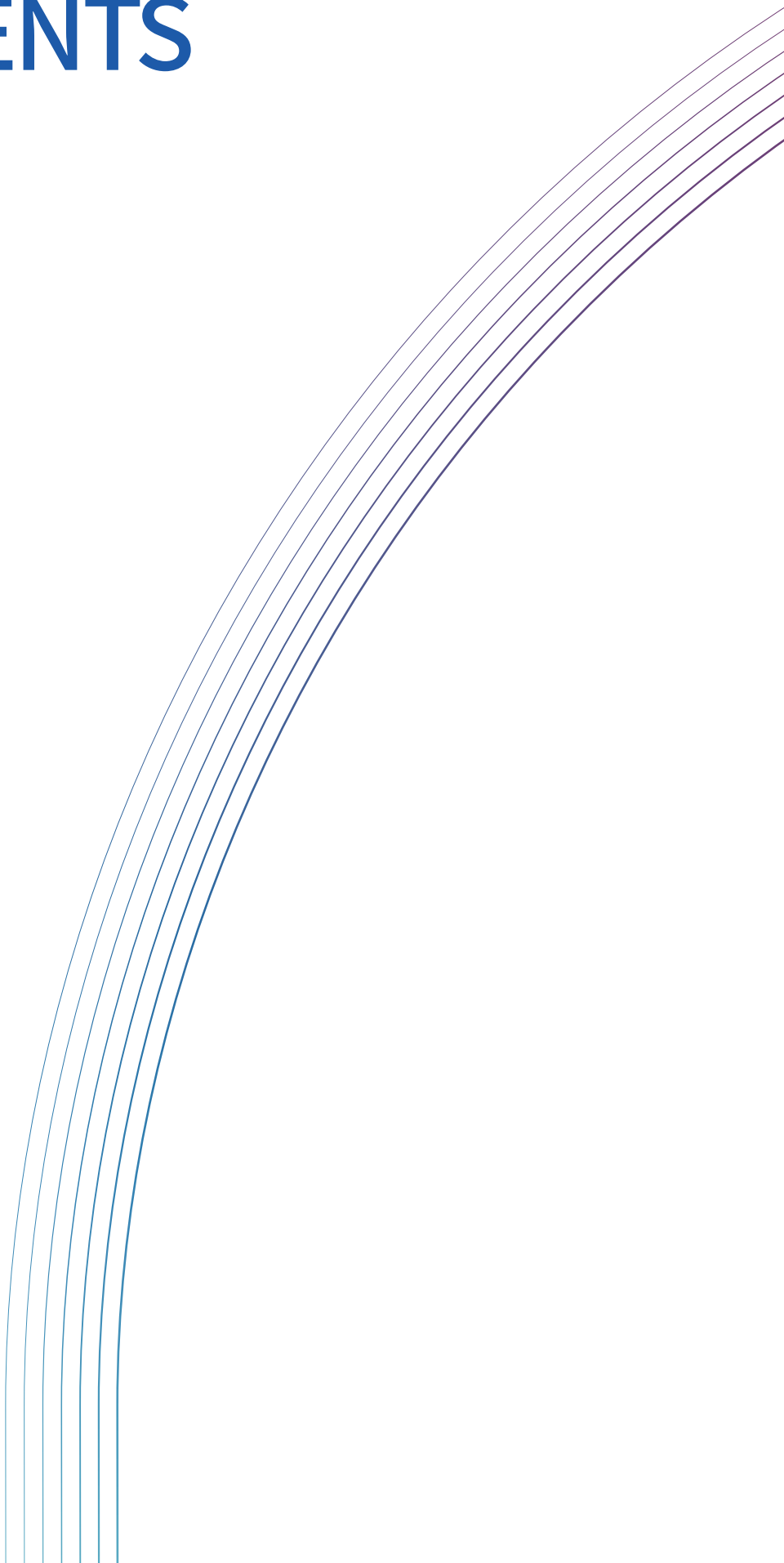
Building the "Three Supers"



Prominent advantages of the "three supers"



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Zhang Weizhong

Shanghai Pudong Development Bank Co., Ltd.
Party Committee Secretary and Chairman

Message from Chairman of the Board of Directors

In 2025, the global economy entered a pivotal phase characterized by the deep integration of technological revolution and industrial transformation. Frontier technologies continued to evolve at a faster pace, while the rapid expansion of the digital economy comprehensively reshaped the development landscape and competitive dynamics of the financial industry. The year also marked an important milestone for SPD Bank in advancing its digitalization & intelligentization strategy, strengthening hard & core technological capabilities, and demonstrating a strong sense of responsibility through tangible actions. During the year, the Group achieved a comprehensive enhancement in operational efficiency, customer service capability, organizational innovation, market competitiveness, brand influence, and sustainability. We successfully completed the conversion of nearly RMB50 billion of convertible bonds into equity, further advanced the five priorities of the financial sector, and provided strong support for building Shanghai into five international centers, thereby delivering a solid conclusion to the 14th Five-Year Plan. At the same time, we embarked on a new journey under the 15th Five-Year Plan to build a first-class joint-stock commercial bank with international competitiveness in all aspects. On behalf of the Board of Directors, I would like to express my sincere gratitude to all sectors of society for their continued support and care for SPD Bank.

Guided by the digitalization & intelligentization strategy, SPD Bank broke new ground and strengthened the resilience underpinning high-quality development. Over the past three years, we have remained firmly committed to this strategy, advancing with persistence, continuous iteration, and a steady pace. From defining the strategic direction and achieving a strong start in 2023, to improving systems and delivering breakthroughs across multiple tracks in 2024, and further to reshaping core capabilities and producing tangible results in 2025, we have secured a proactive position amid industry transformation. Our service capabilities reached new heights, with total assets exceeding RMB10 trillion, both revenue and profit achieving steady growth, and asset quality reaching its best level in nearly a decade. While setting new benchmarks in digital and intelligent transformation, the Group has continued to increase investment in technology, with cumulative input reaching RMB21.75 billion over the past three years. We established a 5A4S enterprise-level architecture and built a domestically developed 1,000-GPU-scale high-performance computing cluster. More than 200 artificial intelligence (AI) application scenarios have been deployed across five key areas: intelligent marketing, intelligent operations, efficient operations, digital and intelligent risk control, and intelligent management, cumulatively generating over 300 person-years of new quality productive forces. These tangible breakthroughs and achievements fully demonstrated the effectiveness of the digitalization & intelligentization strategy, underscoring both our strong capabilities and long-term development potential.

Empowered by the digitalization & intelligentization strategy, we sharpened our focus on key tracks and pursued differentiated operations as our competitive advantages. Such advantages gained from the technology-driven development reflect a long-term commitment, enabling a transition to new growth drivers, the transformation of service logic of the industry, and enhanced value creation in support of the real economy. Notable progress was achieved across the five priority tracks. In technology finance, we innovated the Group's mega scientific and technological innovation (STI) model and co-developed an integrated STI ecosystem, positioning ourselves as a preferred partner bank for tech enterprises. In supply chain finance, we focused on serving production, supply, and sales scenarios across the entire industrial chain, as part of the efforts to stabilize, strengthen, and upgrade industrial chains. In inclusive finance, we established it as a primary high-growth driver, with loan growth meeting the "two increases and two controls" assessment requirements reaching a four-year high. In cross-border finance, we strengthened services for enterprises expanding overseas, contributing to high-standard opening-up. In wealth and asset management finance, we advanced full-domain coordination and integration to jointly build a new asset management ecosystem. We further consolidated our advantages in key regions. In particular, we deepened our presence in the Yangtze River Delta, our core strategic market, where our loan size ranked first among joint-stock commercial banks, asset quality remained an industry leader, and we maintained remarkable advantages in distinctive businesses, such

as syndicated lending, green finance, and merger and acquisition (M&A) operations. At the same time, we accelerated development in the Beijing-Tianjin-Hebei region and the Guangdong-Hong Kong-Macao Greater Bay Area, achieving rapid loan growth and continuously enhancing the quality and efficiency of services to local real economies.

By harnessing the digitalization & intelligentization strategy to develop super platforms, super products, and super systems (collectively known as the "three supers"), SPD Bank generated strong momentum for transformation and development. As data have become a new factor of production, we leveraged digital and intelligent capabilities to connect value chains and enable precise value matching, creating a series of landmark digital and intelligent platforms that serve as powerful engines of differentiated competitiveness. Super platforms fostered a digital service ecosystem. The two flagship platforms, the SPDB Mobile Banking app and the SPDB Inclusive Finance app, achieved steady growth in both customer base and user engagement, enabling one-click, fully online access to financial services. Super products set new benchmarks for technological excellence. A range of flagship digital and intelligent products, including "SPD Chain Connect", "SPD Flash Loan", "SPDB M&A", "SPD Inclusive Loan", and "SPD Technology Loan", precisely addressed the needs of relevant customer segments, comprehensively enhancing service quality and efficiency through big data-driven risk control and intelligent pricing models. Super systems further strengthened their enabling role in improving efficiency. Acting as a "smart brain", they drove product innovation, enhanced service quality, and supported more precise decision-making, more customer-centric services, and more efficient operations. Digital and intelligent risk control achieved a leapfrog upgrade, with the establishment of a forward-looking, proactive, enterprise-level risk monitoring system and a systematic, intelligent risk management toolkit. By leveraging technologies such as the Sky Eye system, satellite remote sensing, and AI, we realized a profound transformation from manual controls to technology-driven controls and further to intelligent controls, thereby building a solid technological foundation for high-quality development.

By deepening reform through digital and intelligent transformation, SPD Bank unleashed new vitality in organizational effectiveness. Focusing on the goals of group-wide integration, organizational agility, a lean Head Office, and a highly professional workforce, we advanced to a new stage of organizational intelligence. Governance effectiveness was further enhanced by promoting the deep integration of Party leadership with corporate governance, building a strategically oriented Board of Directors, and putting in place a well-established, closed-loop management mechanism encompassing strategic planning, efficient execution, and end-to-end oversight. Organizational responsiveness became more agile with the establishment of the Group Development Committee, advancing integration across four key areas: risk management, finance, human resources, and branding. We also established the Product and Process Development Office and a new quality productive forces department to better align the organization with market dynamics and customer needs. Professional capabilities were further strengthened through the establishment of the Direct Business Center and the AI Center, focusing on core areas such as financial technologies, AI, and big data. More than 900 in-demand technology professionals were recruited and developed, five categories of specialized talent pools were established, and the "Thousand People Project" for technology professionals was advanced, building a highly skilled workforce with both financial expertise and technological proficiency.

The year 2026 marks the beginning of the 15th Five-Year Plan. We will steadfastly follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the guiding principles of the 20th CPC National Congress and its subsequent plenary sessions, and effectively advance the five priorities of the financial sector. We will provide targeted support for the development of new quality productive forces and make every effort to facilitate the development of a modern industrial system, thereby contributing to the development of China as a financial powerhouse. Remaining firmly committed to the digitalization & intelligentization strategy, we will designate 2026 as the "Year of Comprehensive Enhancement", with value creation as our fundamental mission. While driving the evolution of the digitalization & intelligentization strategy from functional development to ecosystem-based operations, we will strive to grow into a **high-quality value creation bank** that integrates the interests of the Bank, its customers,

shareholders, ecosystem partners, and society.

A strategy-driven approach will connect the entire value creation chain. In the coming year, multiple opportunities are expected to converge, including stronger and more effective macroeconomic policies, the continued release of domestic demand potential, deeper regional coordination, and accelerated industrial upgrading. Against this backdrop, we will strengthen forward-looking analysis, explore customer needs across diverse scenarios, and leverage digital and intelligent technologies to enable differentiated development. Focusing on the five priority tracks, we will reinforce the "enterprise-level track" concept, cultivate dedicated "champion tracks", and consolidate differentiated competitive advantages. We will advance the development of the "three supers" by strengthening one-stop super platforms, refining AI-driven super products, and optimizing high-performance super systems to build an integrated technical ecosystem consisting of these platforms, products, and systems. We will promote the deep integration of the "five digital pillars" (digital infrastructure, digital products, digital operations, digital risk control, and digital ecosystems) and the "five core systems" (customer management and service system, data management system, intelligent operations system, product innovation and service system, and risk management system), with a focus on mega operations, business opportunities, service delivery, risk control, and training. By breaking down data silos and removing collaboration bottlenecks, we will drive system integration, improve efficiency, and unlock value, effectively translating strategic leadership into improved customer relationships, enhanced financial returns, and co-created ecosystem value, thereby achieving end-to-end value creation.

Through well-aligned strategies, SPD Bank will drive value enhancement. Guided by the digitalization & intelligentization strategy, we will translate the ten key business strategies into concrete measures, projects, and initiatives. We will deepen the close integration of industries and regions. By leveraging big data and industry-specific technology models to chart precise industry maps, we will optimize our "arrow-shaped" regional business distribution and allocate high-quality resources toward new quality productive forces and key strategic regions, achieving a strategic shift from "focused core markets" to "nationwide expansion". Adhering to the dual drivers of online operations and digital and intelligent transformation, we will mobilize full staff participation to strengthen the foundation for transformation, enhance efficiency through full-chain penetration, remove bottlenecks in application implementation, and upgrade the service experience through holistic insights. We will advance the integration of customer management and integrated services, while leveraging the Group's full suite of licenses to build a service model that integrates investment banking, commercial banking, and ecosystem-based operations. By implementing the philosophy of "one customer, multiple products, and one-stop technology-enabled services", we will enhance the service experience across the entire lifecycle of customers. At the same time, we will strengthen digital and intelligent risk control and lean management across all operations, effectively managing assets and liabilities, cost efficiency, and capital utilization. By deepening the application of digital and intelligent risk controls, we will enable precise resource allocation to support high-quality development.

Driven by technology, SPD Bank will strengthen the foundation for value creation. As AI evolves from perception and cognition to decision-making and execution, we will accelerate process integration, engineering implementation, and large-scale deployment of AI technologies. We will reinforce our technology infrastructure by building an integrated intelligent foundation encompassing computing power, algorithms, data, and platforms. We will steadily advance the "1,000-GPU-scale and 10,000-GPU-scale" computing initiatives and deepen the value extraction of data as a production factor. We will further clarify the STI development pathway and release the AI Implementation Action Plan (2026), elevating AI capability development to a strategic priority. By developing financial domain-specific large language models (LLMs) and intelligent agents, we will foster a culture in which proficiency in and effective use of digital and intelligent technologies become both an instinct and a norm for all employees. We will continue to unlock the value of technology by adhering to the principles of independence and controllability, people-centricity, and technology for good, and by embedding digital and intelligent capabilities across the five core systems of customer management, data management, intelligent operations, product innovation, and risk management. In doing so, we will make financial

services more intelligent, more efficient, and more human-centered.

Through group-wide collaboration, SPD Bank will build a unified value ecosystem. We will fully leverage our strengths as a group-based and international business network, transforming resource endowments into strong drivers of value creation. By integrating the Group's diversified business forms, including trust, fund management, wealth management, financial leasing, overseas investment banking, Shanghai Innovation Bank, money brokerage, and technology companies, we will focus on "coordination, linkage, connectivity, and integration" to ensure alignment with group-wide strategies and consistency in risk control, evolving from "physical connection" to "close integration". We will build a customer-centric, cross-industry ecosystem alliance and establish mechanisms for sharing business opportunities, services, and data flows. In doing so, we will translate ecosystem advantages into integrated service capabilities that are tangible and accessible to customers, positioning ourselves as a comprehensive financial services provider that supports customers throughout their entire lifecycle, while fostering a mutually beneficial and sustainable financial value ecosystem.

Anchored in a strong corporate culture, SPD Bank will continue to enhance its value creation capabilities. Navigating through successive cycles of market development, we have built resilience and strategic resolve, and embedded innovation and a pioneering spirit into our distinctive core values. From establishing a strong presence in the Yangtze River Delta to expanding globally, and from deepening traditional finance to leading digital and intelligent transformation, we have consistently upheld our core values of "sticking to integrity and striving for excellence", and are committed to building a high-quality value creation bank. Looking ahead, we will support innovation through technology finance, advance environmental protection through green finance, improve people's livelihood through inclusive finance, and capture global opportunities through cross-border finance. By embedding value creation into every aspect of our efforts to serve national strategies, support the real economy, and enhance people's well-being, we aim to contribute to a sustainable future with the strength and warmth of finance.

Empowered by cutting-edge technologies, SPD Bank will seize the opportunities of the times to create enduring value through financial strength. In 2026, we will carry forward the fighting spirit forged in winning the national championship of the China Staff & Workers Football Super League, remain true to our founding mission, and be driven by digital and intelligent technologies. We will stay firmly committed to serving the real economy and fulfilling the mission of finance in the new era, channeling positive, forward-looking financial strength into society. We will write a bold and visionary new chapter for SPD Bank in the historic journey toward Chinese modernization.

Zhang Weizhong, Party Committee Secretary and Chairman



Xie Wei

Shanghai Pudong Development Bank Co., Ltd.
Deputy Party Committee Secretary, Vice Chairman and President

Message from President

Time bears witness to commitment, and performance reflects perseverance. Over the past year, SPD Bank remained firmly committed to the digitalization & intelligentization strategy, confronted challenges with resolve, and made steady progress along the path of high-quality development. Our operating performance improved across the board, with total assets exceeding RMB10 trillion, net profit sustaining double-digit growth, and asset quality indicators reaching their best levels in recent years. Overall, we delivered a set of results that balanced scale with quality and demonstrated both resilience and underlying strength.

2025 marked a pivotal year in advancing SPD Bank's digitalization & intelligentization strategy. During the year, we thoroughly implemented the guiding principles of the Third and Fourth Plenary Sessions of the 20th CPC Central Committee and diligently executed the decisions and plans of the CPC Shanghai Municipal Committee and the Shanghai Municipal People's Government. While focusing on the five priorities of the financial sector and supporting building Shanghai into five international centers, we made steady progress across the five priority tracks of technology finance, supply chain finance, inclusive finance, cross-border finance, and wealth and asset management finance. At the same time, we advanced innovation in developing the three supers: super platforms, super products, and super systems. In short, we delivered a range of concrete and impactful results over the course of the year.

Through expanded scale and enhanced capabilities, SPD Bank strengthened its foundation for serving the real economy. By the end of 2025, the Group's total assets exceeded RMB10 trillion, representing growth of more than 6%. Both deposits and loans surpassed RMB5 trillion, with growth rates exceeding 8% and 5%, respectively, reflecting a significant improvement in overall strength and service capacity. As a systemically important bank (SIB), we remained closely aligned with national strategic priorities, actively directing credit toward key areas such as the medium- and long-term development of the manufacturing sector and the formation of a modern industrial system. We further reinforced our commitment to advancing the five priorities of the financial sector and deepened our integration into the overall progress of building Shanghai into five international centers. In doing so, we strengthened our role as a key force in serving the real economy and a stabilizer in maintaining financial stability.

With steady profit growth and simultaneous improvements in scale and quality, SPD Bank demonstrated strong resilience in value creation. In 2025, the Group recorded operating income of RMB173,964 million, representing a year-on-year increase of 1.88%, and net profit attributable to shareholders of the parent company exceeding RMB50 billion, up 10.52% year on year, with the growth rate ranking among the leading joint-stock peers. Return on equity (ROE) increased by a further 0.48 percentage point year on year. Underlying this performance was a fundamental transformation in asset and liability management. We improved asset-side efficiency, strengthened core deposits on the liability side, and stabilized net interest margins with gradual marginal improvement. We also firmly advanced our capital-light transformation, expanding non-interest income streams. Fee income from key intermediary businesses, such as wealth management and custody services, grew steadily, while trading income from bonds, funds, precious metals, and foreign exchange derivatives increased significantly. These results, reflecting both quantitative and qualitative improvements, demonstrated the effectiveness of our "New SPDB, Moving Forward Again" strategy and laid a solid foundation for sustainable profitability over the long term.

By strengthening risk control on a more solid footing, SPD Bank safeguarded the lifeline of steady and sustainable development. In 2025, both the balance and ratio of non-performing loans (NPLs) continued to decline, with the NPL ratio recording its sixth consecutive year of reduction. The allowance-to-NPL ratio exceeded 200%, marking four consecutive years of increase. Key asset quality indicators reached their best levels in nearly a decade, while forward-looking risk indicators continued to improve and risk offsetting capacity was further strengthened. We recognize that effective risk management is the lifeline of our operations. By establishing a dual-list mechanism, comprising a high-quality customer

list and a risk mitigation and exit list, we ensured the continuous optimization of our credit structure. Leveraging digital and intelligent risk control tools and a multi-dimensional risk governance framework, we effectively embedded risk management requirements into front-line business operations. This resilient line of defense provides a solid safeguard for our robust development.

By expanding its capital base and strengthening both external and internal capabilities, SPD Bank injected new momentum into sustainable development. We adhered to a balanced capital replenishment strategy that combined external capital raising with internal capital accumulation. Externally, we successfully completed the largest single convertible bond conversion in the A-share market, adding RMB49,837 million to capital, and issued RMB20 billion in tier 2 capital bonds. Internally, we continued to advance capital-intensive transformation and refined management, establishing an endogenous capital cycle of "profit growth, capital accumulation, and business development", with the Group's Common Equity Tier 1 (CET1) capital adequacy ratio (CAR) reaching a three-year high. The significant strengthening of our capital base not only enhanced our resilience to risks but also provided ample capacity to support the comprehensive implementation of the digitalization & intelligentization strategy and the optimization and upgrading of our business structure, injecting strong momentum into high-quality, sustainable development.

Dear shareholders, our performance over the past year has clearly demonstrated that the digitalization & intelligentization strategy we have consistently pursued is both forward-looking and full of vitality. These hard-won achievements reflect the resilience, professionalism, and enterprising spirit of all SPD Bank employees. The year 2026 marks the beginning of SPD Bank's 15th Five-Year Plan and represents a critical year for the comprehensive advancement of the digitalization & intelligentization strategy. Standing at a new starting point, with total assets exceeding RMB10 trillion and amid the accelerating drive of digital transformation, we will systematically advance the "one blueprint, four high requirements, five priority tracks, three supers, and ten key tasks" (the "1-4-5-3-10" framework). We will focus resources on achieving key breakthroughs and strive to deliver a new step change in operating quality and overall competitiveness.

We will remain committed to charting a digital and intelligent blueprint and driving the digital and intelligent transformation to greater depth. In the coming year, we will focus on the five priority tracks as our main battleground, advancing the digitalization & intelligentization strategy from comprehensive enhancement to systematic deepening. We will continue to strengthen our efforts in technology finance, supply chain finance, inclusive finance, cross-border finance, and wealth and asset management finance, accelerating the scaled delivery of strategic outcomes. We will reinforce the five digital pillars as a foundation to effectively support digital operations across the Bank. By continuously iterating and upgrading the five core systems of customer management and services, data management, product innovation and services, mega operations, and risk management, we will refine customer segmentation, unlock deeper data value, enhance product and service agility, maximize operational efficiency, and systematically strengthen a line of defense for risk control. Through these efforts, we will drive system upgrades to enhance capabilities, ensure strategic execution reaches the front line of operations, and enable the digitalization & intelligentization strategy to take root and deliver tangible results at the primary level.

We will consistently uphold the four high requirements as the core benchmarks for value creation. In the coming year, we will redefine our development standards by adhering to these requirements. Maintaining high aspirations: We will benchmark against industry leaders and advance toward our vision of becoming a first-class joint-stock commercial bank with international competitiveness in all aspects. Ensuring high-standard execution: The greatest truth is simple that we will translate strategies into concrete actions and measurable outcomes, comprehensively enhancing the precision and effectiveness of execution. Focusing on high-efficiency collaboration: By breaking down silos, we will enhance the coordination between the Head Office and branches, strengthen synergy between the parent bank and subsidiaries, and promote the integration of domestic and international resources to build a unified and efficient operating system. Prioritizing high-value creation: We will accelerate the transition toward a capital-light, asset-light, and digital and intelligent technology-driven business

model, continuously improving capital utilization efficiency and overall operating performance. We are committed to delivering sustainable returns to shareholders, empowering customers throughout their growth journey, channeling financial resources to society, and fostering mutually beneficial partnerships across the ecosystem. In doing so, we will spare no effort in building a **"high-quality value creation bank"**.

We will leverage the five priority tracks to build momentum and strengthen differentiated competitive advantages. In the coming year, we will drive further breakthroughs across these tracks and reinforce our distinctive competitive edge. In technology finance, we will sustain industry-leading innovation, strengthen research capabilities, upgrade service solutions, build a digital and intelligent ecosystem, and establish a robust risk management system to cultivate new growth drivers. In supply chain finance, we will accelerate the development of a new service model characterized by end-to-end, comprehensive operations, empowering customer services across all scenarios. In inclusive finance, we will deepen the application of digital and intelligent technologies to develop a suite of advanced models, achieving improvements in both scale and quality. In cross-border finance, we will strengthen the differentiated operations of our overseas branches, centered on the "three corridors and three service networks", further consolidating our leading position. In wealth and asset management finance, we will focus on enhancing capabilities in product co-creation, service sharing, team co-building, and co-branding, while advancing the implementation of the "1+4+5" framework to strengthen internally driven growth and market expansion. Across all priority tracks, we will embed full-lifecycle, full-chain compliance and risk control mechanisms to ensure steady progress through disciplined operations while achieving breakthroughs within established standards.

We will strengthen the three supers to play a comprehensive enabling role and serve as a powerful driver in building a digital and intelligent ecosystem. In the coming year, we will continue to use the development of the three supers as a key lever to build a forward-looking platform that empowers business development. Super platforms will focus on ecosystem support. The SPDB Inclusive Finance platform will target key customer segments with integrated solution packages and deepen data-driven business opportunity management, while the SPDB Mobile Banking app will prioritize intelligent upgrades to enhance user experience and expand its ecosystem reach. Super products will focus on achieving brand breakthroughs by prioritizing scenario-based operations, using new scenarios to drive experience upgrades, and strengthening brand building to enhance market influence. Super systems will focus on improving efficiency. Seven major systems will form a rapid-response, closed-loop mechanism covering issue identification, resolution, iteration, and feedback. Customer service systems will establish a closed-loop mechanism that covers all products and services to improve customer management effectiveness. Management enablement systems will continue to strengthen front-line support and enhance operational efficiency. Through the deep integration of technology and business, the "three supers" will become a defining hallmark of SPD Bank's digital and intelligent transformation.

We will ensure the effective implementation of the ten key tasks to build a solid foundation for high-quality development. In the coming year, we will adopt a point-to-area approach to drive overall progress by advancing the ten key tasks, including research-driven enablement, precision marketing, product innovation, liability strengthening, distinctive capability building, collaborative integration, service enhancement, adherence to the bottom line, talent development, and lean management. Centered on customers' full-lifecycle needs, we will reshape our service system from the perspectives of corporate FPA, retail AUM, and financial market GMV. We will break down license-related barriers, integrate group-wide resources, and leverage the synergies of investment banking, commercial banking, and transaction banking, while optimizing the structure of fee income from intermediary businesses to create a second growth curve for profitability. At the same time, we will accelerate the large-scale engineering deployment of AI applications, empower business operations and management across areas such as intelligent risk control, intelligent operations, intelligent customer service, intelligent marketing, and intelligent compliance, and ensure that technological innovation is effectively translated into operational performance. We will strengthen decision-making through research, reinforce our corporate foundation through talent development, and improve efficiency through lean management, steadily advancing toward a more diversified and capital-light profit structure from this new starting point.

Value creation is rooted in enabling our customers' breakthroughs, upholding the trust placed in us by our shareholders, and contributing meaningfully to the advancement of society.

As we enter 2026, SPD Bank remains steadfast in its founding mission to serve the general public through its financial strength. We will move forward with the spirit of innovation and a strong sense of responsibility. We extend our sincere appreciation to all stakeholders for their continued trust and support. Guided by strategic resolve and prudent operations, we are committed to delivering sustainable value across economic cycles. We look forward to working together to embark on this next chapter and build a shared, prosperous future.

Xie Wei, Deputy Party Committee Secretary, Vice Chairman and President



Important Notice, Contents, and Definitions

01

Section I Important Notice, Contents, and Definitions

1.1 Important Notice

1. The Board of Directors, directors, and Senior Management members of the Bank warrant that the information presented in this Report is authentic, accurate and complete, contains no false record, misleading statement or material omission, and bear joint and several liability for the information in this Report.
2. This Report was reviewed and approved at the 4th Meeting of the Board of Directors in 2026 held in Shanghai on 27 March 2026, where all directors attended in person and exercised their voting right.
3. The 2025 financial statements prepared by the Bank in accordance with the Accounting Standards for Business Enterprises and the International Financial Reporting Standards (IFRS) have been audited by KPMG Huazhen LLP who issued a standard unqualified opinion.
4. Zhang Weizhong, Chairman of the Board of Directors, Xie Wei, President of the Bank, and Zhang Hui, person in charge of accounting institutions warrant the authenticity, accuracy, and completeness of the financial statements in this Report.
5. The profit distribution plan for the reporting period approved by the Board of Directors is as follows: Distributing to all ordinary shareholders cash dividends at RMB4.20 (tax inclusive) per 10 shares based on the total number of ordinary shares on the day of profit distribution and equity registration. As at 31 December 2025, the Bank's ordinary shares totaled 33,305,838,300, based on which the cash dividends to be distributed were calculated in RMB13,988 million (tax inclusive).
6. There was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes.
7. The Bank provided no external guarantee in violation of the required decision-making process.
8. Risk statement on forward-looking statements: The future plans, development strategies and other prospective description stated in this Report do not constitute a substantial warranty of the Bank to the investors; the investors and other related persons shall be fully aware of the risks and understand the difference between plans, estimates and commitments.
9. Notes on material risks: The Bank has no foreseeable material risks. Operating risks facing the Bank mainly include credit risk, market risk, liquidity risk, and operational risk. The Bank has taken various measures to effectively manage and control various operating risks, which are shown in the "Risk Management" under Section III "Management Discussion and Analysis".
10. This report has been prepared in Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

1.2 Definitions

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

SPD Bank, the Company, the Parent Company, the Bank	: Shanghai Pudong Development Bank Co., Ltd.
The Group	: Shanghai Pudong Development Bank Co., Ltd. and its affiliated companies
SPDB Financial Leasing	: SPDB Financial Leasing Co., Ltd.
Shanghai Trust	: Shanghai International Trust Co., Ltd.
SPDB Wealth Management	: SPDB Wealth Management Co., Ltd.
SPDB International	: SPDB International Holdings Limited
Shanghai Innovation Bank	: Shanghai Innovation Bank Co., Ltd. (the former SPD Silicon Valley Bank Co., Ltd.)
AXA SPDB Investment Managers	: AXA SPDB Investment Managers Co., Ltd.
SPD rural banks	: The rural banks established by Shanghai Pudong Development Bank Co., Ltd.
Central bank/PBC	: People's Bank of China
NFRA	: National Financial Regulatory Administration
CSRC	: China Securities Regulatory Commission
SSE	: Shanghai Stock Exchange
End of the reporting period	: 31 December 2025
The reporting period	: From 1 January 2025 to 31 December 2025
Same period of previous year	: From 1 January 2024 to 31 December 2024
End of previous year	: 31 December 2024

Corporate Profile and Main Financial Indicators



02

Section II Corporate Profile and Main Financial Indicators

2.1 Company Information

Chinese name	上海浦东发展银行股份有限公司
Chinese name in short	上海浦东发展银行、浦发银行
English name	SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD.
English name in short	SPD BANK
Legal representative	Zhang Weizhong
Initial registration date	19 October 1992
Registered address	12, Zhongshan Road (E-1), Shanghai, PRC
Former registered address	500, Pudong South Road, Shanghai, PRC (19 October 1992 – 25 November 2011)
Unified Social Credit Code	9131000013221158XC
Financial Institution License Serial Number	B0015H131000001
Scope of Business	Banking, portfolio investment and fund custody, publicly offered securities investment fund sales, and other businesses as approved.investment fund sales.
Website	http://www.spdb.com.cn
Email	bdo@spdb.com.cn
Service hotline	95528

2.2 Contact Information

	Secretary to the Board of Directors	Listing Affairs Representative
Name	Zhang Jian	Wu Rong
Address	Secretariat to the Board of Directors at 12, Zhongshan Road (E-1), Shanghai	
Telephone	021-63611226	021-61618888 ex. Secretariat to the Board of Directors
Fax	021-63230807	021-63230807
Email	zhangj8@spdb.com.cn	wur2@spdb.com.cn

2.3 Information Disclosure and Access Site

Media partners selected by the Bank for information disclosure	"China Securities Daily", "Shanghai Securities News", "Securities Times"
Website designated by the CSRC for the publication of the Bank's periodic reports	http://www.sse.com.cn
Periodic reports prepared at	Secretariat to the Board of Directors

2.4 Stocks

Type	Place of listing	Short name	Stock code	Short name before change
Ordinary A-share	Shanghai Stock Exchange (SSE)	SPD Bank	600000	-
Preference share		SPDB P 1	360003	-
		SPDB P 2	360008	-

Accounting firm engaged (financial statements prepared as per Accounting Standards for Business Enterprises)	Name	KPMG Huazhen LLP
	Office address	F/8, Tower E2, Oriental Plaza, No. 1 East Chang'an Avenue, Beijing, China
	Names of signatory accountants	Xue Chenjun, Ying Chenbin
Accounting firm engaged (financial statements prepared as per International Financial Reporting Standards)	Name	KPMG Huazhen LLP
	Office address	F/8, Tower E2, Oriental Plaza, No. 1 East Chang'an Avenue, Beijing, China
Sponsor institution performing continuous supervision duties during the reporting period	Name	CITIC Securities Co., Ltd.
	Office address	F/23 CSCES Tower, No.1568 Century Avenue, Pudong New Area, Shanghai
	Names of sponsor representatives	Zhu Yu, Jiang Ying
	Period of continuous supervision	Until 27 October 2025
	Name	Guotai Haitong Securities Co., Ltd.
	Office address	F/36, No.669 Xinzha Road, Jing'an District, Shanghai
	Names of sponsor representatives	Zhu Zhelei, Yu Weijun
	Period of continuous supervision	Until 27 October 2025
Depository		China Securities Depository and Clearing Corporation Limited, Shanghai Branch

2.5 International Rankings and Ratings

International rankings

The Banker	SPD Bank ranked 19th by tier-one capital among the "Top 1000 World Banks", which was released by the British magazine The Banker in July 2025. Among all the Chinese-funded banks on the list, the Bank ranked 10th.
Fortune	SPD Bank ranked 309th among the "Fortune Global 500", which was released by the US magazine Fortune in August 2025. Among all the Chinese-funded banks on the list, the Bank ranked 8th.
Forbes	SPD Bank ranked 141st among the "Forbes Global 2000", which was released by the US magazine Forbes in June 2025, representing an increase of 18 places compared with the previous year. Among all the Chinese-funded banks included on the list, the Bank ranked 11th.
Brand Finance	SPD Bank ranked 9th among all the Chinese-funded banks included in the "Top 500 Global Banking Brands in 2026", which was released by Brand Finance, a prominent brand valuation consultancy.

ESG ratings

MSCI ESG Rating	AA
Wind ESG Rating	A

Credit ratings

Rating agency	Category	Latest credit rating
Moody's	Deposit rating	Baa2/P-2
	Baseline credit assessment	ba2
	Rating outlook	Stable
S&P Global Ratings	Long-term credit rating	BBB
	Short-term credit rating	A-2
	Rating outlook	Stable
Fitch Ratings	Issuer default rating	BBB/F2
	Viability rating	bb-
	Rating outlook	Stable

2.6 Awards and Honors Received

Awarded by	Name of award
People's Bank of China	First, Second, and Third Prizes of the 2024 FinTech Development Awards, including First Prize for the "Credit Card Core System Re-engineering and Distributed Architecture Project", Second Prize for the "Enterprise-level Knowledge Asset System Development Based on Multimodal Large Language Models", and Third Prize for the "Sperm Whale Digital and Intelligent System Innovation Practice for Technology Finance"
PBC Shanghai Head Office	Second Prize for Exemplary Case in the e-CNY R&D and Application Competition for Employees across the Shanghai Financial System in 2025
China Staff & Workers Football Super League	The SPD Bank Football Team won the national championship in 2025.
The CPC Shanghai Municipal Committee and the Shanghai Municipal People's Government	Second Prize for Innovation Achievement and Nomination Award in the 2023-2024 Shanghai Financial Innovation Awards
	The Technology Finance Department of SPD Bank Head Office was awarded the title of "Shanghai Model Organization".
Shanghai Women's Federation and Shanghai Municipal Human Resources and Social Security Bureau	The Green Finance Center of the Investment Banking Department (Green Finance Department) of SPD Bank Head Office was awarded the Shanghai March 8th Red-banner Collective for 2022-2024.
SSE	"A" Rating (the Highest Grade) in Information Disclosure Evaluation for Listed Companies for 2024-2025
Shenzhen Stock Exchange (SZSE)	Pioneer Investment Institution in the Bond Market (Bank Category), Pioneer Institution in Bond Lending, and Pioneer Investment Institution in Interest Rate Bond Market Development in 2024
China Federation of Electronics Information Industry (CFEI)	Level 5 certification (the highest level) under the national standard "Data Management Capability Maturity Assessment Model (GB/T 36073-2018)".
China Central Depository & Clearing Co., Ltd. (CCDC)	Bond Market Leader of the Year, Annual Pioneering Contributor (Collateral Business), Model Bond Underwriter, Model Counter Business Undertaking Institution (Model Underwriter in Local Counter Bond Business), Top 100 Proprietary Settlers, Model Asset Custodian, and Model Participant in ChinaBond Green Index in 2024
	ChinaBond Index - Institution with Outstanding Investment Research Capabilities and ChinaBond Index - Pioneering Institution with Innovation Leadership in 2025
China Foreign Exchange Trade System and National Interbank Funding Center	Institution for Market Influence, Market Innovation Business Institution, Model RMB Foreign Exchange Options Market Maker, Model Member in Serving Corporate Exchange Rate Risk Management, Model Foreign Currency Market Maker, Model Foreign Currency Lending Quotation Bank, Model Foreign Currency Lending Member, and Model Foreign Currency Repo Member in 2024
Shanghai Gold Exchange (SGE)	First Prize for Model Financial Members, Best Auction Trading Member, Best OTC Member, Best Auction Trading Proprietary Member, Best Auction Liquidity Providing Member, Best OTC Market Maker, Model Margin Custodian Bank, and Special Contributing Member for International Business in 2024

Awarded by	Name of award
Shanghai Clearing House (SHCH)	Model Clearing Member, Excellence Award for Proprietary Bond Clearing, Excellence Award for Proprietary Interest Rate Swap Clearing, Excellence Award for Proprietary Standard Bond Forward Clearing, Model General Clearing Member for Agency Commodity Clearing, Model Settlement Member, Model Issuer (Commercial Bank Financial Bonds – Capital Supplement Bonds), Model Participant in Policy Financial Bond Clearing and Issuance (Reverse Repo Business), Model Participant in Counter Bond Business (Business Initiating Institution), Model Participant in Central Bond Lending Business, and Model Participant in Foreign Currency Repo Clearing in 2024
Shanghai Commercial Paper Exchange Corporation Ltd.	Model Comprehensive Business Institution, Model Acceptance Institution, Model Discounting Institution, Model Trading Institution, Model Settlement Institution, Model Bill Payment Institution, and Model Enterprise Promotion Institution in 2025
Zhengzhou Commodity Exchange (ZCE)	2024 "Industry-Finance Integration Base Serving the Real Economy"
London Stock Exchange Group (LSEG)	"Quantitative Strategy Award: Best Fixed Income Strategy" at the 1st LSEG Quantitative Finance Innovation Competition 2025
China Banking Association (CBA)	Top 10 Eco-innovation Projects
China Association for Public Companies (CAPCO)	2025 Best Practice for Boards of Directors of Public Companies
	2024 Best Practice Award for Investor Relations Management of Public Companies
	2024 Outstanding Practice Award for Annual Performance Briefing of Public Companies
Digital Finance Committee of Internet Society of China	Digital Inclusive Finance Innovation Achievement Award 2025
Shanghai Banking Association	Third Prize for Model Organization in the 2025 Special Competition on Pension Finance Services
	2024 Outstanding Case in Shanghai Banking Industry for Serving the Real Economy in Financial Markets
	Model Institutions for Digital Finance and Green Finance Services in Shanghai Banking Industry
	2024 Outstanding Cases for Technology Finance, Digital Finance, and Green Finance Services in Shanghai Banking Industry
Private Equity Association Of Shanghai (PEAS)	2024 Best Fund Custodian
China Development Bank (CDB)	"Model Underwriter" Award, "Scientific and Technological Innovation Award", "Soaring Dragon Award", "Sustained Excellence Award", and "Special Bond Award" for Financial Bonds in 2025
Export-Import Bank of China (CEXIM)	Core Underwriter of the Financial Underwriting and Market-making Syndicate, Leading Institution in Enhancing Quality and Efficiency of Foreign Trade, Belt and Road Initiative Cooperation Institution, Leading Institution in Promoting Green Development Philosophy, and Star Institution in Floating-rate Bond Market Development in 2025
Agricultural Development Bank of China (ADBC)	Exemplary Contribution Award for Agriculture, Rural Areas, and Farmers, 20th Anniversary Companion Award, Model Underwriter, Best National Commercial Bank in Serving Agriculture, Rural Areas, and Farmers, Pioneer in Rural Revitalization, and Stability Contribution Award in 2024
Securities Times	2025 Gamma Award for Premium Private Banking
Shanghai Securities News	2025 Governance Award of the Year
21st Century Business Herald	2025 "Golden Shell" Asset Management Competitiveness Case Selection: Excellence in Retail Banking and Excellence in Wealth Management Banking
National Business Daily	16th Golden Tripod Awards: "Exemplary Supply Chain Finance Award of the Year" at 2025 Annual Conference on Financial Development
Cailian Press	"SPD Flash Loan" won the "Topology Award" for Financial Institutions Engaged in Boosting Consumption in 2025.
	2025 Golden Hazelnut Awards: Outstanding Overseas Thematic Investment, Outstanding Overseas Digital Finance, and Outstanding Overseas Green Finance
Yicai	"Best Technology Finance Bank" at the China Financial Value Annual Conference 2025
Sina Finance	"Innovative Consumption Scenario Award" at the 2025 Golden Tripod Awards for the Selection of Outstanding Cases in Financial Support to Consumption
The Asset	SPD Bank ranked 4th among Best Investment Institutions in Asian G3 Bonds for 2025.

Awarded by	Name of award
3rd China Structured Retail Products (SRP) Industry Summit	2025 Best Index Provider of the Year (Commercial Banks)
Bloomberg	Model Team at Bloomberg China's FICC Quantitative Training Camp 2025
American Express	"Payment Scenario Co-creation" Award 2025
JRJ.com	The project "Digital and Intelligent Innovation for Inclusive Finance – 'SPD Flash Loan' in Action" won the 2025 Jinzhi Award for Outstanding Innovation Practice for Consumer Finance.
Financial Computerizing	Awards at the Global Competition for FinTech Innovation and Application in the Yangtze River Delta 2025 Best FinTech Practice Award for Financial Institutions
Retail Banking	Head Office Specialized Management Award (SPD Zhuoxin Brand): Brand Management at the 7th Retail Banking Awards (RBA) in 2024
The Asian Banker	The "An" series deposit products won the "Best Deposit Product in China" in 2024. "SPD Flash Loan" won the "Best Digital Consumer Lending Service in China" 2024. Best Credit Card Data and Analytics Infrastructure Implementation Award in China Family Succession Service of the Year in China Best Cross-border "Wealth and Corporate Architecture" Service for Private Banking in China
Euromoney	2025 Best Private Bank in China for Intergenerational Wealth Inheritance Awards
Asian Private Banker	Best Private Bank in China: High Net Worth Customers (Gold Award)
Wealth	2025 Best Private Banks in the Chinese Mainland: Best Succession Planning Award Top 50 Family Offices in China 2025
Ta Kung Wen Wei Media Group	Hong Kong International ESG Awards 2025: "Best ESG Pioneer Award" and "Best ESG Financial Services Institution Award"
Hong Kong Commercial Daily	Listed Company with Excellent ESG Investment Value on the List of China's Listed Companies with Excellent ESG Value for 2025
Tonghuashun	2025 Best ESG Practice Institution
Organizing Committee of Annual Conference for China Industrial Digital Finance	11th China Industrial Digital Finance Benchmark Enterprise Awards: Best Supply Chain Finance Bank
Annual Conference of China Supply China Finance	10th China Supply Finance Benchmark Enterprise Awards: Best Supply Chain Finance Bank

2.7 Major Accounting Data and Financial Indicators

	In RMB millions			
	2025	2024	Increase/decrease over the same period of the previous year (%)	2023
Major accounting data				
Operating income	173,964	170,748	1.88	173,434
Total profit	53,374	48,366	10.35	40,692
Net profit attributable to the parent company's shareholders	50,017	45,257	10.52	36,702
Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss	50,144	44,207	13.43	33,882
Net cash flows generated from operating activities	375,836	-333,654	212.64	388,397
Major financial indicators (RMB)				
Basic earnings per share	1.52	1.36	11.76	1.07
Diluted earnings per share	1.42	1.25	13.60	0.99
Basic earnings per share after deducting non-recurring profit or loss	1.53	1.32	15.91	0.97
Net cash flows from operating activities per share	11.28	-11.37	199.21	13.23

Profitability (%)				
Weighted ROE	6.76	6.28	Up 0.48 percentage point	5.21
Weighted ROE after deducting non-recurring profit or loss	6.78	6.12	Up 0.66 percentage point	4.75
Returns on average total assets	0.52	0.50	Up 0.02 percentage point	0.42
Fully-diluted ROE	6.28	6.08	Up 0.20 percentage point	5.10
Fully-diluted ROE after deducting non-recurring profit or loss	6.30	5.92	Up 0.38 percentage point	4.64
Net interest spread	1.37	1.37	Unchanged	1.49
Net interest margin	1.42	1.42	Unchanged	1.52
Cost-to-income ratio	28.50	29.16	Down 0.66 percentage point	29.65
Percentage in total operating income (%)				
Net interest income to operating income	69.26	67.18	Up 2.08 percentage points	68.29
Non-interest income to operating income	30.74	32.82	Down 2.08 percentage points	31.71
Incl.: Net income of fee and commission to operating income	13.06	13.36	Down 0.30 percentage point	14.10

In RMB millions	At the end of 2025	At the end of 2024	Increase/(decrease) compared with the same period of the previous year (%)	At the end of 2023
Scale indicators				
Total assets	10,081,746	9,461,880	6.55	9,007,247
Incl.: Total loans	5,703,973	5,391,530	5.80	5,017,754
Total liabilities	9,257,316	8,717,099	6.20	8,274,363
Incl.: Total deposits	5,582,435	5,145,959	8.48	4,984,630
Net assets attributable to the parent company's shareholders	816,914	736,329	10.94	724,749
Net assets attributable to the parent company's ordinary shareholders	736,995	656,410	12.28	614,840
Net assets per share attributable to the ordinary shareholders of the parent company (RMB)	22.13	22.36	-1.03	20.95
Asset quality indicators (%)				
NPL ratio	1.26	1.36	Down 0.10 percentage point	1.48
Allowance to NPL	200.72	186.96	Up 13.76 percentage points	173.51
Allowance to total loans	2.53	2.54	Down 0.01 percentage point	2.57

Notes: (1) Earnings per share, diluted earnings per share, and weighted ROE are calculated according to the Rules for Information Disclosure by Companies Offering Securities to the Public No.9 – Calculation and Disclosure of ROE and Earnings Per Share (Revised in 2010):

Basic earnings per share = net profit attributable to ordinary shareholders of the parent company/weighted average number of ordinary shares outstanding.

Diluted earnings per share = (net profit attributable to ordinary shareholders of the parent company + effect of dilutive potential ordinary shares on net profit attributable to ordinary shareholders of the parent company)/(weighted average number of ordinary shares outstanding + weighted average number of dilutive potential ordinary shares converted into ordinary shares).

(2) The Bank distributed dividends of RMB721.5 million and RMB640.5 million of SPDB P2 and SPDB P1, respectively in March and December 2025. In November 2025, the Bank paid interest of RMB2,375 million on the SPDB 2020 Perpetual Bonds, and fully redeemed RMB50 billion of such perpetual bonds on November 23. When calculating the earnings per share and weighted ROE disclosed in the Report, the Bank considered the impact of the distribution of the preference stock dividends and the payment of interest on perpetual bonds.

(3) Non-recurring profit or loss is calculated based on the definition outlined in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss (Revision in 2023).

(4) Weighted ROE = net profit attributable to ordinary shareholders of the parent company/weighted average net assets attributable to ordinary shareholders of the parent company.

(5) Returns on average total assets = net profit/asset average balance, asset average balance = (total assets at the beginning of the period + total assets at the end of the period)/2.

(6) Fully-diluted ROE = net profit attributable to the parent company's ordinary shareholders during the reporting period/net assets attributable to the parent company's ordinary shareholders as at the end of the reporting period.

(7) Fully-diluted ROE after deducting non-recurring profit or loss = net profit attributable to the parent company's ordinary shareholders during the reporting period after deducting non-recurring profit or loss/net assets attributable to the parent company's ordinary shareholders as at the end of the reporting period.

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

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

(10) Cost-to-income ratio = general and administrative expenses/operating income.

(11) As the convertible corporate bonds of the Bank "SPDB Convertible Bond" were converted into 3,953,659,998 shares during the reporting period, with a total conversion amount of RMB49,835,651,000, the Bank's total number of ordinary shares increased to 33,305,838,300 as at the end of the reporting period.

(12) Total loans = corporate loans + personal loans + principal balance of discounted bills; total deposits = corporate deposits + personal deposits + principal balance of other deposits.

(13) Net assets per share attributable to ordinary shareholders of the parent company = (net assets attributable to shareholders of the parent company – preference shares of other equity instruments and perpetual bonds)/total number of ordinary shares at the end of the period.

2.8 Key Financial Data per Quarter of the Group in the Year

In RMB millions

Items	1st quarter (Jan. – Mar.)	2nd quarter (Apr. – Jun.)	3rd quarter (Jul. – Sep.)	4th quarter (Oct. – Dec.)
Operating income	45,922	44,637	41,721	41,684
Total profit	20,155	12,983	8,878	11,358
Net profit attributable to the parent company's shareholders	17,598	12,139	9,082	11,198
Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss	17,581	12,403	8,916	11,244
Net cash flows generated from operating activities	-202,002	223,259	144,219	210,360

2.9 Non-recurring Profit or Loss and Amount

In RMB millions

Item	2025	2024	2023
Profit or loss from disposal of non-current assets	28	20	4,309
Government subsidies	102	180	737
Other net non-operating income and expenses	-234	923	-44
Income tax effect of non-recurring profit or loss	-23	-42	-1,988
Total	-127	1,081	3,014
Incl.: Non-recurring profit or loss attributable to the parent company's ordinary shareholders	-127	1,050	2,820
Non-recurring profit or loss attributable to minority shareholders	-	31	194

Management Discussion and Analysis



03

Section III Management Discussion and Analysis

3.1 Overall Business Operation of the Bank

The year 2025 marked a pivotal year for the Bank in advancing its commitment to the real economy and executing its digitalization & intelligentization strategy. During the reporting period, the Bank fully implemented the decisions and plans of the CPC Central Committee and the State Council, as well as those of the CPC Shanghai Municipal Committee and the Shanghai Municipal People's Government. It maintained strict compliance with regulatory requirements, made solid progress in advancing the five priorities of the financial sector, and actively contributed to building Shanghai into five international centers. Upholding the three high requirements, that is, high aspirations, high-efficiency collaboration, and high-quality development, the Bank continued to deepen its efforts across the five priority tracks and drive innovation through the three supers: super platforms, super products, and super systems. As a result, the Bank delivered sound operating and development performance, marked by elevated service capabilities, improved operational resilience, a more optimized and forward-looking asset structure, a steadily strengthened liability base, continued improvement in asset quality, and an orderly expansion of capital strength.

Elevated service capabilities. As at the end of the reporting period, the total assets of the Group crossed the RMB10 trillion mark to reach RMB10,081,746 million, representing an increase of RMB619,866 million, or 6.55%, over the end of the previous year. Of these, the total loans in local and foreign currencies (including discounted bills) stood at RMB5,703,973 million, representing an increase of RMB312,443 million, or 5.80%, over the end of the previous year. The Group's total liabilities amounted to RMB9,257,316 million, an increase of RMB540,217 million, or 6.20%, over the end of last year, of which the total deposits in local and foreign currencies stood at RMB5,582,435 million, an increase of RMB436,476 million, or 8.48%, over the end of the previous year.

Improved operational resilience. During the reporting period, the Group recorded operating income of RMB173,964 million, representing a year-on-year increase of RMB3,216 million, or 1.88%. Total profit reached RMB53,374 million, a year-on-year increase of RMB5,008 million, or 10.35%. Net profit attributable to shareholders of the parent company stood at RMB50,017 million, representing a year-on-year increase of RMB4.76 billion, or 10.52%, and maintaining double-digit growth for two consecutive years. Net profit attributable to the parent company's shareholders deducting the non-recurring profit or loss stood at RMB50,144 million, representing a year-on-year increase of RMB5,937 million, or 13.43%. The Group's net interest margin (NIM) was 1.42%, on par with the prior year. The return on average total assets (ROA) was 0.52%, up 0.02 percentage point from the previous year; the weighted average return on equity (ROE) was 6.76%, an increase of 0.48 percentage point over the previous year; and the cost-to-income ratio stood at 28.50%, down 0.66 percentage point from the previous year.

A more optimized and forward-looking asset structure. During the reporting period, the Bank actively aligned with national policy priorities. Focusing on key areas such as the medium- to long-term development of the manufacturing industry and the formation of a modern industrial system, it increased credit supply and promoted a more forward-looking asset structure through the precision allocation of financial resources. During the reporting period, the five priority tracks emerged as the primary drivers of loan growth. The balance of medium- and long-term loans to the manufacturing industry reached RMB359,926 million, representing an increase of RMB41,014 million, or 12.86%, compared with the end of the previous year, which was 7 percentage points higher than the growth rate of the overall loan portfolio. At the same time, guided by a strategy of enhancing quality and efficiency while pursuing dynamic optimization, the Bank allocated more resources to higher-yielding assets and further advanced asset structure optimization. In 2025, total loans in local and foreign currencies (excluding discounted bills) accounted for nearly 2 percentage points more of average interest-earning assets on a daily basis, effectively mitigating downward pressure on asset yields amid the interest rate easing cycle.

A steadily strengthened liability base. During the reporting period, the Group enhanced its forward-looking assessment of market trends and systematically established a liability quality management framework. Through a range of measures, it expanded high-value, low-cost liabilities and optimized the maturity structure, resulting in a positive trend of increased volume, reduced cost, and improved quality. The cost of borrowings decreased by 46 basis points compared with the previous year. As at the end of the reporting period, the Group's total deposits in local and foreign currencies amounted to RMB5,582,435 million, representing an increase of RMB436,476 million, or 8.48%, from the end of the previous year. Deposits accounted for nearly 3 percentage points more of average interest-bearing liabilities on a daily basis compared with the previous year, while the cost of deposits in local and foreign currencies fell by 38 basis points year on year, effectively supporting cost reduction and the stabilization of net interest margin.

Continued improvement in asset quality. During the reporting period, the Group curbed new risks and mitigated old ones, established a digital risk control framework, and strictly enforced standards for new asset origination. At the same time, it continued to intensify efforts to dispose of existing non-performing assets (NPA), achieving notable results in risk reduction. As at the end of the reporting period, the Group saw both the NPL balance and ratio decline compared with the prior year. Specifically, the Group's NPL balance stood at RMB71,990 million, down RMB1,164 million from the end of the previous year, marking the lowest level since 2019, while the NPL ratio was 1.26%, down 0.10 percentage point, the best level since 2015. The Group's risk offsetting capabilities continued to strengthen, with the allowance-to-NPL ratio rising to 200.72%, up 13.76 percentage points, the optimal level since 2016. Forward-looking indicators of asset quality remained sound, with the deviation ratios for 90-day and 60-day overdue loans kept below 100%.

An orderly expansion of capital strength. The Group advanced both external capital replenishment and internal capital accumulation in a coordinated manner. It successfully converted RMB49,837 million of convertible bonds into equity, the largest single convertible bond conversion in the A-share market history, and issued RMB50 billion of perpetual capital bonds and RMB20 billion of Tier 2

capital bonds. Meanwhile, it continued to advance capital-intensive transformation and refined management, establishing an endogenous capital cycle of "profit growth, capital accumulation, and business development". As at the end of the reporting period, the Group's CAR stood at 12.47%, tier 1 CAR at 9.99%, and CET1 CAR at 8.99%, with capital providing steadily enhanced support for business development.

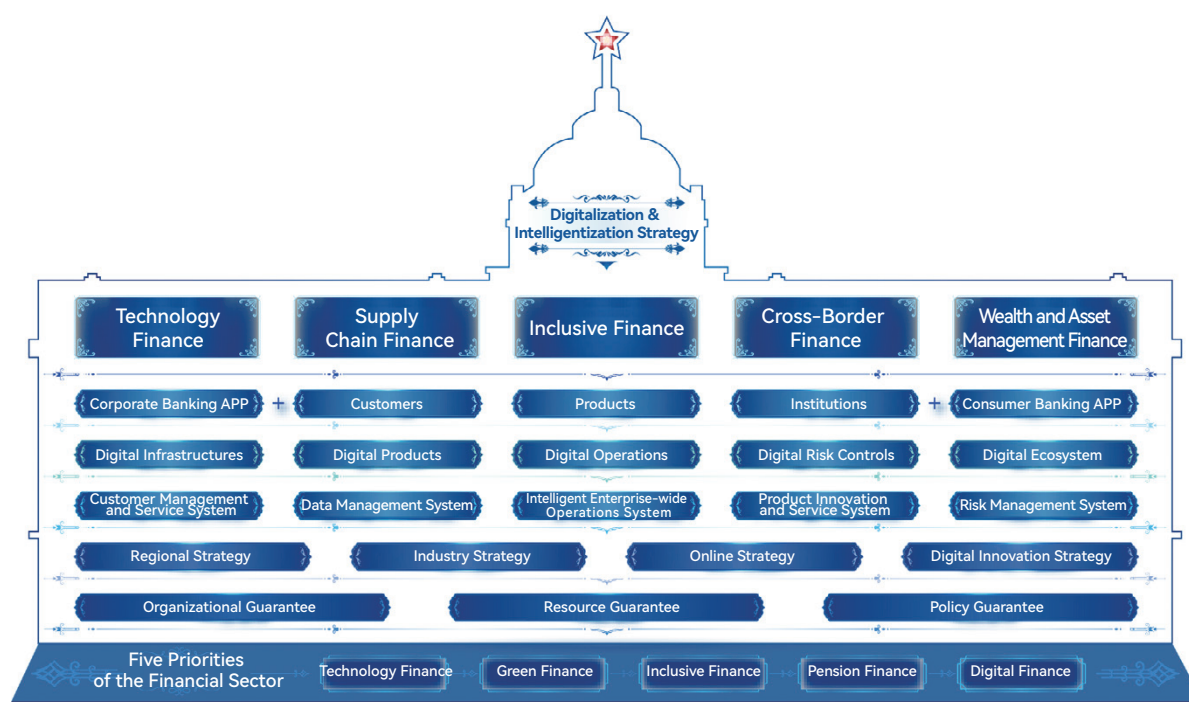
3.2 Implementation Effectiveness of the Digitalization & Intelligentization Strategy

3.2.1 The Digitalization & intelligentization strategy framework

At the end of 2023, the Bank established the digitalization & intelligentization strategy, together with a "1-5-5-5-4-3-N" strategic implementation roadmap. Over the past two years, the Bank has adhered to the principle of making steady and sustained progress, followed a single blueprint through to completion, and ensured consistent execution, advancing implementation with persistence and a results-oriented approach.

2024 marked the **initial year** of the digitalization & intelligentization strategy. In the year, the Bank focused on "framework reform and track breakthroughs", completing organizational restructuring, building supporting systems, and reengineering key business processes. It also established a well-defined business presence across the five priority tracks, laying a solid foundation for the continued implementation of the strategy.

2025 marked **a year of enhancement** for the digitalization & intelligentization strategy. The Bank focused on "core capabilities reshaping and capability enhancement", continuously increasing the input of technology resources, strengthening its digital and intelligent infrastructure foundation, and promoting the steady growth of the five priority tracks. It also fully established the "three supers" (super platforms, super products, and super systems) as the core carriers, while coordinating the implementation of four key strategies. These efforts fostered a sound development pattern characterized by digital and intelligent empowerment, scenario integration, and ecosystem co-building.



3.2.2 Strengthening the five priority tracks to reinforce customer management

The five priority tracks represent a key initiative for the Bank to thoroughly advance the five priorities of the financial sector and serve the real economy, as well as the primary areas for implementing the digitalization & intelligentization strategy at the business level. During the reporting period, the five priority tracks sustained the strong growth momentum established in 2024, progressing from "scale expansion" to "quality enhancement". Through differentiated, distinctive, and refined financial products and services, the Bank strengthened customer management and delivered a series of landmark and breakthrough achievements.

3.2.2.1 Technology finance: leveraging digital and intelligent capabilities to become the preferred partner bank for tech enterprises

As at the end of the reporting period, the Bank remained committed to advancing the high-quality development of technology finance through digital and intelligent capabilities. The balance of technology finance loans (as per the statistical standard of the PBC) reached RMB1,047,092 million, serving more than 256 thousand tech enterprises, which accounted for over 80% of listed technology companies nationwide. The Bank was rated "Excellent" in the PBC's first evaluation of technology finance service quality and efficiency, ranking first among China's joint-stock commercial banks.

During the reporting period, amid a new wave of technological revolution and industrial transformation, the Bank strategically advanced technology finance while supporting Shanghai's development as an international STI center. Building on its role as a resource hub and grounded in in-depth services, the Bank continued to create an integrated operating model that brings together commercial banking, investment banking, and ecosystem building. Through these initiatives, the Bank contributed to the cultivation of new quality productive forces and further reinforced its brand as the preferred partner bank for tech enterprises.

Innovating the Group's mega STI model to systematically build a comprehensive service framework. Through organizational optimization, the Bank established a coordinated structure comprising the Group's mega STI initiative, the Technology Finance Taskforce, the Technology Finance Department of the Head Office, technology finance departments of branches, and (specialized) science and technology (S&T) sub-branches. To date, 510 (specialized) S&T sub-branches have been established nationwide, enabling the Bank to deliver broader, more specialized financial services to tech enterprises. At the same time, the Bank enhanced its group-wide collaborative innovation mechanism, building a full-spectrum service framework spanning equity, bonds, loans, insurance, leasing, incubation, matchmaking, and cooperation, thereby supporting tech enterprises across their entire lifecycle. Shanghai Trust launched the Puchuang Huazhang STI direct investment fund, adopting an "equity subscription rights + direct equity investment" model and prioritizing strategic emerging industries such as integrated circuits, commercial aerospace, and AI. To date, the fund has completed multiple direct investment projects and executed more than ten equity subscription options, forming a new capital model characterized by "state capital leadership, group-wide collaboration, and market-based operations". In addition, the Bank collaborated with SPDB Wealth Management to launch two wealth management products based on the Five Technological Capabilities Model. Together with AXA SPDB Investment Managers, the SSE, and China Securities Index Co., Ltd. (SCI), the Bank introduced the SSE STAR Market Innovation Growth Strategy Custom Index, leveraging digital and intelligent capabilities to identify high-quality tech enterprises and deploy professional investment strategies in frontier technology sectors.

Refining technology finance products and services to precisely meet multi-tiered, scenario-based needs. The Bank launched "SPD Tech", a "5+7+X" product portfolio designed to deliver full-lifecycle coverage, digital and intelligent operations, partnership-based services, and customized solutions. This portfolio consists of five flagship products — SPD Innovation Loan, SPD Investment Loan, SPD New Loan, SPD Research Loan, and SPD Tech M&A Loan — that have collectively served more than 5,900 enterprises, providing over RMB140 billion in financing. These products accurately meet the needs of tech enterprises at different stages, from start-up through growth to maturity. The seven tailored solutions address high-frequency long-unmet needs of tech enterprises, including pilot testing and validation, Series A financing, digital transformation, digital finance, data assetization, M&A and restructuring of listed companies, and cross-border expansion. The "X" differentiated customization solutions include innovative regional products such as Shanghai's "Technology-guaranteed Loan", Tianjin's "Innovation Score-based Loan", and Wuhan's "Corporate Knowledge-based Credit Loan", enabling precise alignment with local market characteristics and strongly empowering the innovation-driven development of tech enterprises.

Strengthening the enabling role of digital and intelligent technologies to comprehensively enhance operational efficiency across multiple dimensions.



In terms of digital and intelligent customer acquisition, the Bank upgraded its digital and intelligent technology finance platform, "Sperm Whale", to version 3.0, integrating functions such as business opportunity analysis, marketing tracking, and product quota assessment. The platform has expanded its reach to more than 7,000 enterprises and was awarded third prize in the PBC's 2024 FinTech Development Awards. In terms of science-based evaluation, the Bank realized precise profiling of tech enterprises and the scientific assessment of their value, supporting key processes including credit screening, risk pricing, and financing matching. As a result, more than 6,900 enterprises have been supported in securing over RMB240 billion in credit lines. In terms of operational efficiency, the Bank leveraged enterprise profiling to enable intelligent matching of products and services. Following continuous iteration, the fully online product "SPD New Loan" now enables the entire process from approval to disbursement to be completed in as fast as T+1 day. In addition, the Bank developed a suite of digital tools, including "Fund Radar", "Project Radar", and "Post-investment Steward", to cover the full lifecycle of investment institutions—fundraising, investment, management, and exit, thereby further enhancing its comprehensive service capabilities.

Co-building a technology finance ecosystem to sustainably strengthen the Bank's position as the preferred partner bank. To foster a vibrant environment for innovation-driven growth, the Bank established the "Bund FTC" incubation community in Shanghai. To date, the community has attracted more than 70 registered enterprises, hosted nearly 900 specialized events, and reached preliminary cooperation agreements with eight universities, research institutes, and laboratories, over 60 investment institutions, and 11 professional associations. In collaboration with leading domestic universities, the Bank launched the Scientist Entrepreneurship Camp and introduced the Scientist Entrepreneurship Support Program, the first cohort of which supported dozens of scientists in transitioning from researchers to entrepreneurs. In addition, the Bank established the Technology Reception Hall as a platform for in-depth industry exchange and collaboration. It has hosted more than 1,800 industry-focused events and connected nearly 100,000 ecosystem partners and tech enterprises. In support of building Shanghai into five international centers, the Bank released the SPD Bank Action Plan for Establishing a New Paradigm in Technology Finance to Support the Development of Shanghai into an International Technology Finance Center, and introduced the Technology Finance Action Plan for the Yangtze River Delta G60 STI Corridor, contributing to the advancement of a leading STI hub.

3.2.2.2 Supply chain finance: committed to delivering end-to-end digital and intelligent services with continuous client engagement

As at the end of the reporting period, the Bank cumulatively served 37,408 upstream and downstream supply chain clients, representing an increase of 18,492, or 97.76%, compared with the end of the previous year. The annual volume of online supply chain business reached RMB787,113 million, up RMB520,136 million, or 194.82%, year on year. In 2025, the Bank received accolades, including the Best Supply Chain Finance Bank Award at the Annual Conference of China Supply Chain Finance, earning broad recognition from both the industry and the market.

During the reporting period, the Bank positioned supply chain finance as a core strategic driver for the digital and intelligent transformation of its corporate banking business and its deeper integration with industrial ecosystems. Closely aligned with national macro policies aimed at enhancing the resilience and security of industrial and supply chains, the Bank advanced the development of digital and intelligent supply chain finance solutions that span all scenarios, whole process, and the entire client lifecycle. Leveraging the dual engines of technology enablement and business innovation, it enhanced the accessibility, efficiency, and experience of financing for micro, small, and medium-sized enterprises, thereby supporting the stabilization, strengthening, and upgrading of industrial chains.

Deepening engagement in key industrial chain ecosystems to deliver targeted support to the real economy. During the reporting period, the Bank focused on key industries including power and energy, oil and petrochemicals, railway transportation, telecommunications, and logistics, adopting an industry-specific approach to provide tailored services. It executed landmark transactions such as China's first railway waybill certificate financing and NCWR movable asset-backed financing, effectively breaking through traditional financing constraints. In doing so, the Bank embedded supply chain finance across production, supply, and sales scenarios along industrial chains, establishing a new industry operation paradigm. The outstanding balance of the Bank's four major online products: "SPD Chain Connect", "SPD L/C Connect", "SPD Discounting Connect", and "SPD Order Connect" reached RMB191,460 million, of which micro and small enterprises accounted for RMB108,861 million, representing 56.86%.

Strengthening services for core enterprises to efficiently expand chain participants.

During the reporting period, the Bank focused on delivering full-scenario services across production, supply, and sales throughout upstream and downstream industrial chains, and upgraded the "SPD Chain Connect" super product suite for supply chain finance. Its flagship product, "SPD Chain Connect", further reinforced its role as a core growth engine, with annual new disbursements reaching RMB135,324 million, up 244% year on year, ranking first among Chinese joint-stock commercial banks. During the reporting period, the Bank onboarded 987 new core enterprises and 14,157 suppliers, with an outstanding financing balance of RMB85.2 billion, representing an increase of 155% compared with the end of the previous year.

Reconstructing the collaborative service system to comprehensively enhance responsiveness. During the reporting period, the Bank established a multi-



dimensional, coordinated service framework featuring "top-down alignment and enterprise-wide coordination", upgraded to an agile and highly efficient service model, and responded swiftly to evolving market and client needs. It delivered comprehensive financial services to industrial chain clients, characterized by "Head Office-branch coordination, Group-wide synergy, and customized one-stop solutions". As a result, the Bank earned strong client recognition for its execution capabilities and its digital and intelligent product offerings.

Upgrading the digital and intelligent customer experience to increase the share of online business with intensified efforts. During the reporting period, the Bank continuously strengthened the enabling role of digital and intelligent technologies across the entire supply chain finance process, and integrated AI technologies into customer engagement, product marketing, and service delivery. By incorporating multi-dimensional enterprise data to create a dynamic business view, it enabled intelligent support throughout the full process from opportunity identification to dynamic risk management, thereby enhancing both business efficiency and risk control capabilities. The Bank's online bank acceptance bill issuance could be completed in as fast as 30 seconds, while the efficiency of online trade background verification improved by 40%. The share of the Bank's online supply chain business increased from 23.46% at the end of 2024 to 46.25%.

3.2.2.3 Inclusive Finance: creating value for the growth of micro and small enterprises through a new digital and intelligent model

As at the end of the reporting period, the balance of the Bank's inclusive finance loans meeting the "two increases and two controls" assessment requirements reached RMB523,991 million, representing an increase of RMB58,274 million, or 12.51%, compared with the end of the previous year. The annual increase reached a four-year high, ranking second among Chinese joint-stock commercial banks, with its market position further strengthened. The number of inclusive finance customers meeting the "two increases and two controls" assessment requirements reached 509.8 thousand, an increase of 99.4 thousand, or 24.22%, compared with the end of the previous year. While continuously expanding service coverage, the non-performing ratio of inclusive finance loans meeting the "two increases and two controls" assessment requirements remained unchanged year on year. The Bank ranked first among Chinese joint-stock commercial banks in the PBC's evaluation of the effectiveness of credit policy implementation for micro and small enterprises, and received honors, including the "Outstanding Institution in Inclusive Finance Services" from the Shanghai Banking Association.

During the reporting period, the Bank upheld its founding mission of serving the general public through its financial strength, and leveraged digital and intelligent capabilities as a core driver to advance breakthroughs in inclusive finance transformation. It established a new development framework for digital and intelligent inclusive finance characterized by "multi-dimensional products, intelligent risk control, intensive operations, and precision services", forging a distinctive path of high-quality development with both quality and efficiency assured.

Building a multi-dimensional service system to enhance refined customer service capabilities. Online, the Bank fully leveraged its two super platforms: SPDB Inclusive Finance and SPDB Mobile Banking to seamlessly connect the entire customer lifecycle, from acquisition to activation and retention. Focusing on the diverse financial needs of micro and small enterprises across different stages of development, it provided a comprehensive suite of online, intelligent, and one-stop financial services, built a digital inclusive finance ecosystem, and strengthened customer engagement, thereby enabling sustained value creation for these enterprises. Offline, with a focus on customer experience, the Bank applied AI large language models (LLMs) and traditional machine learning technologies to develop digital customer profiles that feature "one panoramic overview and six precise profiles", forming a holistic view of micro and small enterprise clients and continuously enhancing digital service capabilities and standards. Centered on the customer journey, the Bank advanced the application of AI technologies across the entire inclusive finance process to enable 11 business scenarios that span loan application, approval, and utilization, thereby comprehensively improving the customer experience.

Upgrading the "SPD Inclusive Loan" digital product matrix to precisely embed into real economy scenarios. The Bank strengthened market analysis, gained deep insights into the needs of inclusive finance customers, and reengineered business processes to achieve a comprehensive upgrade of the "SPD Inclusive Loan" product suite. Specifically, the Affordable Flash Loan, as the Bank's first fully online corporate credit product, supports end-to-end online operations on the client side and enables scalable outreach to long-tail micro and small enterprise clients. The Affordable Chain Loan deepens ecosystem- and supply chain-based operations, further enhancing market penetration in downstream segments of core enterprises, with over 100 scenarios launched to date and achieving the "100 cities, 100 chains, and RMB10 billion" milestones. The Affordable Collateral Loan delivers ultra-fast processing with minimal documentation, reducing manual data entry fields by 50% and paper-based materials by 70%. Through the application of OCR-based intelligent recognition and auto-fill technologies, processing efficiency has been significantly improved. The "Affordable Collateral Loan: Reinventing Digital Secured Inclusive Finance Lending" product was selected as an innovation case in the 2025 Competition for Employees across the Shanghai Financial System.

Building an intelligent risk control system to safeguard the bottom line for high-quality development. The Bank continuously increased investment and expanded the application of relevant technologies to establish an intelligent risk control system characterized by data-driven, model-enabled, and dynamically iterative capabilities, comprehensively enhancing its ability to identify, issue early warnings about, and dispose of risks. At the data level, the Bank continuously enriched multi-scenario, multi-dimensional data, strengthened the integration of internal and external data sources, and developed a holistic view of customers' operating conditions to enable precise customer profiling and enhance risk management capabilities. In terms of model development, the Bank accelerated the upgrading of risk control models and established a digital inclusive risk control framework covering the full lifecycle of both corporate clients and personal customers, with significant improvements in model accuracy, stability, and risk identification rates. With respect to strategy optimization, the Bank completed the development of a standardized strategy framework for the SPD Inclusive Loan and realized its dynamic

iteration. Through the coordinated application of data, models, and strategies, the Bank reinforced its bottom line for risk control while significantly enhancing customer service efficiency and experience, achieving an effective balance between risk controllability and service enhancement. As at the end of the reporting period, the non-performing ratio of inclusive finance loans meeting the "two increases and two controls" assessment requirements remained unchanged year on year.

Establishing micro and small enterprise and personal lending centers to enhance service efficiency under inclusive finance. The Bank established micro and small enterprise and personal lending centers across its branches nationwide, enabling the physical centralization and functional integration of inclusive finance business processes. Nearly 50% of business processes were centrally handled with standardized operations, making inclusive finance operations more streamlined and efficient. The Bank also developed new corporate inclusive finance processes by centralizing multiple offline procedures within these centers and optimizing related workflows, improving processing efficiency by 80%. At the same time, it continued to extend its service reach to the grassroots level, with a cumulative total of 201 specialized inclusive finance sub-branches and flagship sub-branches established, further enhancing the quality and efficiency of refined and differentiated services.



3.2.2.4 Cross-border finance: empowering enterprises' global expansion through digital and intelligent technologies

During the reporting period, the Bank's cross-border transaction settlement volume reached RMB4,493.1 billion, representing an increase of 44%. As at the end of the reporting period, the balance of cross-border loans in local and foreign currencies stood at RMB336.3 billion, up 27%. The scale of Free Trade (FT) deposits and loans hit RMB163.4 billion, an increase of RMB20.3 billion, or 14%, compared with the end of the previous year, ranking among the top three in the market. The number of cross-border customers approached 49 thousand, up 24%, with 28 thousand active customers on cross-border digital channels.

During the reporting period, the Bank thoroughly implemented the national strategy for opening up and fully supported the Belt and Road Initiative (BRI) and the development of Shanghai into five international centers. Actively responding to the evolving trend of globalized industrial chains, the Bank leveraged its "6+X" cross-border finance service system, covering onshore cross-border services, offshore banking, FT finance, overseas institutions, financial markets, and cross-border custody, together with its domestic and overseas account service capabilities. By capitalizing on its Group-wide and international operations, the Bank enhanced its capacity to support corporate customers in their global expansion and continuously strengthened the influence of its SPDB Cross-Border Finance brand.

Overseas institutions highlighted the distinctive operating model of "three corridors and three service networks" and strengthened their service capabilities. The Bank advanced coordinated operations across the Shanghai-Hong Kong, Shanghai-Singapore, and Shanghai-London corridors, leveraging regional synergies to establish three major overseas service networks. **Hong Kong Branch** deepened connectivity between Shanghai and Hong Kong capital markets, enhanced the Hong Kong financial service network, and supported coordinated project execution in the Guangdong-Hong Kong-Macao Greater Bay Area through integrated commercial and investment banking services, strengthening its client base in syndicated loan and bond businesses. Hong Kong Branch and SPDB International, leveraging Hong Kong SAR as a hub, further enhanced professional service capabilities in areas such as overseas open market operations. During the reporting period, Hong Kong Branch ranked first among local Chinese-funded joint-stock commercial banks in both the number of syndicated loans completed as Mandated Lead Arranger and Bookrunner (MLAB) and as Mandated Lead Arranger (MLA). **SPDB International** further strengthened its core competitiveness, with the number of IPOs reaching a record high. **Singapore Branch** strengthened Shanghai-Singapore collaboration and advanced the development of the Singapore financial service network. Leveraging Singapore's position as a regional economic hub in Southeast Asia, the branch deepened services in the commodities and

wealth management & private banking segments, achieving breakthroughs in RCEP-related projects and wealth management & private banking business. During the year, the Bank completed over 100 RCEP-related transactions and disbursed cumulative loans of USD4.33 billion. Financial assets of private banking & wealth management customers increased by nearly one-third compared with the end of the previous year. **London Branch** enhanced Shanghai-London coordination, supporting the optimization of the London financial service network and building a financial service hub for Europe. The branch strengthened capabilities in serving customers in the financial market and green finance businesses, improved cross-time-zone foreign currency trading capabilities, and advanced green finance initiatives, successfully participating in the Ministry of Finance of China's first overseas RMB-denominated green sovereign bond issuance in the UK. During the reporting period, the Bank's overseas branches achieved significant growth in both scale and efficiency, with total assets increasing by 21.70% and revenue rising by 23.98% year on year.

Consolidating the leading edge in cross-border digital and intelligent products and services to empower Chinese enterprises' global expansion. The Bank continued to develop its "Express" series of cross-border products. The Cross-Border Express Remittance enabled remittances to be completed within seconds, while the Cross-Border Express L/C and the Express Bill Advance supported fully online processing of documentary settlement and financing, significantly enhancing customer experience. The Bank upgraded its digital and intelligent cross-border e-commerce service, "Cross-Border Commercial e Remittance", leveraging the advantages of FT accounts to provide fast and streamlined foreign exchange collection services for cross-border e-commerce clients. To support enterprises in global treasury management, the Bank upgraded the cross-border functions of the Beidou Treasurer (Premium Version). It also advanced innovation in letters of credit (L/C) through its blockchain-enabled shipping and trade platform, achieved connectivity with shipping and trade blockchain systems, and successfully implemented digitalized business scenarios in the shipping and trade sectors. As at the end of the reporting period, the transaction volume of the Cross-Border Express Remittance approached RMB400 billion, while the transaction volume of the Cross-Border Commercial e Remittance reached RMB134.5 billion, representing a year-on-year increase of 126%.

Deepening the comprehensive development of FT financial services to support high-standard opening-up. Focused on Shanghai's innovative policies for facilitating cross-border financial services, the Bank successfully executed a series of first-in-market transactions, including market-based interest rate pricing for foreign currency deposits under free trade non-resident (FTN) accounts, non-resident M&A loans under the new policies of the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone, pilot offshore trade programs in the Lin-gang Special Area, and overseas investments in offshore bonds under FT accounts. Meanwhile, the Bank completed the initial rollout and implementation of the upgraded FT accounts. Since launching FT account services in Shanghai, the Bank has cumulatively delivered more than 50 first-of-its-kind or first-batch transactions, leveraging innovation to support the high-quality development of Shanghai's FT finance. The Bank took the lead in extending FT account services to Tianjin and Guangzhou, achieving full coverage across all FT pilot regions nationwide and rapidly becoming a key force in supporting local foreign investment and trade development. Seizing the significant opportunity presented by the island-wide independent customs operation in Hainan Free Trade Port, the Bank completed the first pilot cross-border asset management transaction in the free trade port and was awarded the "2025 Best Case in Cross-Border RMB and Capital Market Services" by The Asian Banker. It also became the first to achieve full coverage of cooperation with both funds and securities firms, ranking first in market share. SPDB Financial Leasing established the first domestic management-oriented project company in the financial leasing industry in Hainan, leveraging the policy advantages of the Hainan Free Trade Port to further support the high-quality development of industries such as aviation.



3.2.2.5 Wealth and asset management finance: growing into a customer-preferred, market-leading, and intelligently advanced wealth management bank

As at the end of the reporting period, the Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26%, compared with the end of the previous year. The Bank's AUM in the wealth and asset management segment reached RMB3,360,469 million, up RMB642,918 million, or 23.66%, from the end of the prior year. Fee-based income from the segment amounted to RMB7,186 million, representing a year-on-year increase of 17.55%. The number of private banking customers with monthly average daily financial assets of RMB6 million or above reached 55.5 thousand.

During the reporting period, the Bank fully leveraged its Group-wide synergies and comprehensive license portfolio, establishing an agile "four-cross" mechanism spanning corporate and personal banking segments, business lines, the parent company and subsidiaries, and domestic and overseas operations. Guided by the business philosophy of platform-based, digital, ecosystem-driven, and professional development, the Bank advanced wealth management and asset management as dual engines to comprehensively enhance its wealth management service capabilities and actively support Shanghai's development as a global asset management center.

Deepening integrated collaboration across all segments to cultivate a new paradigm for customer management. Following an

integrated customer management approach, the Bank leveraged the licensing advantages of its subsidiaries to strengthen the management of retail customers and corporate clients as key client segments. It upgraded its private banking customer service system to Version 2.0 and established a distinctive three-pillar service ecosystem consisting of the "SPDB Peaceful Life" account system, the "SPDB Enterprise Star" service platform, and overseas wealth management, to precisely address evolving private banking needs. Meanwhile, the Bank also tapped into the wealth management needs of corporate clients, enhancing the competitiveness of its corporate wealth management products and related service capabilities. By integrating management of corporate clients and personal customers, the Bank provided customized wealth management solutions and delivered a comprehensive financial service experience. Agency sales of wealth management products through corporate channels reached RMB212.5 billion, representing a year-on-year increase of 23%.

Upgrading asset allocation services to build a new wealth management model. Committed to creating wealth management value for customers, the Bank pooled the Group's professional expertise, strengthened market trend analysis, and enriched its diversified product offerings, advancing its services from single-product distribution to asset allocation advisory. This transformation enabled the Bank to provide professional wealth management solutions, shifting from sales-driven operations to expertise-empowered development. During the reporting period, the Bank launched an enhanced "Treasury Alpha" asset allocation service system, and comprehensively upgraded its five core capabilities: investment research, asset allocation, product selection, advisory engagement, and digital and intelligent services to build a new full-account, full-process wealth management service model. The Bank established a Group-wide asset allocation studio, implemented the CMAP standardized asset allocation methodology, and upgraded two flagship product allocation brands: "Chart of Innovative WMPs" and "SPDB Selection", comprehensively improving the wealth management service experience. As at the end of the reporting period, the number of customers holding wealth management products reached 6,447.3 thousand, an increase of 225.9 thousand compared with the end of the previous year.

Strengthening Group-wide collaboration to co-build a new asset management ecosystem. The Bank continued to develop a distinctive Group-wide collaboration framework, further enhancing the influence of its asset management brand. Anchored on three core pillars: product co-creation, service sharing, and team co-building, the Bank fostered a value co-creation ecosystem characterized by breakthrough innovation, collaborative growth, and enabling professionalism. SPDB Wealth Management developed a range of product series themed on new quality productive forces, STI, the silver economy, ESG, green finance, and regional strategic development. Shanghai Trust actively explored innovative trust products with real estate, equity, and unlisted equity as underlying assets. AXA SPDB Investment Managers developed equity products, including the launch of the SSE STAR Market Composite Index Enhanced Fund. SPDB International maintained steady growth in its AUM base. During the reporting period, the combined AUM of SPDB Wealth Management, Shanghai Trust, AXA SPDB Investment Managers, and SPDB International exceeded RMB3 trillion, reaching RMB3.36 trillion.

Strengthening the digital and intelligent foundation to deliver a smart wealth management experience. The Bank actively advanced the digital transformation and upgrading of its wealth management capabilities across products, marketing, risk control, operations, and management, making wealth management more professional, customer experience more intelligent, and services more customer-centric. It developed a "super" system for wealth management platforms. The digital and intelligent wealth management tool "SPDB WM" was developed, enhancing digital and intelligent capabilities across the entire business process of investment research, asset allocation, marketing, ecosystem engagement, and management, thereby improving operational efficiency and customer service experience. Leveraging the SPDB Mobile Banking app as the core platform, the Bank strengthened its full-category wealth management products, intelligent wealth tools, and content operations, enhancing its ecosystem service capabilities. It enriched the "Intelligent" series of wealth management services, produced educational content such as the "First Lesson in Fund Investment" series, strengthened the wealth brand "Win@18", and continuously optimized user interaction flows and customer experience.



3.2.3 Building the "three supers" as the core to strengthen the enabling role of digital and intelligent technologies

In the current era marked by accelerating technological innovation and industrial transformation, strengthening the application of digital and intelligent technologies to comprehensively enhance capabilities in customer management, product research and development (R&D), risk control, and operations management has become a critical driver of high-quality development for commercial banks. During the reporting period, based on market research, strategy execution, and forward-looking industry planning, the Bank proposed advancing the development of the "three supers": super platforms, super products, and super systems. This initiative aimed to integrate premium resources, deepen the integration of digital and intelligent technologies with financial businesses, and build a series of distinctive, market-

influential digital and intelligent carriers of the Bank. In doing so, the Bank built "super" business capabilities characterized by strong customer experience, pronounced competitive advantages, and significant brand influence.

3.2.3.1 Super platforms

Super platforms represent the concentrated embodiment of the Bank's digitalization and intelligentization strategy. Through the deep integration of data, technologies, channels, and ecosystem resources, the Bank has broken down business silos and established a unified infrastructure supporting the operation of its core businesses. Super platforms not only carry business processes but also constitute an open ecosystem. Internally, they enable efficient cross-line and cross-department resource integration. Externally, they connect customers, partners, and industrial ecosystems, providing full-scenario, one-stop functional support and service interaction. Guided by the philosophy of "platform as a service", super platforms encapsulate complex financial capabilities into reusable and portable digital components, enabling rapid iteration and precise delivery of customer services. They have become a core engine driving the Bank's digital and intelligent transformation, reshaping its operating model and customer service model.

SPDB Inclusive Finance

The Bank made concerted efforts to develop the SPDB Inclusive Finance app as a super platform, targeting a broad base of micro and small enterprises and self-employed individuals. Centered on four key components: credit financing, wealth management, fund management, and ecosystem services, the platform enriched services across the entire customer journey, strengthened intelligent applications and ecosystem connectivity, and evolved into a smart partner capable of understanding customer needs, supporting growth, and supporting business operations.

Addressing core challenges faced by micro and small enterprises, such as limited access to financing, cumbersome processes, and heavy administrative burdens, the platform focused on key customer segments, including STI, supply chain, and inclusive finance, to upgrade digital credit products, such as SPD Inclusive Loan and SPD Technology Loan. It also launched the tailored online credit product "Affordable Chain Loan" for customers across more than 100 industrial chains, both upstream and downstream, including equipment ordering, fast-moving consumer goods, feed and livestock farming, and agriculture. The product supported fully online processing across the entire lifecycle, including credit limit assessment, loan application, contract execution, drawdown, and repayment. In terms of one-stop services, the platform streamlined and reengineered high-frequency customer journeys, such as account management, transfer and settlement, merchant acquiring, and payroll service. The processing time for the Affordable Flash Loan was cut by 60%, while documentation requirements for the Affordable Collateral Loan were reduced by 70%.

The platform intelligently integrated ecosystem resources such as taxation, legal services, and investment research to provide one-stop services, including enterprise information inquiries, industry research and analysis, online legal consultation, and tax policy interpretation. For tech enterprises and acquiring merchants, dedicated service zones were established to create an integrated technology finance service system featuring "Select loan products", "Find value-added services", "Understand STI scoring", "Visit Technology Reception Hall", and "Access featured branch services". The platform connected with the FinTech Community (FTC) and introduced the "Starship" digital capital market service, offering tech enterprises quantitative assessments of IPO readiness, equity advisory services, and equity-related courses, thereby supporting their operational, management, and growth needs throughout the entire lifecycle. The platform also upgraded its digital customer manager services by incorporating intelligent features such as enterprise health diagnostics and journey-based customer engagement, achieving an online query resolution rate of over 95%.



As at the end of the reporting period, the SPDB Inclusive Finance platform had exceeded 2.60 million registered users. The proportion of new corporate clients acquired through the platform accounted for nearly 70% of the Bank's total new corporate clients and over 60% of its new credit clients. The customer segments covered by online services and the breadth of service offerings continued to expand.

SPDB Mobile Banking

The Bank comprehensively upgraded the SPDB Mobile Banking app, transforming it from a functional service platform into an intelligent growth partner. Guided by the digitalization & intelligentization strategy, the personal version of the app focused on three key objectives: user growth, enhanced service capabilities, and improved user experience, while advancing toward three core directions: whole-journey wealth companionship, upgraded lending experience, and expanded ecosystem scenarios. Through these efforts, the app achieved an innovative transformation from a functional service tool to an intelligent growth partner.

Wealth partner: The app introduced more than 20 featured product zones, including "Flex+", offering over 10,000 online wealth management products to meet diverse investment needs. Based on customers' investment journeys, it established a framework of over 1,200 indicators and developed six categories of digital and intelligent model libraries, covering recommendation, repurchase, upgrade, conversion, insight, and evaluation. In collaboration with 58 institutions, the platform delivered real-time market information, research insights, and investment opportunities, comprehensively enhancing the Bank's digital and intelligent wealth management services.

Lending partner: The app established six product shelves and 11 major product matrices, enhanced 16 pre- and post-lending service functions, and launched a dedicated subsidized consumer loan zone. It also upgraded full-lifecycle loan benefits under the "Dianjinliang" credit benefit program. The SPD Flash Loan service process was streamlined to further improve the user experience. A standalone credit card channel was newly introduced, incorporating 32 functions, including overseas shopping privileges, comprehensive points management, and card password management. In addition, new credit card benefits and coupons were launched. These steps strengthened integrated debit and credit card service capabilities.

Lifestyle partner: The Bank launched the new Zhuoxin V+ Benefits Center, integrating more than 30 benefits across nine categories for debit and credit cards to deliver enhanced customer rewards. Leveraging the localized strengths of its branches, the Bank upgraded city-specific zones across 37 branches. It also consolidated convenient service sections, adding over 600 utility payment items and 12 non-tax payment items, further expanding service coverage and accessibility.

As at the end of the reporting period, the number of contracted users of the personal version of the SPDB Mobile Banking app exceeded 93.00 million, with MAU surpassing RMB34.00 million, representing a year-on-year increase of 6.11%. Loan disbursements via the platform exceeded RMB100 billion, up 8.61% year on year.



3.2.3.2 Super products

The Bank deeply integrated its service capabilities across different business segments, channels, and scenarios to develop benchmark or flagship products with strong market competitiveness, high customer value, and scalability. Centered on customer needs, these super products leveraged precise customer insights and scenario-based design to transform complex financial services into simple, convenient, and intelligent user experiences. They not only meet the personalized wealth management needs of personal customers but also provide corporate customers with one-stop comprehensive financial solutions, serving as a core vehicle for the Bank to differentiate itself in market competition and demonstrate its brand value.

SPD Technology Loan

During the reporting period, the SPD Technology Loan, as one of the Bank's super products, was comprehensively aligned with the financing needs of tech enterprises. Its five core sub-products, namely the SPD Innovation Loan, SPD Investment Loan, SPD New Loan, SPD Research Loan, and SPD Tech M&A Loan, collectively served more than 5,900 tech enterprises, providing aggregate financing in excess of RMB140 billion. Guided by a craftsmanship-oriented product development philosophy, the Bank continuously refined its product capabilities, effectively supporting the scaling-up of tech enterprises and their orderly progression toward capital markets. For example, the SPD New Loan implemented a fully online, standardized, and streamlined credit approval mechanism, significantly enhancing financing efficiency and improving credit accessibility for tech enterprises. The SPD Tech M&A Loan was upgraded to Version 2.0, supporting pilot M&A lending for tech enterprises, with a cumulative transaction volume reaching RMB21.8 billion, positioning the Bank among leading Chinese joint-stock commercial banks. The SPD Research Loan provided critical credit support to a leading domestic GPU manufacturer in its R&D breakthroughs, facilitating its preparation for listing on the STAR Market.



CASE

SPD Bank Supports Hard Tech Enterprises in Listing on the STAR Market

From late 2025 to early 2026, the Bank's STI Alliance experienced a notable acceleration in IPO activity. Through a comprehensive service model combining commercial banking, investment banking, and ecosystem building, SPD Bank supported multiple hard tech enterprises in achieving a transformative leap from R&D breakthroughs to market capitalizations exceeding RMB100 billion, with successful listings on both domestic and overseas exchanges.

Hard tech enterprises are typically characterized by asset-light structures, R&D-intensive operations, and long development cycles. Such enterprises often lack sufficient collateral and stable historical financial performance, and therefore do not readily meet traditional credit assessment criteria. In response, leveraging its proprietary technological platforms, including the Five Technological Capabilities Model and Technology Radar, SPD Bank has strengthened its ability to identify, evaluate, and interpret the underlying technological strength and innovation potential of such enterprises. To better support innovation-driven R&D activities of tech enterprises, the Bank launched a dedicated financing solution, "SPD Research Loan". At a key development stage of Company M in Beijing, where the company was advancing the development of a domestically developed, full-function 1,000-GPU computing cluster, both R&D intensity and cash flow pressures increased significantly. Moving beyond reliance on traditional financial metrics, the Bank conducted in-depth assessments of the company's technology roadmap, product iteration cadence, and industrial positioning. A dedicated taskforce was established to engage directly with frontline R&D teams. Through the SPD Research Loan and subsequent syndicated lending arrangements, the Bank provided medium- to long-term financing aligned with the company's R&D cycle, ensuring the continuity of core research initiatives, alleviating funding pressure during periods of intensive R&D investment, and laying a solid financial foundation for key technological breakthroughs. Throughout the company's IPO preparation and post-listing development, SPD Bank not only served as the custodian bank for proceeds supervision, but also expanded its services to include Beidou Treasurer management, supply chain finance, and high-caliber talent finance, forming a comprehensive financial service package to cover the company's full operational value chain.

SPD Chain Connect

During the reporting period, the Bank, guided by its digital and intelligent transformation strategy, focused on strengthening service capabilities in supply chain finance and developed the "SPD Chain Connect" super product series, featuring a "one dominant and multiple strong pillars" product architecture. This initiative comprehensively enhanced the Bank's digital and intelligent service capabilities in data-driven operations, intelligent decision-making, precision service delivery, and ecosystem-wide collaboration, enabling industrial chain customers across the full lifecycle, all scenarios, and the entire value chain. Through the deep integration of technology and finance, the SPD Chain Connect has not only become a benchmark product in the Bank's supply chain finance business, but also a key engine for empowering the real economy and supporting the high-quality development of micro, small, and medium-sized enterprises. It has significantly improved service accessibility, convenience, and overall customer experience. As at the end of the reporting period, the flagship product SPD Chain Connect added 987 core enterprises and 14,157 suppliers, and cumulatively served 1,604 core enterprises and 18.8 thousand chain participants. The core enterprise-to-chain participant ratio improved from 1:7.54 at the beginning of the year to 1:11.73 at period-end, achieving leapfrog growth.





SPD Bank Helps Micro and Small Clients on Internet Platforms Address Financing Challenges

The technology, media, and telecommunications (TMT) industry is undergoing profound structural fragmentation and ecosystem reconfiguration. TMT customer segments span diverse areas, including e-commerce platforms, online entertainment, financial technologies, enterprise software, and internet services. Micro and small clients within the TMT industrial chain generally face financing constraints such as insufficient collateral, fragmented financial data, and difficulties in accurately assessing creditworthiness. To effectively address these pain points and meet the financing needs characterized by small-ticket size, high frequency, urgency, and short tenors, the Bank developed an innovative data-credit-based online financing solution, the Affordable Chain Loan. First, it adopts an integrated "B+C" model, serving both the B-side (micro and small enterprises within the industry ecosystem) and the C-side (merchants, business owners, and self-employed individuals). Second, it is data-driven, leveraging big data models and AI technologies to provide credit services without reliance on traditional credit enhancement guarantees, while offering flexible revolving credit facilities. Third, big data capabilities are embedded throughout the end-to-end customer journey, enabling more efficient and timely management of micro and small clients across the industrial chain. Fourth, it establishes a closed-loop financing mechanism by directly integrating with core TMT platform data, ensuring the closed circulation of capital flows, business flows, logistics flows, and information flows. Fifth, it embeds financial services into real business scenarios, such as integrating credit access directly into e-commerce payment interfaces, enabling seamless delivery of financial services within operational contexts.

The successful implementation of multiple TMT projects has not only provided efficient, convenient, and flexible financing solutions for micro and small clients, but also supported the stable development of core platform merchants and distributor ecosystems. The Bank's innovative business model and high service efficiency have been widely recognized by clients. Looking ahead, the Bank will remain committed to its founding mission of serving micro and small enterprises. It will continuously innovate financial products, optimize service processes, and strengthen scenario-based integration, thereby better meeting the diversified financing needs of micro and small business entities and contributing SPD strength to the development of the real economy.

SPD Inclusive Loan

During the reporting period, the Bank deepened the application of big data and enabling technologies to upgrade the "SPD Inclusive Loan" product suite. Anchored by core products such as the Affordable Flash Loan, Affordable Collateral Loan, and Affordable Chain Loan, the suite features online accessibility, standardization, customization, and broad coverage. It provides targeted financial support to different customer segments, covering short-term working capital, large-ticket collateralized financing, and supply chain-based collaborative financing. The product suite can be combined to form comprehensive financial service solutions, effectively meeting the diversified financing needs of micro and small enterprises and supporting their growth. As at the end of the reporting period, outstanding loans under the "SPD Inclusive Loan" product suite reached RMB140 billion, an increase of RMB92 billion, or 192%, compared with the end of the previous year.



SPDB M&A

During the reporting period, in response to both policy support and underlying market demand, the Bank launched an upgraded Version 3.0 of its M&A finance services framework. Anchored in digital and intelligent technologies and enabled through ecosystem-wide collaboration, the framework is built on four pillars: strategic guidance, efficiency enhancement, professional enablement, and innovation-driven development. It systematically identifies and addresses pain points and unmet needs across the pre-transaction, execution, and post-transaction phases of M&A activities. The newly established "4+8+16+N" M&A financial service framework is tailored to the evolving needs of state-owned enterprises (SOEs), listed companies, tech enterprises, cross-border firms, and private equity institutions amid emerging market shifts and trends. The Bank also established an M&A business center and expert pool, and introduced an expedited approval channel for major projects to support the effective implementation of customers' M&A strategies. In addition, the Bank launched a digital and intelligent comprehensive investment banking service platform, aggregating multi-dimensional internal and external data sources and integrating functions such as matching of underlying assets, capital matching, market opportunity identification, corporate advisory, transaction management, and statistical analysis, thereby enabling value creation across the entire M&A transaction chain. During the reporting period, M&A loan disbursements reached RMB113,943 million, representing a year-on-year increase of 47.05%. The outstanding M&A loan balance ranked first among Chinese joint-stock commercial banks.



SPD Flash Loan

Since 2025, at the national level, a series of policy measures have been introduced to stimulate consumption, expand domestic demand, and strengthen the services sector. The Bank has proactively implemented these policies and deeply embedded its digital and intelligent capabilities into retail lending scenarios. It continuously refined the revolving credit-based personal consumer loan product, "SPD Flash Loan". Through online application, automated approval, and digital and intelligent risk control, the Bank established a digital and intelligent lending process featuring data-driven assessment and real-time approval before lending, dynamic credit line adjustment during lending, and real-time monitoring and centralized management after lending. This has established a scalable, digital and intelligent retail lending model aligned with evolving consumer demand and regulatory priorities. As at the end of the reporting period, the outstanding balance of the SPD Flash Loan exceeded RMB80 billion, with total approved credit lines surpassing RMB200 billion, strongly supporting consumption growth and domestic demand expansion.



CASE

SPD Flash Loan Supports the Fulfillment of Household Consumption Needs

In response to national policies aimed at boosting consumption and enhancing financial inclusion, and in alignment with the Ministry of Finance's government-funded interest subsidy policy for consumer loans, SPD Bank promptly implemented and efficiently advanced related initiatives. Customer Mr. X planned to renovate his aging home to improve living conditions but faced short-term liquidity constraints due to the need to prepay substantial renovation costs, thereby suppressing near-term consumption demand. Upon understanding the customer's financing needs, SPD Bank, in conjunction with the newly introduced government-funded interest subsidy policy for consumer loans, precisely recommended the "SPD Flash Loan" product. Through a fully online application process, automated credit approval, and subsidy eligibility verification, the system automatically applied the government interest subsidy on a monthly basis prior to interest charging, effectively reducing the customer's financing costs and significantly enhancing the overall customer experience.

Anchored in the consumer loan interest subsidy policy and empowered by digital and intelligent technologies, SPD Bank delivered targeted financial support to meet real consumption financing needs. This case not only received high recognition from the customer but also demonstrated the Bank's commitment as a financial institution to enhancing people's livelihoods and fulfilling its social responsibility.

3.2.3.3 Super systems

The super systems serve as the smart engine of the Bank's digital and intelligent transformation. They comprise a tightly integrated architecture of interrelated and deeply coupled functional modules, data flows, and operational rules, designed with a customer-centric focus to support the entire Bank. Built on a foundation of stable and efficient operations and centered on intelligent collaboration, these systems leverage unified technical and data standards to enable real-time data circulation, dynamic risk sensing, and enterprise-wide visibility across operations and management. The super systems function not only as the digital backbone underpinning efficient business operations, but also as the smart brain driving product innovation and enhancing customer experience. Through the deep integration of AI, big data, and other advanced technologies, they enable more precise decision-making, more personalized services, and greater operational efficiency.

Payroll service system

The Bank developed the SPD Payroll, a brand-new, one-stop HR and payroll service platform featuring a unified user experience, integrated functions, and an open ecosystem. Extending financial services into corporate HR and payroll management, the platform addresses enterprises' digital and intelligent transformation needs through eight core capabilities: payroll services, e-contracts, e-business cards, intelligent payroll calculation, individual income tax and social security management, e-payslips, financial expense control, and employee benefits. For enterprise clients (B-side), the platform uses payroll processing as the entry point, integrating payroll services, HR management, financial expense control, and employee services into a comprehensive solution. Leveraging a plug-and-play, lightweight service model, it effectively meets corporate needs across payroll, HR, finance, and broader ecosystem



services. For individual users (C-end), the platform is designed to enhance the employee experience by providing convenient services and exclusive benefits through mobile channels, including the SPD Payroll applet and the personal version of the SPDB Mobile Banking app. This creates a closed-loop digital service ecosystem that empowers both enterprises and employees. The system supports enterprises in advancing digital transformation while reducing costs and improving operational efficiency.

During the reporting period, the SPD Payroll platform served nearly 60 thousand enterprise clients and more than 200 thousand employee users.

Beidou Treasurer

The Bank worked hard to build the "four-line, three-tier" Beidou Treasurer system. As to the four business lines, the Bank targets four core customer groups: state-owned assets and enterprises, supply chain finance, technology finance, and cross-border finance. Closely aligned with real economy development and regulatory requirements for state-owned assets, the system delivers tailored solutions to address key challenges in corporate fund management, financing and settlement, and risk control across sectors, ensuring "one solution per segment and one breakthrough per pain point". With respect to the three service tiers, the system is designed to support enterprises across their full lifecycle, offering tiered and differentiated services through three product versions: Essential, Advanced, and Premier. Service capabilities are configured based on differences in enterprise size, development stage, and management needs, balancing inclusiveness with professional sophistication and covering the full spectrum of demand from small and medium-sized enterprises (SMEs) to large corporate groups. The number of Beidou Treasurer projects reached 4,800, representing a 14.2% increase. In recognition of its strong development capabilities and market impact, the Beidou Treasurer system earned the Bank the "Benchmark Bank for Treasury Development in China" award for two consecutive years.



Wealth Management Platform

As a super system, the Wealth Management Platform is built on the deep integration of "AI + expertise", establishing a comprehensive digital and intelligent service model for wealth management. It has innovatively launched the "Treasury Alpha" asset allocation service system and the wealth management intelligent agent "SPDB WM", covering the full service lifecycle from asset review and allocation planning to product selection. The system has also developed a suite of intelligent tools, including fund diagnostics and comprehensive asset allocation solutions. Leveraging core modules such as intelligent investment research, intelligent marketing, intelligent asset allocation, and intelligent management, it fully empowers business operations and management. By embedding AI-driven digital and intelligent capabilities into both customer-facing wealth management platforms and internal employee operating platforms, the system will serve as a core digital engine supporting the Bank's wealth management business.



Sky Eye Risk Monitoring and Early Warning System

The Bank established a risk monitoring center anchored by the Sky Eye Risk Monitoring and Early Warning System, leveraging both internal and external data sources, to build an enterprise-level risk early warning and monitoring platform, capable of automatically identifying potential default risks and associated risk characteristics. Through a closed-loop risk management framework encompassing identification, alerting, interception, governance, and remediation, the platform now enables early detection and proactive prevention of risks. At the same time, it has deployed a suite of digital risk control models and applies advanced technologies such as satellite data and AI to monitor hundreds of business scenarios across key risk areas, supporting comprehensive scanning of risk indicators and risk signals.

The platform operates as an internally open system, enabling a bank-wide, all-staff participation in risk management. Through early warning about risks and closed-loop risk management, it is embedded across the pre-event, in-process, and post-event stages of business operations to support key functions such as credit approval, process management, and post-lending inspection, thereby underpinning the Bank's high-quality development.



3.2.4 Advancing the four key strategies to enhance service quality and efficiency

3.2.4.1 Regional strategy

During the reporting period, in alignment with China's regional development strategies, the Bank advanced differentiated innovation in operating models across key regions. It focused on the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Economic Belt, and the Chengdu-Chongqing Economic Circle, while continuing to expand its nationwide footprint. By advancing its **"arrow-shaped" regional strategy**, the Bank established a well-coordinated regional financial service system, to support the implementation of major national strategies and drive its own high-quality development.



Supporting Yangtze River Delta Integration to Become a Bank Rooted in the Region SPD Bank regards the integrated development of the Yangtze River Delta (YRD) as a strategic pivot and is committed to becoming a flagship provider of comprehensive financial services in the region. Through institutional innovation, coordinated resource deployment, and support for industrial chain development, the Bank has deeply embedded itself in national strategies, injecting strong financial impetus into the region's high-quality development. The Bank advanced institutional innovation to establish a new strategic service framework. It strengthened its top-level design for the YRD, oversaw differentiated resource allocation across branches in the region, and reinforced the implementation of the integrated credit policy for the YRD. Leveraging the leading role of Shanghai Branch, it coordinated efforts with branches in Jiangsu, Zhejiang, and Anhui to support and complement each other. A new collaboration mechanism across different administrative areas was established to further enhance regional synergy. The Bank enhanced resource coordination to unlock regional synergies. Aligned with the Financial Action Plan for the Integrated Development of the Yangtze River Delta jointly issued by the three provinces and one municipality, the Bank scaled the strengths of Shanghai Branch in M&A, bond issuance, and FT services across the region. It promoted financial innovation and service upgrades through integrated regional collaboration and coordinated operations. The Bank focused on industrial chain upgrades to become a model for industry-finance integration. It focused on advancing new quality productive forces through financial innovation. Capitalizing on the YRD's strong economic foundation and industrial base, it strengthened and supplemented financial support for key industrial chains, and contributed to the formation of globally competitive industrial clusters in the region. Meanwhile, the Bank also strengthened cooperation with governments and deepened collaboration with state-owned capital. Meanwhile, the Bank also strengthened cooperation with governments and deepened collaboration with state-owned capital. During the reporting period, it signed cooperation agreements with multiple prefecture-level cities in the region, laying a solid foundation for subsequent high-quality asset deployment.

As at the end of the reporting period, the Bank's total loans in the YRD reached RMB2.00 trillion, while total deposits stood at RMB2.47 trillion, both maintaining a leading position among Chinese joint-stock commercial banks. The annual average daily balance of deposits in local and foreign currencies increased by RMB240.8 billion year on year, accounting for more than 50% of the Bank's total increase. The balance of loans in local and foreign currencies rose by RMB163 billion compared with the end of the previous year, representing more than 55% of the Bank's total increase. The proportion of operating income contributed by the YRD continued to grow, while both the NPL balance and ratio declined, with asset quality consistently outperforming the Bank's overall average. Leveraging its professional capabilities in syndicated loans, M&A, and green finance, the Bank further strengthened its brand influence in the region. As at the end of the reporting period, the balance of syndicated loans in the YRD reached RMB416,909 million, accounting for 64.75% of the Bank's total, the balance of M&A loans stood at RMB116,194 million, representing 47.71% of the Bank's total, and the balance of green credit exceeded RMB330 billion, accounting for 46.69% of the Bank's total.

The Bank prioritized support for major infrastructure development in the Beijing-Tianjin-Hebei region and the Guangdong-Hong Kong-Macao Greater Bay Area, facilitating the transformation and upgrading of traditional industries while promoting the coordinated development of emerging industries. In supporting major infrastructure development, the Bank strengthened its presence in key cities while expanding outward, supporting the development of Xiong'an New Area, the Economic Circle around the Capital City, and the Guangdong-Hong Kong-Macao Greater Bay Area. It maintained a strategic focus on sectors including rail transit, power and energy, ports and logistics, affordable housing, urban renewal, and industrial parks. In advancing the transformation and upgrading of traditional industries, the Bank supported key clients in sectors such as steel, petrochemicals, building materials, textiles, food, and equipment manufacturing in pursuing intelligent and green transformation. In promoting the coordinated development of emerging industries, the Bank actively responded to policy guidance and supported the full value chain, from basic R&D to manufacturing and application, of leading industrial clusters, including new energy storage, life sciences and healthcare, the data industry, and NEVs. As at the end of the reporting period, the balance of corporate loans in the Beijing-Tianjin-Hebei region exceeded RMB350 billion, representing an increase of over RMB36 billion, or 11.33%, from the end of the previous year. The balance of corporate loans in the Guangdong-Hong Kong-Macao Greater Bay Area surpassed RMB530 billion, representing an increase of nearly RMB72 billion, or 15.45%, from the end of the previous year.

3.2.4.2 Industry strategy

During the reporting period, the Bank rigorously implemented China's macroeconomic strategies and established a "1+5+N" industry research framework characterized by multi-dimensional, all-employee participation. It adopted a classified management approach for all sub-sectors under national industry standards, categorizing them as "priority sectors", "selectively supported sectors", and "cautiously approached sectors", and setting differentiated growth targets and risk control indicators accordingly.

Priority sectors refer to industries supported by national policies, with clear development direction and strong growth prospects. These include sectors encouraged by national strategies, such as major national development initiatives, strategic emerging industries, infrastructure, and advanced manufacturing, covering areas such as energy conservation and environmental protection, information technology (IT), biopharmaceuticals, high-end equipment, new energy, new materials, and green and low-carbon industries. During the reporting period, the balance of new loans in these sectors accounted for more than 70% of the Bank's total increase in corporate loans. **Selectively supported sectors** are assessed based on factors including industry cycles, development trends, customer risk profiles, and the Bank's business strategy. These sectors generally demonstrate favorable near-term trends, manageable overall risks, relatively stable fundamentals, and adequate market competition, covering industries such as manufacturing, retail, wholesale, agriculture and forestry, and consumer sectors. Loans in these sectors maintained steady growth throughout the year. **Cautiously approached sectors** primarily include industries subject to national regulatory restrictions, such as those listed in the catalogs of high-pollution, high energy consumption, and overcapacity industries, as well as sectors regulated in key national policies, including the Action Plan for Carbon Dioxide Peaking Before 2030 and the Nationwide Battle to Prevent and Control Pollution. As at the end of the reporting period, the proportion of corporate loans in these sectors declined steadily compared with the end of the previous year, indicating continued optimization of the Bank's corporate asset structure.

The Bank's **corporate credit allocation across industries** was closely aligned with the "nine priorities for economic work" identified at the Central Economic Work Conference, with service to the real economy as its core mission. The Bank optimized the allocation of credit resources, made concerted efforts to advance the five priorities of the financial sector, supported Shanghai's development into five international centers, and actively implemented national economic and industrial policies as well as Shanghai's major strategic initiatives. Guided by its strategic focus on the five priority tracks, the Bank continued to expand high-quality credit assets.

First, the Bank supported the strategy of boosting China's manufacturing strength and reinforced its commitment to the real economy. During the reporting period, it focused on advanced manufacturing clusters and strategic emerging industries, particularly in sectors such as integrated circuits, biopharmaceuticals, AI, and high-end equipment. Centered on the high-end, intelligent, and green transformation of the manufacturing sector, the Bank steadily increased manufacturing loans, with a particular emphasis on medium- and long-term loans to support technological upgrades in traditional industries and foster the growth of emerging industries. As at the end of the reporting period, the balance of manufacturing loans maintained steady growth, with an annual increase exceeding RMB50 billion, of which nearly 80% consisted of medium- and long-term manufacturing loans.

Second, the Bank strengthened financial support for infrastructure development to enhance S&T self-reliance and strength. During the reporting period, it actively leveraged the role of financial services in stabilizing macroeconomic fundamentals, closely aligning with major national and regional development strategies. The Bank continued to increase credit support for the upgrading and renovation of traditional infrastructure, including transportation, energy, and water conservancy, while also supporting the stabilization of the real estate market, with the overall scale of corporate real estate lending remaining generally stable throughout the year. At the same time, the Bank prioritized support for key areas related to national security, information networks, and critical core technologies, thereby strengthening the resilience and security of industrial and supply chains. During the reporting period, the Bank extended more than RMB45 billion in new financing to the electronic information industry and approximately RMB18 billion to the scientific research and technical services sector.

Third, the Bank upheld a people-centered approach to finance by actively expanding into well-being industries and livelihood-related consumer sectors. Putting the "serving the general public through its financial strength" into practice and in line with national policies to boost consumption and improve livelihoods, it identified these areas as key priorities in serving the real economy. In pension finance, the Bank addressed the full value chain of elderly care by supporting care institutions, integrated medical and elderly care services, and wellness services to provide comprehensive financial solutions. To promote consumption, it supported the recovery and development of sectors such as wholesale and retail, cultural tourism, accommodation, and catering, and met rising demand for consumption upgrading

through innovative consumer credit products and deeper integration of finance with consumption scenarios. Meanwhile, the Bank made effective use of structural monetary policy tools, including relending facilities for service consumption and elderly care, to channel low-cost funding to key livelihood-related sectors such as elderly care, healthcare, and cultural tourism. As at the end of the reporting period, the Bank extended RMB22.6 billion in loans to support the silver economy.

Fourth, the Bank advanced the rural revitalization strategy by continuously increasing resource investment in the field of agriculture, rural areas, and rural residents. It has always regarded serving the field as both a key political responsibility and an important driver of business development. The Bank steadily expanded resource allocation to rural revitalization and inclusive finance, addressing credit needs related to food security, income-generating industries, and rural development. The Bank intensified efforts to build the "5+4+N" rural revitalization financial service system, developed the "SPDB Rural Partner" financial service brand, and deepened services for a wide range of agricultural business entities. It remained committed to channeling financial resources precisely to county-level and rural areas. During the reporting period, new agriculture-related loans totaled nearly RMB50 billion, and the outstanding balance reached approximately RMB390 billion, providing strong financial support for consolidating and expanding the achievements of poverty alleviation and advancing all-around rural revitalization.



3.2.4.3 Online strategy

Guided by an intelligent enterprise-wide operations system and supported by two super platforms: SPDB Inclusive Finance and SPDB Mobile Banking, the Bank continued to refine its fully online operating framework, characterized by open customer acquisition, interconnected customer aggregation, and advanced customer engagement. It further deepened enterprise-level platform operations, striving to establish a new paradigm for digital platform-based operations.

Adhering to an online and intelligent transformation path, the Bank continued to enhance the end-to-end customer journey experience. With innovative digital products as the foundation and customer experience at the core, the Bank advanced the online and platform-based transformation of its products, business processes, and services, building a closed-loop customer journey that spanned acquisition, conversion, and deep engagement. During the reporting period, the SPDB Inclusive Finance platform launched more than 300 functions and services, covering four major service scenarios: credit financing, wealth management, fund management, and ecosystem services. The SPDB Mobile Banking app focused on upgrading digital and intelligent capabilities and enhancing the overall customer journey. It integrated more than 10,000 wealth management products, six categories of loan products, and 11 major product matrices, covering service scenarios such as wealth management, loan financing, payment and settlement, account management, and public services. Transactions conducted through the app accounted for 93.67% of total transactions across all channels of the Bank. In addition, the digital seal management system reduced the processing time for cross-regional document sealing to as little as 30 minutes, further improving operational efficiency and customer experience.

The Bank deepened integration, strengthened capabilities, and enhanced channel coordination to continuously unlock the operational value of its platforms. Driven by "data + scenarios + services", it further reinforced service synergies across online and offline channels. By leveraging WeCom, the Bank connected offline customer managers, wealth managers, marketing managers, and remote banking teams, establishing and optimizing cross-channel opportunity circulation pathways among the SPDB Inclusive Finance, the SPDB Mobile Banking app, WeCom, and remote outbound calling. This enabled the development of a full-chain operating model featuring comprehensive online customer reach, platform-driven opportunity identification, and offline conversion. During the reporting period, the platform served nearly 600 thousand long-tail customers via WeCom and upgraded nearly 500 thousand of them to mid- to high-end customer segments, demonstrating tangible results in platform operations. The remote intelligent banking service achieved a manual connection rate of 99.49%, a 20-second service rate of 98.44%, and a customer satisfaction rate of 99.76%, ranking among the industry leaders in service responsiveness.

Leveraging its platform integration capabilities, the Bank advanced its transformation from traditional financial services to comprehensive, ecosystem-based services. Centered on customers' real-life and business operation needs, it expanded external connectivity and resource sharing, actively exploring diversified offerings across financial services, public services, and open ecosystem scenarios, shifting from a "product-centric" to an "ecosystem-centric" operating paradigm. The Bank strengthened scenario-based and ecosystem-driven service enhancements, evolving from standalone payroll services to integrated enterprise management ecosystem services. It provided one-stop solutions covering corporate HR and payroll management as well as employee services. Supported by the development of its open wealth platform, the Bank introduced leading partner institutions across funds, securities firms, wealth management companies, and insurers, establishing an online wealth management ecosystem encompassing a full range of product categories. During the reporting period, the SPDB Mobile Banking app converted nearly 800 thousand new first-time wealth management customers.

3.2.4.4 Digital and intelligent innovation strategy

In response to the ongoing technological revolution and industrial transformation, the Bank remained committed to advancing its digital and intelligent innovation strategy. It increased investment in financial resources, strengthened digital finance innovation, and, under the guidance of an enterprise-wide architecture, promoted the deep integration of digital technologies with financial services, supporting business expansion and enhancing operational efficiency.

The Bank continued to unlock the value of data as a key production factor, empowering its digital and intelligent transformation. It achieved the highest Level 5 (Optimized) certification under the national standard "Data Management Capability Maturity Assessment Model (GB/T 36073-2018)", marking its entry into the top tier of Chinese banks in terms of data management capabilities. Driven by its digital and intelligent initiatives across business tracks and the "three supers", the Bank deployed more than 900 models and 2,990 strategies in production, deeply embedded across the business value chain. These models cumulatively supported 29.58 million credit approval and loan review calls and facilitated loan disbursements totaling RMB262.84 billion.

The Bank comprehensively advanced enterprise-level architecture development, laying a solid foundation for business and operational innovation. During the reporting period, it released its first 5A4S enterprise-level architecture framework, covering 85 business domains and 115 business components. Building on this architecture, the Bank developed a user-centric, enterprise-level integrated workstation: the digital and intelligent operations service and processing platform, which integrates commonly used systems for frontline operations staff and connects online and offline channels, driving innovation and upgrades in the operating system. The platform's intelligent factory established an "AI + human" collaborative production line, supporting both centralized traditional operations and human-machine collaborative processing across areas such as supply chain finance, retail lending, corporate lending, and inclusive finance. This approach enabled centralized, standardized, and intelligent operations.

The Bank continued to strengthen the application of digital technologies to drive business and product innovation. During the reporting period, it consistently enhanced the use of digital tools, advancing product innovation and process reengineering around specific business scenarios to support business development through innovation. In the corporate banking segment, the Bank iterated its target model for deposit products based on historical data, established an updated corporate deposit product catalog, and enabled flexible, modular online configuration, significantly improving the iteration efficiency of core corporate products. At the same time, it strengthened the application of blockchain technology by exploring supply chain finance scenarios, leveraging contract information of chain participants for on-chain verification to enable credit enhancement for enterprises in supply chain finance. In cross-border finance, by connecting with digital platforms for shipping and trade, the Bank successfully launched blockchain-enabled L/C business interactions and documentary financing scenarios.

The Bank continued to strengthen its digital foundation to enhance technological capabilities and improve operational efficiency. It adopted a multi-cloud and multi-tech-stack parallel strategy, deploying application systems across different cloud platforms in a rational manner to enable flexible resource allocation, cost optimization, and high system availability, thereby strengthening technological autonomy and business resilience. The Bank fully leveraged the enabling role of its cloud platform as a key bridge between underlying infrastructure and upper-layer applications, integrating data center resources at the foundational layer while providing standardized IaaS and PaaS common components at the upper layer, significantly improving system transformation efficiency. Through the planning of an enterprise-level common technology capability component framework, the Bank accumulated 66 components, providing unified technical support for business systems. This approach effectively reduced redundant development, improved R&D and delivery efficiency, and enhanced safe and stable operations of the system. At the same time, the Bank accelerated the development of its patent portfolio, with sustained momentum in innovation. As at the end of the reporting period, it cumulatively filed 1,218 patent applications and obtained 367 authorized patents. The Bank received First, Second, and Third Prizes in the 2024 FinTech Development Awards issued by the PBC, with the Credit Card Core System Re-engineering and Distributed Architecture Project winning the First Prize.



3.3 Developing the Five Priorities of the Financial Sector with Solid Efforts

The Recommendations for Formulating the 15th Five-Year Plan adopted at the Fourth Plenary Session of the 20th CPC Central Committee explicitly call for accelerating the development of China as a financial powerhouse and advancing the five priorities of the financial sector. The Bank has deeply understood the political and people-centered nature of finance, and regards the development of the five priorities of the financial sector: technology finance, green finance, inclusive finance, pension finance, and digital finance as a key entry point for serving the high-quality development of the real economy and advancing its own strategic transformation. The Bank has further strengthened support for major national strategies, as well as key areas and weak links in economic and social development, providing

robust support for the development of China as a financial powerhouse.

Details on the Bank's practices in technology finance and inclusive finance can be found in Section 3.2.2 "Strengthening the five priority tracks to reinforce customer management". Details on the Bank's developments in digital finance can be found in Section 3.2.4.3 "Online strategy" and Section 3.2.4.4 "Digital and intelligent innovation strategy".

Green finance

In green credit, the Bank continuously diversified product offerings, optimized business processes, and enhanced service capabilities under its green finance business. During the reporting period, it successfully extended China's first ecosystem value conversion project loan backed by the pledged operating rights of water-related ecological products, using such rights as collateral to support pilot reforms of the mechanism for realizing the value of ecological products in China. The Bank also arranged a dual first-of-its-kind biodiversity conservation indicator-linked syndicated loan for both the manufacturing industry and foreign-invested enterprises in the country. The loan interest rate was linked to sustainability performance indicators, including wetland protection area in the Poyang Lake region, the total number of beneficiaries of biodiversity conservation education activities, and total nitrogen concentration in wastewater discharged by enterprises, thereby establishing a dynamic incentive mechanism for biodiversity conservation. As at the end of the reporting period, the Bank's green credit balance reached RMB707,374 million, an increase of RMB136.68 billion, or 23.95%, from the end of the previous year. The balance of green NEV loans stood at RMB19,124 million, accounting for 50.59% of retail auto loans, up 17.57 percentage points from the end of the previous year.

In transition finance, the Bank leveraged its industrial low-carbon transition loans, an innovative product designed for industrial enterprises undergoing green transformation to support the low-carbon transition of key high-carbon entities and other customers from carbon-intensive industries. During the reporting period, it extended Jiangsu Province's first transition finance project loan, Guangdong's first transition finance loan for a new steel industry project, and Anhui Province's first transition finance loan in the shipping sector, promoting green and low-carbon development in shipbuilding.

In carbon finance, the Bank actively engaged in the development of carbon markets through various dimensions. Leveraging the relaunch of the China Certified Emission Reduction (CCER) market and the expansion of the national carbon allowance trading market to industries such as steel, cement, and alumina, it promoted innovative financing products including carbon emission rights-secured (pledged) loans, pollution rights-secured (pledged) loans, and carbon asset-backed bonds across multiple branches, to enrich its portfolio of carbon asset-backed financing products. Additionally, the Bank launched the innovative "SPD Bank Carbon Account Plus" service, accessible across multiple digital channels, providing corporate customers with digital and intelligent carbon account services.

In green bonds, guided by an innovation-driven approach, the Bank enhanced its green asset allocation, executed several market-first transactions, and expedited multi-dimensional support for the five priorities of the financial sector. It invested in China's first "carbon assets + rural revitalization" dual-labeled medium-term note, the market's first floating-rate green financial bond issued by a commercial bank, the country's first low-carbon transition-linked bond supporting micro, small, and medium-sized enterprises, and the country's first private enterprise bond featuring four attributes: green development, STI, old revolutionary base area development, and rural revitalization. At the same time, the Bank steadily expanded its green bond underwriting. During the reporting period, it cumulatively underwrote RMB9,231 million of green bonds, and its new investment in RMB-denominated green bonds reached RMB23.08 billion. As at the end of the reporting period, the Bank's RMB green bond holdings totaled RMB25,323 million, and its green ABS balance stood at RMB11,218 million.

In green custody services, the Bank closely aligned itself with China's "carbon peaking and carbon neutrality" strategy to support the development of green finance. As at the end of the reporting period, green assets under the Bank's custody reached RMB75,766 million, an increase of RMB29,913 million, or 65.24%, compared with the end of the previous year.

In credit card-related green finance, the Bank continued to promote installment financing for NEVs, further unlocking the potential of automobile consumption. As at the end of the reporting period, the balance of NEV installment loans under credit cards reached RMB29,261 million, an increase of RMB18,173 million from the end of the previous year. The Bank optimized its green and low-carbon activity mechanism to enhance customer experience. As at the end of the reporting period, more than 1,597.3 thousand users joined the Green and Low-Carbon Zone, completing over 46,602.9 thousand eco-friendly tasks and earning a total of 962 million green bonus points.

In green indices, the Bank jointly launched with the ChinaBond Pricing Center the "ChinaBond-SPD Bank Green and Low-Carbon Equity and Bond Select Index", becoming China's first multi-asset thematic index investing in domestic green and low-carbon equities and bonds. In the same year, the



Bank successfully issued its first structured deposit product linked to this index.

Subsidiaries across the Group actively developed green finance business to meet customers' comprehensive financial needs. As at the end of the reporting period, Shanghai Trust's outstanding green finance business reached RMB21,231 million. SPDB Financial Leasing's green leasing assets totaled RMB47,084 million, accounting for 31% of its total leasing assets and covering areas such as green infrastructure upgrades, clean energy, and energy conservation and environmental protection. AXA SPDB Investment Managers' green finance business amounted to RMB6,146 million. SPDB Wealth Management invested a total of RMB34,807 million in green finance-related sectors, including clean energy, clean transportation, and green manufacturing.

Pension finance

During the reporting period, the Bank accelerated the implementation of its **"1-2-3-4-5" pension finance service system** (one integrated strategy, two alliances, three target customer segments, four core platforms, and five major initiatives), continuously enhancing the quality and efficiency of its pension finance services. The Bank strengthened Group-wide coordination by integrating multi-format resources across the Group as well as its domestic and overseas operations, and established both a strategic pension finance partnership alliance and an elderly care provider alliance. In collaboration with leading domestic insurance companies and securities firms, the Bank participated in the International Exhibition of Senior Care, Rehabilitation Medicine and Healthcare, Shanghai 2025 and released the "SPD Golden Pension" Silver Economy Finance and Health Q&A Handbook. Working with leading domestic insurers, the Bank further developed a "finance + health" ecosystem service model by introducing pension finance studios into the "Health Service Hub" program and launching the innovative public welfare model "Memory Care Outlets". At the same time, it strengthened the pension security system by actively promoting the opening of individual pension accounts, enhancing contribution benefits, and carefully curating nearly 200 exclusive products to meet customers' long-term retirement savings needs. The Bank also provided targeted financial support to the silver economy, with loan disbursements totaling RMB22.6 billion. It continuously optimized credit policies for sub-sectors such as elderly care services, pharmaceutical manufacturing, and healthcare, and actively implemented the PBC's relending facilities for service consumption and elderly care. In addition, the Bank remained committed to building an age-friendly banking environment by establishing service standards tailored to elderly customers. Offline, it promoted the "Six Caring Services" initiative across its physical outlets. Online, it launched features such as the "Cloud-based Mobile Service Hall" on the elderly care version of the SPDB Mobile Banking app. The Bank also completed the establishment of 100 standardized pension finance studios and trained nearly 1,000 pension finance consultants.

As at the end of the reporting period, the number of individual pension accounts increased by 1,002.1 thousand, or 97.22%, compared with the end of the previous year. The Bank expanded its occupational annuity custody services to cover entities nationwide, including central government-affiliated institutions. The scale of pensions under the Bank's custody reached RMB558 billion, an increase of RMB66.9 billion, or 13.62%, from the end of the previous year. During the reporting period, the SPD Golden Pension service brand was included in the "Top 100 Silver Economy Brands in Shanghai: List of Silver Finance Brands". The Bank was also awarded the "Model Institution for Pension Finance Services in Shanghai Banking Sector" and the "Model Organization in the Special Competition on Pension Finance Services" by the Shanghai Banking Association.

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3.4 Serving the Development of Shanghai into Five International Centers

Shanghai is advancing the development as the international economic, financial, trade, shipping, and STI centers with a strong sense of mission and urgency, reflecting a major mandate entrusted by the CPC Central Committee. This also presents a critical opportunity for the Bank to participate at a higher level in enhancing the city's global standing while achieving its own high-quality development. As a national bank rooted in the Yangtze River Delta, the Bank has earnestly implemented the decisions and plans of the CPC Shanghai Municipal Committee and the Shanghai Municipal People's Government. Leveraging its strengths gained from the Head Office's location, integrated operations, and technological innovation, the Bank has continued to deepen the supply-side structural reform in the financial sector. By providing targeted support for the development of Shanghai into five international centers, the Bank demonstrates its commitment to national priorities, promotes the alignment of financial services with urban development at a higher starting point, and provides strong financial support for Shanghai to continuously enhance its competitiveness and influence in the global hierarchy of cities.

Strengthening the foundation for the development of the real economy, contributing to the development of Shanghai into an international economic center, and enhancing the city's role in leading the development of high-end industries. The Bank took serving the real economy as its fundamental mission. It continued to increase financial support in alignment with Shanghai's development plans and industrial structure, channeling more financial resources precisely into key sectors of the real economy. In supporting major projects and the reform of state-owned assets and enterprises in Shanghai, the Bank provided full-lifecycle financing solutions for infrastructure projects such as rail transit and airport hubs, to facilitate the optimization of state-owned capital allocation and industrial restructuring. During the reporting period, the Bank supported multiple major projects, including an airport expansion project and a medical production and R&D base, with total signed loan contracts reaching RMB30 billion. In line with the Shanghai State-owned Assets Supervision and Administration Commission (Shanghai SASAC)'s requirements for advancing the development of a modern treasury system to strengthen SOE fund management, the Bank successfully onboarded a total of 467 Beidou Treasurer clients and won bids to undertake treasury system development for several SOEs in Shanghai. The Bank continuously optimized its credit allocation structure, proactively engaged with major national projects and key manufacturing initiatives, with a focus on sectors such as integrated circuits, biopharmaceuticals, AI, NEVs, high-end equipment, and new materials. In doing so, it reinforced Shanghai's leadership in high-end industries and supported the city in building a globally influential modern industrial hub. As at the end of the reporting period, the balance of manufacturing loans in Shanghai reached RMB56.8 billion. Leveraging its leading strengths in M&A finance, the Bank continued to enhance the "SPDB M&A" brand, supporting industrial upgrading through M&A services. The balance of M&A loans in Shanghai reached RMB85 billion, serving more than 300 M&A clients and participating in transactions with a total value exceeding RMB900 billion. These efforts focused on areas including private equity (PE) M&A, M&A in emerging industries, SOE-related M&A, capital-intensive M&A, and M&A in warehousing and logistics.

Fostering innovation in financial markets, supporting the development of Shanghai into an international financial center, and enhancing the city's role in global resource allocation. Centered on the objective of enhancing global resource allocation capabilities, the Bank continuously strengthened strategic collaboration and expanded cooperation with financial factor markets and peer institutions. It actively participated in the development of a multi-tiered financial market system, supporting the steady enhancement of the competitiveness and global influence of Shanghai as an international financial center. Leveraging its core strengths in financial markets, the Bank deepened its involvement in financial infrastructure development and actively fulfilled key roles as a market maker, institutional investor, risk manager, and provider of market strategies. It accelerated innovation and breakthroughs in key areas such as cross-border collateral and over-the-counter derivatives. During the reporting period, the Bank completed more than 70 first-of-its-kind or first-batch innovative transactions across the market. Its innovative bond index projects, including those focused on climate change and green and inclusive finance, received the Shanghai Financial Innovation Awards, further improving the efficiency of financial resource allocation. In the bond market, the Bank actively supported a wide range of market participants in optimizing their liability structures through direct financing. It increased efforts to underwrite and invest in debt financing instruments aligned with key areas such as industrial transformation and upgrading, green and low-carbon development, and STI, thereby promoting the effective allocation of financial resources toward national strategies and priority sectors. During the reporting period, the Bank underwrote in Shanghai 129 bond issues worth RMB95.7 billion, of which RMB63.1 billion were non-financial enterprise debt financing instruments, securing the top position in underwriting in the Shanghai market for seven consecutive years. Following the joint announcement by the PBC and the China Securities Regulatory Commission (CSRC) in May 2025 to establish the STAR Market in the bond market, the Bank issued the country's first ultra-long-term STI bond, with an underwriting scale of RMB9,368 million. The bond's issuers included SOEs, leading private tech enterprises, financial institutions, and PE investment institutions.

Leveraging cross-border business strengths, supporting the development of Shanghai into an international trade center, and enhancing the city's role as a portal for opening up. The Bank actively leveraged the integrated strengths gained from the Group's licensed entities and cross-border platforms to continuously build its "6+X" integrated cross-border finance service system, contributing to elevating Shanghai's status as an international trade center. During the reporting period, the Bank actively participated in a wide range of pilot programs for cross-border business innovation. It was deeply involved in preparatory work for initiatives such as "optimizing the functions of FT account system" and "innovating structural monetary policy instruments", demonstrating a leading role in market innovation. The Bank was among the first to implement pilot businesses under the comprehensive reform of offshore trade financial services in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone and was selected as one of the 15 representative cases contributing to the development of Shanghai into five international centers in 2025. It also completed several first-batch pilot projects, including high-standard opening-up initiatives for cross-border trade and investment by insurance institutions and offshore trade background verification services via cross-border financial service platforms. As at the end of the reporting period, the Bank's cross-border business volume in Shanghai reached RMB1.8 trillion, representing a year-over-year increase of 19%. The balance of cross-border loans in local and foreign currencies exceeded RMB100 billion, reaching RMB107.7 billion, up 20% year on year. The Bank actively participated in piloting innovative measures under the financial reform of the China (Shanghai) Pilot Free Trade Zone and the Lin-gang Special Area,

developing a number of replicable and scalable innovation cases in areas such as FT account applications, cross-border RMB usage, and new forms of international trade. In response to enterprises' diverse cross-border settlement and financing needs, the Bank continuously enhanced its product offerings through digital and intelligent capabilities, launching cross-border financial services that combined settlement facilitation with multi-platform overseas financing to support clients' global operations. As at the end of the reporting period, the balance of FT deposits in Shanghai reached RMB44,353 million, and the balance of FT loans stood at RMB73,536 million, both ranking among the top in the market.

Increasing financial support for the shipping industry, facilitating the development of Shanghai as an international shipping center, and enhancing the city's capacity for global allocation of shipping resources. In light of the capital-intensive, cyclical, and highly internationalized nature of the shipping industry, the Bank continued to strengthen financial support for shipping services by enhancing its shipping finance product system and innovating service models, providing solid support for Shanghai's development into a global hub for shipping resource allocation. A major hub project serving as a core engine for Shanghai as an international shipping center and also a strategic anchor for the integrated development of the Yangtze River Delta, the project functions not only as a transportation hub but also as a super hub integrating capital, information, and industrial resources. Leveraging its strengths in large-scale infrastructure financing, the Bank provided comprehensive financial solutions through a range of instruments, including syndicated loans, project bonds, and green finance. It participated in syndicated financing for both air-rail intermodal modules under an underground development program and new construction projects, contributing to the enhancement of Shanghai's position as an international shipping center. Focusing on the operation of overseas vessel assets and related service facilities, the Bank actively explored shipping finance scenarios to fully leverage the superior functions of offshore accounts. It developed a comprehensive service solution combining OSA revolving loans and vessel financing, and successfully executed offshore vessel financing in U.S. dollars. The Bank also provided large-scale M&A financing to a central enterprise cruise operation platform, supporting the expansion of central enterprises in Shanghai's cruise industry and promoting the industry's high-quality development. In addition, the Bank actively carried out factoring business for aircraft leasing, completing financing for eight aircraft leasing projects with total disbursements equivalent to RMB1.6 billion. It also successfully executed an SPD Chain Connect transaction for the direct leasing project of domestic sports aircraft for an international leasing company, contributing to the localization of aircraft manufacturing.

Enhancing technology finance service capabilities, supporting the development of Shanghai as an international STI center, and enhancing the city's role as a cradle for STI. The Bank deeply integrated financial innovation with industrial innovation, continuously enhancing its professional service capabilities for tech enterprises and supporting the development of Shanghai into a high-quality and high-efficiency STI center. In collaboration with a leading STI group, the Bank established Shanghai's first FinTech-focused incubator and innovatively launched a tiered cultivation mechanism for tech enterprises. Actively responding to initiatives of the NFRA Shanghai Office, the Bank established three technology sub-branches and 24 specialized technology sub-branches in Shanghai, and organized nearly 80 Technology Reception Hall sessions, reaching close to 3,000 tech enterprises. Since its establishment in May 2024, the Zhangjiang Innovation Incubation Base has admitted more than 40 incubated companies, including 24 that have received direct credit financing. Two companies have successfully graduated from the incubator, securing substantial equity financing and achieving annual sales exceeding RMB50 million. The Bank also piloted innovative financing solutions for tech enterprises, including M&A loans and employee stock ownership plan (ESOP)/equity incentive loans. It was among the first Chinese joint-stock banks to launch the Shanghai Innovation Points-backed Loan. As at the end of the reporting period, the balance of technology finance loans in Shanghai reached RMB126 billion, surpassing the RMB100 billion milestone. The Bank served more than 12,000 tech enterprise clients in Shanghai, with coverage extending to over 80% of STAR Market-listed companies in the city.



As at the end of the reporting period, the Bank's deposits in local and foreign currencies in Shanghai reached RMB1,526.7 billion, an increase of RMB93.9 billion, or 6.6%, compared with the end of the previous year, ranking third in both total scale and growth across the market and first among joint-stock banks. The Bank's loans in local and foreign currencies totaled RMB762 billion, up RMB72.2 billion, or 10.5%, from the end of the prior year, ranking fifth in total scale and fourth in growth across the market and first among joint-stock banks in both total scale and growth. The Bank actively captured the opportunities arising from the development of Shanghai into five international centers, integrating more specialized financial services into this broader agenda and continuously strengthening its market competitiveness. As at the end of the reporting period, the balance of urban renewal loans in Shanghai reached RMB104.3 billion, with new disbursements of RMB21.8 billion during the year, ranking first in the market. The balance of M&A loans stood at RMB80.4 billion, also ranking first. Assets under custody totaled RMB6,021,645 million, an increase of more than RMB720 billion compared with the end of the previous year, maintaining the top market position. The underwriting volume of non-financial enterprise debt financing instruments reached RMB63.1 billion, ranking first in Shanghai for seven consecutive years. The international business platform generated revenue of RMB600 million and achieved the highest Grade A rating in foreign exchange compliance assessment.

3.5 Key Issues of Focus in Operations

3.5.1 Asset allocation

During the reporting period, the Bank focused on the five priority tracks, key regions, and key industries, strengthening the enabling role of digital and intelligent technologies and enhancing the core competitiveness of its products. Through scenario-based and ecosystem- and value chain-driven operations, it continuously expanded its credit customer base.

In terms of specific strategies, SPD Bank focused on four key areas. **First, the Bank strengthened priority business tracks.** It leveraged a suite of flagship digital and intelligent products to actively respond to market demand in priority areas such as technology finance, supply chain finance, inclusive finance, and cross-border finance. By fully utilizing a package of national policy measures, the Bank further strengthened its competitiveness across the five priority tracks, supporting both loan growth and structural optimization. **Second, the Bank optimized its regional footprint** by adhering to its "arrow-shaped" regional strategy. It deepened the presence in the Yangtze River Delta, strategically expanded in the Beijing-Tianjin-Hebei region and the Guangdong-Hong Kong-Macao Greater Bay Area, and further unlocked potential in the Yangtze River Economic Belt, thereby continuously improving the regional credit structure. **Third, the Bank sharpened its focus on key industries.** Closely aligned with the industries encouraged by national strategies, such as major national development initiatives, strategic emerging industries, infrastructure, and advanced manufacturing, and guided by policy initiatives, including large-scale equipment upgrades and trade-ins for consumer goods, the Bank promoted the steady allocation of acceptable assets through specialized and refined industry services. **Fourth, the Bank developed key products** by integrating its diversified service capabilities in green finance, M&A, and syndicated lending. With a customer-centric approach, it continuously iterated its product offerings and promoted key financial products with strong market relevance and robust risk management capabilities, channeling financial resources precisely into key areas and weak links of the real economy.

As at the end of the reporting period, the Group's total loans in local and foreign currency (including discounted bills) increased by RMB312,443 million, or 5.80%, compared with the end of the previous year. Among these, the five priority tracks served as the primary driver of loan growth. Loan balances in the Yangtze River Delta region exceeded RMB2 trillion, increasing by more than RMB160 billion from the end of the previous year and accounting for over half of the Bank's total loan growth. The balance of onshore syndicated loans reached RMB643,847 million, an increase of RMB86,835 million, or 15.59%, from the end of the previous year, maintaining a leading position among Chinese joint-stock banks in both scale and growth. The balance of M&A financing stood at RMB243.1 billion, with newly disbursed M&A loans totaling RMB113.9 billion, ranking among the top in the market.

In terms of financial asset investments, the Bank continuously improved the efficiency of fund operations. Guided by its annual operating strategy of "optimizing structure and stabilizing spreads", it significantly enhanced the efficiency of capital allocation. In RMB bond investments, the Bank closely tracked market dynamics throughout the year and strengthened its trading strategies in response to market fluctuations, achieving a significant year-on-year increase in trading volume, effectively contributing to trading income and supporting the stability of overall investment returns.

Looking ahead, the Bank will maintain strategic focus, deepen its commitment to the five priority tracks, refine its flagship products, improve capital utilization efficiency, and further strengthen its competitiveness in the credit market, consolidating its leading position in asset allocation. At the same time, leveraging asset allocation as a key driver, the Bank will continue to unlock the potential of key scenarios, deepen comprehensive customer engagement, and build strong resilience to support sustainable development.

3.5.2 Liabilities

During the reporting period, the Bank placed strong emphasis on liability quality management, continuously strengthening its core liability advantages, optimizing customer and maturity structures, and enhancing the quality and efficiency of its liability business to support high-quality development.

In general deposits, the Bank focused on two key areas. First, it strengthened its settlement capabilities. In line with market dynamics, it

formulated differentiated strategies for corporate, retail, and interbank liabilities, enhancing top-level design and comprehensive balance sheet management capabilities. Second, it continuously improved its liability quality evaluation system, effectively measured, monitored, and controlled relevant indicators in accordance with the requirements for ensuring security in six areas, and guided business lines and operating institutions at all levels to strengthen the foundation of liability management. As at the end of the reporting period, the Group's total deposits in local and foreign currency increased by 8.48% compared with the end of the previous year, while the cost of deposits decreased by 38 basis points year on year.

In interbank liabilities, the Bank continuously optimized the dynamic balance among volume, pricing, and maturity. It established a dynamically adjustable, tiered, and categorized pricing system for interbank deposits, actively expanded low-cost interbank liabilities, and significantly reduced the cost of interbank borrowings. As at the end of the reporting period, the Group's cost of interbank borrowings decreased by 61 basis points year on year.

Looking ahead, the Bank will continue to integrate the requirements for ensuring security in six areas into all aspects of management, in line with macroeconomic trends and the evolving behaviors of enterprises and residents. First, it will strengthen liquidity management to ensure the stability of liabilities and alignment with asset growth. Second, it will adapt to changing conditions by promoting categorized management of corporate, retail, and interbank deposits. In corporate deposits, the focus will be on sustaining growth momentum, enhancing settlement capabilities, and expanding market share. In retail business, the Bank will deliver high-quality financial services tailored to diverse wealth management needs to strengthen its customer base. In interbank business, it will innovate service models to increase the proportion of low-cost settlement funds. Third, the Bank will keep enhancing refined cost management to further reduce the cost of deposits.

3.5.3 Proactive asset and liability management

During the reporting period, the Bank continued to deepen proactive asset and liability management. Closely aligned with the requirements of its digitalization & intelligentization strategy, it enhanced top-level design and integrated multiple mechanisms, including budgeting, performance evaluation, capital management, pricing, finance, and organizational coordination, to generate strong synergies. Leveraging the development of the "three supers" as a key driver, the Bank strengthened business support and resource allocation across key tracks, key regions, key industries, and key customer segments. These efforts enabled the effective optimization of the asset-liability structure and helped stabilize the NIM despite downward pressure.

In terms of comprehensive balance sheet management, the Bank enhanced its assessment of policy changes and market trends, and formulated science-based and prudent asset-liability strategies to improve allocation efficiency. As at the end of the reporting period, the parent bank's core asset-liability matching capability improved steadily, with a more balanced and coordinated development trajectory. At the same time, the Bank effectively captured favorable market windows and leveraged its strong trading capabilities to further enhance capital utilization efficiency. On the asset side, the Bank implemented a strategy of "improving quality and efficiency through dynamic optimization", developed a track-based operating mechanism, and optimized the pace of credit deployment to mitigate the decline in yields on interest-earning assets. During the reporting period, the share of general loans in local and foreign currencies in the parent bank's average daily interest-earning assets increased by approximately 2.5 percentage points compared with 2024, reflecting continued optimization of the asset structure. On the liability side, the Bank adhered to the principle of "deposit-driven growth across the board with refined management", promoting effective expansion of deposit business. As at the end of the reporting period, the Group's total deposits in local and foreign currency increased by 8.48% compared with the end of the previous year, and the share of deposits in local and foreign currency in average daily interest-bearing liabilities rose by nearly 3 percentage points compared with 2024. Meanwhile, the Bank appropriately diversified its liability structure through methods such as bond issuance and enhanced the quality and efficiency of interbank liability management, further strengthening liability stability. As a result, the overall cost of borrowings decreased by 46 basis points year on year.

Driven by these measures, the Bank achieved notable results in NIM management. During the reporting period, the Group's NIM stood at 1.42%, remaining stable compared with 2024.

Looking ahead, the Bank will continue to adopt a multi-pronged approach, strengthening proactive asset and liability management to support business development and striving for further improvement in NIM. First, it will focus on strategic priorities and value creation to further optimize the asset-liability structure. Second, leveraging the digital and intelligent infrastructure of the "three supers", it will deepen operations across the five priority tracks and promote more balanced development across all business lines. Third, it will strengthen the balance between volume and pricing, enhancing refined pricing capabilities through customer segmentation and categorization, as well as ecosystem- and value chain-based operations. Fourth, it will further improve liability quality by building an integrated settlement ecosystem across corporate, retail, and interbank businesses, deepening innovation in "settlement plus", "scenario plus", and "transaction plus" models, and expanding stable sources of low-cost funding.

3.5.4 Asset quality

The Bank's asset quality remained broadly under control, with clear improvement and a continued positive trend. As at the end of the reporting period, the Group's NPL ratio was 1.26%, down 0.10 percentage point from the end of the previous year, marking six consecutive years of decline and the best level since 2015. The Group's allowance-to-NPL ratio exceeded 200%, increasing by 13.76 percentage points year on year, marking four consecutive years of improvement and reaching the highest level since 2016.

First, targeted and multi-dimensional measures were adopted to address credit risk challenges. For traditional credit risks, the Bank strengthened forward-looking guidance and rigid constraints in credit policies, establishing a management mechanism that combined a white list of high-quality customers and a black list of potentially risky customers, thereby ensuring continuous optimization of the credit structure. Focusing on key areas such as real estate, government debt, and retail lending, the Bank implemented proactive and forward-looking risk control strategies, while continuously intensifying efforts in NPA disposal, resolution, and cash recovery. During the reporting period, the scale of NPL disposals increased year on year. In addressing emerging credit risks, the Bank pioneered the industry's first two-tier model review mechanism centered on the Model Review Committee, providing a robust safeguard for the sound development of digital and intelligent business operations.

Second, enabling technologies were leveraged to enhance the quality and efficiency of the Bank's digital and intelligent risk control toolkit. The Bank established an enterprise-level risk monitoring system featuring a "large satellite + small radar" framework to conduct real-time, precise, and efficient risk identification and anomaly screening. The intelligent rating system embedded a multi-dimensional control framework at the front end, enabling precise customer risk identification and real-time interception, thereby safeguarding customer access standards. The intelligent collateral management system supported inclusive finance business by enabling online evaluation and improving service efficiency. AI-driven automation in credit approval processes freed up human resources for higher-value credit assessment and decision-making. In addition, the Bank strengthened the application of its asset preservation system, further improving the quality and efficiency of asset preservation operations.

Third, mechanisms and policies were further optimized to lay a solid foundation. The Bank continuously enhanced a three-dimensional risk governance framework based on the three lines of defense, and established three specialized centers: the Risk Monitoring Center, Risk Measurement Center, and Loan Disbursement Center to strengthen capabilities in key areas. It further refined its risk policy system comprising top-level design, foundational policies, and specific policies, advanced the embedding of policies into systems and processes, and strengthened the transmission of the Group's risk appetite. By comprehensively leveraging policy tools such as regional risk strategies, assessment of authorization execution, and limit management, the Bank consolidated the foundation for look-through and multi-dimensional digital and intelligent risk control, ensuring that risk management requirements could be effectively implemented at the frontline of business operations.

Looking ahead, the Bank will closely align itself with national strategies and focus on key risk areas, continuously strengthening its risk management system, comprehensively enhancing oversight of risk-bearing assets, improving its risk management capabilities, and further consolidating a solid foundation for long-term high-quality development.

3.5.5 Risk control over key areas

Corporate real estate sector: While resolutely implementing major decisions and policies issued by the CPC Central Committee, the State Council, the PBC, the NFRA, and the Ministry of Housing and Urban-Rural Development of China (MOHURD), among other central authorities, the Bank adopted a range of measures to steadily mitigate real estate-related risks. First, aligned with policy guidance, it formulated targeted risk mitigation strategies. The Bank closely tracked regulatory developments and actively studied and implemented a series of policy measures introduced by national authorities to stabilize the real estate market. In particular, policies such as the Notice of the People's Bank of China and the China Banking and Insurance Regulatory Commission on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market and income-generating property loans were incorporated into the Bank's internal action framework for risk resolution, establishing an overall approach centered on policy support and coordinated execution. Second, the Bank strengthened Group-wide coordination. Guided by relevant policies, it further enhanced its coordination mechanism for real estate risk resolution across the Group. Through list-based management of key real estate groups, it achieved dynamic monitoring and precise risk profiling of clients. On this basis, the Bank reinforced horizontal coordination among business, risk management, and compliance departments, as well as vertical integration across the Head Office, branches, and subsidiaries, forming a unified, Group-level risk response synergy and ensuring coordinated decision-making and execution in addressing complex, large-client risks. Through these mechanisms and measures, the Bank steadily advanced the resolution of risks associated with key real estate groups and projects in 2025.

Personal mortgage loan sector: First, the Bank appropriately applied a combined mediation and litigation mechanism to provide tailored solutions for customers who were temporarily unable to repay but were not willful defaulters, thereby reflecting the people-centered and political nature of financial services. Second, for new originations, the Bank implemented regionally differentiated strategies and strengthened verification of borrowers' repayment capacity and background information. During the reporting period, newly issued personal housing loans in the Yangtze River Delta, the Bohai Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the Sichuan-Shaanxi-Chongqing Economic Zone, and the central Yangtze River corridor accounted for 88.01% of the Bank's total newly issued personal housing loans. The non-performing ratio of newly originated personal housing mortgage loans remained low at 0.10%. Third, the Bank further strengthened channel management by establishing a partner institution management framework and enhancing end-to-end oversight of intermediaries in the secondary housing market and developers of primary residential projects.

Personal consumer loan sector: In the pre-lending stage, the Bank precisely managed its lending structure and continuously optimized and iterated its risk model strategies. During the lending stage, it established dynamic monitoring mechanisms to closely track delinquency risks and fund flows. In the post-lending stage, it implemented tiered collection strategies, accelerated write-offs and market-based disposals, and achieved closed-loop risk management across the entire lifecycle, resulting in notable improvements in asset quality. As at the end of the reporting period, the non-performing ratio of consumer loans and related categories was 1.80%, down 0.48 percentage point from the end of the previous year. Among these, the non-performing ratio of the SPD Flash Loan was only 0.32%.

Credit card sector: The Bank actively implemented the Head Office's digitalization & intelligentization strategy, proactively adapted to evolving regulatory requirements, and embraced advancements in fintech. It continuously strengthened its end-to-end risk management framework, reinforcing risk defenses through targeted measures and curbing new risks while mitigating existing ones through a multi-pronged approach. At the pre-lending stage, the Bank exercised stringent controls over customer acquisition and credit approval, deepened engagement with high-quality customers, and improved the quality of newly acquired customers. During and after lending, it steadily advanced risk mitigation and recovery efforts, resulting in significant improvements in customer structure, asset quality, and key risk indicators. As at the end of the reporting period, the non-performing amount of credit card and overdraft loans was RMB7,488 million, down 17.32% compared with the end of the previous year, while the non-performing ratio for these loans was 1.92%, down 0.53 percentage point year on year.

3.5.6 Group-wide coordinated operations

In 2025, all subsidiaries of the Group placed the digitalization & intelligentization strategy at the core, focused on the five priority tracks, and adhered to high-efficiency collaboration requirements. This approach strengthened integrated operations and unified management, resulting in notable improvements in overall operating performance.

Enhancing resource sharing to advance effective, integrated collaboration across the Group. The Bank continuously strengthened Group-wide consolidated risk management and enabled the sharing of investment research capabilities. By promoting customer sharing and joint product development, the Bank established a Group-level product view centered on the five priority tracks. Leveraging the licensing advantages of its subsidiaries, the Bank delivered integrated financial service solutions covering the entire industry chain and the full customer lifecycle. In 2025, the Bank served a total of 4,836 thousand customers through Group-wide coordinated business efforts, representing a year-on-year increase of 7.9%. Among these, retail customers totaled 4,871 thousand, up 8.1% year on year.

Leveraging specialized expertise to strengthen collaborative marketing across the Group. Shanghai Trust, SPDB International, and Shanghai Innovation Bank, among other subsidiaries, jointly developed integrated investment and lending service solutions in coordination with the parent bank. SPDB Wealth Management and AXA SPDB Investment Managers provided targeted support to the S&T sector through innovative product offerings. SPDB Financial Leasing, through differentiated financing solutions such as SPDB S&T Leasing, supported the development of strategic emerging industries and future industries. Tullett Prebon SITICO (China) Ltd. (TPSITICO) collaborated with the parent bank to deliver efficient digital solutions to financial institution customers.

Enhancing platform development to upgrade comprehensive service capabilities across the Group. SPDB Wealth Management, guided by a "customer + asset + product" approach, built a robust technology finance business system. AXA SPDB Investment Managers established three strategic brands: "Global STI Hub", "Index Hub", and "Fixed Income Hub", creating a comprehensive investment ecosystem spanning tech enterprise growth, quantitative enhancement, and stable income strategies. Shanghai Trust intensified product innovation in areas such as real estate trusts, special needs trusts, pension service trusts, and intellectual property trusts, and launched the country's first family service trust combining cash and real estate. SPDB Financial Leasing continued to strengthen its intrinsic capabilities, successfully developing a "four-in-one" service system for domestically manufactured aircraft, along with multiple vertical business brands such as "domestic shipbuilding for domestic use" and "new infrastructure for computing power". SPDB International further deepened its integrated business model combining commercial banking and investment banking. Primarily driven by strong research capabilities and focusing on investment banking as its core business line, the subsidiary continued to expand into new economy sectors, developing into a leading overseas wealth management platform for the Group.

3.5.7 Enabling role of AI technologies

The Bank fully implemented the State Council's guideline to implement the "AI Plus" initiative. With the goal of "achieving process integration, engineering-based implementation, and large-scale deployment" of AI applications, it advanced the deep integration of AI into financial services.

Strengthening the digital and intelligent infrastructure foundation to enable large-scale application. During the reporting period, the Bank completed the on-premises deployment of 30 LLMs, including DeepSeek-671B, released the "AI Plus" Application Planning White Paper, and established a full-stack, domestically secure, high-performance computing cluster with a capacity of 1,000 GPUs. It also introduced the banking industry's first knowledge asset management policy, launched its first system-level large-scale AI application case: the Digital and Intelligent Operations Service and Workflow Platform Project, and hosted a digital and intelligent achievements conference, at which it released the AI Implementation Action Plan (2026). In addition, it deployed its first subsidiary-level intelligent agent application, the Shanghai Trust Product Marketing Assistant. By building a "four-in-one" intelligent infrastructure encompassing computing power, algorithms, platforms, and knowledge, the Bank developed an LLM application super system and a "five-horizontal, six-vertical, three-tier" enterprise-level knowledge base. The repository has accumulated 610 million words of knowledge assets, over 40 thousand knowledge documents, and more than 120 thousand FAQ entries. The project "Enterprise-Level Knowledge Asset System Based on Multimodal Large Language Models" won the Second Prize at the PBC's 2024 FinTech Development Awards. The Bank developed more than 200 AI application scenarios, empowering five key business areas: intelligent marketing, intelligent operations, efficient operations, digital risk control, and intelligent management. Through large-scale deployment, technological innovation was effectively transformed into new quality productive forces, generating productivity gains equivalent to 300 person-years. Focused on the five priority tracks, the Bank empowered business processes and achieved large-scale deployment of AI applications, with cumulative LLM calls exceeding 500 million.

Strengthening the super systems to enhance AI capabilities. Adopting a platform-based approach, the Bank built an LLM application super system to support process integration, engineering-based implementation, and large-scale deployment of AI applications. The Bank enhanced full-lifecycle development and management capabilities for knowledge assets, including knowledge verification, parsing, segmentation, and augmentation. Supported by a vector database for knowledge storage, it met diverse data processing and loading requirements, supported knowledge deduplication and update validation, and enabled the unified development and intelligent management of knowledge assets across the Bank. At the same time, the Bank strengthened full-lifecycle R&D management of AI models, integrating heterogeneous computing resources at the foundational level to enable efficient large-scale computing management and scheduling. At the application level, it provided robust support for model algorithms, evaluation, security control, and distributed training and inference, ensuring efficient, flexible, secure, and stable operation of model applications. The Bank also established end-to-end intelligent agent R&D capabilities, fully supporting ideation, capability development, and application deployment. By orchestrating modular components such as LLM capabilities, tool invocation, and knowledge retrieval, it built an intelligent agent ecosystem with closed-loop capabilities spanning perception, planning, and action, promoting the large-scale and efficient development of intelligent agents.

Focusing on core scenarios to empower business processes. In intelligent marketing, the Bank developed capabilities such as customer profile analysis, marketing plan generation, and product recommendation. These capabilities supported workflows for both customer managers and product managers, as well as the marketing of key products in inclusive finance and transaction banking. As a result, customer matching accuracy exceeded 95%, and complex decision-making cycles were reduced to minutes, effectively delivering expert-level intelligent marketing services. In digital and intelligent inclusive finance, leveraging enterprise-level and marketing-level knowledge systems, the Bank enabled full-lifecycle management of inclusive finance customers. During customer acquisition, it generated precise customer profile analyses, while in pre-lending due diligence, it automatically assessed the rationality of fund transactions and generated reports, improving the efficiency of pre-lending due diligence report preparation for micro and small enterprises by over 60%. In corporate credit, the Bank achieved approximately 50% automated content generation in pre-lending due diligence reports for large and medium-sized enterprises, with financial statement recognition accuracy exceeding 90% and efficiency improving by 80%. In digital and intelligent operations, through its digital and intelligent service platform and intelligent factory, the Bank upgraded high-frequency business processes. For corporate account opening, automated document processing improved per-case efficiency by 20% while reducing manual intervention by 40%. In judicial inquiry services, AI recognition accuracy reached 90%, improving efficiency by 62%. In auto loans, mortgage registration certificates were processed within seconds, with accuracy exceeding 97%. In remote banking, the Bank established an AI system integrating customer-facing services with operational support. The 95528 hotline processed over 28.00 million automated call tags with an accuracy rate of 80%, while 10.67 million intelligent call summaries enhanced agent responsiveness. The WeCom workstation achieved an 88% Q&A accuracy rate and supported three communication styles to improve consultation efficiency. At the subsidiary level, the Shanghai Trust Marketing Assistant enabled innovation in product inquiry and comparison scenarios, with key indicator accuracy exceeding 90%. Singapore Branch implemented intelligent bilingual translation of credit review reports, significantly improving document processing efficiency.



3.6 Performance of Main Business Lines

3.6.1 Development of the banking industry

In 2025, China's banking sector remained committed to its fundamental mission of serving the real economy. Focusing on major national strategies, key areas, and weak links, it intensified support for critical fields such as STI, consumption promotion and expansion, micro and small enterprises, and the stabilization of foreign trade, while steadily advancing the five priorities of the financial sector. The efficiency of financial resource allocation and the precision of service delivery continued to improve. The industry's credit structure was further optimized, with lending in key areas, including technology finance, green finance, inclusive finance, pension finance, and the digital economy, maintaining double-digit growth, significantly outpacing overall loan growth. At the same time, the banking sector continued to strengthen its risk resilience and the sustainability of its service to the real economy. It enhanced monitoring and analysis of typical risks and vulnerable areas, and further improved intelligent risk control systems, thereby maintaining overall stability in credit asset quality and risk mitigation capacity.

In 2025, amid a complex and evolving economic environment, performance divergence within the banking sector continued to widen. Major state-owned banks further reinforced their competitive advantages, maintaining industry leadership in scale, profitability, and risk resilience. Joint-stock commercial banks faced pressures from narrowing NIMs and asset quality management, leading to more pronounced differentiation in performance. Some banks, however, achieved counter-cyclical growth through transformation breakthroughs and refined management. City commercial banks and small and medium-sized banks were more significantly affected by regional economic conditions and customer structures, facing relatively greater operational pressures. Nevertheless, some institutions enhanced their competitiveness by focusing on local markets, adopting differentiated strategies, and deepening engagement with regional customer segments.

In response to these industry dynamics, the Bank proactively addressed challenges, steadily advancing its operational management and business transformation, and delivering solid performance results. In 2025, the Bank achieved growth in operating income and total profit, stabilized its NIMs despite headwinds, and recorded improvements in ROA and ROE. As its asset quality continued to improve, the Bank demonstrated strong operational resilience and growth momentum across scale, pricing, risk management, and asset-liability balance.

3.6.2 Corporate banking business

During the reporting period, the Bank continued to deepen its customer management strategy, enhance service quality, and provide strong support for the real economy. It remained committed to delivering comprehensive and professional financial services to customers across a wide range of areas, including commercial lending, transaction banking, investment banking, e-banking, cross-border business, and offshore banking. In advancing the development of a "four-tier, four-category" corporate client management framework, the Bank centered on customer value growth and continuously promoted digital and intelligent transformation and development. As at the end of the reporting period, the number of corporate clients reached 2,522.9 thousand, representing an increase of 154.4 thousand, or 6.52%, compared with the end of the previous year. Net operating income from corporate banking business amounted to RMB68,579 million during the reporting period.

Corporate deposit business

During the reporting period, the Bank actively seized market opportunities, strictly upheld the bottom line for operational compliance, and remained customer-oriented in addressing comprehensive financial needs. By deepening the sustainable development of its customer structure and embedding integrated service solutions, including accounts, settlement, and cash management, into customers' business operation scenarios, the Bank achieved steady growth in corporate deposits. As at the end of the reporting period, the parent bank's corporate deposit balance reached RMB3,810,374 million, an increase of RMB275,016 million, or 7.78%, compared with the end of the previous year. The average daily increase in corporate deposits for the year reached RMB271.5 billion, ranking first among Chinese joint-stock banks. At the same time, through digital means, the Bank achieved high-quality customer acquisition and management. The optimized deposit customer structure contributed to a reduction in the cost of deposits. During the reporting period, the parent company's cost of corporate deposits decreased by 42 basis points year on year.

Corporate loan business

The Bank actively implemented major national strategic initiatives. It took vigorous steps to implement major national strategies and enhance security capacity in key areas. In the meantime, the Bank capitalized on policy initiatives such as large-scale equipment upgrades and trade-ins for consumer goods to provide financing for equipment renewal and technological transformation in sectors including industry, transportation, building and urban infrastructure, agriculture, and rural development, thus stimulating corporate investment. During the reporting period, it signed 257 projects with a total contractual value of RMB45.5 billion. In supporting the real economy, the Bank focused on enhancing the quality and efficiency of emerging pillar industries and facilitating the transformation and upgrading of traditional industries, while guiding credit resources toward key sectors supported by national strategies. As at the end of the reporting period, the parent company's total corporate loans (including discounted bills) amounted to RMB3,665,474 million, an increase of RMB278,751 million, 8.23%, from the end of the previous year. The Bank resolutely implemented national plans to promote the stable and sound development of the real estate market, actively expanded the urban real estate financing coordination mechanism and enhanced

its effectiveness, and supported the delivery of pre-sold housing projects, thereby contributing to the stabilization of the real estate market.

Investment banking business

SPDB M&A: During the reporting period, the Bank remained committed to becoming the preferred bank for M&A financing, building a comprehensive "M&A + integrated financing" service model with digital platforms as the foundation, ecosystem-based collaboration as the carrier, and benchmark service capabilities as the leading force. Focusing on customer needs, the Bank delivered tailored solutions for the strategic and professional transformation of state-owned assets and enterprises, innovation breakthroughs of technology companies, full-lifecycle needs of industrial funds (fundraising, investment, management, and exit), the enhancement of quality and efficiency for listed companies, and the optimization of industrial chains for cross-border enterprises. It established a "4+8+16+N" M&A finance service framework and served approximately 300 key customers during the year. M&A loans for tech enterprises covered 18 pilot cities, with multiple high-profile benchmark projects successfully executed. The Bank, together with several Shanghai-based state-owned financial institutions as core initiators, established the M&A Alliance and released the Action Plan for Supporting the Development of Shanghai as an International Financial Center. This initiative enhanced the Bank's comprehensive service capabilities across banking, insurance, and securities, effectively leveraging M&A to drive and support the real economy. The Bank received multiple honors, including the "Golden Dragon Financial Strength 2025" Case Award from Financial News and the First Prize for Outstanding Cases of Financial Services Supporting the Real Economy in Tianjin. As at the end of the reporting period, the balance of domestic and overseas M&A loans reached RMB243,143 million, representing a year-on-year increase of 17.11% and ranking among the leading Chinese joint-stock banks. During the reporting period, newly disbursed M&A loans totaled RMB113,943 million, up 47.05% year on year, surpassing the RMB100 billion milestone.

Bond underwriting: During the reporting period, the Bank, centered on comprehensive customer services, continued to deepen refined customer management and innovate its business model. The number of bond issuers served by the Bank as underwriter increased by 18.75% year on year, and the number of first-time issuers of interbank market debt financing instruments ranked among the top in the market. As a preferred partner bank in the S&T sector, the Bank provided full-chain financial services covering underwriting, investment, market-making, and issuance. It actively participated in the development of the bond market's STAR Market and executed multiple first-of-its-kind transactions in the market. Its market share in STI bonds issued by private equity investment institutions ranked among the industry leaders, providing strong financing support for tech enterprises. During the reporting period, the Bank led the underwriting of 2,032 bonds worth RMB640,778 million, of which debt financing instruments amounted to RMB472,111 million.

Transaction banking business

During the reporting period, the Bank's total domestic trade financing volume exceeded RMB2.8 trillion, representing a year-on-year increase of 16.5%, with domestic trade financing income ranking first among Chinese joint-stock banks.

Adopting a customer-centric approach, the Bank built an ecosystem spanning G-end (government), B-end (corporate), and C-end (retail) scenarios. It continued to refine flagship products such as Beidou Treasurer, cloud-based fund supervision, and SPDB Shopkeeper, prioritizing core corporate needs including bill payment, tax payment, social security contributions, and housing provident fund contributions, and offering integrated solutions covering fund collection, management, and payment. During the reporting period, the Bank acquired over 27,000 new customers from these scenarios. It also introduced 38 service scenarios across areas such as judicial case management, housing construction, education, chain retail, and pharmaceuticals. The transaction volume of cloud-based fund supervision business exceeded RMB1 trillion, up 57% year on year. Corporate collections volume increased by 155% year on year, and the number of new corporate collections customers reached 9,426, representing a year-on-year increase of 370%.

Technology finance business

During the reporting period, in line with relevant national policies, the Bank elevated technology finance as an enterprise-level strategy and advanced it through digital and intelligent capabilities. It strengthened its strategic positioning, built the Group's mega STI ecosystem, and established an integrated, differentiated, and specialized comprehensive service framework. The Bank continuously iterated its professional and differentiated technology finance products, enriched the scope and depth of its service offerings, and enhanced its market influence as a preferred partner bank for tech enterprises. As at the end of the reporting period, the Bank served more than 256 thousand tech enterprises, which accounted for over 80% of the listed technology companies nationwide. The balance of technology finance loans (as per the statistical standard of the PBC) reached RMB1,047,092 million. The Bank was rated "Excellent" in the PBC's first evaluation of technology finance service quality and efficiency, ranking first among China's joint-stock commercial banks.

Inclusive finance business

During the reporting period, the Bank firmly upheld the political and people-oriented nature of inclusive finance, maintained strong strategic alignment, and focused on regulatory requirements to "ensure volume, improve quality, stabilize pricing, and optimize structure", advancing the effective implementation of regulatory policies and stimulating the vitality of micro and small enterprises.

Enhancing the human-centered nature of inclusive finance services. The Bank deepened the effective implementation of the financing coordination mechanism for micro and small enterprises. Through coordinated efforts among the taskforces at the Head Office, branches, and sub-branches, it strengthened collaboration with local government mechanisms, implemented customer referral lists, and aligned financing supply with enterprise demand. The Bank continued to carry out government-bank-enterprise initiatives such as targeted

customer engagement campaigns and completed integration with the nationwide headquarters-to-head office credit financing platform. In response to market conditions and the needs of micro and small enterprises, it increased support for key areas such as foreign trade, S&T, and private enterprises, and launched targeted financing solutions for micro and small enterprises engaged in foreign trade. As at the end of the reporting period, under the financing coordination mechanism for micro and small enterprises, the Bank proactively engaged with 77.5 thousand customers on the recommended list, with total approved credit lines of RMB677.8 billion and cumulative loan disbursements of RMB492.3 billion.

Intensifying policy support for inclusive finance. The Bank further strengthened policy support for micro and small enterprises and consistently reduced financing costs for them. It continued to implement the policy of loan renewal without principal repayment, and optimized related systems and processes to enhance efficiency. A one-click online renewal feature was introduced with an approval rate exceeding 90%. The Bank continued to strengthen the implementation of the due diligence exemption policy, with the exemption rate exceeding 90%, helping foster an internal driving force that encourages and supports lending.

Enhancing brand influence. By strengthening intra-Group collaboration, the Bank built a mega inclusive finance operating system. It established the SPD Inclusive Finance Salon, demonstrating a customer-centric service approach and enhancing brand visibility.

Green finance business

During the reporting period, the Bank enhanced its comprehensive financial service system for green and low-carbon transition and launched the Comprehensive Green Finance Service Plan for Green Factories. Focusing on the financing needs of green factories in their low-carbon transition, it developed a "five-in-one" service model integrating customers, scenarios, products, support, and distinctive operations. The Bank actively expanded cross-industry collaboration, working with government agencies, enterprises, research institutions, and international organizations to build an open, collaborative, and mutually beneficial green finance ecosystem. In 2025, the Bank effectively implemented regulatory requirements for advancing the five priorities of the financial sector and ranked among the leading joint-stock commercial banks in the PBC's green finance assessment. Its MSCI ESG rating was upgraded from "A" to "AA" in 2025.

As at the end of the reporting period, the Bank's green credit balance reached RMB707,374 million, an increase of RMB136.68 billion, or 23.95%, from the end of the previous year.

For further details, please refer to the content on green finance business under Section 3.3 "Developing the Five Priorities of the Financial Sector with Solid Efforts".

Strategic customer management

The Bank continued to firmly align itself with the direction of real-economy development and closely address the needs of leading industrial clients, strengthening its industry-specific leadership in managing strategic clients at the Head Office level. The Bank established an industry research and operating system centered on computing power, consumption capacity, growth drivers, and transportation capacity, thereby actively building a new industry-specific paradigm for managing strategic clients at the Head Office level. Enterprise-level agile working mechanisms, such as taskforces and VIP studios, were established to deepen core client management while accelerating the replication of proven engagement strategies across industry clients. Leveraging the Head Office's coordinating role as the primary accountable entity for Group-wide operations, the Bank strengthened internal strategic collaboration. Through centralized risk coordination, structural optimization, and credit limit management at the Head Office level, the depth of customer engagement was further enhanced. Based on the information flows, capital flows, and transaction flows of core enterprises within industrial ecosystems, the Bank extended services to upstream and downstream enterprises as well as personal customers, thereby spearheading the development of industrial ecosystems. It strengthened its understanding of industries and sectors, built a multidisciplinary talent pool with expertise in industry, technology, and capital markets, and further enhanced its digital and intelligent innovation capabilities and outcomes.

As at the end of the reporting period, the average daily RMB corporate deposits from strategic clients at the Head Office level stood at RMB1,004.5 billion, an increase of RMB108.8 billion, or 12.15%, year on year. The balance of corporate loans in local and foreign currencies from these clients reached RMB979.2 billion, up RMB93.7 billion, or 10.58%, year on year. Operating income from such clients increased by more than 9% year on year. New accounts opened by group members of strategic clients of the Head Office level exceeded 1,400, while new accounts opened by enterprises within the ecosystems of these clients exceeded 3,500. The online supply chain financing volume for strategic clients of the Head Office level exceeded RMB290 billion, accounting for 37% of the Bank's total online supply chain financing volume and covering nearly 80% of strategic group clients of the Head Office level.

Institutional client management

Firmly committed to serving government agencies and people's well-being, the Bank built a professional service system for a wide range of institutional clients, such as Party and government bodies at all levels, public institutions, and social organizations nationwide, to continuously enhance the quality and efficiency of cooperation with institutional clients. During the reporting period, the Bank opened a special treasury account for the collection of central non-tax revenue for the first time. In the 2024 comprehensive performance evaluation of agent banks for centralized treasury payments, both the zero-balance payment agency business for the central treasury and the zero-balance payment agency business for central budgetary units received an excellent rating. The Bank obtained four qualifications from the MOHURD to access the commercial mortgage data exchange platform, the housing provident fund management system, the combined mortgage data exchange platform, and the pilot program for e-CNY applications in housing provident fund operations. The Bank signed a strategic cooperation memorandum with the Ministry of Commerce of China, joined the NDRC's investment-lending linkage

mechanism, and connected to the national online investment project supervision and approval platform. It also ranked among the top-tier group of cooperative banks under the National Healthcare Security Administration's evaluation system and was granted full access to medical insurance data interfaces. In addition, the Bank signed comprehensive strategic cooperation agreements with leading domestic universities, hospitals, and industry associations, co-established the Research Institute of Financial Innovation with Shanghai University of Finance and Economics, and became the first bank to sign a strategic cooperation agreement with the Chinese Hospital Association, jointly building a closed-loop ecosystem integrating finance, healthcare, and services.

As at the end of the reporting period, the average daily RMB corporate deposits from institutional clients exceeded RMB600 billion for the first time, an increase of more than RMB30 billion compared with the end of the previous year. Newly acquired key institutional clients increased by nearly 480, and over 290 key qualified business scenarios were successfully implemented.

3.6.3 Retail banking business

During the reporting period, the Bank thoroughly implemented a strategy of digital, intelligent, balanced, specialized, and ecosystem-based operations, and remained customer-centric to drive steady development of its retail banking business. Customer management expanded in both scale and quality. The Bank launched Version 1.0 of the Zhuoxin customer service system, significantly enhancing customer acquisition, activation, and retention effectiveness. The number of personal customers reached a record high of 171 million, with rapid growth in mid-to-high-end customers and private banking customers. Wealth and asset management accelerated in development. Leveraging its strong Group-wide collaboration, the Bank strengthened its core capabilities in asset allocation and digital and intelligent wealth management, driving total personal financial assets (including market value) to a new high of RMB4.66 trillion. Retail lending business achieved accelerated, high-quality growth in mortgage lending. The Bank developed consumer finance brands such as SPD Flash Loan and iCar Loan. Net growth in retail loans (excluding business loans) ranked first among Chinese joint-stock banks during the reporting period. The Bank's service strategies were actively and effectively advanced. In response to consumption stimulation requirements, it implemented policies for consumer voucher distribution and government-funded interest subsidies for consumer loans, optimized payment services, and supported consumption upgrading among residents. The SPD Golden Pension brand was further strengthened, promoting the expansion and quality enhancement of individual pension services, and integrating resources within and beyond the Group to build a comprehensive elderly care ecosystem.

Retail customer management

During the reporting period, the Bank actively integrated the Group's resources and strengthened internal coordination. Adopting a service model centered on "digital and intelligent support, tiered and segmented operations, and cross-channel coordination", it launched Version 1.0 of the new Zhuoxin customer service system. The Bank strengthened comprehensive customer services and established a five-tier, sixteen-level, six-in-one integrated service framework. For key customer segments, it developed differentiated product packages, service packages, and benefit packages, along with customized solutions. Customer experience was further enhanced. The Bank built a bank-wide Zhuoxin V+ privilege ecosystem. Monthly active users on the app benefits homepage increased by more than 300% year on year. It also launched signature physical IP experiences such as "SPD Tea" and "SPD Fragrance", and organized the "Zhuoxin Four Seasons" customer salon, with over 26.3 thousand sessions held and coverage exceeding 680 thousand customer visits. Leveraging digital and intelligent technologies, the Bank continued to enrich customer profiling and opportunity identification capabilities, upgraded its digital and intelligent customer management tool platform and relevant WeCom account, and promoted full integration and coordination between online and offline channels.

As at the end of the reporting period, the Bank's personal customer base (including credit card customers) reached 171 million, an increase of 13,965.9 thousand from the end of the previous year. Customer structure continued to improve, with the number of customers holding the monthly average daily financial assets above RMB50,000 reaching 4,692.6 thousand, up 278.6 thousand, compared with the end of the prior year. Private banking customers with the monthly average daily financial assets above RMB6 million reached 55.5 thousand, marking a five-year high in growth. The Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26%, compared with the end of the previous year. The balance of the parent company's deposits from personal customers reached RMB1,717,705 million, representing an increase of RMB167,322 million, or 10.79%, as compared with the end of the previous year. During the reporting period, the Bank received multiple industry recognitions, including the 2025 Golden Shell Asset Management Competitiveness Case Selection: Excellence in Retail Banking, the Head Office Specialized Management Award: Brand Management at the 7th Retail Banking Awards (RBA), and the Best Deposit Product in China from The Asian Banker for its "An" series of deposit products.

Retail loan business

In mortgage lending, the Bank actively implemented national policies to "stabilize the real estate market". Adhering to city-specific measures, it upgraded its digital and intelligent service model, and innovated financial products and services to better meet residents' demands for first-home purchases and housing upgrades. As at the end of the reporting period, the Bank's personal housing loan balance reached RMB876,834 million, up 2.04% from the end of the previous year. While maintaining steady scale growth, the Bank continued to optimize its business structure. Newly issued personal housing loans in the Yangtze River Delta, the Bohai Rim, the Guangdong-Hong Kong-Macao Greater Bay Area, the Sichuan-Shaanxi-Chongqing Economic Zone, and the central Yangtze River corridor accounted for 88.01% of the Bank's total newly issued personal housing loans.

The SPD Flash Loan maintained a balanced focus on both scale and quality, with a strong emphasis on customer experience. The product

was designed around a "three-ultra" service model: ultra-simple application, ultra-fast approval, and ultra-premium experience. On the marketing side, it promoted lightweight digital operational tools. On the risk control side, it refined an end-to-end approval system integrating models, strategies, and systems. On the consumer side, the product was embedded into diversified scenarios such as home renovation and e-commerce shopping, further strengthening the SPD Flash Loan brand identity. During the reporting period, cumulative disbursements of the SPD Flash Loan reached RMB248,188 million. As at the end of the reporting period, the number of customers approved with credit lines exceeded 940 thousand, an increase of 305.6 thousand compared with the end of the previous year. Total approved credit lines of the product amounted to RMB205,826 million, with the loan balance of RMB83,207 million. The product won the "Best Digital Consumer Lending Service in China" award from The Asian Banker and the "Outstanding Innovation Practice for Consumer Finance" from the financial media outlet JRJ.com, among other accolades.

The SPD iCar Loan established system connectivity with dozens of NEV manufacturers, providing consumers with fully online, 24/7 automotive finance services. The Bank also pioneered China's first battery-swapping consumer loan product, achieving deep integration between financial services and the vehicle owner ecosystem. As at the end of the reporting period, the balance of green NEV loans under retail credit business stood at RMB19,124 million, accounting for 50.59% of retail auto loans, up 17.57 percentage points from the beginning of the year.

The credit card business focused on managing income-generating assets. By taking proactive measures across channels, pricing, and integration, it increased monetization rates of these assets. Through targeted initiatives, the business segment achieved growth in loan scale, stabilized loan yields, and optimized its asset quality structure. Within the automotive consumption ecosystem, it deepened auto installment financing, launching themed initiatives such as the SPD Auto Installment Subsidy Campaign to deliver direct benefits to consumers. Merchant installment services were strategically deployed across multiple platforms, leveraging advanced technologies to build a smart financial ecosystem.

The Bank developed a new small-value credit business model centered on "business integration, process simplification, operational efficiency, and marketing connectivity". As a key component of its digital infrastructure, it established and launched micro and small enterprise and personal loan centers across 37 branches, serving as customer-facing service hubs. These centers provided comprehensive support for micro and small enterprise and personal loan businesses, including housing loans, consumer loans, personal business loans, and inclusive corporate finance, significantly enhancing overall operational quality and efficiency across the Bank.

During the reporting period, the Bank maintained stable overall growth in its retail lending business, driven by its commitment to high-quality and sustainable development. As at the end of the reporting period, the parent company's retail loan balance (excluding personal business loans) reached RMB1,513,737 million, an increase of RMB50.61 billion, or 3.46%, compared with the end of the previous year.

Wealth management business

During the reporting period, in response to the growing demand for wealth preservation and appreciation among personal customers, the Bank, guided by its digitalization & intelligentization strategy, continued to build a customer-centric and asset-allocation-driven mega wealth management framework. Leveraging its Group-wide synergies, the Bank further developed a wealth management product portfolio centered on four pillars: deposits, wealth management products, funds, and insurance. It also built an open product matrix platform, upgrading two flagship brands: "Chart of Innovative WMPs" and "SPDB Selection". The Bank established an asset allocation studio and advanced the development of its wealth management platform as a super system. It launched the "Treasury Alpha" asset allocation service system and the wealth management intelligent agent "SPDB WM". A new "BRAIN" asset allocation framework was introduced to address wealth management needs across the full customer lifecycle, including pre-sales investor education, in-sales product selection, and post-sales monitoring, thereby comprehensively enhancing the customer experience.

As at the end of the reporting period, the Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26%, compared with the end of the previous year. The wealth management products of SPDB Wealth Management reached RMB1,465,084 million, an increase of RMB194,527 million, or 15.31%, from the end of the prior year.

Wealth succession and protection business

During the reporting period, the Bank developed deep insights into and focused on customers' core needs in wealth succession and protection, building a distinctive service framework comprising the "SPDB Enterprise Star" service platform, the "SPDB Globe" overseas service platform, and the "SPDB Peaceful Life" wealth management trust account. Focused on the needs of entrepreneur customers in wealth management, succession planning, and business growth, the Bank continuously upgraded the service capabilities of the SPDB Enterprise Star platform, deepening engagement with this customer segment. By integrating the Group's internal financial entities across banking, securities, and trust businesses, as well as external partners, it launched the "SPDB Globe" overseas service platform. Through the "SPDB Peaceful Life" wealth management trust account, the Bank enriched account service functions and application scenarios, helping customers achieve steady wealth growth and orderly succession.

Debit card business

In payment and settlement business, the Bank prioritized fast payments, increased investment in promotional activities, and closely aligned itself with consumption stimulus policies. Under the theme of "Preferential Payments, Better Living", it drove steady growth in transaction volume across scenarios such as trade-ins and senior consumption. Focusing on key customer segments, the Bank

implemented precision marketing campaigns through coordinated efforts between the Head Office and branches across multiple platforms to expand and stabilize its base of monthly active users, cultivate customer payment habits, and further increase transaction volumes.

In acquiring services, the Bank implemented differentiated fee reduction and exemption policies for micro and small merchants, self-employed individuals, and key sectors related to people's livelihoods, such as real estate, automotive, healthcare, and education. By acting on national fee-reduction and benefit-sharing policies, it supported the development of micro and small enterprises and the real economy. In fulfilling its social responsibilities, the Bank focused on optimizing payment services in areas such as foreign card acceptance, cash services, foreign currency exchange, account services, and senior-friendly adjustments. It comprehensively improved the accessibility and satisfaction of payment services for customer groups, including foreign visitors and senior citizens.

As at the end of the reporting period, the cumulative number of debit cards issued by the Bank reached 112.57 million.

Credit card business

During the reporting period, with strengthening its digital and intelligent capabilities and adopting quality enhancement development concept, the Bank advanced the integration of banking and credit card businesses. It continued to roll out five bundled application initiatives, including loan-card, payroll-card, card-loan, inclusive finance-card, and mortgage-card combinations. By leveraging integrated scenarios across retail, retail lending, and mortgage businesses, the Bank continuously enhanced its scenario-based integrated marketing capabilities. Focusing on key customer segments such as high-quality retail customers, running enthusiasts, senior citizens, cultural consumers, and niche professionals, the Bank developed and continuously optimized a range of products, including the SPD Profit Card, the SPD Easy Card, the SPD Premium Card, running enthusiast-themed credit cards, senior-focused credit cards, and the Joyful SPD credit card. To promote consumption and improve livelihoods, the Bank upgraded its inclusive promotional campaigns, successively launching initiatives such as "More Spending, More Rewards" and "Cashback on Every Transaction". It focused on high-frequency, low-value offline consumption scenarios, particularly in tea beverage and dining segments, creating distinctive and memorable branded marketing campaigns. The Bank thoroughly participated in major consumption promotion events such as the "Shanghai Nightlife Festival" and the "Shanghai Summer" International Consumption Season, and collaborated across the Head Office and branches to implement nationwide government subsidy programs such as trade-ins, generating a strong social impact.

As at the end of the reporting period, the credit card and overdraft balance reached RMB389,327million, an increase of RMB19,104 million, or 5.16%, compared with the end of the previous year.

Pension finance business

For further details, please refer to the content on pension finance business under Section 3.3 "Developing the Five Priorities of the Financial Sector with Solid Efforts".

3.6.4 Financial market and financial institution business

During the reporting period, the Bank focused on the core strategic priorities of "strengthening trading, stabilizing liabilities, and building an ecosystem" in its financial markets business. Designating 2025 as a "year of enhancement" for the digitalization & intelligentization strategy, it continued to deepen the dual-engine operating model of proprietary investment trading and SPDB Risk Hedging agency services for financial market business, actively building a strategic, cross-industry ecosystem for financial institution customers. The SPD Custodian brand steadily enhanced its market influence and industry competitiveness. The Bank strengthened the coordination and pipeline development of investment trading strategies, product strategies, customer strategies, and project strategies, comprehensively enhancing its innovation capabilities, integrated operations, and digital and intelligent capabilities. These efforts reinforced the foundation for delivering diversified, differentiated, professional, and branded financial market services. Through scenario-based operations and product innovation, the cost of interbank liabilities declined significantly.

Financial institution customer management

During the reporting period, the Bank strengthened financial institution client management, fostering a collaborative ecosystem. It enhanced collaboration with policy banks in strategic areas such as BRI implementation, STI, and green development, jointly supporting major national infrastructure projects and facilitating the rollout of new policy-based financial instruments. Cooperation with state-owned joint-stock commercial banks was further expanded in areas such as cross-border business and syndicated loans, driving continuous growth in gross merchandise volume (GMV). Throughout the year, the Bank successfully issued seven tranches of bonds totaling RMB155 billion at favorable interest rates, effectively improving its CARs and further optimizing the maturity structure of its liabilities.

As at the end of the reporting period, the Bank served approximately 3,300 primary legal entity clients, and established partnerships with around 80% of licensed non-bank asset managers, including mutual funds, insurance asset managers, trust companies, bank wealth management subsidiaries, securities firms, and futures companies. The Bank also established strategic partnerships with 20 financial factor market institutions nationwide, obtaining 80 factor market qualifications of various types.

Investment transaction business

During the reporting period, the Bank closely tracked market developments and policy directions, strengthening refined portfolio management and efficient resource allocation. It deeply integrated proprietary investment with the development of its trading ecosystem, effectively linking information flows, capital flows, customer flows, and transaction flows. The Bank's leadership in financial market business was further reinforced, with more than 20 core businesses ranking among the top three in the market and over 80 industry awards received during the year. Notably, its interbank RMB market business has consistently ranked among the top three in market influence and top two in innovation for multiple consecutive years. The investment portfolio structure continued to improve, with stable and efficient allocation to core assets. The Bank actively captured cyclical market opportunities and fully leveraged its trading expertise across RMB and foreign currency bonds, foreign exchange, precious metals, and commodities to enhance contributions to the operating income. Market participation deepened, with selective increases in allocation to the bond market's STAR Market. During the reporting period, the Bank added RMB53.6 billion in STI-themed bond investments, up nearly 300% year on year. The enabling impact of financial technology accelerated. The Bank comprehensively strengthened the development of its quantitative trading system. During the year, it made approximately 33.10 million external price quotes, up 47% year on year, and executed 2.16 million transactions, up 65% year on year. Counter bond business maintained strong momentum, with over 3,800 financial institution customers opening counter bond accounts by the end of the reporting period. Transaction volume for financial institution customers in this business reached RMB670 billion, ranking among the top in the market.

SPDB Risk Hedging business

Adhering to the philosophy of "transparent, integrated, and customer-centric service" and prioritizing service to the real economy, the Bank optimized its SPDB Risk Hedging business by enhancing its internal governance structure, refining and integrating its business framework, and expanding its service scope. These efforts accelerated the iterative upgrade of the SPDB Risk Hedging brand, positioning it as a flagship customer-facing trading and sales business. Leveraging its strengths in investment trading and product creation across fixed-income products, foreign exchange, precious metals, and commodities, the Bank harnessed business synergies to steadily expand both business scale and customer coverage. At the same time, through coordinated efforts with its overseas branches in Hong Kong SAR, Singapore, and London, the Bank strengthened domestic-overseas and onshore-offshore integration, providing comprehensive risk hedging services for cross-border settlement, investment and financing, and risk management activities.

During the reporting period, the SPDB Risk Hedging business served over 26 thousand customers, representing a year-on-year increase of 6%. The total transaction volume under the business exceeded RMB1.5 trillion, of which transactions with corporate clients surpassed RMB970 billion, up 37% year on year.

Asset custody business

In alignment with the high-quality development of the mutual fund industry, the Bank successfully introduced the largest initial issuance of a CSI A500 index-enhanced product in the market, and the scale of the two STI bond-linked ETFs under its custody each exceeded RMB10 billion. It also actively supported innovation in the bond market, becoming one of the industry's first custodians for counter bond business. During the reporting period, the Bank received multiple awards from prestigious institutions, including The Asian Banker, China Central Depository & Clearing Co., Ltd. (CCDC), Securities Times, Southern Finance, and Eastmoney, demonstrating its professional commitment to safeguarding capital market stability and supporting the real economy.

During the reporting period, the Bank actively implemented its digitalization & intelligentization strategy by accelerating structural transformation and deepening integrated collaboration. It drove the asset custody business to a new high through innovation. As at the end of the reporting period, assets under the Bank's custody reached RMB20.21 trillion, up 11.45% from the end of the previous year, marking five consecutive years of trillion-level growth. The Bank's custody fee income totaled RMB2,481 million, representing a year-on-year increase of 7.23%.

3.6.5 Cross-border and overseas institution business

During the reporting period, leveraging the coordinated operations of multiple platforms, such as offshore banking, FT finance, overseas branches, and overseas investment banking, the Bank actively responded to the evolving landscape of global expansion of Chinese industrial chains. It continuously broadened its service boundaries, improved its cross-border finance service system, and built a "Cross-border Plus" service ecosystem. The Bank focused on refining key cross-border finance scenarios, including FT business, e-commerce, risk hedging, fund management, M&A, trade, asset custody, and use of RMB. Through efficient, professional, and high-quality services, it supported Chinese enterprises in their global expansion.

Customer management

Focusing on the evolving needs of Chinese enterprises pursuing global expansion, the Bank integrated cross-border service resources and platforms, including offshore banking, FT finance, overseas branches, and overseas investment banking, to provide diversified cross-border finance solutions across various scenarios. Offshore banking business leveraged strengths in aligning with international rules and delivering domestic services for overseas needs, offering account management, settlement and remittance, investment and financing, as well as value preservation and risk hedging, among other extended overseas services. FT finance made use of policy hubs such as the China (Shanghai) Pilot Free Trade Zone and the Hainan Free Trade Port to provide cross-border financing, settlement, and risk hedging

services in both local and foreign currencies, enabling enterprises to participate more deeply in global operations through coordinated domestic and international services. Overseas branches capitalized on their local licensing portfolio and superior market position to support Chinese enterprises going global while also facilitating foreign enterprises entering the Chinese market. Overseas investment banking strengthened collaboration between commercial and investment banking, leveraging overseas capital markets to deliver high-quality services such as offshore listings and bond issuance.

The Bank continued to leverage its superior resource platforms to provide cross-border services for upstream and downstream customers of industrial chains expanding globally, supporting the international deployment of industries such as NEVs, clean power generation, mining, and smelting. It developed the one-stop cross-border financial service platform "Cross-Border e-Portal". Capitalizing on features such as a comprehensive account system, platform-wide services, intelligent customer views, and integrated onshore-offshore capabilities, the platform delivered digital and intelligent services to strengthen support for small and medium-sized foreign trade enterprises. The Bank actively participated in the State Administration of Foreign Exchange (SAFE)'s foreign exchange business reforms, covering more than 30 thousand domestic corporate clients. It leveraged supportive policy measures to provide convenient cross-border settlement services to nearly 1,000 high-quality enterprises.

As at the end of the reporting period, the number of cross-border customers approached 49 thousand, up 24%, with 28 thousand active customers on cross-border digital channels. The balance of overseas loans granted to strategic clients at the Head Office and branch levels stood at RMB188.4 billion, up 48%.

Products and services

The flagship cross-border M&A products delivered strong performance, with multiple benchmark transactions completed across the industry. During the reporting period, the Bank extended a total of USD3.8 billion in cross-border M&A loans to non-resident customers, representing a year-on-year increase of 6.3%. Cross-border custody business expanded in both scale and scope, extending to multi-currency and multi-market services, with total assets under cross-border custody reaching RMB132.5 billion by the end of the reporting period. Cross-border risk hedging business recorded a transaction volume of RMB906.9 billion, up 56% year on year, with more than 20 thousand active SPDB Risk Hedging customers. The cross-border settlement and clearing system was further enhanced and expanded, strengthening the Bank's competitive edge in cross-border clearing capabilities. The Bank was approved as a trading participant in the regional RMB/IDR market and provided account clearing services in four currencies: AUD, GBP, CAD, and CHF for domestic foreign currency payment systems. Settlement service capabilities continued to expand, with deepened multi-currency operations, including enhancements for the Malaysian ringgit, Indonesian rupiah, and UAE dirham. Leveraging its extensive correspondent banking network, the Bank supported outward remittance services in over 100 currencies. The cross-border RMB payment and receipt volume exceeded RMB1,612.2 billion, representing a year-over-year increase of 18%. Trade financing business models continued to innovate, with cross-border trade financing exceeding RMB280 billion. The Bank also actively aligned itself with e-CNY development trends and advanced research into cross-border application scenarios.

Ecosystem building

The Bank strengthened the development of a multi-dimensional cross-border finance ecosystem integrating both financial and non-financial services. By collaborating with foreign-funded and overseas financial institutions, it built a global partner network and expanded its overseas business network, with 173 overseas interbank credit customers, up 4.2% year on year. The number of indirect participants in the Cross-Border Interbank Payment System (CIPS) through the Bank reached 125, ranking second in the industry. The Bank enhanced collaboration with Chinese-funded financial institutions and financial factor markets, continuously advancing the "SPDB-BOC Cross-border Connect" service system, promoting the Shanghai Financial Alliance, strengthening multi-license interbank cooperation, and building the Cross-border Alliance to deliver coordinated service solutions. It also actively engaged with institutions such as customs authorities, foreign exchange regulators, FT zones, bonded zones, credit reporting platforms, consulting firms, and law firms. Through scenario-based services under the SPDB Cross-Border Finance, the Bank modularly embedded financial services, including settlement, trade financing, and cross-border investment and financing, alongside non-financial cooperation such as overseas expansion consulting and legal compliance, providing comprehensive solutions for cross-border enterprises. In addition, the Bank strengthened cross-border service coordination among its subsidiaries. By integrating the Group's diversified licenses across trust, leasing, wealth management, fund management, and overseas investment banking, it built an integrated cross-border finance service system to further enhance its comprehensive cross-border service capabilities.

Overseas institutions

The Bank accelerated the development of differentiated competitive advantages for its overseas institutions, steadily expanding their regional influence. Hong Kong Branch, leveraging Hong Kong's position as an international financial center, continued to consolidate its leading market position in syndicated loan arrangement and bond underwriting, and was awarded the "Excellent Investor (Commercial Bank Category) under the Northbound Trading", further enhancing its market share and brand strength. Singapore Branch, anchored in the RCEP region, extended its service reach across Southeast Asia and enhanced its service capabilities through digital finance innovation. It received the "2025 Golden Hazelnut Award: Outstanding Overseas Digital Finance" from Cailian Press, actively strengthening its competitive edge. London Branch deepened cross-market expansion and cross-border collaboration. It successively participated in the world's first offshore bond investment in the China (Shanghai) Pilot Free Trade Zone and the MOF's first overseas RMB green sovereign bond issuance in the UK, further strengthening its presence in key European markets. SPDB International leveraged its digital capabilities to empower cross-border investment and financing, achieving a record high in IPO volume. By building a global, full-chain service ecosystem covering investment banking, securities trading, and asset management, it attained a leading market position for the first time and reinforced its differentiated competitive advantages.

3.7 Analysis of Income Statement

During the reporting period, the Group maintained steady growth across its business lines. It recorded an operating income of RMB173,964 million, representing a year-on-year increase of RMB3,216 million, or 1.88%. Total profit amounted to RMB53,374 million, reflecting a year-on-year increase of RMB5,008 million, or 10.35%. Notably, net profit attributable to the parent company's shareholders reached RMB50,017 million, up RMB4,760 million, marking a 10.52% increase compared with the same period of the previous year.

In RMB millions		
Item	The reporting period	Same period of previous year
Operating income	173,964	170,748
Net interest income	120,483	114,717
Net fee and commission income	22,725	22,816
Other net income	30,756	33,215
Operating expenses	-120,356	-123,305
Tax and surcharges	-2,051	-1,972
General and administrative expenses	-49,582	-49,795
Impairment losses on credit assets and impairment losses on other assets	-65,901	-69,480
Other business costs	-2,822	-2,058
Net non-operating income and expenses	-234	923
Total profit	53,374	48,366
Income tax expense	-2,969	-2,531
Net profit	50,405	45,835
Including: Net profit attributable to the parent company's shareholders	50,017	45,257
Minority interest income	388	578

3.7.1 Operating income

During the reporting period, the Group's operating income was RMB173,964 million, representing a year-on-year increase of RMB3,216 million, or 1.88%.

The following table sets out the composition of the Group's operating income and the proportions of each part in the recent three years.

			In %
Item	2025	2024	2023
Net interest income	69.26	67.18	68.29
Net fee and commission income	13.06	13.36	14.10
Other net income	17.68	19.46	17.61
Total	100.00	100.00	100.00

The following table sets out the changes in the Group's total business income.

In RMB millions

Item	Amount during the current period	Percentage in total business income (%)	Increase/decrease over the same period of previous year (%)
Loan interest income	186,233	57.26	-8.41
Interest income on investment	57,139	17.57	-5.54
Fee and commission income	29,397	9.04	-1.31
Interest income on due from and placements with banks and other financial institutions	16,917	5.20	-12.50
Interest income from balance with central bank	4,827	1.48	-2.76
Other income	30,756	9.45	-7.40
Total	325,269	100.00	-7.36

The following table sets out the geographic distribution of the Group's operating income.

In RMB millions

Region	Operating income	Percentage (%)	Operating profit	Percentage (%)
Head Office	56,629	32.55	17,030	31.77
Yangtze River Delta Region	43,995	25.29	23,739	44.28
Pearl River Delta and West Side of Taiwan Straits	13,122	7.54	-56	-0.10
Bohai Rim	15,800	9.08	6,747	12.59
Central China	12,101	6.96	1,848	3.45
Western China	11,642	6.69	-2,540	-4.74
Northeastern China	4,196	2.41	871	1.62
Overseas institutions and subsidiaries	16,479	9.48	5,969	11.13
Total	173,964	100.00	53,608	100.00

Notes: For the purpose of the Report, the regions and divisions of the Group are defined as follows:

- (1) Head Office: Headquarters (Head Office and institutions directly under it);
- (2) Yangtze River Delta: Branches in Shanghai, Jiangsu, Zhejiang and Anhui;
- (3) Pearl River Delta and West Side of Taiwan Straits: Branches in Guangdong and Fujian;
- (4) Bohai Rim: Branches in Beijing, Tianjin, Hebei, and Shandong;
- (5) Central China: Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan;
- (6) Western China: Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia, and Xizang;
- (7) Northeastern China: Branches in Liaoning, Jilin, and Heilongjiang;
- (8) Overseas institutions and subsidiaries: Overseas branches and domestic and overseas affiliates, including inter-regional eliminations.

3.7.2 Net interest income

During the reporting period, the Group incurred a net interest income of RMB120,483 million, an increase of RMB5,766 million, or 5.03%, year on year. During the reporting period, the average yield on the Group's interest-earning assets was 3.11%, representing a year-on-year decrease of 0.46 percentage points; and the average cost ratio of interest-bearing liabilities was 1.74%, down 0.46 percentage points year on year. The net interest margin stood at 1.42%, remaining unchanged from the same period of the previous year.

The following table sets forth the interest income/expenses as well as average yield and costs of the assets and liabilities of the Group.

In RMB millions						
Item	The reporting period			Same period of previous year		
	Average balance	Interest income/expense	Average interest rate (%)	Average balance	Interest income/expense	Average interest rate (%)
Interest-earning assets						
Loans and advances	5,553,061	186,233	3.35	5,243,678	203,337	3.88
Investments	1,955,190	57,139	2.92	1,828,503	60,491	3.31
Balance with central bank	327,529	4,827	1.47	337,062	4,964	1.47
Due from and placements with banks and other financial institutions	678,699	16,917	2.49	655,497	19,333	2.95
Total	8,514,479	265,116	3.11	8,064,740	288,125	3.57
Interest-bearing liabilities						
Deposits from customers	5,380,262	85,452	1.59	4,893,019	96,452	1.97
Due to and placements from banks and other financial institutions	1,512,663	29,353	1.94	1,527,401	38,949	2.55
Debt securities issued	1,298,373	27,858	2.15	1,266,785	32,959	2.60
Due to central bank	101,193	1,970	1.95	206,199	5,048	2.45
Total	8,292,491	144,633	1.74	7,893,404	173,408	2.20
Net interest income		120,483			114,717	
Net interest spread			1.37			1.37
Net interest margin			1.42			1.42

Note: Net interest spread = average yield on interest-earning assets - average cost ratio of interest-bearing liabilities. Net interest margin = net interest income/average balance of total interest-earning assets.

3.7.2.1 Interest income

During the reporting period, the Group recorded interest income of RMB265,116 million, down RMB23,009 million, or 7.99%, year on year. The average yields on corporate loans and retail loans were 3.15% and 3.99%, respectively, representing a year-on-year decrease of 0.46 and 0.77 percentage points.

Interest income from loans and advances

In RMB millions						
Item	The reporting period			Same period of previous year		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans	3,423,441	107,846	3.15	3,054,544	110,307	3.61
Retail loans	1,897,150	75,621	3.99	1,846,062	87,913	4.76
Discounted bills	232,470	2,766	1.19	343,072	5,117	1.49
Total loans and advances	5,553,061	186,233	3.35	5,243,678	203,337	3.88

Note: Of these, the average yield of general short-term loans and medium and long-term loans was 3.76% and 3.28%, respectively.

Interest income on investment

During the reporting period, the Group's interest income on investment stood at RMB57,139 million, representing a year-on-year decrease of 5.54%. The average yield on investment stood at 2.92%, a year-on-year decrease of 0.39 percentage points.

Interest income on due from and placements with banks and other financial institutions

During the reporting period, the Group generated the interest income on due from and placements with banks and other financial institutions totaling RMB16,917 million, down 12.50% year on year; and it saw the average yield from such business decreasing by 0.46 percentage points over the same period of the previous year to 2.49%.

3.7.2.2 Interest expense

During the reporting period, the Group's interest expense was RMB144,633 million, representing a year-on-year decrease of RMB28,775 million, or 16.59%. The average cost ratio of the Group's deposits from customers stood at 1.59%, representing a year-on-year decrease of 0.38 percentage points.

The following table sets forth the average balance, interest expense, and average cost ratio of corporate deposits and retail deposits at the Group.

In RMB millions

Item	The reporting period			Same period of previous year		
	Average balance	Interest expense	Average cost ratio (%)	Average balance	Interest expense	Average cost ratio (%)
Corporate customers	3,703,391	56,292	1.52	3,414,759	65,934	1.93
Current deposits	1,552,283	10,053	0.65	1,557,416	17,179	1.10
Time deposits	2,151,108	46,239	2.15	1,857,343	48,755	2.62
Retail customers	1,676,871	29,160	1.74	1,478,260	30,518	2.06
Current deposits	403,278	251	0.06	358,733	576	0.16
Time deposits	1,273,593	28,909	2.27	1,119,527	29,942	2.67
Total deposits from customers	5,380,262	85,452	1.59	4,893,019	96,452	1.97

Interest expenses on due to and placements from banks and other financial institutions

During the reporting period, the Group's interest expense on due to and placements from banks and other financial institutions totaled RMB29,353 million, a year-on-year decrease of 24.64%.

Interest expense on debt securities issued

During the reporting period, the Group recorded interest expense of RMB27,858 million on debt securities issued, a year-on-year decrease of 15.48%.

3.7.3 Net non-interest income

During the reporting period, the Group racked up the net non-interest income in RMB53,481 million, down RMB2,550 million, or 4.55%, year on year. Specifically, net fee and commission income fell by RMB91 million, or 0.40%, to RMB22,725 million year on year, and other non-interest income went down by RMB2,459 million, or 7.40%, to RMB30,756 million year on year.

In RMB millions

Item	The reporting period		Same period of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Fee and commission income	29,397	54.97	29,788	53.16
Bank cards business	9,957	18.62	11,462	20.45
Custody business and other fiduciary activities	7,348	13.74	6,038	10.77
Investment banking activities	3,196	5.98	3,836	6.85
Agency business	4,681	8.75	4,026	7.19
Credit commitments	2,241	4.19	2,307	4.12
Settlement and clearing business	724	1.35	880	1.57
Others	1,250	2.34	1,239	2.21
Fee and commission expenses	-6,672	-12.48	-6,972	-12.44
Net fee and commission income	22,725	42.49	22,816	40.72
Profit or loss on investments	19,393	36.26	29,141	52.01
Profit or loss on changes in fair value	5,443	10.18	-1,549	-2.76
Exchange profit or loss	250	0.47	988	1.76
Other business income	4,967	9.29	3,776	6.74
Profit or loss on asset disposal	81	0.15	20	0.04
Other income	622	1.16	839	1.49
Total	53,481	100.00	56,031	100.00

3.7.4 General and administrative expenses

During the reporting period, the Group incurred general and administrative expenses of RMB49,582 million, a decrease of RMB213 million, or 0.43%, year on year.

In RMB millions

Item	The reporting period		Same period of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee expenses	27,946	56.36	28,230	56.69
Depreciation and amortization expenses	6,637	13.39	6,652	13.36
Fees on short-term leases and leases of low-value assets	325	0.66	307	0.62
Others	14,674	29.59	14,606	29.33
Total	49,582	100.00	49,795	100.00

3.7.5 Impairment losses on credit assets and impairment losses on other assets

During the reporting period, the Group sustained the impairment losses on credit and other assets of RMB65,901 million, representing a year-on-year decrease of RMB3,579 million, or 5.15%.

In RMB millions

Item	The reporting period		Same period of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Loans and advances to customers	57,329	86.99	55,555	79.96
Financial investments	6,739	10.23	12,122	17.45
Creditor's rights investments	5,196	7.88	11,652	16.77
Other creditor's rights investments	1,543	2.35	470	0.68
Others	1,833	2.78	1,803	2.59
Total	65,901	100.00	69,480	100.00

3.7.6 Income tax expense

During the reporting period, the Group incurred an income tax of RMB2,969 million, a year-on-year increase of RMB438 million, or 17.31%. The effective income tax rate was 5.56%, up 0.33 percentage points year on year.

In RMB millions

Item	The reporting period	Same period of previous year
Profit before income tax	53,374	48,366
Income tax calculated at China's statutory tax rate	13,344	12,092
Effect of different tax rates applied by subsidiaries	-7	56
Effect of expenses that are not deductible	588	565
Effect arising from income not subject to tax	-9,485	-9,796
Other income tax adjustments	-1,471	-386
Income tax expense	2,969	2,531
Effective income tax rate (%)	5.56	5.23

3.7.7 IT input

During the reporting period, the Group's IT investment totaled RMB7,612 million, marking an increase of RMB443 million, or 6.18%, compared with the end of the previous year.

3.8 Analysis of the Balance Sheet

3.8.1 Analysis of assets

As at the end of the reporting period, the Group's total assets surpassed the RMB10 trillion milestone, reaching RMB10,081,746 million, an increase of RMB619,866 million, or 6.55%, over the end of the previous year.

In RMB millions

Item	End of the reporting period		End of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Total loans	5,703,973	56.58	5,391,530	56.98
Interest accrued on loans	14,253	0.14	15,528	0.16
Less: Allowance for impairment losses on loans at amortized cost	-145,724	-1.45	-137,898	-1.46
Financial investments	2,961,869	29.38	2,809,124	29.69
Long-term equity investment	8,274	0.08	1,807	0.02
Derivative financial assets	93,440	0.93	89,590	0.95
Cash and deposits with central bank	422,767	4.19	411,539	4.35
Due from and placements with banks and other financial institutions	651,582	6.46	597,361	6.31
Goodwill	5,351	0.05	5,351	0.06
Others	365,961	3.64	277,948	2.94
Total assets	10,081,746	100.00	9,461,880	100.00

3.8.1.1 Loans to customers

As at the end of the reporting period, the Group's total loans and advances were RMB5,703,973 million, an increase of RMB312,443 million, or 5.80%, from the end of the prior year. The ratio of total loans and advances to total assets was 56.58%.

3.8.1.2 Financial investments

As at the end of the reporting period, the Group's financial investments amounted to RMB2,961,869 million, an increase of RMB152,745 million, or 5.44%, over the end of the previous year. Of which, the balance of bond and asset-backed securities investments was RMB1,964,220 million, representing an increase of RMB149,654 million, or 8.25%, from the end of the previous year.

In RMB millions

Item	End of the reporting period		End of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Held-for-trading financial assets	820,948	27.72	691,019	24.60
Creditor's rights investments	1,250,256	42.21	1,326,638	47.23
Other creditor's rights investments	879,201	29.68	782,438	27.85
Other equity instrument investments	11,464	0.39	9,029	0.32
Total	2,961,869	100.00	2,809,124	100.00

For detailed information on each item presented under financial investments, please refer to "Note V. 7. Financial investments" in the financial statements.

The following table sets out the composition of total bond and asset-backed securities investments at the Group by issuers.

In RMB millions

Item	End of the reporting period		End of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Ministry of Finance, local governments, and central bank of China	1,045,802	53.24	966,180	53.25
Policy banks	279,876	14.25	366,073	20.17
Commercial banks and other financial institutions	215,917	10.99	244,997	13.50
Others	422,625	21.52	237,316	13.08
Total bond and asset-backed securities investments	1,964,220	100.00	1,814,566	100.00

The following table sets out the top 10 financial bonds held in nominal value.

In RMB millions

Bond name	Par value	Annual interest rate (%)	Maturity date	Allowance for impairment losses set aside
Policy bank bonds 2023	15,240	3.10	13-Feb-33	1.68
Policy bank bonds 2023	10,550	2.82	22-May-33	0.62
Policy bank bonds 2022	8,580	2.83	11-Aug-29	0.51
Policy bank bonds 2024	7,930	2.01	11-Sep-31	0.53
Policy bank bonds 2025	7,730	1.54	13-Jun-30	0.42
Policy bank bonds 2022	6,410	2.96	18-Jul-32	0.42
Policy bank bonds 2025	5,470	1.25	07-Nov-26	0.60
Policy bank bonds 2022	5,280	2.74	05-Sep-29	0.58
Policy bank bonds 2025	5,210	1.84	05-Mar-32	0.33
Policy bank bonds 2025	5,130	1.80	02-Apr-35	0.30

3.8.1.3 Long-term equity investment

As at the end of the reporting period, the balance of long-term equity investment at the Group recorded RMB8,274 million, up 357.89% from the end of the previous year. Specifically, the investment balance in joint ventures stood at RMB1,564 million, up 6.83% over the end of the prior year. The investment balance in associates was RMB6,710 million, up 1,856.27% over the end of the previous year. The balance of allowance for impairment losses on long-term equity investment at the Group was zero as at the end of reporting period.

3.8.1.4 Derivatives

In RMB millions

Item	End of the reporting period			End of previous year		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives	7,202,875	22,050	-21,934	5,891,771	37,371	-36,810
Exchange rate derivatives	3,035,482	14,219	-13,213	3,091,321	30,901	-27,347
Precious metal and other derivatives	775,850	57,171	-46,145	534,488	21,318	-14,418
Total		93,440	-81,292		89,590	-78,575

Derivatives designated as hedging instruments:

Fair value hedges						
Interest rate swap contracts	10,774	44	-126	14,653	55	-133
Currency swap contracts	12,171	71	-267	15,150	28	-195
Cash flow hedges						
Interest rate swap contracts	512	3	-	452	12	-
Currency swap contracts	49,707	150	-294	64,829	974	-153
Total		268	-687		1,069	-481

3.8.1.5 Goodwill

As per the China Accounting Standards for Business Enterprises (CASBE) provisions, the Group conducted the impairment test on the goodwill out of the purchase of Shanghai Trust as at the end of the reporting period. The impairment test findings suggested that no allowance for impairment losses needed to be set aside during the reporting period. As at the end of the reporting period, the book value of goodwill at the Group stood at RMB5,351 million.

3.8.2 Analysis of liabilities

As at the end of the reporting period, the Group's total liabilities amounted to RMB9,257,316 million, an increase of RMB540,217 million, or 6.20%, over the end of the previous year, of which the total deposits stood at RMB5,582,435 million, an increase of RMB436,476 million, or 8.48%, over the end of the previous year.

In RMB millions

Item	End of the reporting period		End of previous year	
	Amount	Percentage (%)	Amount	Percentage (%)
Total deposits	5,582,435	60.30	5,145,959	59.03
Interest payable on deposits	70,923	0.77	83,323	0.96
Due to and placements from banks and other financial institutions	2,079,603	22.46	1,727,567	19.82
Debt securities issued	1,140,416	12.32	1,419,972	16.29
Due to central bank	139,039	1.50	118,442	1.36
Held-for-trading financial liabilities	66,863	0.72	33,172	0.38
Derivative financial liabilities	81,292	0.88	78,575	0.90
Others	96,745	1.05	110,089	1.26
Total liabilities	9,257,316	100.00	8,717,099	100.00

Composition of total deposits

In RMB millions

Item	End of the reporting period		End of previous year	
	Balance	Percentage (%)	Balance	Percentage (%)
Current deposits	2,078,183	37.23	2,034,951	39.55
Incl.: Corporate deposits	1,623,986	29.09	1,620,275	31.49
Retail deposits	454,197	8.14	414,676	8.06
Time deposits	3,491,891	62.55	3,103,383	60.31
Incl.: Corporate deposits	2,212,093	39.62	1,943,073	37.76
Retail deposits	1,279,798	22.93	1,160,310	22.55
Other deposits	12,361	0.22	7,625	0.14
Total	5,582,435	100.00	5,145,959	100.00

3.8.3 Analysis of changes in shareholders' equity

As at the end of the reporting period, shareholders' equity of the Group was RMB824,430 million, up 10.69% from the end of the previous year. The equity attributable to the parent company's shareholders recorded RMB816,914 million, an increase of 10.94% over the end of the previous year; and the retained earnings totaled RMB250,963 million, up 8.92% over the end of the previous year, which was mainly credited to the net profit increase and profit distribution during the reporting period.

In RMB millions

Item	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Retained earnings	Total equity attributable to the parent company's shareholders
Opening balance	29,352	82,701	81,921	13,036	192,222	106,696	230,401	736,329
Increase	3,954	-	52,606	-	4,329	8,979	50,017	119,885
Decrease	-	2,782	66	6,997	-	-	29,455	39,300
Closing balance	33,306	79,919	134,461	6,039	196,551	115,675	250,963	816,914

In RMB millions

Item	End of the reporting period	End of previous year	Increase/decrease over the end of the previous year (%)
Share capital	33,306	29,352	13.47
Other equity instruments	79,919	82,701	-3.36
Capital reserve	134,461	81,921	64.13
Other comprehensive income	6,039	13,036	-53.67
Surplus reserve	196,551	192,222	2.25
General risk reserve	115,675	106,696	8.42
Retained earnings	250,963	230,401	8.92
Total equity attributable to the parent company's shareholders	816,914	736,329	10.94
Minority shareholders' equity	7,516	8,452	-11.07
Total equity	824,430	744,781	10.69

Note: The Bank's corporate convertible bonds, "SPDB Convertible Bond", entered the conversion period on 6 May 2020 and matured on 27 October 2025. During the reporting period, 3,953,659,998 shares were converted, and as at the end of the reporting period, the Bank's total number of ordinary shares increased to 33,305,838,300 shares.

3.9 Items with Changes above 30% in the Accounting Statements and Reasons

In RMB millions

Item	The current reporting period	Same period of previous year	Change (%)	Main reason for the change during the reporting period
Investment income	19,393	29,141	-33.45	Income from derivative financial instrument investments decreased.
Profit or loss on changes in fair value	5,443	-1,549	451.39	It was caused by changes in the fair value of derivative financial instruments.
Exchange profit or loss	250	988	-74.70	Exchange rate fluctuated and exchange gains decreased.
Other business income	4,967	3,776	31.54	Business income of subsidiaries increased.
Profit or loss on asset disposal	81	20	305.00	Income from disposal of fixed assets increased.
Impairment losses on other assets	201	43	367.44	Impairment losses on fixed assets increased.
Other business costs	2,822	2,058	37.12	Business costs of subsidiaries increased.
Non-operating income	76	1,184	-93.58	Shanghai Innovation Bank was included in the scope of consolidation in the previous year.
Minority interest income	388	578	-32.87	Subsidiaries' profit attributable to minority shareholders decreased.
Other comprehensive income after tax, net	-7,097	11,043	-164.27	The valuation of other creditor's rights investments changed.
Net cash flows generated/used by operating activities	375,836	-333,654	212.64	Net cash inflows from deposits from customers and duo to banks and other financial institutions increased.
Net cash flows used by investment activities	-39,120	-83,552	53.18	Cash received from recovering investments increased.
Net cash flows generated/used by financing activities	-274,094	327,479	-183.70	Cash paid for debt repayment increased.

In RMB millions

Item	End of the reporting period	End of previous year	Change (%)	Main reason for the change during the reporting period
Precious metals	82,382	23,062	257.22	The proprietary and agency precious metals held increased.
Long-term equity investments	8,274	1,807	357.89	Equity investments in associates increased.
Construction in progress	1,968	1,272	54.72	Procurement of equipment-related assets increased.
Due to banks and other financial institutions	1,414,528	872,000	62.22	Due to domestic non-bank financial institutions increased.
Held-for-trading financial liabilities	66,863	33,172	101.56	Financial liabilities related to bonds increased.
Financial assets sold under repurchase agreements	305,914	505,962	-39.54	Bonds and bills sold under repurchase agreements decreased.
Capital reserve	134,461	81,921	64.13	Convertible corporate bonds were converted into shares.
Other comprehensive income	6,039	13,036	-53.67	The valuation of other creditor's rights investments changed.

3.10 Analysis of Loan Quality

3.10.1 Five-tier classification of credit assets

In RMB millions

Five-tier risk classification	End of the reporting period		End of previous year		Increase/decrease over the end of the previous year (%)
	Balance	Percentage (%)	Balance	Percentage (%)	
Pass	5,512,552	96.65	5,191,869	96.30	6.18
Special mention	119,431	2.09	126,507	2.34	-5.59
Substandard	15,771	0.28	19,746	0.37	-20.13
Doubtful	18,578	0.32	15,333	0.28	21.16
Loss	37,641	0.66	38,075	0.71	-1.14
Total	5,703,973	100.00	5,391,530	100.00	5.80
Total NPLs	71,990	1.26	73,154	1.36	-1.59

In RMB millions

Category	End of the reporting period	Percentage (%)
Overdue loans	107,547	1.89
Restructured loans	37,932	0.67

Notes: (1) At the Group, a loan shall be entirely classified as overdue, once its principal or interest becomes overdue for one day or longer.
(2) The statistics of restructured loans are compiled in accordance with the relevant provisions of the Measures for the Risk Classification of Financial Assets of Commercial Banks.

3.10.2 Loan structure and loan quality by product types

In RMB millions

Product type	End of the reporting period			End of previous year		
	Loan balance	NPLs	NPL ratio (%)	Loan balance	NPLs	NPL ratio (%)
Corporate loans	3,588,500	43,362	1.21	3,179,154	42,616	1.34
Discounted bills	187,225	295	0.16	323,109	180	0.06
Retail loans	1,928,248	28,333	1.47	1,889,267	30,358	1.61
Personal mortgage loans	908,639	9,965	1.10	903,704	9,777	1.08
Personal business loans	408,434	6,887	1.69	416,147	7,072	1.70
Credit card and overdraft	389,327	7,488	1.92	370,223	9,057	2.45
Consumer loans and others	221,848	3,993	1.80	199,193	4,452	2.24
Total	5,703,973	71,990	1.26	5,391,530	73,154	1.36

Notes: Personal mortgage loans include personal residential mortgage loans and personal commercial property mortgage loans. Prior-period data have been retrospectively adjusted.

3.10.3 Loan structure and loan quality by industries

In RMB millions

Industry	End of the reporting period			End of previous year		
	Loan balance	Percentage in total loans (%)	NPL ratio (%)	Loan balance	Percentage in total loans (%)	NPL ratio (%)
Corporate loans	3,588,500	62.91	1.21	3,179,154	58.97	1.34
Manufacturing	740,956	13.00	0.87	684,214	12.70	1.45
Lease and commerce services	769,880	13.51	0.70	649,273	12.04	0.63
Real estate	399,870	7.01	3.36	397,011	7.36	2.50
Water, environment, and public utilities management	234,813	4.12	0.17	215,743	4.00	0.26
Wholesale and retail	264,904	4.64	1.69	210,354	3.90	2.28
Transportation, storage and postal services	207,267	3.63	0.68	201,696	3.74	0.27
Construction	218,007	3.82	1.67	190,723	3.54	1.89
Production and supply of electricity, heating, gas, and water	172,969	3.03	0.47	174,549	3.24	0.61
Financial services	170,662	2.99	2.76	146,268	2.71	3.55
Information transmission, software, and IT services	142,243	2.49	0.36	89,029	1.65	0.52
Mining	99,821	1.75	0.57	88,356	1.64	0.65
Scientific research and technology services	63,898	1.12	0.63	46,694	0.87	1.02
Culture, sports, and entertainment	20,186	0.35	2.20	21,293	0.39	1.08
Education	25,169	0.44	1.04	20,499	0.38	2.15
Healthcare and social welfare	18,343	0.32	0.78	17,530	0.33	1.40
Agriculture, forestry, animal husbandry, and fishery	22,341	0.39	0.30	16,701	0.31	0.71
Lodging and catering services	10,188	0.18	0.97	6,344	0.12	2.32
Resident services, repairing, and other services	2,360	0.04	3.09	1,790	0.03	10.00
Others	4,623	0.08	0.00	1,087	0.02	0.00
Discounted bills	187,225	3.28	0.16	323,109	5.99	0.06
Retail loans	1,928,248	33.81	1.47	1,889,267	35.04	1.61
Total	5,703,973	100.00	1.26	5,391,530	100.00	1.36

3.10.4 Loan structure by geography

In RMB millions

Region	End of the reporting period		End of previous year	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Head Office	466,589	8.18	497,134	9.22
Yangtze River Delta Region	2,002,864	35.11	1,839,887	34.13
Pearl River Delta and West Side of Taiwan Straits	731,530	12.82	690,135	12.80
Bohai Rim	761,295	13.35	693,249	12.86
Central China	579,464	10.16	551,051	10.22
Western China	731,599	12.83	708,559	13.14
Northeastern China	181,625	3.18	186,122	3.45
Overseas institutions and subsidiaries	249,007	4.37	225,393	4.18
Total	5,703,973	100.00	5,391,530	100.00

3.10.5 Loan structure by collateral types

In RMB millions

Item	End of the reporting period		End of previous year	
	Book balance	Percentage (%)	Book balance	Percentage (%)
Unsecured loans	2,160,385	37.88	2,034,367	37.73
Guaranteed loans	1,423,762	24.96	1,238,069	22.96
Loans secured by mortgages	1,865,477	32.70	1,857,201	34.45
Pledged loans	254,349	4.46	261,893	4.86
Total	5,703,973	100.00	5,391,530	100.00

3.10.6 Loan migration

In %

Item	2025	2024	2023
Normal loan migration rate	1.38	1.40	1.47
Pass loan migration rate	1.38	1.68	1.88
Special-mention loan migration rate	29.31	27.50	32.01
Substandard loan migration rate	85.99	90.63	71.69
Doubtful loan migration rate	80.86	81.83	62.19

3.10.7 Loans of top ten customers

In RMB millions

Customer	Loan balance	Percentage (%)
Customer A	26,902	0.47
Customer B	19,440	0.34
Customer C	15,000	0.26
Customer D	11,662	0.20
Customer E	10,078	0.18
Customer F	10,076	0.18
Customer G	10,000	0.18
Customer H	9,483	0.17
Customer I	8,000	0.14
Customer J	6,960	0.12
Total	127,601	2.24

3.10.8 Management of LGFV loans

During the reporting period, the Bank thoroughly implemented the decisions and plans of the CPC Central Committee and the State Council, strictly implemented regulatory requirements, and continuously strengthened the management of local government-related financing business, exercising rigid control over implicit debt of local governments and debt of local government financing vehicles (LGFVs). As at the end of the reporting period, the Bank continued to reduce financing related to implicit local government debt, and asset quality remained stable. First, the Bank exercised a rigid control over onboarding new financing customers, engaged in prudent and compliant operation, prohibited any new implicit local government debt, and tightly controlled the growth of debt related to LGFV operations. It enhanced ex-post monitoring and supervision, with a commitment to rigorously addressing any identified violations. Second, the Bank prudently and steadily addressed risks related to existing local government debt. On the one hand, it actively secured local government bond swap resources and intensified cash recovery efforts, thereby gradually and orderly reducing outstanding exposures. On the other hand, the Bank comprehensively applied measures such as loan extensions, interest rate reductions, and debt restructuring to alleviate repayment pressure on financing entities and prevent the risk of disruptions in debt chains. Third, the Bank actively supported the transformation, exit, and related financial service needs of LGFVs. It coordinated efforts to advance LGFV transformation and supported local governments in managing orderly exits. During the one-year post-exit observation period, the Bank actively cooperated with local governments in conducting ongoing monitoring of relevant enterprises. At the same time, for market-oriented entities after exit, the Bank appropriately increased support in a compliant and lawful manner to facilitate their sustainable development.

3.10.9 NPLs and corresponding measures taken

First, the Bank refined its post-lending management measures and promoted the implementation of the latest post-lending management requirements across the board. It further strengthened horizontal coordination and vertical communication, detailed post-lending management responsibilities between the Head Office and branches, reinforced requirements for post-lending inspections, and effectively fulfilled its primary responsibility for organizing and implementing post-lending management.

Second, the Bank established a dedicated post-lending inspection model, achieving full coverage of key products on a one-by-one basis. In light of issues identified in internal and external inspections as well as the latest regulatory requirements, the Bank regularly defined post-lending inspection priorities, summarized inspection focus areas for different products, and conducted inspections accordingly to improve the quality and efficiency of post-lending inspections.

Third, the Bank refined specific measures for key stages of the post-lending management process. Clearly defined measures were introduced to strengthen post-lending management across critical stages, including loan disbursement and payment approval, periodic post-lending inspections, and collateral review and monitoring, thereby comprehensively enhancing the quality of post-lending management at operating institutions.

Fourth, the Bank continuously strengthened risk monitoring in key areas. It conducted item-by-item reviews of significant risk signals identified through monitoring and analyzed causes from the perspectives of external regulatory provisions, internal policy requirements, system control logic, and execution effectiveness. Targeted measures such as policy optimization, system upgrades, and enhanced inspections were implemented to continuously improve post-lending management policies and mechanisms.

3.10.10 Credit extension to group customers

The Bank upheld the principles of "prudent and moderate credit extension" in granting credit lines to group customers, and performed unified management and risk control for such customers. It assessed customers' risks and ability to undertake risks, worked out the overall credit line to group customers reasonably, and prevented over-lending and concentration risk. Based on business development realities and in full consideration of the differentiated management requirements of group customers, it further refined the classified management mode for group customers. The Bank continuously refined the credit extension management system, optimized the credit extension management process, and stepped up early warning and post-lending management for group customers. During the reporting period, the Bank ensured overall stability of credit extension to group customers and satisfied the regulatory requirements for credit concentration of group customers.

3.10.11 Provision and write-off of loan impairment

In RMB millions

The Group	The reporting period	Same period of previous year
Opening balance	136,748	128,739
Provision during the reporting period	57,329	55,555
Write-off and disposal during the reporting period	-60,330	-59,464
Recovery of loans and advances written off in previous years	11,147	11,739
Other changes	-413	179
Closing balance	144,481	136,748

Note: Description of provisions for loan impairment: The Group assessed the expected credit loss in conjunction with forward-looking information. The method adopted by the measurement of expected credit loss reflected the following elements: the unbiased-probability weighted average amount determined by assessing a series of possible results; the time value of money; the reasonable and well-grounded information on related past events, current conditions and predictions of economic prospects that can be obtained on the balance sheet date without incurring unnecessary extra costs or endeavors.

3.11 Analysis of Other Regulatory Indicators Applicable for Commercial Banks

3.11.1 Capital structure and capital management

During the reporting period, the Bank adhered to a prudent and sound capital management strategy, continuously strengthened the guiding and constraining role of capital, and consistently enhanced its capacity for capital-intensive operations and capital adequacy management.

In line with the Rules on Capital Management of Commercial Banks, the Bank promptly adjusted its business development strategies and further heightened its awareness of intensive capital operations. As per the regulatory requirements, efforts were made to strengthen information and data management, promote data governance and system upgrades, improve the granularity of risk management, and ensure compliance with Pillar 3 disclosure requirements.

During the period, the Bank was designated as a domestic systemically important bank (D-SIB) in the second group, resulting in an additional CET1 capital requirement of 0.5%. In response, the Bank continued to build and refine its D-SIB management mechanisms to ensure that its capital adequacy ratio and leverage ratio remained in compliance with the additional regulatory requirements. The Bank also advanced its capabilities in risk prevention and resolution, thereby contributing to broader financial security and stability. As at the end of the reporting period, on a regulatory consolidated basis, the Group's CET1 CAR stood at 8.99%, tier 1 CAR at 9.99%, and CAR at 12.47%, all meeting regulatory standards.

In RMB millions

Item	End of the reporting period		End of previous year	
	The Group	The Bank	The Group	The Bank
Total capital	1,020,589	979,731	967,231	931,034
Incl.: CET1 capital	740,898	709,023	660,296	631,582
Additional tier 1 capital	80,492	79,920	80,503	79,920
Tier 2 capital	199,199	190,788	226,432	219,532
Capital deduction items	20,122	50,750	18,751	49,682
Incl.: CET1 capital deduction items	20,122	50,750	18,751	49,682
Additional tier 1 capital deduction items	-	-	-	-
Tier 2 capital deduction items	-	-	-	-
Net capital	1,000,467	928,981	948,480	881,352
Minimum capital requirement (%)	8.00	8.00	8.00	8.00
Requirement for capital reserve and counter-cyclical capital (%)	2.50	2.50	2.50	2.50
Additional capital requirement (%)	0.50	0.50	0.50	0.50
Risk-weighted assets	8,020,729	7,360,131	7,192,017	6,855,374
Incl.: Credit risk-weighted assets	7,567,568	6,934,367	6,775,195	6,455,659
Market risk-weighted assets	119,874	113,062	67,182	69,101
Operational risk-weighted assets	333,287	312,702	349,640	330,614
CET1 capital adequacy ratio (%)	8.99	8.94	8.92	8.49
Tier 1 capital adequacy ratio (%)	9.99	10.03	10.04	9.65
Capital adequacy ratio (%)	12.47	12.62	13.19	12.86

Notes: (1) The capital adequacy ratios were measured in accordance with the Rules on Capital Management of Commercial Banks issued by the NFRA.

(2) Net CET1 capital = CET1 capital – CET1 capital deduction items; net tier 1 capital = net CET1 capital + additional tier 1 capital – additional tier 1 capital deduction items; net total capital = net tier 1 capital + tier 2 capital – tier 2 capital deduction items.

(3) Additional capital requirements for systemically important banks: Systemically important banks shall satisfy the additional capital requirements, according to the PBC's Supplementary Regulatory Rules for Systemically Important Banks (Trial). The Bank made its way to the second group of domestic systematically important banks. It is subject to a capital surcharge of 0.5%, which means that the Bank's CET1 CAR, tier 1 CAR, and CAR shall not be lower than 8%, 9%, and 11%, respectively.

3.11.2 Leverage ratio

In RMB millions

Item	End of the reporting period		End of previous year	
	The Group	The Bank	The Group	The Bank
Net tier 1 capital	801,268	738,193	722,048	661,820
Adjusted balance of on-and off-balance sheet assets	12,582,490	12,313,325	11,452,352	11,195,184
Leverage ratio (%)	6.37	6.00	6.30	5.91

Note: Systemically important banks shall satisfy the additional leverage ratio requirements, according to the PBC's Supplementary Regulatory Rules for Systemically Important Banks (Trial). The Bank made its way to the second group of domestic systematically important banks. It should meet an applicable additional leverage ratio requirement of 0.25%, which means that the Bank's leverage ratio shall not be lower than 4.25%.

3.11.3 Liquidity coverage ratio

In RMB millions

The Group	End of the reporting period
Qualified current assets	1,012,164
Net cash outflow	718,230
Liquidity coverage ratio (%)	140.92

3.11.4 Net stable funding ratio

In RMB millions

The Group	31 Dec. 2025	30 Sep. 2025	30 Jun. 2025	31 Mar. 2025
Net stable funding ratio (%)	104.21	101.91	104.25	104.08
Stable funds available	5,538,438	5,300,343	5,221,238	5,133,926
Stable funds needed	5,314,664	5,201,007	5,008,264	4,932,794

3.11.5 Other regulatory financial indicators of the Bank for the past three years

In %

Item	Regulatory standard	End of the reporting period	End of previous year	At the end of 2023
CAR	≥ 11	12.62	12.86	12.25
Tier 1 CAR	≥ 9	10.03	9.65	10.22
CET1 CAR	≥ 8	8.94	8.49	8.51
Asset liquidity ratio – RMB	≥ 25	53.21	55.53	50.62
Asset liquidity ratio – RMB and foreign currencies combined	≥ 25	54.42	55.54	50.91
Proportion of loans to the single biggest customer to net capital	≤ 10	2.90	2.99	3.05
Proportion of loans to the top ten customers to net capital	≤ 50	13.74	12.65	14.71
Allowance to NPLs ratio	≥ 130	193.89	182.26	170.19
Allowance to total loans ratio	≥ 1.8	2.44	2.45	2.49

Notes: (1) In the table, the capital adequacy ratios, asset liquidity ratios, proportion of loans to the single biggest customer, proportion of loans to the top ten customers, allowance to NPLs ratio, and allowance to total loans ratio are calculated based on data submitted to the regulator, under the data standard of the parent company.

(2) As per the provisions set out in the Notice on Adjusting Regulatory Requirements for Allowance for Loan Losses at Commercial Banks, all joint-stock banks shall adopt the regulatory standard of putting their allowance to NPLs ratio and allowance to total loans ratio under differentiated and dynamic adjustment.

3.12 Other Information Disclosed Pursuant to Regulatory Requirements

3.12.1 Interest receivable

As at the end of the reporting period, the details of interest receivables of the Group can be seen in the note disclosures of various financial assets and liabilities in financial statements.

In accordance with the Notice on the Revision and Issuance of the Format of Financial Statements Prepared by Financial Enterprises in 2018 issued by the Ministry of Finance, interest on financial instruments accrued by the effective interest rate method is reflected in the corresponding financial instrument statement items, and interest due and receivable but not yet collected is presented in the "Other assets" item.

Bad-debt provision for interest receivable

During the reporting period, the Group examined the interest receivable with the expected credit loss model as the basis and set aside allowance for losses of corresponding financial instruments. Details of the changes in the bad-debt provision for interest receivable can be seen in "Note V. 15. Assets impairment provision" in the financial statements.

3.12.2 Repossessed assets and provision for impairment

In RMB millions

The Group	End of the reporting period	End of previous year
Original value of repossessed assets	804	822
Less: Allowance for repossessed asset impairment	265	240
Net value of repossessed assets	539	582

3.12.3 Financial assets and liabilities measured at fair value

The internal control system in connection with measurement of fair value: For financial instruments traded in active markets, the determination of fair value is based on quoted market prices preferentially. For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques such as valuation model or third-party quotation.

The valuation techniques include the techniques referring to prices used in market transactions recently conducted by all parties being familiar with the situation and making the transaction voluntarily, the current fair value of other financial instruments that are essentially the same, and the discounted cash flow method. The valuation techniques should make use of market parameters as much as possible. However, when there are no market parameters, valuation should be made for credit spread, market volatility and correlation of the counterparty. Variation of these relevant assumptions will have impact on fair value of these financial instruments.

In RMB millions

Items in connection with the measurement of fair value	At the end of 2024	Profit/loss on changes in fair value during the current period	Accumulated changes in fair value recorded into equity	Impairment accrued during the current period	At the end of 2025
Financial assets					
1. Precious metals	23,062	8,360	-	-	82,382
2. Held-for-trading financial assets	691,019	-1,777	-	-	820,948
3. Derivative financial assets	89,590	4,445	-	-	93,440
4. Loans measured at fair value through profit or loss	3,533	10	-	-	6,527
5. Loans measured at fair value through other comprehensive income	331,012	-	-11	55	195,063
6. Other creditor's rights investments	782,438	-952	-949	1,543	879,201
7. Other equity instrument investments	9,029	-	1,103	-	11,464
Total financial assets	1,929,683	10,086	143	1,598	2,089,025
Financial liabilities					
1. Held-for-trading financial liabilities	33,172	6,985	-	-	66,863
2. Derivative financial liabilities	78,575	740	-	-	81,292
Total financial liabilities	111,747	7,725	-	-	148,155

Note: This table has no consequent articulation.

3.12.4 Entrusted asset management, asset securitization, various agency and custody businesses, and more

3.12.4.1 Wealth management business

During the reporting period, the Bank focused on the wealth management needs of personal customers and their families across the full lifecycle, strengthened group-wide synergies, enhanced product competitiveness, and upgraded asset allocation services. At the same time, it energetically advanced the development of the wealth management platform as a super system, accelerated the application of AI technologies in the wealth management business, and leveraged digital and intelligent services to continuously optimize and enhance the customer experience. As at the end of the reporting period, the Bank's AUM (including market value) from personal customers reached RMB4,664,533 million, representing an increase of RMB785,926 million, or 20.26%, compared with the end of the previous year. The wealth management products of SPDB Wealth Management reached RMB1,465,084 million, an increase of RMB194,527 million, or 15.31%, from the end of the prior year.

3.12.4.2 Asset securitization business

During the reporting period, the Bank fully leveraged credit asset securitization to revitalize existing assets and optimize its asset structure. It successfully issued 11 credit asset securitization projects, with a total business volume of RMB33,145 million, and efficiently disposed of NPAs through standardized transactions in the public market.

3.12.4.3 Custody business

During the reporting period, the Bank carried out a number of custody businesses such as securities investment funds custody, custody of assets of securities company, custody of separately managed account (SMA) fund products, custody of bank wealth management products, trust custody, custody of private equity funds, custody of insurance funds, custody of annuity and benefit schemes, custody of customer funds, custody of QDII/QFII products, custody of assets of futures company, and custody of direct equity. As at the end of the reporting period, the asset custody business had a scale of RMB20.21 trillion, an increase of 11.47% year on year. During the reporting period, the business generated a total of RMB2,481 million of custody fee income, up 7.22% year on year.

3.12.4.4 Trust business

The Bank accelerated the development of its trust business. Centered on customer needs, it advanced the development of trust products to support diversified asset allocation. Anchored in a prudent and robust investment strategy, the Bank adopted diversified allocation approaches and further integrated its offerings into customers' wealth management and inheritance planning. Shanghai Trust actively explored innovative trust products with real estate, equity, and unlisted equity as underlying assets. As at the end of the reporting period, wealth management trusts reached RMB46,651 million, an increase of RMB11,138 million compared with the end of the previous year.

3.12.4.5 Funds and securities (agency) business

During the reporting period, in its insurance agency business, the Bank continued to deepen the bank-insurance cooperation ecosystem. Centered on "wealth, coverage, retirement, and inheritance", it established an integrated service framework for wealth inheritance and protection, providing customers with professional, one-stop comprehensive services that could meet their full-lifecycle financial service needs, including wealth management, health protection, retirement planning, and inter-generational wealth transfer. In its fund and securities agency business, the Bank regarded enhancing customer experience as its primary objective. By strengthening market research and investment capabilities and developing asset allocation support tools, it further refined a mutual fund product selection system covering multiple strategies and asset classes. At the same time, the Bank deepened customer insights, optimized service processes and ongoing customer engagement, and systematically enhanced the professional value and service capabilities of its fund and securities agency business.

3.12.5 Off-balance-sheet items that might exert material impact on financial position and business performance of the Bank

In RMB millions

The Group	End of the reporting period	End of previous year
Credit commitments	2,129,338	1,985,466
Incl.: Bank's acceptance bill	868,231	760,672
Letters of credit issued	309,226	277,511
Letters of guarantee issued	117,470	113,713
Credit card commitments	623,805	586,705
Other loan commitments	210,606	246,865
Capital commitments	9,307	7,849

3.13 Analysis of Major Holding and Participating Companies

3.13.1 External equity investments

In RMB millions

Item	End of the reporting period	End of previous year	Change	Change rate (%)
Investment balance in joint ventures	1,564	1,464	100	6.83
Investment balance in associates	6,710	343	6,367	1,856.27

Notes: (1) As at the end of the reporting period, the joint venture of the Bank was AXA SPDB Investment Managers Co., Ltd.

(2) Associates included Shanghai Xingqi Hengtai Enterprise Management Partnership (Limited Partnership), China Trust Registration Corporation Limited, Shanghai Commercial Paper Exchange Corporation Ltd., and more.

3.13.2 Interests in unlisted financial enterprises

In RMB millions

Investee	Investment balance	Stake in the company (%)	Book value at the end of the period	Profit/loss during the reporting period	Other changes in owner's equity during the reporting period	Accounting item
AXA SPDB Investment Managers Co., Ltd.	612	51.00	1,564	121	-	Long-term equity investments
Shenlian International Investment Co., Ltd.	286	16.50	672	-	2	Financial investments: Other equity instrument investments
China UnionPay Co., Ltd.	104	3.07	2,302	58	428	Financial investments: Other equity instrument investments
National Financing Guarantee Fund Co., Ltd.	2,000	3.03	2,122	-	5	Financial investments: Other equity instrument investments
National Green Development Fund Co., Ltd.	4,200	7.91	4,357	-	1,766	Financial investments: Other equity instrument investments
Shanghai Xingqi Hengtai Enterprise Management Partnership (Limited Partnership)	6,207	58.33	6,207	-	-	Long-term equity investments
China Trust Registration Corporation Limited	100	3.33	87	-2	-	Long-term equity investments
China Trust Protection Fund Co., Ltd.	500	4.35	697	105	-	Financial investments: Held-for-trading financial assets
Shanghai Life Insurance Co., Ltd.	80	1.33	-	-	-	Financial investments: Held-for-trading financial assets
Total	14,089		18,008	282	2,201	

Note: Profit/loss during the reporting period refers to the influence of the investment on profit of the Group during the reporting period.

3.13.3 Analysis of major investee companies of the Group

Shanghai Trust

Shanghai International Trust Co., Ltd., established in May 1981, is one of the earliest trust companies in China. In March 2016, the Bank completed the purchase of Shanghai Trust's equity by issuing ordinary shares to Shanghai Trust's original shareholder, Shanghai International Group Co., Ltd. and became the controlling shareholder of Shanghai Trust. Shanghai Trust has a registered capital of RMB5 billion, in which the Bank holds 97.33% shares. Shanghai Trust actively advances its return to its founding mission in accordance with the requirements for dividing trust business into three types. It endeavors to foster capabilities for conducting active management, empowering the real economy, and catering to the aspirations of the Chinese people for a better life. Concurrently, it constantly innovates business and management modes. As a result, it has built up its brand image in the market and witnessed a leading comprehensive strength among trust companies in China.

As at the end of the reporting period, assets under the consolidated management of Shanghai Trust amounted to RMB1,389,869 million and the net assets on a consolidated basis amounted to RMB26,391 million. During the reporting period, Shanghai Trust achieved an operating income of consolidated statement of RMB3,298 million and a net profit of RMB942 million.

SPDB Financial Leasing

SPDB Financial Leasing Co., Ltd., established in April 2012, is China's first financial leasing company integrating financial capital and industry capital. SPDB Financial Leasing has a registered capital of RMB6,403,574,436, in which the Bank holds 69.564% shares. Relying on the powerful platforms and advantageous resources of all shareholders, SPDB Financial Leasing fully exploits the functional characteristics of financial leasing as a combination of industry and finance on the one hand and a mix of funds and goods financing on the other hand. It focuses on the development of aviation, shipping, aerospace, advanced manufacturing, green finance and other fields, and is dedicated to providing customers with professional, featured and innovative financial leasing products and services.

As at the end of the reporting period, the total assets of SPDB Financial Leasing reached RMB170,950 million and the net assets amounted to RMB17,424 million. During the reporting period, SPDB Financial Leasing achieved an operating income of RMB10,088 million and a net profit of RMB1,708 million.

SPDB Wealth Management

SPDB Wealth Management Co., Ltd., established in January 2022 with a registered capital of RMB5 billion, is a wholly-owned subsidiary of the Bank. Aligning itself with world-class asset management institutions, SPDB Wealth Management aims to make professional investments and reward investors' trust with considerable returns. Assets under management and the client base have steadily increased, while investment performance remains stable. It strives to develop into a leading bank-backed wealth management subsidiary in China, characterized by market-oriented operations and management, integrated customer services, diversified product R&D, professional investment research, comprehensive risk management, digital and intelligent business development, and agile operational support.

As at the end of the reporting period, wealth management products of SPDB Wealth Management totaled RMB1,465,084 million, with net assets of RMB10,136 million. During the reporting period, it achieved an operating income of RMB2,636 million and a net profit of RMB1,641 million.

SPDB International

SPDB International Holdings Limited ("SPDB International") was opened officially in Hong Kong in March 2015 as a wholly-owned subsidiary of the Bank. SPDB International has licenses of Type 1 "dealing in securities", Type 4 "advising on securities", Type 6 "advising on corporate finance", Type 9 "asset management", listing sponsorship, securities brokerage and other regulated activities from Hong Kong Securities and Futures Commission and has established a full-licensed investment banking platform. SPDB International focuses on serving customers' cross-border investment and financing demands and provides integrated and diversified financial services including listing sponsor, M&A, securities underwriting, financial advisory, investment management, enterprise financing advisory, publicly and privately offered asset management, and securities trading, leveraging its domestic market presence and marketing channels, thus achieving the linkage and complementation of investment banking business and commercial banking business.

As at the end of the reporting period, the total assets of SPDB International reached HKD23,391 million and the net assets amounted to HKD2,496 million. During the reporting period, SPDB International registered a business income of HKD1,437 million and a net profit of HKD195 million.

AXA SPDB Investment Managers

AXA SPDB Investment Managers Co., Ltd. is a fund management joint venture established in August 2007. AXA SPDB Investment Managers has a registered capital of RMB1.2 billion, in which the Bank holds 51% shares. AXA SPDB Investment Managers has fully implemented the Group's digitalization & intelligentization strategy and has been deeply integrated into the coordinated development of the five priority tracks. Centered on the three strategic brands: "Fixed Income Hub", "Index Hub", and "Global STI Hub", the company has advanced its transformation in depth, systematically optimizing its business structure and enhancing its core capabilities. It takes the systematic enhancement of investment and research capabilities as its core driver, reshapes its marketing model with a customer-centric approach,

and leverages product structure optimization as a key breakthrough to drive business transformation. It has comprehensively advanced profound changes in operating philosophy, organizational culture, talent mechanisms, and business models, striving to build a new business landscape that is differentiated, distinctive, and sustainable, thereby laying a solid foundation for long-term, high-quality development.

As at the end of the reporting period, the AUM of AXA SPDB Investment Managers reached RMB458.6 billion and the net assets amounted to RMB3,069 million. During the reporting period, AXA SPDB Investment Managers achieved an operating income of RMB1,215 million and a net profit of RMB240 million.

Shanghai Innovation Bank

Shanghai Innovation Bank Co., Ltd. was established in August 2012. With a registered capital of RMB1 billion, it is a wholly-owned subsidiary of the Bank. As China's first technology finance service bank dedicated to the STI sector, Shanghai Innovation Bank is deeply embedded in the venture capital ecosystem, empowering STI development and fostering global connectivity. It focuses on five core STI industries: digital transformation, intelligent manufacturing, semiconductors, life sciences and healthcare, and climate technology and new energy, and provides comprehensive financial services across the full lifecycle of tech enterprises. It also serves as a bridge connecting global investment institutions, partners, and tech enterprises to China's STI ecosystem.

As at the end of the reporting period, the total assets of Shanghai Innovation Bank reached RMB23,946 million and the net assets amounted to RMB2,261 million. During the reporting period, Shanghai Innovation Bank achieved an operating income of RMB421 million and a net profit of RMB55 million.

SPD rural banks

SPD rural banks are banking financial institutions, each with an independent legal person status, incorporated by the Bank to implement the decisions and plans of the CPC Central Committee and State Council on the work of agriculture, rural areas, and rural residents and to better serve national strategies, fulfill its corporate social responsibilities (CSR), and develop inclusive finance. The Bank incorporated its first SPD rural bank in Mianzhu, Sichuan in 2008. To date, a total of 28 SPD rural banks have been established in 19 provinces and cities of China, more than 70% of which are located in the central, western and northeastern parts of the country. SPD rural banks are committed to serving agriculture, rural areas, and farmers and supporting micro and small enterprises in the county-level areas. Closely aligned with the rural revitalization strategy of China and the Group's development plans, they position themselves as "small yet significant" financial institutions engaged in "supporting agriculture and micro and small enterprises". Guided by the "small-amount and decentralized" business tenet, they made solid strides in conducting customer management, supporting the development of the real economy, and alleviating the financing difficulties of farmers and micro and small enterprises. To date, they have played a significant role in advancing all-around rural revitalization.

Since 2025, to implement the requirements of the NFRA on advancing the reform and restructuring of rural banks, the Bank has proactively pressed ahead with the reform of its rural banks. During the year, 12 such banks were acquired and restructured into branches of the Bank, with their businesses and services smoothly and steadily integrated. The reform of the remaining 16 SPD rural banks is also being actively advanced. As at the end of the reporting period, SPD rural banks possessed total assets of RMB24,819 million. Their deposit balance was RMB20,949 million and their loan balance was RMB13,551 million. They had 889.3 thousand settlement customers and 34.2 thousand loan customers, with an average loan size of RMB396,800 per account.

3.14 Risk Management

3.14.1 Organizational structure of the Bank for risk management

The Bank establishes a well-structured risk governance framework with clearly defined responsibilities to specify the division of duties among the Board of Directors, the Senior Management, and functional departments in terms of risk management, builds a risk management architecture that matches the risk profile of the primary-level outlets, and puts in place a multi-level and interconnected operation mechanism with effective checks and balances, all of which ensure that the policies, systems, and processes related to comprehensive risk management can be implemented at the Head Office and branches of all levels.

As the highest decision-making body of the Bank for comprehensive risk management, the Board of Directors takes the ultimate responsibility for the Bank's efforts in this regard. The Senior Management carries out comprehensive risk management by implementing the resolutions of the Board of Directors and receiving its oversight. The Risk Control Committee of the Head Office, as a special committee under the Senior Management, conducts comprehensive risk management in accordance with the Bank's business strategy and overall objectives for risk management. Under the Risk Control Committee of the Head Office are the Credit Approval Committee, the Special Assets Management Committee, the Product Risk Review Committee, the Model Review Committee, the Anti-money Laundering Steering Group, and the Credit Information Security Steering Group.

3.14.2 Risks facing the Bank

As a special enterprise engaged in currencies and credit, the Bank faces the following major risks in operation: credit risk, liquidity risk, market risk (including interest rate risk and exchange rate risk, etc.), operational risk (including settlement risk, technical risk, and system risk, etc.) as well as compliance risk, legal risk, IT risk, strategic risk, reputational risk, country risk, etc.

3.14.3 Statement on credit risk

During the reporting period, the Bank continued to improve its credit risk management. Both the NPL balance and ratio declined compared with the end of the prior year, with the NPL ratio reaching its lowest level since 2015. Key risk indicators achieved their strongest levels in recent years. The allowance-to-NPL ratio exceeded 200% and has increased for four consecutive years, reaching its highest level since 2016, with risk offsetting capabilities continuing to strengthen.

3.14.3.1 Policy making

Continuously guided by its risk appetite and aligned with its annual strategic plan, resource allocation, business arrangements, and risk control objectives, the Bank further enhanced the management of various risk types. First, the Bank continued to advance the implementation of a tiered indicator framework and explored the digital and intelligent application of risk appetite indicators. Second, it refined the assessment mechanism for risk appetite to enhance its binding effect. Third, it strengthened the management of sub-indicators to reinforce refined risk management across the Bank. Fourth, it continued to improve the risk appetite transmission mechanism, ensuring effective transmission to branches through policy measures and limit management.

With respect to corporate credit risk management, during the reporting period, the Bank resolutely implemented national policies aimed at addressing structural imbalances in key industries and promoting quality upgrades. It formulated its 2025 Customer Credit Orientation Policy, allocated high-quality financial resources to support the real economy development, continuously strengthened the guiding role of these policies, and promoted the high-quality development of its corporate banking business. At the same time, focusing on industry limit management targets, the Bank comprehensively optimized monitoring technologies and tools for industry limits, continuously enhanced industry risk buffers, and effectively ensured the achievement of risk appetite management objectives.

3.14.3.2 Credit extension management

First, the Bank closely monitored the national macroeconomic and financial landscape, conscientiously implemented the directives outlined at the Central Economic Work Conference and the Central Financial Work Conference, and maintained a stance of prudence and professionalism in business approvals, with the quality of approvals improved steadily. Its approval efficiency remained industry-leading. Second, the Bank persistently conducted quality inspections of all credit operations, thereby fostering continued enhancements to the compliance of right exercise and the appropriateness of approvals. It effectively safeguarded the stability of asset quality. Third, the Bank continued to enhance the depth and granularity of credit extension management by implementing a "five-dimensional evaluation" system across all domestic branches. This system could integrate institutional and personnel assessments, thereby laying the groundwork for comprehensive management. These efforts resulted in an overall enhancement of credit management practices. Fourth, the Bank made every effort to enhance professional competence and ensured all credit-granting personnel could steadily sharpen their necessary skills and capabilities for transformation and development through such methods as hierarchical training, online teaching, and the WeChat official account for credit extension. Fifth, the Bank kept conducting onsite inspections on credit extension management of its branches and sub-branches, consistently enhancing the quality of and control over its credit business.

3.14.3.3 Risk forewarning

The Bank continued to create a risk forewarning system that can send "precise signals", cover "full processes", and emphasize "application", making risk forewarning more comprehensive, effective, and timely. First, the Bank continuously upgraded its risk forewarning rule framework by integrating multi-dimensional data sources to enrich the rule library and strengthen the identification of potential risks, while reinforcing dynamic post-evaluation management of rules to enhance the refined management of early warnings. Second, it optimized the closed-loop management mechanism for risk early warnings by establishing an online, closed-loop operating system that integrates automatic triggering, real-time notifications, verification feedback, and follow-up assessment, thereby ensuring the effective implementation of early warning management measures. Third, it strengthened the integration of risk early warning results into business processes, with early warning information directly connected to business systems, covering the entire operational process and enabling forward-looking risk control.

3.14.3.4 Asset preservation

During the reporting period, the Bank proactively optimized its risk mitigation and disposal strategies to maximize asset value. It intensified the disposal of NPAs through a comprehensive range of measures, including mediation, litigation, market-based transfers, asset securitization, restructuring, debt-for-asset swaps, and debt-to-equity swaps, fully leveraging synergies among these measures to enhance the quality and efficiency of risk resolution and NPL disposal.

3.14.3.5 Write-off of loss loans of the Bank during the reporting period

During the reporting period, the total amount of loss assets, as approved by the Board of Directors or by the Senior Management upon the authorization of the Board of Directors, and subsequently subjected to accounting treatment for write-off, amounted to RMB65,829 million, representing a decrease of more than RMB10 billion compared with the prior year. This reflects a reduced reliance on write-off measures. Guided by the principle of "account cancellation, case recording, and existence of right", the Bank continued to exercise its external recourse rights over written-off assets to ensure that asset rights and interests are preserved and to minimize risks and losses to the greatest extent possible.

3.14.4 Statement on liquidity risk

The liquidity risk management objective is to ensure the Bank's ability to perform the obligations to provide funds when customers want to withdraw and to make payments to customers, as well as realize a balance between total assets and liabilities and the structure; through active management, the liquidity cost can be reduced, liquidity crisis can be avoided, and the systemic liquidity risk can be coped with effectively. In accordance with the Group's liquidity risk policy and risk limit requirements, in line with the pace of credit policy and monetary policy regulation, and in light of its own asset-liability structure and overall balance of funds, the Bank has kept layered and proactive management of liquidity risk as per the principle of aggregate balance and structural equilibrium. By establishing a monitoring mechanism for aggregate liquidity, it has strengthened real-time monitoring on intraday position accounts in local and foreign currencies. It has improved position forecasting in light of business developments, continued to enhance the position forecasting mechanism, and optimized the beforehand declaration system for large-amount positions. It has prepared a cash flow gap table on a daily basis, and used the gap management method to predict cash flow gap changes in future assets and liabilities' on-and-off-balance-sheet items. It has carried out regular stress tests and emergency response drills, and enhanced its ability to respond to and deal with liquidity risk events. It has closely monitored indicators related to liquidity risk, promptly conducted liquidity risk assessment for assets and liabilities' on-and-off-balance-sheet items, and made proactive financing arrangements and adjustments to asset and liability portfolios, to meet liquidity safety requirements and achieve a balance between liquidity, safety, and profitability.

During the reporting period, the Bank's liquidity operated smoothly, with the level of liquidity risk deemed safe and manageable. Firstly, provisioning was safe and abundant, and the cash flow gap was maintained at a reasonable level. Secondly, efforts were made to optimize the liability scale and structure and maintain robust deposit growth. Thirdly, liquidity risk indicators remained stable. Overall, the Bank's liquidity risk was assessed to be at a low level.

3.14.5 Statement on market risk

During the reporting period, the Bank adapted itself to changes in the market, business landscape, and regulatory requirements, by continuing to optimize market risk management and enhance risk management capabilities. First, it closely monitored financial market trends and tracked changes in the external environment, with overall sound execution of market risk limits across the Bank. Second, it continued to advance refined monitoring and management of the trading book, regularly reviewed stress testing scenarios, strengthened market risk assessments for new underlying assets and structures, and improved its ability to identify market risks in trading activities. Third, it continued to upgrade and iterate market risk management systems to fully support the measurement of market risks for innovative businesses, while further enhancing market risk management capabilities, transaction monitoring capabilities, and data quality control.

In RMB millions

Interest rate risk	Stock risk	Commodity risk	Exchange rate risk	Credit spread risk			Default risk	Residual risk	Total
				Non-securitized assets	Securitized assets (non-correlation)	Securitized assets (correlation)			
3,335.08	140.97	2,181.98	1,928.87	1,286.22	63.29	0	627.93	25.61	9,589.95

3.14.5.1 Interest rate risk

Interest rate risk in the trading book (IRRTB)

The Bank has incorporated IRRTB into its market risk management system. It conducts regular interest rate risk measurements and stress tests, enhances its efforts in interest rate risk prevention, and maintains IRRTB at a reasonable level.

Interest rate risk in the banking book (IRRBB)

The Group has established a comprehensive IRRBB management system. It mainly adopts appropriate methods and tools such as repricing gap analysis, duration analysis, sensitivity analysis, and scenario simulation to measure and monitor IRRBB. During the reporting period, adhering to the neutral and prudent IRRBB appetite and risk management strategy, the Group strengthened the research and assessment of macro-economic and monetary policies at home and abroad and implemented dynamic monitoring and forward-looking risk management in light of the impact of interest rate marketization and interest rate curve movements. During the reporting period, the Group aligned its business scale and term structure with the risk management strategy as well as asset-liability operation objectives by utilizing proactive allocation tools for assets and liabilities, as well as pricing tools. As a result, IRRBB indicators remained within the risk appetite established by the Board of Directors, ensuring that the overall risk level remained stable and manageable.

3.14.5.2. Exchange rate risk

Exchange rate risk in the trading book (ERRTB)

The Bank continuously monitors currency position sizes and conducts regular stress tests for exchange rate risk. As at the end of the reporting period, all exchange rate risk indicators in the trading book remained within target ranges.

Exchange rate risk in the banking book (ERRBB)

The Bank primarily utilizes measurement and analysis methods, such as exposure monitoring, exposure analysis, and scenario simulation, to assess the current status and trends of ERRBB and implement management measures, so as to control the risk within a reasonable and tolerable range. During the reporting period, adhering to a neutral and prudent strategy, the Bank managed ERRBB, ensuring such risk remained sound and manageable.

3.14.6 Statement on operational risk

Operational risk refers to the risk of losses caused by an inadequate or problematic internal procedure, staff or IT system, and external events. Operational risk includes legal risk but excludes strategy risk and reputational risk.

During the reporting period, in alignment with regulatory requirements and its operational risk management measures, the Bank updated four management procedures covering operational risk event collection, key operational risk indicators, operational risk reporting, and operational risk and control self-assessment (RCSA). It strengthened specialized training and inspections on operational risk for Head Office departments, domestic and overseas branches, and consolidated entities, while continuously optimizing various relevant tools and modules, thereby keeping overall operational risk within a manageable range.

3.14.7 Statement on other risks

3.14.7.1 Large exposures management

According to the Rules on Large Exposure of Commercial Banks, large exposure refers to the credit risk exposure of a commercial bank exceeding 2.5% of its net tier 1 capital (including various kinds of credit risk exposures arising in the banking book and the trading book) to a single customer or a group of related customers. The Bank integrates large exposure management into its comprehensive risk management framework, continuously enhances credit extension requirements for customers, refines risk exposure measurement rules, monitors changes in large exposures, and regularly reports large exposure indicators and related management practices to regulators, thereby effectively controlling customer concentration risk. As at the end of the reporting period, with the exception of customers exempt from regulatory requirements, the Bank's non-interbank single customers, non-interbank group customers, interbank single customers, and interbank group customers that met the criteria for large risk exposure all complied with regulatory requirements.

3.14.7.2 Compliance risk

During the reporting period, the Bank adhered to the overarching requirement of "safeguarding the bottom line and empowering development", set the objectives of "improving compliance indicators, strengthening compliance consensus, and achieving breakthroughs

in key compliance areas", and focused on the central task of "managing personnel, policies, and business properly", with priority given to "reducing penalties, cases, and violations". It continuously advanced five key initiatives: "holding the bottom line, strengthening support, reinforcing the foundation, enhancing capabilities, and improving work style". The Bank aligned mindsets, addressed issues head-on, and reinforced accountability, applying strict governance to safeguard the Bank's high-quality development with high-standard compliance. During the reporting period, the Bank's overall compliance risk management remained sound, with no major risk events or material violations of laws or regulations. All key compliance indicators improved steadily.

3.14.7.3 Anti-money laundering (AML)

The Bank adhered to a risk-based approach, implemented the requirements of the new Anti-Money Laundering Law, refined internal control mechanisms, and enhanced the effectiveness of AML prevention and control. Building on its longstanding compliance foundation, the Bank further strengthened identity management throughout the entire customer lifecycle, optimized suspicious transaction monitoring models and fund flow analysis capabilities, deepened cross-border AML coordination, and reinforced all-staff compliance training and cultural building. The Bank diligently fulfilled its social responsibilities, strengthened its AML defenses with professional expertise, and safeguarded financial security and stability.

3.14.7.4 Legal risk

The Bank has made comprehensive strides in law-based corporate governance, revised and enhanced foundational legal management policies, and established a robust institutional framework spanning business processes and management links. It took measures to prevent legal and compliance risk and strengthened the interpretation of relevant policies, providing effective legal support for key initiatives, major decisions, and significant projects. The Bank applied and further advanced the Fengqiao model in the new era to establish an integrated dispute resolution mechanism that combines mediation with litigation. It also promoted the implementation of legal talent development programs to build a high-caliber, multidisciplinary talent pool, and deeply integrated legal awareness and education initiatives with business development, thereby supporting the Bank's high-quality growth.

3.14.7.5 IT risk

The Bank continued to strengthen its IT risk management framework by conducting IT risk assessments, risk assessments for domestic IT innovation, data security risk assessments, and mobile application risk assessments. It also had ongoing IT risk monitoring and issued timely alerts based on internal and external events as well as monitoring outcomes.

3.14.7.6 Business continuity management

During the reporting period, the Bank further strengthened its business continuity management. It revised and updated business continuity management policies, further optimized the scope of critical operational activities, and continuously enhanced the quality of business continuity plans and related contingency plans. The Bank also advanced the development of business continuity resources and conducted regular business continuity drills. As a result, business continuity risks remained under control.

3.14.7.7 Strategic risk

The Bank maintained a prudent strategic risk appetite, closely aligning with the digitalization & intelligentization strategy and focusing on its key business priorities. It continued to advance the five priority tracks and the three supers in depth, further consolidating its positive development momentum. Building on its overall sound operating performance, the Bank strengthened strategic guidance, accelerated transformation and development, and enhanced its core competitiveness. Its strategy remained well aligned with national strategic requirements, regulatory policy guidance, and changes in the external environment. This was accompanied by a notable increase in the strength of strategy execution and the Bank's ability to manage strategic risks effectively. As a result, the Bank maintained its strategic risk at a stable and manageable level.

3.14.7.8 Reputational risk

During the reporting period, the Bank strictly implemented regulatory requirements and continuously enhanced its reputational risk management framework. It strengthened end-to-end risk monitoring, deepened governance at the source, improved the efficiency of coordinated online and offline response, and enhanced forward-looking assessment and public opinion guidance, thereby laying a solid foundation for sustained, effective management. Focused on key areas such as serving the real economy, supporting STI, boosting consumption, and supporting the development of micro, small, and medium-sized enterprises, the Bank carried out targeted brand promotion initiatives to proactively showcase its new image and achievements under the guidance of the digitalization & intelligentization strategy.

3.14.7.9 Country risk

During the reporting period, the Bank comprehensively enhanced the effectiveness of country risk management. It deepened risk identification in key areas through targeted foreign-related risk screening, specialized monitoring of country risk in key areas, and analysis and due diligence of key countries of operation, thereby strengthening its capacity to assess and withstand external risks. The Bank also continuously optimized country risk management system tools, integrated them into an enterprise-level monitoring platform, and leveraged digital and intelligent capabilities to improve the effectiveness of country risk management. It further reinforced the guiding role of country risk limits in cross-border business, increasing the utilization rate of such limits to 90%, while maintaining the proportion of low- and relatively low-risk exposures at above 99%. As at the end of the reporting period, the Bank's exposure to country risk was prudently distributed and remained stably manageable on the whole.

3.14.7.10 Off-balance-sheet business risk management

During the reporting period, the Bank actively adhered to the requirements outlined in the Rules on Risk Management of Off-Balance Sheet Business of Commercial Banks, aiming to comprehensively conduct the management of risks associated with off-balance-sheet businesses. The Bank incorporated off-balance-sheet risks into its comprehensive risk management framework, leveraged digital technologies to strengthen digital and intelligent risk management, and continuously enhanced the quality and efficiency of risk management through measures, such as conducting stress tests, refining product policies, implementing limit management, and continuously upgrading risk monitoring systems.

3.15 Discussion and Analysis on Future Development

3.15.1 Landscape and development trend of the industry

In 2025, the banking industry further consolidated its sound operating momentum, with core operating indicators remaining robust. As at the end of 2025, the total assets of bank financial institutions continued to expand, reaching RMB480 trillion in both local and foreign currencies. Credit asset quality remained generally stable, with the balance of NPLs of commercial banks at RMB3.5 trillion and the NPL ratio at 1.50%. Risk offsetting capacity remained adequate overall, with the CAR at 15.46%, the tier 1 CAR at 12.37%, the CET1 CAR at 10.92%, and the NPL ratio stable at 1.50%. Net profit was broadly flat year on year, demonstrating strong resilience in both risk mitigation and operational performance. The industry landscape continued to evolve, characterized by the "dominance of major state-owned banks, breakthroughs by joint-stock banks, and coordinated development among diversified market participants". Leveraging advantages in funding costs and extensive branch networks, major state-owned banks maintained a leading role in supporting major national strategies, inclusive finance, and consumption promotion. Joint-stock banks, by contrast, achieved notable breakthroughs through initiatives such as the establishment of asset investment companies (AICs), asset revitalization, capital operations, and finance-industry integration, thereby injecting new momentum into the sector. At the same time, competition within the banking industry continued to shift from scale to quality, with refined management and specialized capabilities emerging as core competitive strengths. Improved capital market recognition, reflected in valuation recovery, further highlighted the positive outcomes of structural optimization. Looking ahead, as the five priorities of the financial sector continue to advance and the integration of financial technology with industry accelerates in both quality and efficiency, the banking sector is poised to achieve higher-quality development amid the strengthened risk prevention and control and transformation-driven innovation, continuing to provide strong financial support for economic and social development.

3.15.2 Significant impacts on commercial banks' operations and profitability

First, the banking industry is experiencing a certain degree of "asset shortage". On the one hand, the macroeconomic recovery faces the combined pressures of "overcapacity, insufficient effective demand, and weakening expectations", resulting in insufficient momentum for credit demand growth. On the other hand, the steady progress in local government debt resolution, the optimization and transformation of countercyclical adjustment approaches, and the continued shift of large corporates toward direct financing have further compressed the growth space of traditional credit markets.

Second, under the dual impact of deposit rate adjustments and heightened capital market activity, household asset allocation has become increasingly diversified. A portion of deposits has shifted from the banking system into investment channels such as funds, wealth management products, equities, and gold, placing certain pressure on the deposit base of commercial banks. In response to these structural changes, commercial banks need to strengthen liability-side management, optimize funding cost structures, and enhance capabilities in liquidity management, product innovation, and service delivery.

Third, pressure from NIM compression remains significant. Influenced by a moderately accommodative monetary policy stance throughout the year, lending-side pricing benchmarks have continued to decline. On the deposit side, despite multiple rounds of posted interest rate cuts and efforts to reduce high-cost medium- and long-term deposits, funding cost rigidity remains evident. The compression of interest margins has directly constrained traditional profit models, prompting banks to place greater emphasis on expanding non-interest income sources. Changes in NIM have had a certain impact on banks' profit accumulation capacity, affecting the efficiency of endogenous capital replenishment and the flexibility of provisioning. In this context, the banking sector needs to further strengthen proactive management in transforming profit models and enhancing risk resilience.

3.15.3 Possible risks confronting the Bank

From the perspective of the economic and financial environment, certain uncertainties persist in the external environment. The global economic and trade landscape is undergoing adjustment, and the drivers of global economic growth are evolving. Adjustments in tariff policies in some economies have affected economic activity, while elevated debt levels in major economies warrant continued attention. The trajectories of global growth and inflation remain subject to observation, with divergent performance across major economies. Domestically, the balance between supply and demand is under adjustment, and continued attention is required in certain key areas, with the foundation for sustained economic recovery yet to be further consolidated. Looking ahead, factors such as geopolitics, trade policy developments, and advancements in AI may introduce new changes, potentially increasing volatility in financial markets.

From the perspective of the financial regulatory environment, regulators have continued to focus on the overarching objectives of preventing risks, strengthening supervision, and promoting high-quality development. Upholding the principle of unwavering strict supervision, they have comprehensively strengthened financial regulation and continuously intensified efforts to address existing risks. Steady and prudent progress has been made in mitigating financial risks in key areas such as small and medium-sized financial institutions, financing platforms, and real estate. The scope and effectiveness of city-level real estate financing coordination mechanisms have been expanded and enhanced, with increased support for the stable development of the real estate market and efforts to facilitate the establishment of a new real estate development model. Regulatory authorities have guided orderly competition, standardized industry discipline, strictly penalized illegal financial activities, and encouraged banking institutions to focus on their core businesses and pursue differentiated development, thereby effectively enhancing the industry's capacity for high-quality growth.

From the perspective of the competitive environment, factors such as interest rate liberalization reforms, shifts in credit demand, and the rapid development of AI technologies have placed higher requirements on the high-quality development of commercial banks. In 2025, the PBC continued to improve market-based interest rate regulation, strengthen the implementation and supervision of interest rate policies, and promote a reduction in the comprehensive cost of aggregate financing. Interrelated factors such as domestic economic structural transformation, debt risk resolution, and the development of direct financing have intensified competition for asset allocation within the banking industry. AI is experiencing rapid growth, with increasingly pronounced integration with the real economy, which will bring transformative changes to the broader economic and social landscape. It will also present new opportunities and challenges for commercial banks to transform their financial service models.

3.15.4 Management measures for the next stage

The year 2026 marks the first year of the Bank's 15th Five-Year Plan period and a year of comprehensive deepening of the digitalization & intelligentization strategy. The Bank will adopt an annual guiding principle of "strategy-driven, policy-aligned, technology-led, culture-supported, and Group-coordinated development", with a focus on "strengthening priority tracks, optimizing structure, controlling risks, and improving efficiency". The Bank will concentrate on the "1-4-5-3-10" core operational measure framework, namely remaining committed to charting **one** digital and intelligent blueprint, upholding the **four** high requirements, strengthening the **five** priority tracks, enhancing the effectiveness of the "**three** supers", and fully advancing **ten** key tasks, so as to continuously improve operating quality and efficiency.

The Bank will strengthen strategic execution to advance the digitalization & intelligentization strategy in depth. It will further refine the "1-5-5-5-4-3-N" strategic framework, reinforce digital and intelligent infrastructure as a strategic foundation, expand the depth of strategy implementation, continuously enhance operating policy arrangements and support capabilities, and accelerate the realization of strategic outcomes.

The Bank will strengthen mindset alignment to drive transformation and development under the four high requirements. With high aspirations, it will ensure focus on high-standard execution, strengthen high-efficiency coordination, prioritize high-value creation, accelerate the transformation of business philosophy and operating models, and enhance value creation and returns.

The Bank will strengthen breakthroughs in critical areas to continuously enhance the contribution of the five priority tracks. In technology finance, it will continue to innovate service models. Under the framework of "commercial banking, investment banking, and ecosystem building", it will develop the Group's mega STI model and upgrade the "5+7+X" system. In supply chain finance, it will accelerate the development of a full-chain comprehensive service model and establish a feasible, replicable and scalable industry benchmark. In inclusive finance, it will further strengthen its digital and intelligent inclusive finance model by integrating the SPDB Inclusive Finance platform ecosystem with offline services to enhance comprehensive operations. In cross-border finance, it will strengthen integrated upstream and downstream customer acquisition across industrial chains through coordinated domestic and overseas efforts, while reinforcing the distinctive operating model of "three corridors and three service networks" for overseas branches. In wealth and asset management finance, it will continue to advance comprehensive financial services, upgrade its treasury management system, and enhance its market influence.

The Bank will strengthen system integration to enhance the service capabilities of the "three supers". The super platforms will focus on ecosystem expansion and service enhancement. The super systems will improve functions and support agile iteration, further reinforcing their enabling role. The super products will strengthen scenario-based operational capabilities, enable full-process tracking and dynamic optimization of business strategies, and enhance customer experience.

The Bank will fully advance ten key tasks to strengthen quality and efficiency enhancement. It will leverage the enabling role of research to enhance industry and sector research capabilities; deepen customer management through targeted marketing; broaden strategic thinking to strengthen product support; promote balanced growth in both the quality and scale of liabilities; build distinctive strengths to increase fee-based income; promote coordination and integration to consolidate development momentum; uphold a customer-centric service philosophy to improve the comprehensive service network of physical outlets; firmly safeguard risk bottom lines to strengthen comprehensive risk and internal control management; reinforce talent development to sustain high-quality growth momentum; and implement lean management to enhance the effectiveness of foundational management.

Corporate Governance, Environmental and Social



04

Section IV Corporate Governance, Environmental and Social

4.1 ESG Overview of the Bank

For a long time, the Bank has upheld its mission that "finance creates value for better life" and pursued its vision of "developing into a first-class joint-stock commercial bank with international competitiveness in all aspects". It has long strengthened the fulfillment of ESG responsibilities by fully integrating environmental, social, and governance factors into corporate governance, development strategy, and business operations. The Bank has vigorously developed green finance, enhanced ecological and environmental protection, and actively fulfilled its CSR commitments, continuously improving its governance capability, competitiveness, innovation capacity, risk resilience, and ability to generate returns. It strives to serve as a model for sustainable development in the industry and to create value for shareholders, customers, employees, society, the environment, and other stakeholders. In 2025, the Bank further implemented the "1-5-5-5-4-3-N" digitalization & intelligentization strategy, actively explored new sustainable growth pathways for value creation, value transmission, and value realization, and advanced its development into a high-quality value creation bank.

During the reporting period, the Bank focused on enhancing the digitalization & intelligentization strategy, strengthened the identification and management of sustainability-related risks, opportunities, and impacts, and improved the quality and efficiency of ESG practices. Building on 19 consecutive years of publishing its Corporate Social Responsibility Report, the Bank released its upgraded 2024 Sustainability Report, comprehensively presenting its performance and practices in economic, environmental, social, and governance responsibilities, and actively responding to stakeholders' concerns regarding its key sustainability matters and progress.

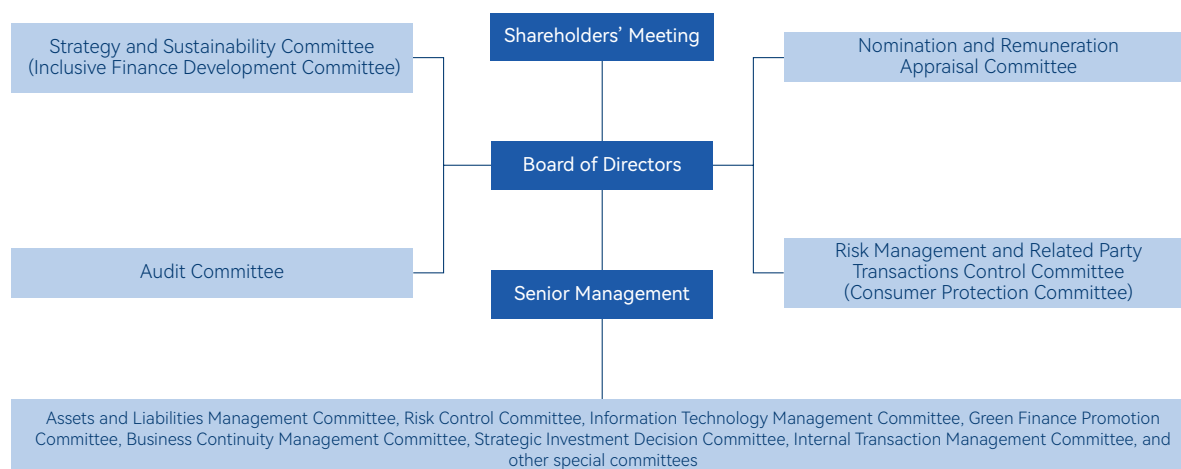
In 2025, the Bank's MSCI ESG rating was upgraded to "AA", marking a new level in its sustainability management capabilities and positioning it among leading global banks.

4.2 Corporate Governance Conditions

During the reporting period, the Bank earnestly implemented the decision and plans of the CPC Central Committee, the State Council, the CPC Shanghai Municipal Committee, and the Shanghai Municipal People's Government to modernize its corporate governance system and capacity. It further deepened the close integration of the Party organization with corporate governance, effectively making sure that the Party Committee could "steer the way forward, manage the overall situation, and guarantee the implementation". It kept improving the corporate governance framework, built a clear shareholding structure and a sound organizational structure, ensured that all governance bodies could exercise their rights and fulfill their obligations in accordance with the principles of compliance with the scope of respective responsibility, coordinated operation and effective checks and balances, and safeguarded the legitimate rights and interests of stakeholders.

During the reporting period, in accordance with the new Company Law and the requirements for the reform of the Board of Supervisors, the Bank convened the 2024 Annual General Meeting, which deliberated and approved the Proposal on the Revision of the Articles of Association and the Abolition of the Board of Supervisors. The revised Articles of Association was approved by the NFRA on 26 December 2025. In accordance with the revised Articles of Association, the Bank has ceased to maintain a Board of Supervisors, with its statutory functions under the Company Law and regulatory requirements now performed by the Audit Committee of the Board of Directors.

Corporate governance structure



4.2.1 Independence of the Bank from the controlling shareholders in terms of assets, personnel, finance, organization, and business

The Bank has no controlling shareholder.

The largest consolidated shareholder of the Bank is Shanghai International Group Co., Ltd. As at the end of the reporting period, Shanghai International Group Co., Ltd. and its controlling subsidiaries held 29.60% shares of the Bank on a consolidated basis. The Bank was totally independent from Shanghai International Group Co., Ltd. in assets, personnel, finance, organization, and business. Important decisions of the Bank were made and implemented by the Bank independently, and the largest shareholder did not occupy funds of the Bank by any means or require the Bank to provide a guarantee for others.

Aspect of independence	Independent and integral or not	Description	Influence on the Bank	Improvement measures
Business independence and integrity	Yes	The Bank runs business independently and features a complete business structure.	-	-
Personnel independence and integrity	Yes	The Bank remains independent in terms of labor, personnel, salary management, and other aspects. President, Vice Presidents, Secretary to the Board of Directors, and other Senior Management members all are paid by the Bank. None of them receives salaries from the largest shareholder.	-	-
Asset independence and integrity	Yes	The Bank possesses the independent premise and supporting facilities.	-	-
Institutional independence and integrity	Yes	The Bank has set up a complete organizational structure. The Board of Directors, the Senior Management, functional departments and other bodies can operate independently, none of which is affiliated to any functional departments of the largest shareholder.	-	-
Financial independence and integrity	Yes	The Bank has its independent financial department, and has formulated the independent accounting system and financial management policies.	-	-

4.2.2 The Shareholders' Meeting, the Board of Directors, and the Senior Management of the Bank

4.2.2.1 Shareholders' Meeting

During the reporting period, the Bank held two shareholders' meetings, with 12 proposals deliberated and approved and four reports reviewed. By standardizing the convening of shareholders' meetings, the Bank safeguarded shareholders' rights to know, participate in, and vote on significant matters, and ensured that all shareholders held equal status and could exercise their rights fully.

Shareholders' meeting	Date	Website designated for publishing the resolutions	Disclosure date of the resolutions
2024 Annual General Meeting	27 June 2025	www.sse.com.cn	28 June 2025
First Extraordinary General Meeting of 2025	16 July 2025	www.spdb.com.cn	17 July 2025

4.2.2.2 Directors and the Board of Directors

As at the end of the reporting period, the Board of Directors of the Bank had 13 directors, including three executive directors, one employee director, four shareholder directors, and five independent directors. All the independent directors were professionals in economics, finance, accounting, law, and other fields.

Leveraging their extensive knowledge, experience, and professional ethics, the Bank's directors promoted the organic integration of the Party's leadership and corporate governance, conducted in-depth research on major issues, and made sound decisions on corporate governance, strategic planning, capital management, risk management, compliance & internal control management, profit distribution, internal and external auditing, asset disposal, incentives and constraints. They worked to ensure that the Bank could comply with laws, regulations, regulatory requirements, and the Articles of Association, while effectively protecting the legitimate rights and interests of shareholders, depositors, and other stakeholders. In 2025, all directors actively participated in decision-making on major matters of the

Bank through multiple channels, including meetings of the Board of Directors and its special committees, thematic seminars, and field research. They were deeply involved in major decision-making of the Bank, and conducted accurate analysis of the profound changes brought by the macroeconomic environment to the banking sector's operations and development. Directors carried out field research at five domestic and overseas branches, including Xi'an Branch, as well as at the Head Office's platform operations center, focusing on strategic transformation and regional characteristics and promoting the effective translation of research outcomes into actionable results. They also attended five specialized training sessions on compliance, AML, and green finance, with a total of 18 attendances recorded.

During the reporting period, the Board of Directors held 13 meetings, at which it deliberated and approved 86 resolutions, and reviewed 21 special reports. The special committees of the Board of Directors convened 29 meetings. Of these, the Strategy and Sustainability Committee (Inclusive Finance Development Committee) held 10 meetings, the Audit Committee held six meetings, the Nomination and Remuneration Appraisal Committee held three meetings, and the Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee) held 10 meetings. A total of 88 resolutions were deliberated and approved and 25 reports were reviewed at these meetings. The Board of Directors established a sound closed-loop mechanism for overseeing the implementation of resolutions. Throughout the year, a total of 113 resolution notices were issued, achieving full-process closed-loop management covering pre-meeting agenda submission, in-meeting deliberation, and post-meeting follow-up supervision, thereby ensuring that the Board's opinions were effectively communicated and implemented.

The Board of Directors fully exercises its strategically leading role, advancing the digitalization & intelligentization strategy in depth, reshaping the Bank's operating model, formulating business development strategies, and overseeing their implementation. It determines annual business plans and investment programs, continuously optimizes the corporate governance structure, reviews and approves fundamental management policies, and further refines governance institutions and mechanisms. The Board of Directors assumes ultimate responsibility for capital management, coordinating capital planning and replenishment arrangements, and reviewing financial budgets, final accounts, and profit distribution plans. It lawfully appoints or removes Senior Management members and determines their remuneration, incentives, and disciplinary measures, while overseeing the effective performance of their duties. In addition, the Board of Directors establishes risk tolerance levels and internal control policies, bearing ultimate responsibility for comprehensive risk management and data governance.

As at the end of the reporting period, the composition of the Board of Directors' special committees was as follows:

Special committee	Chairperson of the committee	Committee members
Strategy and Sustainability Committee (Inclusive Finance Development Committee)	Zhang Weizhong	Xie Wei, Liu Yihan, Guan Wei, Bo Jingang, Sun Lijian, Wu Xiaohui
Audit Committee	Ye Jianfang	Guan Wei, Zhu Yi, Wu Hong, Sun Lijian
Nomination and Remuneration Appraisal Committee	Sun Lijian	Zhang Weizhong, Zhao Wanbing, Bo Jingang, Henry Cai, Ye Jianfang, Wu Xiaohui
Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)	Wu Xiaohui	Xie Wei, Liu Yihan, Henry Cai, Wu Hong, Ye Jianfang

From the end of the reporting period to the date on which the Report was deliberated by the Board of Directors, the composition of its special committees was as follows:

Special committee	Chairperson of the committee	Committee members
Strategy and Sustainability Committee (Inclusive Finance Development Committee)	Zhang Weizhong	Xie Wei, Bo Jingang, Lin Huazhe, Henry Cai, Wu Xiaohui
Audit Committee	Ye Jianfang	Guan Wei, Zhu Yi, Henry Cai, Wu Hong, Sun Lijian
Nomination and Remuneration Appraisal Committee	Sun Lijian	Guan Wei, Bo Jingang, Wu Hong, Ye Jianfang, Wu Xiaohui
Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)	Wu Xiaohui	Zhao Wanbing, Wu Hong, Sun Lijian, Ye Jianfang

To further enhance the independence of the Audit Committee of the Board of Directors and Nomination and Remuneration Appraisal Committee, both committees were composed entirely of non-executive directors (including independent directors).

4.2.2.3 Senior Management

As at the end of the reporting period, the Bank's Senior Management had one President and four Vice Presidents. The Chief Legal Advisor (CLA), the Chief Risk Officer (CRO), the Chief Compliance Officer (CCO), and the Secretary to the Board of Directors (Board Secretary) were concurrently held by Vice Presidents.

The Bank's Senior Management has established the Assets and Liabilities Management Committee, the Risk Control Committee, the Information Technology Management Committee, the Green Finance Promotion Committee, the Business Continuity Management Committee, the Strategic Investment Decision Committee, and the Internal Transaction Management Committee, among other special committees.

The Senior Management has observed the principle of good faith and prudently and diligently exercised its duties within its range of authority. During the reporting period, amidst complex internal and external circumstances, the Senior Management of the Bank thoroughly implemented the decisions and plans of the CPC Central Committee, the State Council, the CPC Shanghai Municipal Committee, and the Shanghai Municipal People's Government, as well as regulatory requirements. It also worked to implement the decisions made by the Board of Directors, advance business restructuring initiatives, and intensify risk prevention and mitigation efforts. As a result, the Group's total assets exceeded RMB10 trillion, net profit attributable to the parent company's shareholders maintained double-digit growth, and key asset quality indicators reached their best levels in nearly a decade, further strengthening the Bank's momentum for sustainable development.

4.2.3 Information of Directors and Senior Management members

4.2.3.1 Remuneration and positions of directors and Senior Management members of the Bank as at the end of the reporting period

In RMB 10,000

Name	Position	Gender	Year of birth	Starting date of appointment	Remuneration (before-tax) received from the Bank during the reporting period	Whether received remuneration from related parties
Zhang Weizhong	Party Committee Secretary, Chairman, Executive Director	Male	1967	17 November 2023	90.95	No
Xie Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	Male	1971	17 July 2024	104.00	No
Zhao Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	Male	1970	14 November 2023	77.11	No
Liu Yiyang	Executive Director, former Deputy Party Committee Secretary, Vice President, CRO	Male	1964	16 December 2019	36.83	No
Guan Wei	Non-executive Director	Female	1971	16 December 2019	-	Yes
Bo Jingang	Non-executive Director	Male	1964	17 June 2022	-	Yes
Zhu Yi	Non-executive Director	Male	1964	17 June 2022	-	Yes
Lin Huazhe	Non-executive Director	Male	1974	29 August 2025	-	Yes
Henry Cai	Independent Director	Male	1954	16 December 2019	26.00	No
Wu Hong	Independent Director	Male	1956	16 December 2019	26.00	No
Sun Lijian	Independent Director	Male	1962	17 June 2022	31.00	No
Ye Jianfang	Independent Director	Female	1966	17 June 2022	31.00	No
Wu Xiaoqiu	Independent Director	Male	1959	28 June 2024	31.00	No
Cui Bingwen	Vice President, CLA	Male	1969	16 December 2019	83.20	No
Kang Jie	Vice President	Male	1979	08 September 2023	88.40	No
Gao Weihua	Head of Discipline Inspection and Supervision Office at SPD Bank	Male	1969	06 November 2024	77.11	No
Ding Wei	Vice President	Female	1971	07 June 2024	88.40	No
Zhang Jian	Vice President, Secretary to the Board of Directors	Male	1975	07 June 2024	88.40	No
Total					879.40	

Notes: (1) In March 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding Zhang Jian's Qualification to Serve as the Secretary to the Board of Directors of SPD Bank. Vice President Zhang formally assumed the role on 5 March 2025.

(2) In May 2025, Mr. Liu Yiyan resigned from his positions as Vice President and CRO of the Bank due to age reasons.

(3) In August 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding Lin Huazhe's Qualifications to Serve as a Director of SPD Bank. Mr. Lin formally assumed office as a director on 29 August 2025.

(4) In November 2025, the Bank received the Approval from the National Financial Regulatory Administration Regarding Xie Wei's Qualifications to Serve as a Director and Vice Chairman of SPD Bank. President Xie Wei formally assumed his role on 26 November 2025.

(5) The total remuneration (before tax) of directors and Senior Management members of the Bank who are paid by the Bank is still under verification, and the rest will be disclosed separately upon completion of the verification process.

(6) The remuneration received by newly appointed or departing personnel during the reporting period was calculated based on the duration of their service as directors or Senior Management members of the Bank within the reporting period.

4.2.3.2 Directors and Senior Management members of the Bank from the end of the reporting period to the disclosure date of the Report

Name	Position	Gender	Year of birth	Starting date of appointment
Zhang Weizhong	Party Committee Secretary, Chairman, Executive Director	Male	1967	23 January 2026
Xie Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	Male	1971	23 January 2026
Zhao Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	Male	1970	23 January 2026
Gong Dexiong	Non-executive Director	Male	1969	Duties to be assumed upon regulatory approval
Guan Wei	Non-executive Director	Female	1971	23 January 2026
Bo Jingang	Non-executive Director	Male	1964	23 January 2026
Zhu Yi	Non-executive Director	Male	1964	23 January 2026
Lin Huazhe	Non-executive Director	Male	1974	23 January 2026
Ji Hongmei	Non-executive Director	Female	1971	Duties to be assumed upon regulatory approval
Wu Hong	Independent Director	Male	1956	23 January 2026
Sun Lijian	Independent Director	Male	1962	23 January 2026
Ye Jianfang	Independent Director	Female	1966	23 January 2026
Wu Xiaoqiu	Independent Director	Male	1959	23 January 2026
Song Zheng	Independent Director	Male	1975	Duties to be assumed upon regulatory approval
Cui Bingwen	Vice President, CLA	Male	1969	23 January 2026
Kang Jie	Vice President	Male	1979	23 January 2026
Gao Weihua	Head of Discipline Inspection and Supervision Office at SPD Bank	Male	1969	06 November 2024
Ding Wei	Vice President	Female	1971	23 January 2026
Zhang Jian	Vice President, Secretary to the Board of Directors	Male	1975	23 January 2026

Notes: (1) In January 2026, at the Bank's First Extraordinary General Meeting of 2026, Mr. Zhang Weizhong and Mr. Xie Wei were elected as Executive Directors; Mr. Gong Dexiong, Ms. Guan Wei, Mr. Bo Jingang, Mr. Zhu Yi, Mr. Lin Huazhe, and Ms. Ji Hongmei were elected as Non-executive Directors; and Mr. Wu Hong, Mr. Sun Lijian, Ms. Ye Jianfang, Mr. Wu Xiaoqiu, and Mr. Song Zheng were elected as Independent Directors. Among them, Mr. Gong Dexiong, Ms. Ji Hongmei, and Mr. Song Zheng will formally assume their duties upon obtaining regulatory approval for their director qualifications.

(2) In January 2026, the Eighth Session of the Fourth Employee Representative Conference of the Bank elected Mr. Zhao Wanbing as an Employee Director of the Bank.

(3) In January 2026, at the Second Meeting of the Board of Directors (Board Meeting) of 2026, Mr. Zhang Weizhong was elected as Chairman, and Mr. Xie Wei as Vice Chairman. Mr. Xie Wei was appointed as President; Mr. Cui Bingwen, Mr. Kang Jie, Ms. Ding Wei, and Mr. Zhang Jian were appointed as Vice Presidents. Mr. Cui Bingwen was concurrently appointed as CRO (to assume duties upon regulatory approval), CCO (to assume duties upon regulatory approval), and CLA. Mr. Zhang Jian was concurrently appointed as Secretary to the Board of Directors.

(4) Mr. Henry Cai has served as an independent director of the Bank for six years. Prior to the regulatory approval of the qualifications of the newly appointed independent director, Mr. Song Zheng, and in order to ensure the lawful and compliant operations of the Board of Directors, Mr. Henry Cai will continue to perform his duties as an independent director and as a member of relevant special committees under the Board of Directors in accordance with applicable laws, regulations, and the Articles of Association.

4.2.3.3 Remuneration received by directors and Senior Management members for the previous term after the appraisal and confirmation by competent authorities

The annual remuneration of directors, supervisors and Senior Management members for the 2022-2024 term has been disclosed in the 2024 Annual Report of the Bank. The remaining remuneration of directors and Senior Management members who serve full-time at the Bank, as confirmed after appraisal, is hereby further disclosed as follows:

In RMB 10,000

Name	Position	The rest of pre-tax remuneration for the 2022-2024 term after appraisal	Employer's contribution to social security, enterprise annuity, supplemental medical insurance, and housing allowance in 2024	Total
Zhang Weizhong	Party Committee Secretary, Chairman, Executive Director	90.52	23.51	114.03
Xie Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	80.53	27.36	107.89
Zhao Wanbing	Deputy Party Committee Secretary, Employee Director, Chairman of Labor Union	82.39	23.03	105.42
Liu Yiyan	Executive Director, former Deputy Party Committee Secretary, Vice President, CRO	69.71	27.36	97.07
Cui Bingwen	Vice President, CLA	79.32	26.86	106.18
Kang Jie	Vice President	54.33	27.36	81.69
Gao Weihua	Head of Discipline Inspection and Supervision Office at SPD Bank	5.74	1.92	7.66
Ding Wei	Vice President	25.84	12.52	38.36
Zhang Jian	Vice President, Secretary to the Board of Directors	25.88	11.87	37.75
Jiang Fangping	Former Head of Discipline Inspection and Supervision Office at SPD Bank	126.76	19.19	145.95
Zheng Yang	Former Party Committee Secretary, Chairman, Executive Director	42.84	-	42.84
Chen Zheng'an	Former Deputy Party Committee Secretary, Executive Director	57.24	-	57.24
Pan Weidong	Former Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	8.69	-	8.69
Wang Xinhao	Former Vice President, CFO	4.97	-	4.97

Notes: (1) The rest of pre-tax remuneration for the above-mentioned directors and Senior Management members corresponds to the compensation determined following the appraisal for the 2022-2024 term and will be subject to deferred payment in accordance with applicable regulations.

(2) The remuneration received by newly appointed or departing personnel during the previous term was calculated based on the duration of their service as directors or Senior Management members of the Bank within that term.

4.2.3.4 Shares held by directors and Senior Management members

In 10,000 shares

Name	Position	Number of shares held at the beginning of the reporting period	Changes during the reporting period	Number of shares held at the end of the reporting period
Xie Wei	Deputy Party Committee Secretary, Vice Chairman, Executive Director, President	21.70	-	21.70
Liu Yiyan	Executive Director, former Deputy Party Committee Secretary, Vice President, CRO	23.59	-	23.59
Cui Bingwen	Vice President, CLA	20.67	-	20.67
Ding Wei	Vice President	2.45	-	2.45

4.2.4 Main work experience and service information of directors and Senior Management members

4.2.4.1 Resumes of directors

Zhang Weizhong, male, born in 1967, has a Master's degree, and is a Senior Economist. He previously served as General Manager of Development Zone Branch of China Construction Bank (CCB) Dalian Branch, Chief Auditor (concurrently Director) of CCB Dalian General Audit Office, Chief Auditor (concurrently Director) of CCB Inner Mongolia General Audit Office, Secretary of the Discipline Inspection Commission, Party Committee Member and Deputy General Manager of CCB Hubei Branch, General Manager of CCB Inclusive Finance Department (Small Business Department) (concurrently Vice President of the Inclusive and Retail Finance Training Institute of CCB Learning Centre), and Director of Corporate Banking at CCB Head Office (concurrently General Manager of CCB Inclusive Finance Department). He is currently Party Committee Secretary, Chairman, and Executive Director of SPD Bank.

Xie Wei, male, born in 1971, has a Master's degree, and is a Senior Economist. He previously acted as General Manager of Corporate Banking Department of CCB Henan Branch, Party Committee Secretary and General Manager of CCB Xuchang Branch, General Manager of Development Management Department of Corporate and Investment Banking Headquarters of SPD Bank, Deputy General Manager of Corporate and Investment Banking Headquarters of SPD Bank and concurrently General Manager of Investment Banking Department, Development Management Department and Key Client Department, Party Committee Secretary and General Manager of SPD Bank Fuzhou Branch, General Manager of SPD Bank Treasury Headquarters, General Manager of SPD Bank Asset Management Department, General Manager of SPD Bank Financial Markets Department, Director of Financial Market Business at SPD Bank Head Office, Party Committee Member, Vice President and Secretary to the Board of Directors at SPD Bank Head Office, and Chairman of AXA SPDB Investment Managers Co., Ltd. He currently works as Deputy Party Committee Secretary, Vice Chairman, Executive Director, and President of SPD Bank, and Dean of SPD Bank Research Institute.

Zhao Wanbing, male, born in 1970, has an MBA. He previously served as Deputy Director of the Research Office at the Shanghai Municipal Committee of the Communist Youth League of China (CYLC), Head of the Organization Division (Publicity Division and United Front Work Division) at the Shanghai Financial Work Committee of the CPC, Head of the Financial Stability Division at the Shanghai Municipal Financial Services Office, Deputy Director of the Shanghai Municipal Financial Services Office, and Deputy Director General of Shanghai Municipal Financial Regulatory Bureau (Shanghai Municipal Finance Bureau). He is currently Deputy Party Committee Secretary, Employee Director, Chairman of the Labor Union Committee, President of the Party School, and Party Committee Secretary of Head Office-affiliated Institutions at SPD Bank.

Guan Wei, female, born in 1971, has a Master's degree in Management, and is a Senior Accountant. She previously served as Assistant Manager of the Financial Management Department at Shanghai Shentong Metro Group Co., Ltd., Deputy Manager and Manager of the Financial Management Department, Discipline Inspection Commission Member, Manager of the Auditing and Supervision Department, and Member of the Board of Supervisors at Shanghai Jiushi (Group) Co., Ltd., Party Branch Secretary and General Manager of Shanghai City Tour Card Development Co., Ltd., and CFO of Shanghai Land (Group) Co., Ltd. She currently works as a Party Committee Member, Deputy General Manager, and CFO of Shanghai International Group Co., Ltd. She concurrently serves as Party Committee Secretary and Chairperson of Shanghai State-owned Assets Operation Co., Ltd., Director of Guotai Haitong Securities Co., Ltd., and Director of Shanghai Rural Commercial Bank Co., Ltd.

Bo Jingang, male, born in 1964, has a Doctorate degree, and is a Professor-Level Senior Engineer. He previously served as Chief Engineer and Deputy Director General of Tianjin Municipal Bureau of Telephone Exchange, Deputy General Manager of China Mobile Communications Group Tianjin Co., Ltd., Chairman of China Mobile Communications Group Jilin Co., Ltd., Party Committee Secretary and General Manager of the Procurement Sharing Service Center of China Mobile Communications Co., Ltd., and Party Committee Secretary and Chairman of China Mobile Communications Group Terminal Co., Ltd. He currently works as Director of China Mobile IoT Company Limited and Director of TravelSky Mobile Technology Co., Ltd.

Zhu Yi, male, born in 1964, has a Master's degree, and is a Senior Accountant. He previously served as Deputy Director of the Corporate Audit Division of the Audit Bureau of the Ministry of Posts and Telecommunications, Chief of the Infrastructure Finance Division of the General Administration of Posts and Telecommunications of China, Director of the Fund Allocation Center and Deputy General Manager of the Finance Department of China Mobile Communications Corporation, and Party Committee Secretary, Chairman and General Manager of China Mobile Financial Company Limited. He is currently Director of China Mobile State Investment Innovation Investment Management Co., Ltd.

Lin Huazhe, male, born in 1974, has a Master's degree, and is an Economist. He previously served as Party Committee Member of China Cinda Asset Management Co., Ltd. Chengdu Office, Party Committee Member, Secretary of the Discipline Inspection Commission, and Deputy General Manager of China Cinda Asset Management Co., Ltd. Sichuan Provincial Branch, Party Committee Secretary and General Manager of China Cinda Asset Management Co., Ltd. Gansu Provincial Branch, and Party Committee Secretary and General Manager of China Cinda Asset Management Co., Ltd. Sichuan Provincial Branch. He is currently Party Committee Secretary and Chairman of Cinda Investment Co., Ltd.

Henry Cai, male, born in 1954, has a Bachelor's degree. He previously served as Executive Chairman of Deutsche Bank Investment Banking Asia Pacific, Chairman of UBS Investment Banking Asia, Chairman of BNP Paribas Capital (Asia Pacific) Ltd. in China, Senior Vice President and Managing Director of Peregrine's Investment Banking Division, and Member of the Chinese Enterprise Going Public Abroad Steering Group under the State Commission for Economic Restructuring of the State Council, and Chairman of the Joint Conference for Secretaries to the Boards of Directors of Chinese H-share Enterprises. He currently works as Chairman and co-founder of AGIC Capital, Independent Director of BYD Co., Ltd., and Independent Non-executive Director of China Taiping Insurance Holdings Co., Ltd.

Wu Hong, male, born in 1956, has a Doctorate degree. He previously served as Dean of the College of Economic Laws at East China University of Political Science and Law, Standing Member of China Commercial Law Society, Deputy Head of Shanghai International Commercial Law Institute, Member of the National Judicial Examination Proposition Committee, Advisory Consultant to the Shanghai Municipal People's Congress Standing Committee for Legislation, Advisory Consultant to the Shanghai High People's Court, Member of the Shanghai Consumer Council, Member of the Listing Committee of the Shanghai Stock Exchange, Member of the Trading Committee of the China Financial Futures Exchange, and Academic Member of the Shanghai Futures Exchange Research Institute, among other positions. He currently works as Professor and Doctorate Supervisor of East China University of Political Science and Law, Vice President of the China Banking Law Society, President of the Financial Law Research Association of the Shanghai Law Society, Vice President of the Shanghai Financial Legal System Research Association, Independent Director of Bank of Nanjing Co., Ltd., and Independent Director of Orient Securities Co., Ltd.

Sun Lijian, male, born in 1962, has a Doctorate degree. He previously served as Assistant Professor at a Tongji University branch, Design Assistant at Nose Shuji Architectural Research Institute in Japan, and Member of the 7th State Council Academic Degree Committee for Applied Disciplines. He currently works as Director of the Financial Research Center, Professor of the School of Economics, and Doctoral Supervisor at Fudan University, Specially-invested Expert of the Economic and Financial Committee of Shanghai CPPCC, Member of the Central Committee and Deputy Director of the Central Economic Committee of the Zhigong Party, Executive Director of China Society of World Economics, and Executive Director of the Chinese Association of Quantitative Economics.

Ye Jianfang, female, born in 1966, has a Doctorate degree. She previously served as Lecturer and Associate Professor at Shanghai University of Finance and Economics, as well as Member of the Third and Fourth Advisory Committees of the China Accounting Standards Committee of the Ministry of Finance. She currently works as Professor and Doctoral Supervisor at the School of Accountancy of Shanghai University of Finance and Economics, Vice Chair of the Women Directors Committee of the China Association for Public Companies, Independent Director of Shanghai Chlor-Alkali Chemical Co., Ltd., Independent Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Independent Director of CCB Life Insurance Co., Ltd., and Independent Director of China Industrial Securities International Financial Group Limited.

Wu Xiaoqiu, male, born in 1959, holds a Ph.D. in Economics. He previously served as Professor and Director of the Institute of Economics at Renmin University of China (RUC), Vice Dean of the School of Finance and Director of the Institute of Securities at RUC, Assistant to the President of RUC, Executive Dean of the Graduate School at RUC, and Vice President of RUC. He is currently Dean of the National Academy of Financial Research at RUC, Dean of the Research Institute of Capital Market at RUC, National-level First-class Professor, Independent Director of Sunshine Insurance Group Co., Ltd., and Independent Director of Guangxi Beibu Gulf Bank Co., Ltd.

Gong Dexiong (who will formally assume duties upon regulatory approval), male, born in 1969, holds a Bachelor's degree and an Executive Master of Business Administration (EMBA), and is an Economist. He previously served as Deputy Manager of the Securities Department of Shanghai International Trust Investment Company, Party Committee Secretary and Chairman of Shanghai Securities Co., Ltd., Chairman of Hicend Futures Co., Ltd., General Manager of the Financial Management Headquarters of Shanghai International Group Co., Ltd., Party Committee Member, Vice President, President of the Asset Management Business Committee, and President of the Wealth Management Business Committee at Guotai Junan Securities Co., Ltd., Chairman and CEO of Shanghai Guotai Junan Securities Asset Management Co., Ltd., Chairman of Guotai Junan Capital Management Co., Ltd., Chairman, General Manager, and Executive Committee Chairman of Guotai Junan Innovation Investment Co., Ltd., Deputy General Manager of Shenergy (Group) Co., Ltd., Party Committee Secretary and Chairman of Orient Securities Co., Ltd., Executive Director and General Manager of Shenergy Investment Management Co., Ltd., and Chairman of Shenergy Property & Casualty Insurance Co., Ltd. He currently works as Deputy Party Committee Secretary, Director, and General Manager of Shanghai International Group Co., Ltd.

Ji Hongmei (who will formally assume duties upon regulatory approval), female, born in 1971, completed the undergraduate education and holds a Master's degree. She previously served as Deputy Chief of the Information Technology Department and Deputy Chief of the Business Department at the Shanghai Pudong Branch of Bank of China (BOC), Senior Manager of Asset Management Division I at China Orient Asset Management Co., Ltd. Shanghai Office, Assistant General Manager of Shanghai Dongxing Investment Holding Co., Ltd., Deputy General Manager of China Orient Asset Management Co., Ltd. Shanghai Office, Deputy General Manager of China Orient Asset Management Co., Ltd. Shanghai Branch, and General Manager of the Special Situation Investment Department of China Orient Asset Management Co., Ltd. She currently works as Party Committee Secretary and General Manager of China Orient Asset Management Co., Ltd. Shanghai Branch.

Song Zheng (who will formally assume duties upon regulatory approval), male, born in 1975, holds a Ph.D. in Economics. He previously served as Associate Research Fellow at the School of Economics, Fudan University, Assistant Professor in the Department of Economics at The Chinese University of Hong Kong, and Assistant Professor and Associate Professor at the Booth School of Business, University of Chicago. In 2013, he received the Sun Yefang Economic Science Award. He is currently Wei Lun Professor of Economics and Head of Department of Economics at The Chinese University of Hong Kong, Distinguished Visiting Professor at the School of Economics and Management, Tsinghua University, special-term professor at the Guanghua School of Management, Peking University, Fellow of the Econometric Society, and Member of the Currency Board Sub-Committee of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority.

4.2.4.2 Resumes of Senior Management members and business directors

Xie Wei, ditto

Cui Bingwen, male, born in 1969, has a Doctorate degree, and is a Senior Economist. He previously acted as Deputy Head of Jinxi Sub-branch, Deputy Head (in overall charge) of Dongli Sub-branch of ICBC Tianjin Branch, Head of the Human Resources Department, General Manager of the Corporate Banking Department, Party Committee Member, Head Assistant, Deputy General Manager, Party Committee Secretary and General Manager of SPD Bank Tianjin Branch, Party Committee Secretary and General Manager of SPD Bank Beijing Branch and concurrently General Manager of the Group Customer Department and General Manager of the Financial Markets Department (Beijing) of SPD Bank Head Office. He currently works as Party Committee Member, Vice President, CRO (this role to be formally assumed upon regulatory approval), CCO (this role to be formally assumed upon regulatory approval), and CLA of SPD Bank, and Chairman of Shanghai International Trust Co., Ltd.

Kang Jie, male, born in 1979, has a Bachelor's degree. He previously served as Chief of Cadre Management Section at Human Resources Department of Shanghai Rural Commercial Bank (SHRCB), Deputy Secretary and Secretary of CCYL SHRCB Committee, Deputy General Manager of SHRCB Qingpu Sub-branch, Deputy General Manager of SHRCB Huangpu Sub-branch (in overall charge), and General Manager of SHRCB Huangpu Branch, Vice President of SHRCB, and Party Committee Member and Deputy Director of Shanghai SASAC. Currently, he is Party Committee Member and Vice President of SPD Bank and Chairman of Shanghai Innovation Bank Co., Ltd.

Gao Weihua, male, born in 1969, holds a Bachelor's degree and is a Senior Political Worker. He previously served as Deputy Director and Director of the Supervision Office at Shanghai Pharmaceuticals Holdings Co., Ltd. (SPH), and Deputy Secretary of the Discipline Inspection Commission at SPH. He later held roles including Deputy Secretary of the Discipline Inspection Commission at Shanghai State-owned Assets Supervision and Administration Commission (Shanghai SASAC), Deputy Head of the Discipline Inspection Group stationed by the Shanghai Municipal Commission for Discipline Inspection to the Shanghai SASAC Party Committee, and Deputy Head of the Discipline Inspection and Supervision Group stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision to Shanghai SASAC Party Committee. He also worked as Secretary of the Discipline Inspection Commission, Party Committee Member, and Vice Chairman of the Board of Supervisors at Bright Food (Group) Co., Ltd., and Secretary of the Discipline Inspection Commission, Party Committee Member and Supervisory Commissioner stationed by the Shanghai Municipal Commission for Discipline Inspection and Supervision at Bright Food (Group) Co., Ltd. He currently works as Head of the Discipline Inspection and Supervision Office at SPD Bank dispatched by Shanghai Municipal Discipline Inspection Commission and Supervisory Commission and Party Committee Member of SPD Bank.

Ding Wei, female, born in 1971, holds an MBA and is a Senior Economist. She previously served as Deputy Director of the Long Card Business Processing Center and Deputy General Manager of the Personal Banking Department at CCB Shanghai Branch. At SPD Bank, she held roles including General Manager of the Bank Card Department at the Personal Banking Headquarters, Deputy General Manager of the Personal Banking Headquarters, General Manager of the E-Banking Department (Mobile Finance Department) and General Manager of the Retail Banking Department at SPD Bank Head Office, and Party Committee Member, Retail Banking Director, and General Manager of the Retail Banking Department at SPD Bank Head Office. She currently works as Party Committee Member and Vice President of SPD Bank.

Zhang Jian, male, born in 1975, has a Doctorate degree. He previously served as Deputy General Manager of the Financial Markets Department at SPD Bank Head Office, Deputy Director of the General Office at SPD Bank Head Office, Deputy Party Committee Secretary and Secretary of the Discipline Inspection Commission of SPD Bank Shanghai Branch, Deputy Party Committee Secretary of and Vice General Manager of SPD Bank Shanghai Branch, Party Committee Secretary and General Manager of SPD Bank Nanchang Branch, Party Committee Secretary and General Manager of SPD Bank Zhengzhou Branch, and General Manager of the Asset and Liability Management Department at SPD Bank Head Office, and General Manager of the Asset, Liability, and Financial Management Department at SPD Bank Head Office. He currently works as Party Committee Member, Vice President, and Secretary to the Board of Directors at SPD Bank, and Chairman of AXA SPDB Investment Managers Co., Ltd.

Wang Su'nan, male, born in 1966, has a Doctorate degree and is a Senior Engineer, a Certified Internal Auditor (CIA), and a Certified Information Systems Auditor (CISA). He previously served as Deputy General Manager of the Development Department, General Manager of the Computer Management Department and General Manager of the Business Department at SPD Bank Ningbo Branch, Senior IT Auditor of the Audit Department, Executive Auditor for Information Technology and Operations of the Audit Department, Assistant to the Chief Auditor, Deputy General Manager of the Corporate Banking Headquarters (concurrently General Manager of the SME Business Operations Center), Retail Banking Director (concurrently General Manager of the Retail Banking Management Department) at SPD Bank Head Office, Party Committee Secretary and General Manager of SPD Bank Hangzhou Branch, and Director of the Internet Finance Business Center at SPD Bank Head Office. He currently works as Party Committee Member and Corporate Banking Director of SPD Bank and Party Committee Secretary and General Manager of SPD Bank Shanghai Branch.

Xue Hongli, male, born in 1972, has a Doctorate degree and is a Senior Economist. He previously served as Head of Investment and Trading Division at the Treasury Department and Head of the Asset-Liability Division and Information Statistics Division of the Planning and Finance Department at China Everbright Bank (CEB), Party Committee Member and Vice General Manager (on secondment) of CEB Langfang Branch, Deputy General Manager of the Financial Markets Department at the Postal Savings Bank of China (PSBC), and General Manager and Party Committee Member of the Financial Markets Department at SPD Bank Head Office. He is currently Financial Markets Director of SPD Bank, Chief Economist at SPD Bank Head Office, and Executive Dean of the SPD Bank Research Institute.

4.2.4.3 Positions held by current directors in shareholders

Name	Name of shareholder	Posts held in shareholders	Starting date of appointment
Guan Wei	Shanghai International Group Co., Ltd.	Deputy General Manager, CFO	December 2018
	Shanghai State-owned Assets Operation Co., Ltd.	Chairperson	September 2021
	Guotai Haitong Securities Co., Ltd.	Director	April 2025
Lin Huazhe	Cinda Investment Co., Ltd.	Party Committee Secretary, Chairman	July 2024

4.2.4.4 Positions held by current directors in other entities

Name	Name of entity	Position
Guan Wei	Shanghai Rural Commercial Bank Co., Ltd.	Director
Bo Jingang	China Mobile IoT Company Limited	Director
	TravelSky Mobile Technology Co., Ltd.	Director
Zhu Yi	China Mobile State Investment Innovation Investment Management Co., Ltd.	Director
Henry Cai	AGIC Capital	Chairman, Co-founder
	BYD Co., Ltd.	Independent Director
	China Taiping Insurance Holdings Co., Ltd.	Independent Non-executive Director
Wu Hong	East China University of Political Science and Law	Professor and Doctoral Supervisor
	Bank of Nanjing Co., Ltd.	Independent Director
	Orient Securities Co., Ltd.	Independent Director
Sun Lijian	Fudan University	Professor and Doctoral Supervisor
Ye Jianfang	Shanghai University of Finance and Economics	Professor and Doctoral Supervisor
	Shanghai Chlor-Alkali Chemical Co., Ltd.	Independent Director
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Independent Director
	CCB Life Insurance Co., Ltd.	Independent Director
	China Industrial Securities International Financial Group Limited	Independent Director
Wu Xiaoqiu	Renmin University of China	Dean of the National Academy of Financial Research at RUC, Dean of the Research Institute of Capital Market, National-level First-class Professor
	Sunshine Insurance Group Co., Ltd.	Independent Director
	Guangxi Beibu Gulf Bank Co., Ltd.	Independent Director

4.2.5 Remuneration of directors and Senior Management members

Decision-making procedure for the remuneration of directors and Senior Management members	The remuneration of the Bank's shareholder directors shall be determined by the shareholder units that appoint them. The remuneration of the Bank's independent directors shall be subject to the Policy on Allowances to Independent Directors, as deliberated and approved at the Shareholders' Meeting. The remuneration of directors and Senior Management members who are paid by the Bank shall be reviewed by the Nomination and Remuneration Appraisal Committee under the Board of Directors, and be submitted to the Board of Directors for approval. The Board of Directors is responsible for deliberating and adopting the remuneration management policy of the Bank in accordance with the pertinent laws and policies of the State. As at the end of the reporting period, the Nomination and Remuneration Appraisal Committee under the Board of Directors consisted of seven directors and was chaired by an independent director. It shall deliberate on the remuneration management regime and policies of the Bank, study and examine the remuneration policies and schemes for directors and Senior Management, and put forth suggestions to the Board of Directors. The Senior Management shall organize the implementation of the Board of Directors' resolutions about remuneration management. Internal and external auditors shall incorporate the design and implementation of remuneration policies into the auditing scope.
Whether directors recuse themselves from the Board of Directors' discussion on their remuneration	Directors are not involved in the process of evaluating their performance of duties and determining their remuneration. In line with this practice, the directors of the Bank recused themselves from voting on their remuneration during the deliberation of the Proposal on the Remuneration of Senior Management Members for 2024.
Specific circumstances under which the Nomination and Remuneration Appraisal Committee or the specialized meeting of independent directors issue recommendations on matters relating to the remuneration of directors and Senior Management members	On 26 March 2025, the First Meeting of the Nomination and Remuneration Appraisal Committee under the Board of Directors of 2025 was convened to deliberate and adopt the Proposal on the Remuneration of Senior Management Members for 2024. The meeting confirmed that the remuneration for Senior Management members in 2024 complied with relevant regulations and the established remuneration system for professional managers, recommended that the Bank continue to strengthen remuneration management for Senior Management members, reinforce value-oriented principles, and enhance positive incentive effects.
Basis for the remuneration of directors and Senior Management members	The remuneration policy for directors and Senior Management members who are paid by the Bank shall be reviewed by the Nomination and Remuneration Appraisal Committee under the Board of Directors, and be submitted to the Board of Directors for deliberation and approval in accordance with the applicable provisions of the competent authorities.
Total remuneration actually received by all directors and Senior Management members as at the end of the reporting period	The final competent department in charge of the remuneration of directors and Senior Management members who are paid by the Bank and are leaders of SOEs is under confirmation, and the total remuneration (before-tax) paid by the Bank at present is RMB8,794,000.

4.2.6 Establishment and implementation of performance appraisal and incentive mechanisms for Senior Management members

In 2025, the Bank, proceeding from its actual conditions, continued to act on the requirements set out in the remuneration policy reform for leaders of SOEs under the management of the Shanghai municipal government. On the basis of implementing performance appraisal and remuneration policies for Senior Management members, the Bank revised and enhanced the Performance Appraisal and Remuneration Distribution Plan for Other Leaders Appointed and Managed by the Organization and the Implementation Plan for the Reform of the Professional Manager Remuneration System, so as to further stimulate the creativity of Senior Management members, make state-owned assets grow larger and stronger, and steer its staff towards long-standing, high-quality development. The Bank also placed emphasis on enhancing the sense of social responsibility among Senior Management members. It continuously improved its remuneration management measures and performance appraisal system, and incorporated ESG indicators into the performance evaluation of Senior Management members, covering sustainable development-related areas such as green finance, inclusive finance, and digital finance. This further strengthened the incentive and constraint role of remuneration in promoting sustainable development. The Bank established remuneration deferral and clawback mechanisms, stipulating a three-year deferral period for performance-based annual remuneration and providing for the reduction or recovery of current or deferred remuneration in cases involving violations of laws, regulations, or disciplinary rules, or the materialization of risks within their scope of responsibility.

4.2.7 Performance of duties by directors and the Board of Directors

4.2.7.1 Attendance of directors at Board meetings

During the reporting period, the Board of Directors held 13 meetings, at which it approved 86 resolutions and reviewed 21 special reports.

Director name	Independent Director Y/N	Overview of attendance at Board meetings						Number of attendance times at shareholders' meetings as voting and non-voting delegates
		Number of required attendance times at Board meetings	Number of attendance times in person	Number of attendance times via written resolutions	Number of attendance times by proxy	Number of absence times	No attendance in person for two consecutive times Y/N	
Zhang Weizhong	No	13	13	9	0	0	No	2
Xie Wei	No	1	1	1	0	0	No	2
Liu Yiyang	No	13	13	9	0	0	No	2
Zhao Wanbing	No	13	13	9	0	0	No	2
Guan Wei	No	13	13	9	0	0	No	2
Bo Jingang	No	13	13	9	0	0	No	2
Zhu Yi	No	13	13	9	0	0	No	2
Lin Huazhe	No	5	5	4	0	0	No	1
Henry Cai	Yes	13	13	9	0	0	No	2
Wu Hong	Yes	13	12	9	1	0	No	2
Sun Lijian	Yes	13	13	9	0	0	No	2
Ye Jianfang	Yes	13	13	9	0	0	No	2
Wu Xiaoqiu	Yes	13	13	9	0	0	No	2
Number of Board meetings held in the year								13
Incl.: Number of onsite meetings								4
Number of meetings held via written resolutions								9
Number of meetings held onsite with attendance via written resolutions								0

Notes: The number of Board meetings attended by directors is calculated from the date on which their director qualifications were approved through the end of the reporting period.

4.2.7.2 Performance of duties by independent directors

As at the end of the reporting period, the Board of Directors of the Bank had five independent directors, which constituted more than one-third of the members of the Board of Directors. The Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee), the Nomination and Remuneration Appraisal Committee, and the Audit Committee were all chaired by independent directors. All independent directors devoted sufficient time and effort to their duties, with each serving more than 15 working days for the Bank and committee chairpersons exceeding 20 working days, in line with regulatory requirements. Their work included reviewing Board meeting proposals, participating in field research of directors, attending strategic seminars, and taking part in meetings and training sessions organized by regulatory authorities. In 2025, a total of seven specialized meetings of independent directors were convened, during which 12 resolutions and reports were approved, and independent directors expressed 19 special independent opinions. With the attitude of being responsible for all shareholders, all these independent directors faithfully and diligently performed their duties, continuously enhanced their professional capabilities, maintained independence and high ethical standards, adhered to compliance principles, and performed their responsibilities in accordance with laws and regulations. They fully exercised their roles in decision-making participation, checks and balances, and professional advisory functions, with a particular focus on matters that may have a material impact on the legitimate rights and interests of the Bank, investors, and financial consumers, including profit distribution, material related party transactions, nomination of director candidates, Senior Management remuneration, internal control evaluation, external guarantees, and the appointment of accounting firms. Independent directors maintained their independence in the decision-making process, free from being influenced by major shareholders, Senior Management members, and other entities and individuals who had a stake in the Bank. They made every effort to safeguard the legitimate rights and interests of minority shareholders and other stakeholders, and promoted the establishment of a sound and integrity-based corporate culture and values framework.

4.2.7.3 Objection raised by independent directors against relevant matters of the Bank

During the reporting period, the independent directors of the Bank did not raise objections against any proposal at Board meetings.

4.2.7.4 Duty performance of the special committees of the Board of Directors

During the reporting period, the special committees of the Board of Directors convened a total of 29 meetings, approving 88 resolutions and reviewing 25 reports. They deepened research and strengthened ex-ante review functions in areas such as strategic planning, capital management, nomination and evaluation, and risk and internal control, thereby ensuring the independence, professionalism, and efficiency of the Board of Directors' decision-making.

The Strategy and Sustainability Committee (Inclusive Finance Development Committee) actively fulfilled its mandate in support of national strategies, closely aligned itself with the Bank's digitalization & intelligentization strategy, and formulated the Bank's business management objectives and long-term development strategies, thereby strengthening the foundation for business development. During the reporting period, the committee convened 10 meetings, at which it deliberated and approved 22 proposals, including the Proposal on the 2024 Strategic Execution Analysis Report, the Proposal on the Revision of the Articles of Association and the Abolition of the Board of Supervisors, the Proposal on the Revision of the Rules on Capital Management, the Proposal on the Revision of the Green Finance Management Measures, the Proposal Regarding the Report on the Implementation of the 2024 Special Action Plan to Improve Quality and Efficiency for Greater Returns, and the Proposal on the Operation and Management of Major Investee Companies in 2024. It also reviewed three reports, including the Report on the Implementation of Data Governance Practices in 2024, thereby promoting the effective and in-depth execution of strategic initiatives.

The Audit Committee effectively performed its audit oversight functions, reported key audit findings, progress of special audit initiatives, and remediation status to the Board of Directors in a timely manner, and promoted further improvements in the effectiveness of financial management, risk management, compliance and internal controls, and audit governance, thereby providing strong support for informed decision-making of the Board of Directors. During the reporting period, the committee convened six meetings, at which it deliberated and approved 17 proposals, including the Proposal on the 2024 Annual Report, the Proposal on the 2024 Final Accounts and 2025 Financial Budget, the Proposal on Profit Distribution for 2024, the Proposal on the 2024 Work Summary and 2025 Work Plan for Internal Audits, the Proposal on the 2024 Internal Control Evaluation Report, and the Proposal on the Pillar 3 Report for the First Quarter of 2025. It also reviewed seven reports, including the 2024 Annual Operation Report and the Report on Major Audit Findings and Rectification for 2024.

The Nomination and Remuneration Appraisal Committee continued to optimize the composition of the Board of Directors, improve remuneration management systems and policies, and further enhance the Bank's core competitiveness. During the reporting period, the committee convened three meetings, at which it deliberated and approved seven proposals, including the Proposal on the Election of the Vice Chairman, the Proposal on Adjusting Members of Special Committees of the Board of Directors, the Proposal on Nominating Director Candidates, and the Proposal on Implementation of Remuneration Distribution for 2024.

The Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee) continued to advance comprehensive risk management, further strengthening a risk management and internal control framework aligned with the requirements of high-quality development, and enhancing the forward-looking nature and precision of risk management. During the reporting period, the committee convened 10 meetings, at which it deliberated and approved 42 proposals, including the Group-wide Risk Appetite (2025), the Proposal on Related Party Transactions in 2024, the Proposal on Revising the Anti-Money Laundering Management Measures, the Proposal on Revising the Business Continuity Management Policy, the Proposal on Revising the Rule and Policy Management Measures, and the Proposal Regarding the Optimization Plan on Credit Rating Models for Financial Institutions and Non-General Corporate Clients. It also reviewed 15 reports, including the 2024 Risk Management and Implementation Report.

Special committee	Number of meetings held	Number of proposals deliberated	Number of reports reviewed
Strategy and Sustainability Committee (Inclusive Finance Development Committee)	10	22	3
Audit Committee	6	17	7
Nomination and Remuneration Appraisal Committee	3	7	-
Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)	10	42	15

4.2.7.5 Duty performance of the Board of Directors in ESG management

The Board of Directors actively fulfilled its strategic decision-making responsibilities, deepened ESG governance, and continuously enhanced the ESG governance framework. It attached great importance to ESG-related developments and fully, accurately, and comprehensively implemented the new development philosophy. The Board accelerated efforts to establish a new development paradigm and supported the Bank in advancing the five priorities of the financial sector: technology finance, green finance, inclusive finance, pension finance, and digital finance. These efforts fostered the development of new quality productive forces, enhanced the Bank's ESG capabilities, and supported the Chinese economy and society's green transition and sustainable development. The Board regularly reviewed ESG-related proposals, including reports on the Bank's green and inclusive finance businesses, sustainable development strategies and their implementation, sustainable development-related policies and measures, comprehensive risk management, CSR performance, consumer protection initiatives, data security management practices, AML measures, and the ESG performance of the Bank and its major investees.

The Board has established the Strategy and Sustainability Committee (Inclusive Finance Development Committee), which is responsible for reviewing the Bank's strategies and fundamental management policies related to social responsibility, green finance, and ESG. The committee also reviews sustainability reports prepared by the Senior Management and oversees and evaluates the implementation of related sustainability strategies.

In 2025, the Board of Directors deliberated and approved the Proposal on the Revision of the Green Finance Management Measures, the Proposal on Revising the Environmental, Social and Governance (ESG) Risk Management Measures, the Proposal on the 2024 Sustainability Report, the Proposal on Revising the Management Measures for External Donations, the Proposal on Donations to the Shanghai Qiyuan State-owned Assets Innovation Source Public Welfare Foundation and Others, the Proposal on the 2024 Regulatory Evaluation of Consumer Protection Initiatives, and the Proposal on the 2024 Work Summary and 2025 Work Plan Concerning Consumer Protection. The Board of Directors also reviewed reports on ESG-related topics with distinctive SPDB characteristics, including the Report on the Circular of Consumer Complaints in the Banking Industry for the First Quarter of 2025 and the 2024 Data Security Report, while regularly reviewing circulars on consumer complaints. These efforts fully reflected the effective implementation of the Bank's digitalization & intelligentization strategy in the field of sustainable development.

4.2.8 Information on employees

	Person
Total in-service employees of the parent company as at the end of the reporting period	59,544
Total in-service employees of main subsidiaries as at the end of the reporting period	2,654
Total in-service employees as at the end of the reporting period	62,198
Retired employees in the parent company and main subsidiaries during the reporting period	3,041
Incl.: Disciplines of employees of the parent company	
Senior Management members	365
Banking staff	53,057
Technical staff	6,122
Incl.: Education level of employees in the parent company	
Master's degree and Doctorate degree	14,443
Bachelor's degree	39,305
Junior college and vocational school	5,796

Notes: (1) The number of in-service employees at the parent company comprises all types of workers, which are divided into 56,632 contracted employees and 2,912 outsourced service workers.

(2) Management personnel of the parent company refer to individuals holding deputy or higher positions in departments at the Head Office and tier-one branches.

4.2.9 Information on the headquarter and branches

The Bank implements a first-class legal entity system and adopts a mechanism of Head Office and branches. According to principles of economic efficiency and economic divisions and based on the layout of commercial banks across the nation, it established branches and sub-branches in medium and large cities, and important central cities in coastal areas, the northeast, the central and western areas. As at the end of the reporting period, it had established 42 tier-one branches and 1,718 banking outlets in 31 provinces, autonomous regions and municipalities directly under the central government, Hong Kong SAR, Singapore, and London.

Region	Institution name	Address	Number of employees (Person)	Number of organs under its jurisdiction	Total assets (in RMB millions)
Head Office	Head Office	No. 12 Zhongshan Dongyi Road, Shanghai	8,486	1,717	4,763,326
	Credit Card Center	SPD Bank Building, No. 588 Pudong South Road, Pudong New Area, Shanghai	8,567	-	370,669
	Sub-total		17,053	1,717	5,133,995
Yangtze River Delta Region	Shanghai Branch	No. 588 Pudong South Road, Pudong New Area, Shanghai	4,672	178	1,841,568
	Hangzhou Branch	No. 129 Yan'an Road, Hubin Sub-district, Shangcheng District, Hangzhou, Zhejiang	2,757	91	429,426
	Ningbo Branch	No. 21 Jiangxia Street, Ningbo	1,191	42	159,286
	Nanjing Branch	No. 303 Zhongshan East Road, Xuanwu District, Nanjing	3,037	110	388,723
	Suzhou Branch	No. 718 Zhongyuan Road, Industrial Park, Suzhou, Jiangsu	1,017	31	123,582
	Hefei Branch	Building F, SPDB Hefei Integrated Center (Hefei Branch), No. 2608 Hangzhou Road, as well as F/17-18, Building C, SPDB Hefei Integrated Center, No. 2496, Hangzhou Road, Binhu New District, Hefei	1,286	45	133,898
	Shanghai Free Trade Zone Branch	F/22, SPD Bank Building, No. 588 Pudong South Road, Pudong New Area, Shanghai	36	-	77,225
	Sub-total		13,996	497	3,153,708
Pearl River Delta and West Side of Taiwan Strait	Guangzhou Branch	Shop Units 04, 05, and 06 F/1; Shop Unit 02 F/2; Units 02-10 F/4-7; and Unit 02 F/8-11, No. 12 Zhujiang West Road, Tianhe District, Guangzhou	2,315	94	318,291
	Shenzhen Branch	SPDB Tower, No. 88 Pucheng Road, Tianxin Community, Sungang Sub-district, Luohu District, Shenzhen	1,823	61	426,142
	Fuzhou Branch	Room 16-24 (commercial) F/1, Room 01-02 (commercial) F/4, Room 01 (commercial & office) F/5-7, Room 01 (commercial & office) F/18-21, 1# Building, Fumin Times Square, No. 66 Aofeng Road, Aofeng Sub-district, Taijiang District, Fuzhou, Fujian	721	51	65,378
	Xiamen Branch	No. 666-1 Xiahe Road, Siming District, Xiamen (F/1 and F4-6, Tower 1, Haiyi Building)	314	13	26,101
	Sub-total		5,173	219	835,912
Bohai Rim	Beijing Branch	F/1, F/2, and F/6-9, Fengrong International Building, No. 18 Taipingqiao Avenue, Xicheng District, Beijing	2,299	91	662,522
	Tianjin Branch	Block D, Bohai Rim Development Center, No. 9+ Binshui Avenue, Hexi District, Tianjin	1,304	38	184,672
	Ji'nan Branch	No. 139 Heihuquan West Road, Lixia District, Ji'nan	1,411	67	109,937
	Qingdao Branch	No. 188 Haier Road, Qingdao, Shandong	1,025	34	118,257
	Shijiazhuang Branch	101 Fangbei Shopping Mall, No. 133 Yuhua East Road, Chang'an District, Shijiazhuang, Hebei	870	35	93,303
	Hebei Xiongan Branch	Northwest corner of the intersection of Baiyangdian Street and Rongmei Road, Rongcheng County, Baoding City, Hebei	26	-	5,251
	Sub-total		6,935	265	1,173,942

Central China	Zhengzhou Branch	No. 299 Jinshui Road, Zhengzhou, Henan	1,854	97	256,839
	Wuhan Branch	SPDB Tower, No. 218 Xinhua Road, Jiangnan District, Wuhan, Hubei	1,098	51	99,128
	Taiyuan Branch	F/1-2, Podium (partial) and Office Space on F/6-10, West Side of the Oriental Pearl Hubin Plaza Project, No.180 Yingze Avenue, Taiyuan, Shanxi	1,120	54	112,905
	Changsha Branch	No.102, Chazishan East Road, Binjiang New Town, Changsha, Hunan	980	51	90,771
	Nanchang Branch	No. 1402 Hongguzhong Avenue, Nanchang, Jiangxi	793	40	64,527
	Haikou Branch	F/1-6, Haikou CCCC International Center, No. 57 Guoxing Avenue, Meilan District, Haikou, Hainan	212	6	16,330
	Sub-total		6,057	299	640,500
Western China	Chongqing Branch	No. 78 Star Avenue, High-tech Park, Northern New District, Chongqing	858	30	112,284
	Kunming Branch	F/1-3 and F/17-19, Global Finance Center, Dongfeng West Road, Kunming	746	33	64,095
	Chengdu Branch	No. 22 East II Section, 2nd Ring Road, Chenghua District, Chengdu, Sichuan	918	22	126,600
	Xi'an Branch	No. 6 Jinye Road, High-tech Zone, Xi'an	1,279	63	178,846
	Nanning Branch	Building 1, Mingdu Garden Project, No. 22 Jinpu Road, Nanning, Guangxi Zhuang Autonomous Region	639	24	73,150
	Urumqi Branch	No. 379 Xinhua South Road, Urumqi, Xinjiang Uygur Autonomous Region	539	19	40,235
	Hohhot Branch	Block B Dongfang Junzuo, No. 18 Chilechuan Street, Saihan District, Hohhot	568	23	59,448
	Lanzhou Branch	Room 104 of Podium and F/20 and F/24-32 of Tower B, "Hongyun Jinmao" Building, No. 2 Qingyang Road, Chengguan District, Lanzhou, Gansu	501	22	32,062
	Guiyang Branch	East Tower 4, Eastern Zone, Financial Business District, Part B of Zhongtian Exhibition Town, Guanshanhu District, Guiyang, Guizhou	389	15	35,879
	Xining Branch	Room 84-16, No. 1 Building, No. 84 Wusi West Road, Chengxi District, Xining, Qinghai	208	7	9,602
	Yinchuan Branch	F/1-3 and F/8-12, No. 301 Minzu North Street, Xingqing District, Yinchuan, Ningxia Hui Autonomous Region	193	6	13,211
	Lhasa Branch	No. 111 Jinzhu West Road, Chengguan District, Lhasa	131	1	19,121
	Sub-total		6,969	265	764,533
Northeastern China	Dalian Branch	No. 45 Huizhan Road, Shahekou District, Dalian	937	49	114,453
	Shenyang Branch	No. 326 Fengtian Street, Shenhe District, Shenyang, Liaoning	716	28	52,221
	Harbin Branch	No.226 Hongqi Street, Nangang District, Harbin, Heilongjiang	737	34	70,929
	Changchun Branch	F/6, Building B, No. 3518 Renmin Street, Nanguan District, Changchun, Jilin	520	19	53,344
	Sub-total		2,910	130	290,947
Overseas	Hong Kong Branch	Floor 30, SPD Bank Tower, No. 1 Hennessy Road, Hong Kong	285	-	205,443
	Singapore Branch	12 Marina Boulevard, #34-01, MBFC Tower3, Singapore	108	-	43,830
	London Branch	19th floor, 1 Angel Court London, EC2R7HJ	58	-	18,907
	Sub-total		451	-	268,180
Aggregate adjustment			-	42	-2,515,110
Total			59,544	1,718	9,746,607

Note: The sums of columns, such as the number of employees, number of organs under jurisdiction, and total assets, do not include the data of the controlled subsidiaries. Total in-service employees of the Head Office include staff of institutions directly affiliated to the Head Office.

4.2.10 Remuneration policy and implementation

The remuneration policy of the Bank is consistent with its development strategies, business plans, and corporate culture, as well as the requirements for corporate governance and industry regulation, and follows the management principles of "supporting strategy implementation, motivating talents, being market & performance-oriented and well-structured, and attaching equal importance to incentive and constraint".

The staff remuneration policy is regulated by the Remuneration Management Measures of Shanghai Pudong Development Bank and other pertinent policies. The remuneration is divided into basic pay, performance-based pay and benefits. Performance-based pay is linked to the comprehensive performance of an employee and the institution (department) to which the employee belongs, and can reflect various risks, cost offsets, and incentive and constraint requirements for sustainable development of the Bank. In terms of appraisal metrics, key performance indicators such as economic efficiency indicators, risk and cost control indicators, and social responsibility indicators are set to reveal the correlation between employee remuneration and business performance, risk control, and social responsibility. The Bank has formulated the Management Measures for Deferred Payment and Clawback of Remuneration. As to employees who commit violations, incur credit risk events, or fall under other similar situation, their current or deferred pay will be deducted given the accountability decisions. For employees in positions that have a significant impact on the risks of the Bank, the deferred pay shall not be less than 40% of their total performance-based pay for the year and the period of deferral shall not be less than three years. Employees of the Bank's audit, compliance, and risk management departments are mainly included in the sequences of management and professional positions, and their remunerations remain relatively independent from those of the personnel in business lines under their supervision.

The Bank actively advanced the building of an internationalized remuneration system and improved the remuneration mechanism for overseas institutions and persons dispatched to foreign countries. It advanced remuneration management of subsidiaries according to requirements for conglomeration development and continued to improve the incentive mechanism linking performance with professional post performance remuneration. It intensified accountability management, and used deferred payment of remuneration as an efficient risk constraint.

4.2.11 Implementation of the Special Action to Improve Quality and Efficiency for Greater Returns

The Bank actively responded to the SSE's Initiative on Special Action to Improve Quality and Efficiency for Greater Returns. In alignment with its development strategy and operating conditions, the Bank diligently implemented the relevant measures, focused on high-quality development, strengthened the effectiveness of the special action, continuously enhanced governance efficiency and investment value, and effectively safeguarded investor interests, thereby contributing to the stable development of the capital market.

First, effectively supporting economic and social development. The Bank fully implemented the guiding principles of the CPC Central Committee and regulatory requirements, upheld the political, people-oriented, and professional nature of financial work, made solid progress in advancing the five priorities of the financial sector, and actively contributed to the development of Shanghai into five international centers. Upholding the three high requirements, that is, high aspirations, high-efficiency coordination, and high-quality development, it fostered a sound development pattern characterized by "digital and intelligent empowerment, scenario integration, and ecosystem co-building", so as to better support the high-quality development of the real economy.

Second, improving the quality and efficiency of core businesses. Guided by the digitalization & intelligentization strategy, the Bank continued to deepen its efforts across the five priority tracks and drive innovation through the "three supers": super platforms, super products, and super systems. As a result, it delivered remarkable outcomes, marked by elevated service capabilities, improved operational resilience, continued improvement in asset quality, a more optimized and forward-looking asset structure, a steadily strengthened liability base, and an orderly expansion of capital strength.

Third, constantly refining corporate governance mechanisms. To actively implement the new Company Law and regulatory requirements, the Bank completed high-quality revisions to the Articles of Association and supporting rules such as the Rule of Procedures for the Shareholders' Meetings and the Rule of Procedures for the Board of Directors. In accordance with applicable laws and regulations, it adjusted its supervisory framework, completed the reform and abolition of the Board of Supervisors, and ensured the smooth and efficient transition of supervisory responsibilities to the Audit Committee, thereby further enhancing the soundness, prudence, and effectiveness of corporate governance.

Fourth, actively advancing market value management. Under the leadership of the Party Committee's top-level design, the Bank effectively fulfilled its information disclosure obligations, enhanced transparency, innovated investor relations management, and strengthened communication with the capital markets and investors, thereby promoting high-quality development and the realization of market value. During the reporting period, the Bank's share price increased by 24.56%, ranking third among A-share listed banks and first among listed joint-stock commercial banks. As at the end of the reporting period, the Bank's total market capitalization reached RMB414.3 billion, representing an increase of RMB112.3 billion from the beginning of the year.

Fifth, promoting a financial culture with Chinese characteristics. The Bank actively advanced the development of a refined and distinctive comprehensive service system, launched the Group's SPDandelion public welfare brand, and promoted a shift in public-interest initiatives from aid-dependent assistance toward self-sustained development capacity, thereby actively fulfilling the social responsibilities of SOEs. Meanwhile, it also strengthened the effectiveness of its ESG governance, achieving improvements in domestic and international ratings. Guided by sustainability principles, the Bank created long-term value for a broad range of stakeholders.

4.2.12 Information disclosure

The Bank works to protect investors' rights to know by fulfilling its information disclosure obligations according to the law and implementing various related regulatory requirements. As per the principles of "openness, fairness, and impartiality", the Bank discloses the information on corporate governance and management truly, accurately and completely, ensuring that the disclosed information is concise, clear, and easy to understand, and that the information disclosure remains continual and consistent. The Bank received an "A" rating (the highest level) in the information disclosure evaluation for listed companies initiated by the SSE for 2024-2025.

During the reporting period, the Bank completed four times of disclosure by periodic reports and 79 times of disclosure by temporary announcements. In temporary announcements, the Bank promptly disclosed material matters such as resolutions of the shareholders' meetings and Board meetings, the value enhancement plan, profit distribution plans, and the conversion status of convertible bonds. The Bank disclosed annual and interim preliminary earnings estimates, respecting and safeguarding investors' rights to obtain timely and fair information on its operations. In its periodic reports, the Bank proactively strengthened the promotion of its digitalization & intelligentization strategy, provided a comprehensive overview of the strategy framework and its implementation outcomes, added a dedicated section on "Key Issues of Focus in Operations", worked to enhance the readability of these reports, and helped investors understand its strategic optimization results, protecting investors' right to information effectively. The Bank disclosed its sustainability report on an annual basis, providing a comprehensive presentation of its ESG practices. The Bank further refined its information disclosure management policies, strictly implemented the regulatory provisions on information disclosure of listed companies, and effectively prevented the risk of insider trading, thus doing better in the basic information disclosure management.

4.2.13 Investor relations management

The Bank attaches great importance to investor relations management, regarding it as an important enabler of sound corporate governance, enhanced market transparency, and sustainable long-term value creation. Investor relations activities are fully integrated into the Bank's digitalization & intelligentization strategy, continuously consolidating its image as a high-quality blue-chip institution.

First, the Bank strengthened institutional development and governance coordination. At the Group level, it systematically established a closed-loop market value management framework of "1 policy + 1 plan + 1 report", comprehensively reinforcing alignment between value creation and market perception. The Market Value Management Policy served as the guiding document, defining the top-level design and operational framework for market value management. In parallel, the Bank publicly disclosed the Value Enhancement Plan and the Report on the Implementation of the 2024 Special Action to Improve Quality and Efficiency for Greater Returns, transparently presenting the roadmap for medium- to long-term value enhancement to the market. By optimizing the three-tier coordination mechanism among the Board of Directors, Management, and Investor Relations Team, the Bank established a fully integrated closed loop linking strategy formulation, execution, and external feedback, thereby embedding market value management as a strategic consensus across the entire organization.

Second, the Bank expanded diversified communication channels and investor engagement activities. It built a three-dimensional communication matrix covering both domestic and overseas as well as online and offline channels. Senior Management teams frequently led roadshows in both domestic and overseas markets, establishing a normalized and high-frequency roadshow mechanism following the release of periodic reports, with the scope and number of participating institutions reaching record highs. The Bank continuously enhanced its performance briefings through on-site briefings, live streaming, and text-based interactive sessions to communicate its operating performance to the market. In 2025, it successfully held four performance briefings, attracting over 330 thousand views and reaching a new record high, while further expanding the international coverage of its investor base. The Bank also strengthened engagement with professional institutions, actively supported in-depth research activities, and facilitated analytical reports providing comprehensive insights into its operations and management, thereby enhancing the recognition of its investment value among leading research institutions both domestically and internationally.

Third, the Bank deepened value transmission and shareholder return. Firmly adhering to a long-term value-oriented philosophy, the Bank placed shareholder returns at the core of its development strategy and continued to build a stable, predictable, and sustainable cash dividend mechanism, effectively enhancing investors' sense of gain and confidence. The cash dividend payout ratio exceeded 30%. While ensuring financial stability and sustainable business development, the Bank continuously optimized its profit distribution policy, strengthened the consistency and transparency of the dividend policy, and ensured that investors could fully and timely share the long-term value generated by high-quality development.

Fourth, the Bank strengthened the protection of minority investors' rights and interests. It continuously enhanced its mechanisms for safeguarding minority investors through a systematic and institutionalized framework for shareholder participation in governance. The Bank comprehensively optimized the process for responding to shareholder opinions and suggestions, ensuring that reasonable proposals could be professionally evaluated and subject to closed-loop feedback, thereby effectively enabling shareholder input to support business operations. During the reporting period, the Bank hosted the inaugural stop of the 2025 "I Am a Shareholder" campaign to visit listed companies on the SSE, a joint initiative of the SSE, China Securities Investor Services Center, and Shanghai Securities News, facilitating in-depth participation of minority investors in the Bank's corporate governance through on-site exchanges, dialogues with the Senior Management, and strategic interpretations. The event promoted the deep participation of minority investors in corporate governance and strengthened their understanding and recognition of the Bank's long-term value creation philosophy. In daily operations, the Bank established multi-channel mechanisms, including dedicated hotlines, online messages, and email communication, to ensure real-time collection, categorized assessment and analysis, and timely response to the feedback from minority investors. These efforts collectively built a solid framework for comprehensively safeguarding shareholders' legitimate rights and interests.

4.2.14 Profit distribution

4.2.14.1 Formulation and implementation of cash dividend policy

In order to further implement the requirements of regulators including the CSRC and SSE in respect of cash dividend of listed companies, and truly protect the legitimate interests of investors, the Articles of Association of the Bank defines the basic principle, specific policies, decision making procedure, organization and implementation of profit distribution and profit distribution policy changes, and states that the Bank's cash dividend scheme shall meet relevant rules of regulators, and except for special cases, the accumulated distribution of profit from the cash dividend in the past three years shall be no less than 30% of yearly average distributable profit realized in the past three years.

The Bank's decision-making procedure for profit distribution met relevant requirements in the Articles of Association and resolutions made at the shareholders' meeting, and the cash dividend criteria and proportions were clear and well defined, and all Independent Directors expressed opinions on the profit distribution scheme. The Bank also listened to the opinions and claims of minority shareholders through various forms. The profit distribution scheme considered the industry features, development stage, profitability and capital needs of the Bank, as well as the investors' requirements for sharing the Bank's growth and development achievements, and obtaining a reasonable return on investment.

4.2.14.2 Plan or scheme of the Bank for ordinary shares' dividend distribution in past three years

In RMB millions

Bonus year	Number of bonus shares per 10 shares	Number of dividend payout per 10 shares (tax inclusive)	Number of capital increase per 10 shares	Amount of cash dividend (tax inclusive)	Net profit attributable to the parent company's ordinary shareholders in the consolidated statements in the bonus year	Cash dividend rate (%)
2025	-	4.20	-	13,988	46,280	30.22
2024	-	4.10	-	12,410	39,905	31.10
2023	-	3.21	-	9,422	31,349	30.05

Notes: In the 2024 profit distribution plan deliberated and approved at the 2024 Annual General Meeting, the cash dividend payout ratio was 30.16%. Due to an increase in total share capital on the record date as a result of the conversion of convertible bonds into shares, the actual cash dividend payout ratio was 31.10%.

4.2.14.3 Annual profit distribution plan of the Bank

The audited 2025 accounting statement showed that, the parent company realized a total net profit of RMB46,621 million, and after deducting the dividends on SPDB P 1 and SPDB P 2 of RMB1,362 million and on perpetual bonds of RMB2,375 million paid in the year, the actual profit distributable to ordinary shareholders in the year would be RMB42,884 million.

The Bank proposed the 2025 profit distribution plan as follows:

- (1) To withdraw statutory surplus reserve at 10% of after-tax profit of the year, RMB4,662 million.
- (2) Pursuant to the Administrative Measures for Reserve Provisioning of Financial Enterprises issued by the Ministry of Finance, the Bank set aside RMB6.3 billion for general reserve.
- (3) To distribute to all shareholders cash dividends at RMB4.20 (tax inclusive) per 10 shares based on the total number of ordinary shares on the day of profit distribution and equity registration. As at 31 December 2025, the Bank's ordinary shares totaled 33,305,838,300, based on which the cash dividends to be distributed were calculated in RMB13,988 million (tax inclusive).

After the above distribution plan was implemented, the remaining undistributed profit was retained as replacement capital according to requirements of the regulatory authority on capital adequacy of commercial banks.

4.2.15 Internal controls

4.2.15.1 Formulation and implementation of internal control policies

During the reporting period, the Bank further strengthened its management foundation and enhanced day-to-day compliance and internal control oversight. First, it launched the Institutional Framework Optimization Initiative, establishing and implementing a clearly defined roadmap for revising and refining policies from both business and product perspectives. Under this initiative, the Bank revised and improved 380 policies, consolidated and eliminated 1,150 redundant or outdated policies, and introduced 80 new policies to support emerging businesses and products. As a result, the overall number of policies was significantly reduced, policy quality was materially enhanced, and frontline user experience was improved. Second, the Bank revised and refined a series of compliance and internal control management policies, effectively strengthening internal control capabilities. In supervision and evaluation, it updated policies governing on-site internal control inspections, internal control assessments, and compliance and internal control performance evaluations. In legal framework development, it refined policies related to trademarks, intellectual property rights, contracts, legal reviews, and litigation case management. In employee conduct management, it issued policies covering the identification of employee misconduct, misconduct monitoring, misconduct handling, and accountability management. In the case of risk control, it introduced policies on criminal-related case management and risk prevention and control. In internal control governance and decision-making, it optimized the Internal Control Committee's deliberation management policy. As a result, the Bank's compliance and internal control framework was comprehensively strengthened. Third, the Bank improved its rectification and supervision processes, further enhancing its ability to address issues and strengthen internal control management. It revised the rectification supervision management measures, upgraded the rectification supervision management system, and further clarified standards for corrective action formulation and acceptance criteria, improving the quality and effectiveness of remediation efforts. Therefore, the internal control framework was optimized continuously.

4.2.15.2 Relevant information about internal control audit report

The Bank prepared and disclosed the 2025 Internal Control Evaluation Report. KPMG Huazhen LLP audited the effectiveness of the internal control over financial reporting of the Bank as of 31 December 2025, and issued the Internal Control Audit Report. Full text of the above report has been published on the SSE's website (www.sse.com.cn) and the Bank's website (www.spdb.com.cn).

4.2.15.3 Management and control of subsidiaries

In accordance with relevant internal policies such as the Management Measures of Shanghai Pudong Development Bank for Invested Companies as well as the principles of "legal compliance, categorized, group-wide, see-through, and upgraded management, and market-based and independent operation", the Bank divided investee companies into different categories for management according to their differences in shareholding ratio and degree of control, thus capable of clearly defining the rights, obligations and responsibilities of these enterprises, highlighting priorities of management, and improving management efficiency.

4.2.16 Internal audits

In accordance with its Articles of Association, the Bank has established an independent and vertically structured internal audit system. The Board of Directors holds ultimate responsibility for ensuring the independence and effectiveness of internal audit. It is responsible for approving the internal audit charter, medium- and long-term audit plans, annual audit work plans, and related documents. The Board also provides the necessary conditions to guarantee the objective and independent execution of internal audit functions and evaluates the independence and effectiveness of audit activities. The Bank has established an independent internal audit department consisting of eight audit offices. Together, they form an audit framework with clearly defined responsibilities across the department and offices, as well as across the front, middle, and back offices.

During the reporting period, internal audit efforts were closely aligned with the advancement of the five priorities of the financial sector, remained closely aligned with the Bank's core business objectives, and strengthened look-through coverage of key areas, including strategy execution. The internal audit function deepened off-site auditing and agile auditing practices, and leveraged digital and intelligent technologies to transform the audit pattern. It also enhanced the application of audit findings and strengthened closed-loop remediation management, ensuring effective follow-through on audit issues and improving overall audit governance effectiveness. With a focus on strengthening professional capabilities, the internal audit function further advanced its own digital and intelligent transformation, thereby more effectively supporting the implementation of the Bank's overall strategies.

4.3 Environmental Information

4.3.1 Green finance

4.3.1.1 Green finance governance

The Board of Directors demonstrates a strong commitment to environmental protection and the advancement of green finance initiatives. Guided by the new development philosophy of "innovation, coordination, green development, openness, and sharing", the Board has led the Bank in advancing green finance as a key component of the five priorities of the financial sector. It has empowered green development through green finance solutions, increased support for green, low-carbon, and circular economies, prevented ESG risks, and enhanced the Bank's ESG capabilities. These efforts have contributed to the building a Beautiful China and supported the green transition and sustainable development of China's economy and society. The Board of Directors regularly reviews the reports on operations including the Bank's green finance business, which covers many aspects such as the implementation of green credit strategies, conducting of green credit business, identification and assessment of environmental and social risks, and ESG performance of the Bank and its major investees.

The Board has established **the Strategy and Sustainability Committee (Inclusive Finance Development Committee)**, which is responsible for reviewing the Bank's strategies and fundamental management policies related to green finance, supervising and evaluating the implementation of green finance strategies, and reviewing the green finance objectives set out by the Senior Management. During the reporting period, the committee deliberated and approved, among other proposals, the Proposal on the 2024 Sustainability Report and the Proposal on the Revision of the Green Finance Management Measures. The Board has also established **the Risk Management and Related Party Transactions Control Committee (Consumer Protection Committee)**, which is responsible for proposing improvements to the Bank's risk management and internal control measures. The committee deliberated the Proposal on Revising the Environmental, Social and Governance (ESG) Risk Management Measures, providing a strong institutional safeguard for the high-quality development of the Bank's green finance business.

4.3.1.2 Green finance policies and systems

During the reporting period, the Bank revised the Green Finance Management Measures of Shanghai Pudong Development Bank, further improved its organizational framework for green finance management, increased support for green, low-carbon, and circular economy initiatives, and conducted full-process management of ESG risks, thereby enhancing its own ESG performance.

The Bank formulated the Carbon Emissions Accounting Guidelines of Shanghai Pudong Development Bank (Trial) to provide systematic guidance on carbon emissions accounting for both its own operations and its investment and financing activities, and to implement regulatory requirements on carbon accounting. This marked a further step toward the establishment of a Group-wide carbon emissions accounting framework.

4.3.1.3 Developments in green finance business

For further details, please refer to the content on green finance business under Section 3.3 "Developing the Five Priorities of the Financial Sector with Solid Efforts" of the Report.

4.3.2 Environmental risk management

During the reporting period, the Bank placed strong emphasis on ESG risk management in its investment and financing activities and continuously enhanced its ESG risk management framework for credit customers. First, it improved relevant mechanisms by incorporating ESG risk management for credit customers into its comprehensive risk management framework, with quarterly updates reflected in the comprehensive risk management report. Second, it refined the relevant institutional framework by formulating the Environmental, Social and Governance (ESG) Risk Management Measures of Shanghai Pudong Development Bank and its supporting operating procedures, explicitly defining ESG risk management requirements across credit processes, including pre-lending due diligence, credit review and approval, contract management, fund disbursement management, and post-lending management. Third, it strengthened customer classification management by continuously identifying, assessing, and monitoring ESG risks of credit customers, implementing category-based management and dynamic assessment of such risks, and embedding differentiated management measures into credit business processes. In addition, the Bank continued to strengthen the development of its climate risk stress testing framework and enhanced its capability to construct climate scenarios. It conducted climate risk stress tests covering both transition risks and physical risks, established a three-tier cascading transition risk model framework comprising macro climate scenarios, sectoral risk transmission, and micro-level financial impacts, and conducted regional analysis of flood and typhoon risks to assess the potential impact of climate-related risks on the Bank's relevant business activities.

Green credit policy

The Bank strategically aligned its credit business with the imperative for high-quality development and pertinent national policies. On the one hand, it conducted rigorous assessments of industries facing overcapacity within the national economy, carefully evaluating customers based

on their efforts that benefit the ecosystem and protect the environment. Preference was given to those adhering to environmental protection requirements and relevant national policies. On the other hand, the Bank intensified structural adjustments in order to optimize the allocation of the Bank's overall credit portfolio. By formulating and implementing the Corporate Client Credit Orientation Policy 2025, the Bank supported the development of green industries, facilitated the transformation and upgrading of traditional industries, and actively upheld the principles of high-quality and sustainable development.

4.3.3 Measures taken by the Bank to reduce its carbon emissions and their effects

In line with its overall strategic arrangements for green finance, during the reporting period, the Bank continuously advanced energy conservation and carbon emissions reduction management across all operations, implemented the green outlet development initiative, and actively expanded the application of digital and intelligent meeting systems as well as electronic seal systems. In doing so, the Bank integrated green principles into its operations and management practices and made continuous progress toward green operations.

In terms of energy conservation and carbon reduction, during the reporting period, the Bank decomposed overall energy consumption reduction targets and formulated dedicated energy-saving plans and emissions reduction measures. It continued to advance the systematic and digital development of its green operations framework and organized energy-saving and carbon-reduction upgrades for equipment and facilities, significantly improving energy efficiency. For example, gas consumption at the Head Office Information Center in 2025 decreased by 51,217 cubic meters, or 22.99%, year on year. In addition, two equipment and facility upgrade projects at the center were successfully included in the Energy Conservation and Carbon Reduction Demonstration Projects of Huangpu District, Shanghai. The Bank was also recognized as a Model Organization in Energy Conservation and Emissions Reduction in Huangpu District, Shanghai for two consecutive years. Moreover, the Head Office optimized its canteen operation and management model and strengthened carbon reduction management, resulting in a 15% reduction in kitchen waste in 2025.

In terms of green and low-carbon financial outlets, the Bank continued to implement the green outlet development initiative in 2025. It embedded green building concepts into the latest outlet design standards, adhered to principles of building energy efficiency, use of green materials, and low-energy-consumption equipment, and promoted green and energy-saving practices. A number of sub-branches, including those in Hangzhou and Shanghai, have passed carbon neutrality assessments for several consecutive years, leading green innovation and low-carbon operations across the Bank's outlet network and strengthening the Bank's positive image in the field of green finance.

In digital and intelligent office operations, the Bank launched the "SPDB Videoconferencing" integrated digital and intelligent meeting application, achieving full coverage of audio and video conferencing scenarios across all operations. It also actively promoted paperless meeting initiatives. Through the digital and intelligent integrated business processing platform "Call SPDB", the Bank enabled paperless distribution and sharing of meeting materials. During the reporting period, more than 3,800 paperless meetings were held, saving approximately 900 thousand printed pages. The electronic seal system continued to undergo iterative upgrades, reducing cross-regional manual seal processing time from 2-3 days to 0.5 days, and shortening automated seal application to five seconds. These enhancements effectively addressed long-standing challenges faced by frontline institutions, including high costs, elevated risks, and low efficiency associated with centralized seal usage for off-site branches.

4.4 CSRs Information

4.4.1 Support for rural revitalization

The Bank earnestly implemented the decisions and plans of the Central Government and the Shanghai Municipal People's Government regarding east-west cooperation, paired assistance, and rural revitalization. During the reporting period, it donated to 18 external rural revitalization projects, with cumulative donations totaling RMB8.97 million. The Bank has supported infrastructure improvement, living environment enhancement, and industrial development in paired assistance villages in Yunnan Province for many consecutive years, promoting a shift from aid-dependent assistance toward self-sustained development capacity. Partnering with the Red Cross Society of Nanjian Yi Autonomous County, Yunnan Province, SPDB Financial Leasing has supported basic education in mountainous areas for ten consecutive years and was recognized as a "2025 Strategic Philanthropy Model". The Bank also donated the SPDB Scholarship to a village in Nezerbagh Town, Kashgar City, Xinjiang, in support of cultural development in the region. In addition, it provided funding to a middle school in Guoluo, Qinghai Province, for the procurement of teaching equipment. Furthermore, the Bank allocated rural comprehensive targeted assistance funds to Jinshan District of Shanghai, supporting farmers' income growth and enhancing rural governance capacity.

During the reporting period, SPD rural banks continued to support agricultural and small businesses in accordance with the business principle of small amounts and broad coverage. They further strengthened credit support for agriculture, rural areas, and farmers as well as micro and small enterprises. As at the end of the reporting period, 16 SPD rural banks operating as legal entities cumulatively extended RMB1,539 million in loans to rural households during the year, with an outstanding balance of RMB5,441 million across 22.9 thousand rural households. Each rural bank actively explored its own transformation and development pathways, improved its product and service offerings, and enhanced the quality and efficiency of financial services supporting rural revitalization.

Since 2025, the Bank has comprehensively advanced the reform of SPD rural banks. As at the end of the reporting period, the Bank completed the conversion of 12 SPD rural banks from legal entities into branches. The newly established branches commenced operations smoothly, ensuring the stable continuity of business and services, and have been well recognized by governments, regulators, and the broader society.

During the reporting period, the Bank also launched the "SPDB Rural Partner" financial service brand for rural revitalization. As rural banks are further integrated into the Group's overall development framework, the Bank will continue to enrich financial product offerings in the rural revitalization sector, upgrade financial service capabilities, and better support national strategies and the development of the county-level real economy.

4.4.2 Participation in public welfare initiatives

During the reporting period, with a focus on rural revitalization, public well-being, education support, and emergency disaster relief, among other public welfare areas, the Group carried out 55 external donation projects, with cumulative donations totaling RMB58.0343 million, thereby fulfilling its founding mission of serving the general public through its financial strength through concrete actions. During the reporting period, the Bank launched the "SPDandelion" public welfare brand, systematically establishing a top-level design framework for the Group's philanthropic and charitable initiatives from both conceptual and operational perspectives. It introduced the "Space Renewal" public welfare program, with cumulative donations of RMB3,115 thousand, supporting minor home improvements for vulnerable households, including disadvantaged youth, women, and families of martyrs. The program benefited 445 households and was recognized as a "2025 Shanghai Model Organization for Supporting the Military and Families of Martyrs". The Bank strengthened support for STI initiatives. Aligned with the goal of the development of Shanghai into an international STI center, it sponsored the establishment of the Shanghai Qiyuan Innovation Foundation and supported STI training programs at leading universities and research institutions, promoting the commercialization of basic research achievements and the cultivation of STI talent. Shanghai Trust fully leveraged its professional expertise to implement the "Wisdom Future" philanthropic program for education support. TPSITICO launched the "Origin" public welfare program, supporting the inheritance of intangible cultural heritage and innovation in youth-oriented public welfare initiatives. In the area of emergency disaster relief, the Bank established a rapid response mechanism for charitable donations, through which it provided over RMB10 million in emergency relief funds following the earthquake in Dingri County, Shigatse, Xizang, the flood disaster in Yuzhong, Gansu, and the Wang Fuk Court fire in Tai Po District, Hong Kong SAR. These contributions supported emergency rescue efforts, resettlement of affected residents, and post-disaster reconstruction in the disaster-hit areas.

4.4.3 Financial consumer protection

During the reporting period, the Bank attached high importance to and continued carrying out financial literacy activities among consumers through both online and offline and standardized and characteristic publicity channels to disseminate financial knowledge and raise their awareness of financial risk prevention. In 2025, the Bank conducted a total of 36,180 online and offline activities. The number of clicks on original promotional content exceeded 99.46 million, and the activities reached more than 452 million people. The Bank launched intensive consumer education campaigns, including the "March 15 Consumer Protection", "May-15 National Investor Protection Awareness Enhancement", "Journey for Disseminating Financial Knowledge", and the "Financial Education Promotion Week". Both outlet coverage and employee participation rates in these campaigns reached 100%. The educational content covered financial literacy, the prevention of illegal financial activities, and the promotion of value investing, bringing financial knowledge to millions of families. The Bank attached great importance to daily financial education and publicity efforts. It proactively issued risk alerts through various platforms, including its official WeChat account, official website, Sina Weibo account, SPDB Mobile Banking app, and other media channels, to enhance the prevention ability and detection skills of fraud and scams for consumers. The Bank continued to make better use of business outlets as a stronghold for financial literacy. All 37 domestic branches set up a "public education zone" with financial knowledge brochures at their business premises, incorporating financial literacy improvement into the entire workflow of consumer-related operations. The Bank organized annual consumer protection training for all customer-facing staff across its institutions at all levels. It continued to advance the outward reach of its financial literacy initiatives by establishing a grid-based working mechanism. It carried out a wide range of activities across rural areas, communities, schools, enterprises, and business districts, thereby integrating financial education into consumers' everyday life. To stimulate the endogenous power, the Bank launched a series of themed activities throughout the year, such as "Prevent Financial Risks", "Protect Personal Information", "Safe Card Usage", "Senior-friendly Financial Services", "Early Financial Education", and "Consumer Protection Initiatives for New Citizens". It innovatively developed online and offline publicity platforms such as "Protection at Your Fingertips" and "SPDB Consumer Protection", to further extend the reach and impact of financial education. The Bank also leveraged media communication resources. Both the Head Office and branches continuously published activity reports through central and local mainstream media, further expanding the reach and impact of financial education initiatives.

During the reporting period, the Bank handled a total of 350,745 consumer complaints. Among these, 67.3% were related to credit card services, 12.7% to retail loan services, and 13.1% to debit card services. The remaining 6.9% involved other business areas, including agency services, payments and settlements, foreign exchange, precious metals, and personal financial information. Geographically, complaints were primarily concentrated in the Yangtze River Delta, Bohai Rim, and Western China. With respect to complaint management, the Board of Directors and the Senior Management of the Bank regularly listened to reports on the work done in addressing complaints across the Bank, putting forth requirements and providing guidance on key aspects of work. The lead department for complaint management continuously organized and promoted the work related to complaints across the Bank, refined and improved complaint management mechanisms, policies, and systems of the Bank, intensified efforts in team building, got complaint channels unimpeded, enhanced internal communication and coordination, standardized the complaint handling process, and advanced both root-cause governance and corrective actions, thus improving the quality and efficiency of complaint management continuously. The Bank placed a high priority on dispute resolution. Adhering to a mediation-first principle and making full use of mediation wherever feasible, it promoted mediation and settlement throughout the entire complaint handling process. The Bank took a practical approach to resolving consumer concerns and responding to public expectations.

Regions where consumer complaints were mainly distributed:

Region	Proportion of consumer complaints
Head Office	70.33%
Yangtze River Delta Region	8.37%
Bohai Rim	6.33%
Western China	4.63%
Central China	4.18%
Pearl River Delta and West Side of Taiwan Straits	3.95%
Northeastern China	2.21%
Total	100.00%

Notes: The total number of consumer complaints at the Head Office included credit card complaints and complaints at the Head Office.

4.4.4 Human resources management

During the reporting period, guided by its digitalization & intelligentization strategy, the Bank advanced its talent-driven development approach, focused on the full chain of attraction, cultivation, selection, deployment, and incentivization, and further strengthened the organizational and talent foundations underpinning its high-quality development. It advanced a systematic initiative to deepen institutional reform across the board, promoted the adjustment and optimization of its organizational structure, and fostered new quality productive forces, strengthening organizational coordination and integration while enhancing the Group's overall level of integration. It intensified efforts in the selection and appointment of managerial talent, accelerated talent acquisition through multiple channels, emphasized a talent philosophy centered on responsibility, execution, and performance, and prioritized the selection of capable individuals aligned with strategic needs. At the same time, it strengthened talent development through cross-institutional secondments, taskforce-based project execution, and participation in key talent development programs, thereby accelerating employee growth. Furthermore, the Bank enhanced human resources mechanisms, refined talent development pathways, optimized the performance management system, and advanced the digitalization of HR management to better support the implementation of its overall strategy.

4.4.5 Staff training plan

During the reporting period, guided by Party leadership in advancing strategy implementation and empowered by training to support high-quality development, the Bank remained closely aligned with its digital and intelligent transformation strategy. Focusing on the objective of building a comprehensive training framework characterized by "seamless integration across the full training lifecycle and cross-functional collaboration", it effectively implemented a range of training initiatives, deepened the integration of training with business operations and talent development, and achieved notable improvements in both the quality and efficiency of training throughout the year, providing strong support for the development of the managerial talent pool and the enhancement of core competitiveness. First, top-level design was effectively implemented. The Bank successively issued institutional documents such as the Three-Year Action Plan of Shanghai Pudong Development Bank for Building a Comprehensive Training Framework and the Training Management Measures of Shanghai Pudong Development Bank, laying a solid management foundation for standardized training across the board. Second, political training for centrally managed executives was further strengthened, focusing on the central Party leadership's Eight-Point Decision on Improving Party and Government Conduct and the guiding principles of the Fourth Plenary Session of the 20th CPC Central Committee, thereby reinforcing their political commitment and ideals. Third, efforts were made to further advance the development of training brands such as "SPDB Forum", "On-Demand Learning", and "Integrated Library", fostering a culture of continuous learning among all employees. Fourth, initial progress was achieved in building a talent development base system. The Bank formulated the Management Measures of Shanghai Pudong Development Bank for Talent Development Bases and worked to establish an integrated platform combining business innovation, project execution, and talent incubation. Fifth, specialized training programs were advanced in a tiered and categorized manner to strengthen the professional capabilities of the workforce in alignment with key business priorities.

4.4.6 Employee protection

During the reporting period, the Bank convened four sessions of its Fourth Employee Representative Conference, deliberating and approving a number of matters directly related to employees' interests, including the renewal of the collective labor contract. To further strengthen employee care and embody a people-oriented service philosophy, the Head Office Labor Union launched the 2025 "Serving the People Through Practical Initiatives" campaign across the Bank, mobilizing collective efforts to cultivate a supportive workplace culture.

During the reporting period, guided by the digitalization & intelligentization strategy, the Bank innovated its talent development mechanisms to empower employee growth. It advanced the development of a strategic talent development system, established a comprehensive training framework covering the entire employee career lifecycle, and systematically strengthened its talent pipeline. The Bank enhanced its training system for new employees. In addition to a three-year training pathway for campus recruits, it also established a dual-mentor system combining

career guidance and business expertise, to strengthen guidance at key onboarding milestones and accelerate the development of new talent. The Bank refined competency requirements for professional roles and promoted certification-based employment across all positions, encouraging employees to pursue self-driven professional development. It also established professional talent pools in key business areas, standardizing mechanisms for talent pool establishment, selection, development, evaluation, and utilization, and strengthening the systematic cultivation of professional talent. Moreover, the Bank established 16 training bases for managerial staff, providing strong support for hands-on training. It further enhanced dual career development pathways across managerial and professional tracks, and created an interactive career progression mechanism featuring both vertical advancement and horizontal mobility. The Bank also implemented a housing and settling-in support program for campus recruits and provided digital onboarding services, such as fast-track onboarding, thereby enhancing employees' sense of fulfillment and belonging.

4.4.7 Information security and privacy protection

The Bank strengthened the planning and design of cybersecurity and data security, continuously advancing top-level security governance. It further promoted cybersecurity development by establishing a defense-in-depth framework centered on prediction, prevention, detection, and response, while accelerating the development and upgrade of security infrastructure based on domestic IT innovation and upgrades. This enabled integrated, digital, automated, and visualized security operations, with steady progress toward intelligent security capabilities. The Bank also clarified security responsibilities and continuously upgraded its security systems to adapt to evolving business models and industry conditions. The Bank reinforced personal information protection in mobile applications by conducting ongoing external testing and certification of its apps, effectively safeguarding user data security. It completed the required regulatory filings with cybersecurity authorities for the application of facial recognition technology on schedule, ensuring the secure and compliant use of such technologies. Building on measures such as credential stuffing alerts, brute-force attack prevention, login controls, and transaction limits, the Bank enhanced mobile risk identification capabilities and continuously strengthened the security protection of its electronic banking systems. The Bank also deepened the management of IT outsourcing and supply chain security, establishing a closed-loop management framework integrating policies, systems, training, and inspections. Based on factors including the purpose, nature, and scope of data processing, actual data processing practices, and suppliers' data security capabilities, the Bank conducted data security assessments to evaluate the necessity and compliance of data processing activities, the data security risks it faced, and the effectiveness of risk prevention and control measures. During the reporting period, the Bank carried out audits on data security and personal information protection, with a focus on enhancing audit effectiveness.

Important Matters



05

Section V Important Matters

5.1 Disclosure of Undertakings by the Bank or its Shareholders Holding above 5% of Shares on the Designated Newspapers or Websites

On 19 December 2024, based on its confidence in the Bank's future business prospects, the Bank's largest shareholder, Shanghai International Group Co., Ltd. (Shanghai International Group), through its wholly owned subsidiary Shanghai State-owned Assets Operation Co., Ltd., increased its shareholding in the Bank via centralized bidding on the SSE using self-owned funds. It undertook to further increase their holdings in the Bank's ordinary shares by no less than 47 million shares and no more than 94 million shares within a six-month period starting from 19 December 2024. As at 4 March 2025, Shanghai State-owned Assets Operation Co., Ltd. had increased its holdings of the Bank's ordinary shares by 93,999,979 shares, reaching the upper limit of the planned increase. The shareholding increase plan was completed. Shanghai State-owned Assets Operation Co., Ltd. has committed not to reduce its holdings of the Bank's shares during the implementation period of the shareholding increase plan and for five years following its completion.

5.2 Use of Capital by Controlling Shareholders or Other Related Parties for Non-operating Purposes during the Reporting Period

None.

5.3 Illegal Provision of Guarantees during the Reporting Period

None.

5.4 Influences of Changes in Accounting Policies on the Bank

The accounting policies adopted by the Group in preparing the financial statements for the reporting period are consistent with those applied in the preparation of the 2024 financial statements.

5.5 Differences between Accounting Data Prepared as per ASBE and IFRS

The Group's financial statements, whether prepared under the Accounting Standards for Business Enterprises (ASBE) or the International Financial Reporting Standards (IFRS), display no disparities in net profit for the year 2025 or equity as of 31 December 2025.

5.6 Appointment of and Termination of Relationship with Accounting Firms

In RMB10,000

Whether a new accounting firm is appointed:	No
Name of the accounting firm	KPMG Huazhen LLP
Remuneration for the accounting firm	592
Years for audit of the accounting firm	1 year
Cumulative years for audit of the accounting firm	7 years
Names of certified public accountants from the accounting firm	Xue Chenjun, Ying Chenbin
Consecutive years for audit of certified public accountants from the accounting firm	2 years

In RMB10,000

	Name of accounting firm	Remuneration
Accounting firm for internal control audit	KPMG Huazhen LLP	151

5.7 Bankruptcy Reorganization during the Reporting Period

None.

5.8 Major Litigation and Arbitration

As at the end of the reporting period, the Group as a defendant had 275 pending proceedings, which involved an amount of approximately RMB2.84 billion. Meanwhile, the Group as a third-person defendant had 112 pending proceedings, which involved an amount of approximately RMB345 million. The estimated total compensation related to the above litigation matters was approximately RMB75 million. The above matters are not expected to have a material impact on the financial position or business results of the Bank.

5.9 Violations, Punishments and Rectification Results Related to the Bank and Its Directors, Senior Management Members, Controlling Shareholders, and De Facto Controllers

During the reporting period, neither the Bank nor any of its directors, Senior Management members, shareholders holding more than 5% of the shares, and the largest shareholder was subject to any investigation by competent authorities, coercive measures taken by judicial authorities or disciplinary inspection departments, transfer to judicial authorities or investigation for criminal responsibility, investigation or administrative penalty by the CSRC, prohibited access to the market, identification as unqualified, public reprimand by stock exchanges, or penalties from other regulators that have a significant impact on the Bank's operation. During the reporting period, the Bank was not subject to any administrative supervision measures by the CSRC or local offices or request for rectification within a prescribed time limit.

5.10 Related Party Transactions

5.10.1 Overview of related party transactions

According to relevant provisions in the Rules on Related-Party Transactions of Banking and Insurance Institutions, accounting standards for business enterprises as well as relevant provisions governing related party transactions formulated by the CSRC and the SSE, there were no related parties that had control over the Bank during the reporting period.

During the reporting period, transactions between the Bank and its related parties observed the principles of good faith, openness and fairness, penetrating identification, and clear structure. The Bank implemented the provisions of regulators for the management of related party transactions, continuously refined the related party transaction management framework, optimized the related party transaction management process, and stepped up daily monitoring, statistics and analysis of related party transactions to ensure the standardization of related party transactions and the compliance of information disclosure.

5.10.2 Conditions of material related party transactions

Counterparty	Amount	Percentage of the Bank's net assets	Meeting at which the transaction was approved	Main contents of transactions	Pricing principle
SPDB Financial Leasing Co., Ltd.	RMB26.5 billion	3.66%	2025 First Meeting of the Board of Directors	A comprehensive credit line with the maturity date set as 3 December 2025	Specific transaction terms are negotiated and finalized as per the principles of compliance and fairness. The Bank grants credit on terms no better than those for comparable transactions to unrelated parties. Additionally, the Bank does not accept its equity as a pledge, nor guarantee the financing behavior of counterparties, except for their provision of full counter-guarantees in the form of bank certificates of deposit and Chinese government bonds.
SPDB International Holdings Limited	HKD13,501 million	1.76%	2025 First Meeting of the Board of Directors	A comprehensive credit line with the maturity date set as 10 January 2026	
Guotai Haitong Securities Co., Ltd.	RMB120 billion	16.30%	2025 Fourth Meeting of the Board of Directors 2024 Annual General Meeting	A comprehensive credit line with a three-year term	
Shanghai Shendi (Group) Co., Ltd.	RMB25 billion	3.40%	2025 Fourth Meeting of the Board of Directors	A comprehensive credit line with a one-year term	
China Mobile Communications Group Co., Ltd.	RMB20 billion	2.72%	2025 Seventh Meeting of the Board of Directors	A comprehensive credit line with a one-year term	
Shanghai International Group Co., Ltd.	RMB35 billion	4.75%	2025 Eighth Meeting of the Board of Directors	A comprehensive credit line with a one-year term	
China Mobile Financial Company Limited	RMB20 billion (two transactions of RMB10 billion each)	1.36%	2025 Eighth Meeting of the Board of Directors	Interbank time deposits	
China Cinda Asset Management Co., Ltd.	RMB109,892 million	14.92%	2025 13th Meeting of the Board of Directors	A comprehensive credit line with a three-year term	
Bailian Group Co., Ltd.	RMB16.0 billion	2.17%	2025 13th Meeting of the Board of Directors	A comprehensive credit line with a one-year term	
SPDB Financial Leasing Co., Ltd.	RMB27.5 billion	3.73%	2025 13th Meeting of the Board of Directors	A comprehensive credit line with the maturity date set as 17 November 2026	
SPDB Wealth Management Co., Ltd.	RMB14.87 billion	2.02%	2025 13th Meeting of the Board of Directors	A comprehensive credit line with the maturity date set as 30 September 2026	
SPDB International Holdings Limited	HKD13,501 million	1.67%	2025 13th Meeting of the Board of Directors	A comprehensive credit line with the maturity date set as 2 December 2026	

Note: Net assets of the Bank refer to the latest audited net assets attributable to the parent company's shareholders as of the date of the Board's consideration.

5.10.3 Related legal persons and transaction amount

Related legal persons of the Bank mainly comprise: (1) substantial legal person shareholders (i.e. legal person shareholders who directly, indirectly, or jointly hold or control 5% or more of shares or voting rights in the Bank); (2) groups to which major legal person shareholders are affiliated and their subsidiaries; (3) companies that are controlled or greatly influenced by related natural persons; and (4) enterprises in which the Bank controls or on which it has great influence.

As at the end of the reporting period, the balance of credit granted by the Bank to related legal persons amounted to RMB178,488 million. Specifically, the credit balance of substantial shareholders and their controlling shareholders, de facto controllers, persons acting in concert, and ultimate beneficiaries amounted to RMB109.61 billion.

5.10.4 Related natural persons and transaction balance

Related natural persons of the Bank mainly include its directors, former supervisors, Senior Management members of both the Head Office and major branches, persons with authority to approve or decide on core businesses such as large-value credit extension and asset transfer, and their close relatives, as well as directors, former supervisors, senior management members, and relevant natural persons of the Bank's related legal entities (substantial shareholders).

As at the end of the reporting period, related natural persons of the Bank and related party transactions in the credit category with them are set out below:

In RMB millions	
Item	End of the reporting period
Number of related natural persons	6,570
Balance of related party transactions	661.31

5.10.5 Related party transactions arising from the acquisition or sales of assets or equity

None.

5.11 Implementation of Equity Incentive Plans, Employee Stock Ownership Plans, or Other Employee Incentive Plans

None.

5.12 Major Contracts and Their Execution

Major custody, contracting and leasing matters: during the reporting period, there was no major custody, contracting or leasing matter.

Major guarantee: during the reporting period, the Bank had no major guarantee matters required to be disclosed, other than financial guarantee business within the business range as approved by the NFRA.

Other major contracts (including guarantee, etc.) and the execution: During the reporting period, major business contracts of the Bank were executed normally, without any major contract dispute.

5.13 Major Entrusted Wealth Management Matters

During the reporting period, the Bank incurred no entrusted wealth management matters outside the scope of normal business.

5.14 Material Assets Acquisition, Sale or Disposal and Enterprise Merger

None.

5.15 Proceeds from Fund-raising Activities During the Reporting Period

On 12 June 2025, the Bank issued the first tranche of its 2025 perpetual capital bonds in the National Interbank Bond Market, with a total issuance size of RMB30 billion.

On 11 July 2025, the Bank issued the second tranche of its 2025 perpetual capital bonds in the National Interbank Bond Market, with a total issuance size of RMB20 billion.

On 27 October 2025, the SPDB Convertible Bond was redeemed at maturity. A cumulative total of RMB49,837 million of such bonds were converted into the Bank's ordinary shares, representing an aggregate of 3,953,757,903 shares issued upon conversion. The total par value of the bonds redeemed at maturity amounted to RMB163 million.

5.16 Amendments to the Articles of Association

On 27 June 2025, the 2024 Annual General Meeting of the Bank deliberated and approved the Proposal on the Revision of the Articles of Association and the Abolition of the Board of Supervisors. The revised Articles of Association was approved by the NFRA and came into effect on 26 December 2025. For the full text, please refer to the SSE's website (www.sse.com.cn) and the Bank's website (www.spdb.com.cn).

5.17 Changes in the Scope of Consolidation

As at the end of 2025, the Bank completed the conversion of 12 SPDB rural banks from legal entities into branches (namely Yuzhong, Pingyang, Ganjingzi, Fumin, Zouping, Linchuan, Zezhou, Baodi, Hulan, Jiangyin, Banan, and Tongliang). So far, the newly established branches have commenced operations smoothly.

5.18 Change to Registered Capital During the Reporting Period

The Bank's convertible bonds, "SPDB Convertible Bond", entered the conversion period on 6 May 2020, and matured on 27 October 2025. During the reporting period, a total of 3,953,659,998 shares were converted. As at the end of the reporting period, the Bank's total ordinary share capital increased to 33,305,838,300 shares. The corresponding change in registered capital remains subject to approval by the NFRA.

Changes of Shares and Shareholders

06



Section VI Changes of Shares and Shareholders

6.1 Ordinary Shares

6.1.1 Changes of ordinary shares

	Number of shares					
	Before change		Change during the reporting period		After change	
	Quantity	Percentage (%)	Shares converted from convertible bonds	Lifting of restricted shares	Quantity	Percentage (%)
Floating shares without restricted sale conditions						
RMB ordinary shares	29,352,178,302	100.00	+3,953,659,998	-	33,305,838,300	100.00
Others	-	-	-	-	-	-
Total ordinary shares	29,352,178,302	100.00	+3,953,659,998	-	33,305,838,300	100.00

Notes: The Bank's convertible bonds, "SPDB Convertible Bond", entered the conversion period on 6 May 2020, and matured on 27 October 2025. During the reporting period, a total of 3,953,659,998 shares were converted. As at the end of the reporting period, the Bank's total ordinary share capital increased to 33,305,838,300 shares. The corresponding change in registered capital remains subject to approval by the NFRA.

6.1.2 Information on ordinary shareholders

6.1.2.1 Total number of ordinary shareholders

	Accounts
Total number of ordinary shareholders at the end of the reporting period	122,327
Of which, total number of preference shareholders with voting rights recovered as at the end of the reporting period	-
Total number of shareholders holding shares with special voting rights at the end of the reporting period	-
Total number of ordinary shareholders as at the end of the month before the annual report disclosure day	160,813
Of which, total number of preference shareholders with voting rights recovered as at the end of the month before the annual report disclosure day	-
Total number of shareholders holding shares with voting rights as at the end of the month before the annual report disclosure day	-

6.1.2.2 Overview of shares held by the top ten shareholders and the top ten shareholders of circulating shares (or shareholders without restricted sale conditions)

Name of shareholder	Increase/decrease during the reporting period	Number of shares by the end of the reporting period	Percentage (%)	Number of shares with restricted sale conditions	Pledged/frozen	Number of shares
						Nature of shareholder
Shanghai International Group Co., Ltd.	+755,511,970	7,086,834,641	21.28	-	-	State-owned legal person
China Mobile Communications Group Guangdong Limited	+718,602,626	6,053,495,450	18.18	-	-	State-owned legal person
Funde Sino Life Insurance Co., Ltd. – Conventional	-	2,779,437,274	8.35	-	-	Domestic non-state-owned legal person
Funde Sino Life Insurance Co., Ltd. – Capital	-	1,763,232,325	5.29	-	-	Domestic non-state-owned legal person
China Orient Asset Management Co., Ltd.	+1,502,726,171	1,502,726,171	4.51	-	-	State-owned legal person
Shanghai International Group Investment Co., Ltd.	-	1,395,571,025	4.19	-	-	State-owned legal person
Funde Sino Life Insurance Co., Ltd. – Universal H	-	1,270,428,648	3.81	-	-	Domestic non-state-owned legal person
China Securities Finance Corporation Limited	-	1,179,108,780	3.54	-	-	State-owned legal person
Cinda Investment Co., Ltd.	+1,088,460,793	1,088,460,793	3.27	-	-	State-owned legal person
Shanghai Guoxin Investment Development Co., Ltd.	-	945,568,990	2.84	-	-	State-owned legal person
Statement on the connected relations or concerted action relations of the aforesaid shareholders	1. Shanghai International Group Co., Ltd. is the controlling company of Shanghai International Group Investment Co., Ltd. and Shanghai Guoxin Investment Development Co., Ltd. 2. Funde Sino Life Insurance Co., Ltd. – Conventional, Funde Sino Life Insurance Co., Ltd. – Capital and Funde Sino Life Insurance Co., Ltd. – Universal H are under the name of the same legal person. 3. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.					

Notes: Funde Sino Life Insurance Co., Ltd. saw its shareholder qualification subject to the approval of the NFRA.

6.1.2.3 Overview of controlling shareholders and de facto controllers

The Bank had no controlling shareholders or de facto controllers.

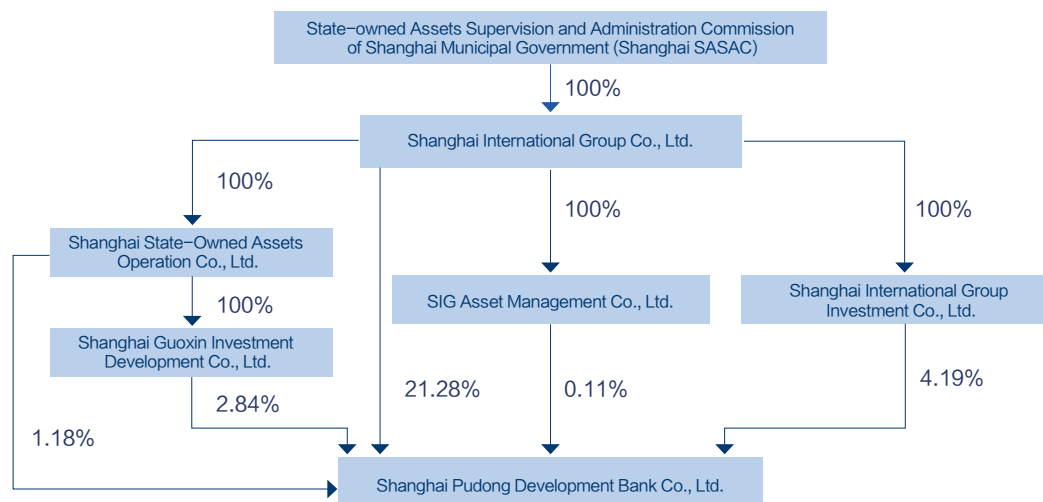
The largest consolidated shareholder of the Bank was Shanghai International Group Co., Ltd., which was not changed during the reporting period. As at the end of the reporting period, Shanghai International Group Co., Ltd. and its controlled subsidiaries held 29.60% shares of the Bank on a consolidated basis.

Shanghai International Group Co., Ltd. was founded in April 2000 with a registered capital of RMB30 billion. Its registered address is No. 511 Weihai Road, Jing'an District, Shanghai, and its legal representative is Zhou Jie. Its uniform social credit number is 91310000631757739E, and its business scope covers investment with finance business as the main direction and non-finance business as the supporting part, capital operation and asset management, financial research, social and economic consulting, etc.

As at the end of the reporting period, Shanghai International Group Co., Ltd. directly held 7,086,834,641 shares of the Bank, accounting for 21.28% of the total share capital. It, together with the persons acting in concert Shanghai International Group Investment Co., Ltd., Shanghai Guoxin Investment Development Co., Ltd., Shanghai State-owned Assets Operation Co., Ltd., and SIG Asset Management Co., Ltd., held 9,857,311,261 shares of the Bank, accounting for 29.60% of the total share capital and serving as the largest shareholder of the Bank. There is no pledge of the shares held by the company. Shanghai SASAC is the sole shareholder, de facto controller, and ultimate

beneficiary of Shanghai International Group Co., Ltd.

Ownership structure and control relationship diagram between the Bank and its largest consolidated shareholder as at the end of the reporting period



6.1.2.4 Other legal-person shareholders holding more than 5% shares of the Bank

Funde Sino Life Insurance Co., Ltd. was founded in March 2002 with a registered capital of RMB11,752,005,497. Its registered address is 27, 28, 29 and 30/F Life Insurance Tower, No. 1001 Fuzhong Road I, Futian District, Shenzhen and its legal representative is Fang Li. Its unified social credit code is 91440300736677639J. Its business scope covers personal accident insurance, personal fixed-term death insurance, personal mixed life insurance, personal whole life insurance, personal annuity insurance, personal short-term health insurance, personal long-term health insurance, group accident bodily injury insurance, group fixed term life insurance, group whole life insurance, group annuity insurance, group short-term health insurance, group long-term health insurance, other life insurances as approved by the competent regulator, reinsurance for the above insurances, insurance agency (by virtue of business license), and funds application businesses as approved by the competent regulator.

As at the end of the reporting period, Funde Sino Life Insurance Co., Ltd. held 6,223,884,871 shares of the Bank, accounting for 18.69% of its total. There is no pledge of the shares held by the company. Its largest shareholder is Shenzhen Funde Industrial Investment Holding Co., Ltd.

China Mobile Communications Group Guangdong Limited ("Guangdong Mobile") was founded in January 1998 with a registered capital of RMB5,594.84 million. Its registered address is Global Building, No. 11 Zhujiang West Road, Pearl River New City, Tianhe District, Guangzhou, and its legal representative is Ge Songhai. Its unified social credit code is 91440000707653099T. The scope of business includes basic telecommunications services (conducted in accordance with the scope specified in the Basic Telecommunications Services Operating License) and value-added telecommunications services (conducted in accordance with the scope specified in the Value-Added Telecommunications Services Operating License). Its business scope specifically covers mobile communications business in Guangdong (including voice, data and multimedia); IP telephone and internet access; design, investment and construction of mobile communications, IP telephone and internet network; installation, engineering construction and maintenance of facilities of mobile communications, IP telephone and internet; system integration, roaming settlement, technology development, technical services and equipment sales in connection with mobile communications, IP telephone and internet; sale and rent of mobile phone terminal equipment, IP telephone equipment, internet equipment and spare parts, and after-sale services for them; satellite international private line service, internet data transmission service, and international data communication service; domestic communications facility service business; domestic very small-aperture terminal (VSAT) ground station communication service, and network custody business; online data processing and transaction processing business, domestic internet-based virtual private network services, internet data center services; information services (including mobile information services and internet information services; internet information services excluding news, publishing, education, healthcare, pharmaceuticals, medical devices, electronic bulletin services, etc.); fixed network-based local call service, fixed network-based domestic long-distance call service, fixed network-based international call service, public telegram and user telegraph service, professional wireless access (including 26GHz wireless access service and 3.5GHz wireless access service; 3.5GHz wireless access service not covering Guangzhou) (the above business types involving licensing operation shall be operated with licenses); design, production, release, agency of domestic and foreign advertising of all sorts; collection of water, electricity, and gas fees; ticketing agency service; sale of general merchandize, household appliances, electronic products, computers and accessories, wearable equipment, communication equipment and accessories, etc.; provision of professional training (excluding academic education and vocational trainings); provision of conference services; leasing of venues, self-owned houses, and counters; food and beverage services; production and sales of Chinese food, Western food and other ancillary services; hotel services: provision of accommodation and other ancillary/commercial services; sales of Class II medical devices (except for businesses subject to approval in accordance with applicable laws, business activities may be independently carried out based on the business license). (Where the law provides that a certain business is subject to official approval, the very business activity can only be conducted upon the approval of competent authorities.)

As at the end of the reporting period, Guangdong Mobile held 6,053,495,450 shares of the Bank, accounting for 18.18% of its total. There is no pledge of the shares held by the company. China Mobile Communications Co., Ltd. is the controlling shareholder of Guangdong Mobile, and China Mobile Communications Group Co., Ltd. is the de facto controller and ultimate beneficiary of Guangdong Mobile.

6.1.2.5 Other substantial shareholders under the regulatory standards in the banking industry

According to the Interim Measures for the Equity Management of Commercial Banks, other substantial shareholders of the Bank are those who hold less than 5% of shares but have significant influence on the operation and management of the Bank, by dispatching directors and supervisors to the Bank or adopting other means recognized by regulators.

Cinda Investment Co., Ltd. was established in August 2000 with a registered capital of RMB4,682.3172 million. Its registered address is No. 1 Building, Yard 9, Naoshikou Avenue, Xicheng District, Beijing, and its legal representative is Lin Huazhe. Its unified social credit code is 911100007109268440. Its business scope includes: outbound investment; commercial real estate management, hotel management, property management, and asset management; asset restructuring; investment consulting; and investment advisory services. As at the end of the reporting period, Cinda Investment Co., Ltd. directly held 1,088,460,793 shares of the Bank, accounting for 3.27% of the Bank's total share capital. It, together with the person acting in concert, held 1,661,563,574 shares of the Bank, accounting for 4.99% of the total. There is no pledge of the shares held by the company. China Cinda Asset Management Co., Ltd. is the sole shareholder of Cinda Investment Co., Ltd.

China Orient Asset Management Co., Ltd. was established in October 1999 with a registered capital of RMB68,242,786,326. Its registered address is No. 410, Fuchengmennei Avenue, Xicheng District, Beijing, and its legal representative is Wang Zhanfeng. Its unified social credit code is 911100007109254543. Its business scope includes: acquisition and entrusted management of non-performing assets of financial institutions, and management, investment, and disposal of such assets; debt-to-equity swaps and management, investment, and disposal of equity assets; outbound investment; trading of marketable securities; issuance of financial bonds, interbank lending, and commercial financing with other financial institutions; bankruptcy administration; financial, investment, legal, and risk management consulting and advisory services; asset and project evaluation; approved asset securitization business as well as custody and liquidation of financial institutions; non-performing asset business of non-financial institutions; and other businesses approved by banking regulatory authorities under the State Council. As at the end of the reporting period, China Orient Asset Management Co., Ltd. directly held 1,502,726,171 shares of the Bank, representing 4.51% of the Bank's total share capital. Together with the person acting in concert, it held a total of 1,644,561,513 shares, representing 4.94%. There is no pledge of the shares held by the company. Central Huijin Investment Ltd. is the largest shareholder of China Orient Asset Management Co., Ltd.

6.2 Preference Shares

6.2.1 Issuance and listing of preference shares

Total proceeds from the Bank's two preference share issuances amounted to RMB30 billion, all of which, after deducting issuance expenses, would be used to replenish additional tier-one capital of the Bank.

In 10,000 shares

Code of preference share	Abbreviation of preference share	Issuance date	Issuance price (RMB)	Nominal dividend rate (%)	Number of issued shares	Listing date	Trade volume of listing	Date of delisting
360003	SPDB P 1	28 November 2014	100	4.27	15,000	18 December 2014	15,000	-
360008	SPDB P 2	06 March 2015	100	3.80	15,000	26 March 2015	15,000	-

Notes: On 11 March 2025, SPDB P 2's nominal dividend rate was adjusted, and that rate for the third five years is 3.80%, which consists of 1.56% as the yield rate arithmetic mean of five-year government bond issued during the 20 trading days before the repricing date of the third dividend rate adjustment period (excluding the repricing date) and the fixed premium of 2.24%. The nominal dividend rate would be adjusted once every five years according to change of the benchmark interest rate.

6.2.2 Repurchase and conversion of preference shares of the Bank during the reporting period

The Bank had no repurchase or conversion of preference shares during the reporting period.

6.2.3 Overview of shareholders of preference shares

6.2.3.1 Total number of shareholders of preference shares

	Code	Abbreviation	Total number of shareholders (accounts)
Total number of shareholders of preference shares as at the end of the reporting period	360003	SPDB P 1	39
	360008	SPDB P 2	25
Total number of shareholders of preference shares at the end of the month before the date of annual report disclosure	360003	SPDB P 1	39
	360008	SPDB P 2	25

6.2.3.2 Information on the top ten shareholders of preference shares

SPDB P 1

Name of shareholder	Increase/decrease of shares during the reporting period	Number of shares held at the end of the period	Percentage (%)	Class of shares held	Pledged/frozen	Nature of shareholder
Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 2 Equity Asset Management Product	+8,978,000	22,940,000	15.29	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	-	11,470,000	7.65	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	-	11,470,000	7.65	Domestic preference shares	-	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product	-	11,470,000	7.65	Domestic preference shares	-	Others
Hwabao Trust Co., Ltd. – Multi-strategy Youying No. 5 Securities Investment Collective Fund Trust Plan	-	11,465,455	7.64	Domestic preference shares	-	Others
China Credit Trust Co., Ltd. – Baofu No. 4 Collective Fund Trust Plan	-	11,434,745	7.62	Domestic preference shares	-	Others
Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou No. 3 Collective Asset Management Plan	+1,000,000	7,290,000	4.86	Domestic preference shares	-	Others
Taikang Life Insurance Co., Ltd. – Dividend – Dividends for Individual Insurance – 019L – FH002 Hu	-	5,770,000	3.85	Domestic preference shares	-	Others
National Social Security Fund Portfolio 304	-	5,350,000	3.57	Domestic preference shares	-	Others
BOCOM Schroder Asset Management Co., Ltd. – BOCOM Schroder Asset Management Zhuoyuan No. 1 Collective Asset Management Plan	-4,180,000	5,000,000	3.33	Domestic preference shares	-	Others
Statement on whether there is connected relation among the top ten shareholders of preference shares and between the above shareholders and the top ten shareholders of ordinary shares, and whether they are persons acting in concert		Ping An Life Insurance Company of China, Ltd. – Universal – Universal Individual Insurance, Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance, Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product are persons acting in concert. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.				

SPDB P 2

Name of shareholder	Increase/decrease of shares during the reporting period	Number of shares held at the end of the period	Percentage (%)	Class of shares held	Pledged/frozen	Nature of shareholder
People's Insurance Company of China – Conventional – Ordinary Insurance Product – 008C – CT001 Hu	-	34,880,000	23.25	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance	-	20,360,000	13.57	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned funds	-	19,500,000	13.00	Domestic preference shares	-	Others
Ping An Life Insurance Company of China, Ltd. – Universal – Individual Universal Insurance	-	19,500,000	13.00	Domestic preference shares	-	Others
Sun Life Everbright Asset Management – Sun Life Everbright Assets Juyou No. 2 Equity Asset Management Product	+1,225,000	10,460,000	6.97	Domestic preference shares	-	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product	-	10,450,000	6.97	Domestic preference shares	-	Others
Everbright Securities Asset Management – Everbright Securities Asset Management Xinyou No. 3 Collective Asset Management Plan	+1,000,000	5,000,000	3.33	Domestic preference shares	-	Others
China Credit Trust Co., Ltd. – Huiying No. 128 Collective Fund Trust Plan	+5,000,000	5,000,000	3.33	Domestic preference shares	-	Others
China Fund – BOC Youxiang No.33 Collective Asset Management Plan	+3,490,000	3,490,000	2.33	Domestic preference shares	-	Others
Xiamen International Trust Co., Ltd. – Yilu Tongda No. 6 Collective Fund Trust Plan	+3,000,000	3,000,000	2.00	Domestic preference shares	-	Others
Statement on whether there is connected relation among the top ten shareholders of preference shares and between the above shareholders and the top ten shareholders of ordinary shares, and whether they are persons acting in concert Ping An Life Insurance Company of China, Ltd. – Dividend – Dividends for Individual Insurance, Ping An Life Insurance Company of China, Ltd. – Self-owned Funds, Ping An Life Insurance Company of China, Ltd. – Universal – Universal Individual Insurance, Ping An Property & Casualty Insurance Company of China, Ltd. – Conventional – Ordinary Insurance Product are persons acting in concert. Connected relations or concerted action relations of the aforesaid shareholders apart from the situations mentioned above are unknown to the Bank.						

6.2.4 Distribution of dividends on preference shares

6.2.4.1 Distribution of dividends on preference shares during the reporting period

On 1 March 2025, the Bank disclosed the Announcement on Distribution of Dividends on Preference Shares (Tranche II). The equity registration date for distribution in this tranche of preference shares' dividends is 10 March 2025, and the ex-dividend date is 10 March 2025. The start date of interest accrual for dividend distribution is 11 March 2024 and the date of dividend distribution is 11 March 2025. Based on the nominal dividend rate 4.81% of SPDB P 2, the cash dividend to be distributed per share would be RMB4.81 (tax inclusive), and the total dividends would be RMB721.5 million (tax inclusive).

On 26 November 2025, the Bank disclosed the Announcement on Distribution of Dividends on Preference Shares (Tranche I). The equity registration date for distribution in this tranche of preference shares' dividends is 2 December 2025, and the ex-dividend date is 2 December 2025. The start date of interest accrual for dividend distribution is 3 December 2024 and the date of dividend distribution is 3 December 2025. Based on the nominal dividend rate 4.27% applicable to the third dividend rate adjustment period of SPDB P 1, the cash dividend to be distributed per share would be RMB4.27 (tax inclusive), and the total dividends would be RMB640.5 million (tax inclusive).

Dividends on the Bank's preference shares are non-cumulative. Holders of preference shares are only entitled to dividends at the prescribed nominal dividend rate, but are not entitled to any distribution of residual profits of the Bank together with the holders of ordinary shares.

6.2.4.2 Distribution of dividends on preference shares in the recent three years

In RMB100 millions

Year	Distribution amount	Remarks
2025	13.620	Dividend distribution of SPDB P 1 and SPDB P 2
2024	15.585	Dividend distribution of SPDB P 1 and SPDB P 2
2023	15.585	Dividend distribution of SPDB P 1 and SPDB P 2

6.3 Accounting Policy Adopted by the Bank for Preference Shares and the Reasons

The Bank classified the preference shares into financial assets, financial liabilities or equity instruments at the time of initial recognition, according to the standards of financial instruments, the provisions in contract for issuing preference shares, the economic substance reflected, and based on definitions of financial assets, financial liabilities and equity instruments. If the following conditions are met concurrently, the Bank will classify the financial instruments issued as equity instruments: (1) Such financial instruments do not involve delivering cash or other financial assets to other parties, or the contract obligations of exchanging financial assets or financial liabilities with other parties in potentially adverse conditions; (2) in case the Bank's own equity instruments are to be used or may be used for settling accounts for such financial instruments in the future, and such instruments are non-derivative instruments, there would be no contract obligation of delivering variable quantity of its own equity instruments for settlement; if the instruments are derivative instruments, only the fixed quantity of equity instruments can be used for exchanging for fixed amount of cash or other financial assets may be used for settling accounts of such financial instruments.

The Bank recognized the preference shares as other equity instruments based on the contract terms and economic substance of the issuance.

6.4 Voting Right on Preference Shares Recovered During the Reporting Period

The Bank had no voting rights on preference shares recovered during the reporting period.

Bonds



07

Section VII Bonds

7.1 Information on Convertible Corporate Bonds

7.1.1 Issuance of convertible bonds

On 1 November 2019, the Bank finished issuing the A share convertible corporate bonds (hereinafter referred to as "the convertible bonds"). The proceeds amounted to RMB50 billion and the net funds stood at some RMB49,912 million after deducting the issuance expense. On 15 November 2019, the above-mentioned A share convertible bonds were listed on the SSE (stock name: SPDB Convertible Bond, stock code: 110059). Pursuant to the convertible bond prospectus, the Bank's convertible bonds became convertible on 6 May 2020, and the conversion period will end on 27 October 2025.

7.1.2 Redemption at maturity and delisting of convertible bonds

The SPDB Convertible Bonds matured on 27 October 2025. In aggregate, RMB49,837,082,000 of the bonds were converted into the Bank's ordinary shares, representing the issuance of 3,953,757,903 shares and accounting for 13.47% of the Bank's total issued ordinary shares prior to the conversion. The aggregate nominal value of the bonds redeemed at maturity amounted to RMB162,918,000, representing 0.3258% of the total SPDB Convertible Bonds issued by the Bank. The SPDB Convertible Bonds were delisted from the SSE on 28 October 2025.

Name of convertible bonds	Before change (RMB)	Change during the reporting period (RMB)			After change (RMB)
		Conversion	Redemption	Back-sell	
SPDB Convertible Bond	49,998,569,000	49,835,651,000	162,918,000	-	0
Number of converted shares during the reporting period (share)					3,953,659,998
Accumulated converted shares (share)					3,953,757,903
Percentage of accumulative converted shares of total outstanding shares prior to conversion (%)					13.4701

7.2 Corporate Bonds of the Bank

7.2.1 Financial bonds of the Bank

With the approval of relevant regulatory authorities, the Bank issued the following bonds in the National Interbank Bond Market during 24-28 April 2025: (1) Tranche 1 of 2025 Financial Bonds of Shanghai Pudong Development Bank Co., Ltd. (Variety I) (bond abbreviation: 25 SPD Bank Bond 01; bond code: 2528007). The 3-year fixed-rate bonds came in an issuance size of RMB25 billion, with a coupon rate of 1.82%, the interest accrual start date of 28 April 2025, and the maturity date of 28 April 2028. (2) Tranche 1 of 2025 Financial Bonds of Shanghai Pudong Development Bank Co., Ltd. (Variety II) (bond abbreviation: 25 SPD Bank Bond 02, bond code: 2528008). The 3-year fixed rate bonds came in an issuance size of RMB5 billion, with a coupon rate of 1.81%, the start date of interest accrual of 28 April 2025, and the maturity date of 28 April 2028. The proceeds from Variety I shall be used to meet the needs of asset and liability allocation of the Bank, diversify the sources of funds, optimize the maturity structure of liabilities, and promote the robust development of its business in line with the applicable laws and upon the approval of regulators. The proceeds from Variety II shall be preferentially used to support the Bank's digital and intelligent initiatives including AI. The use of proceeds was consistent with the prospectus.

With the approval of relevant regulatory authorities, the Bank issued Tranche 1 of 2025 STI Bonds of Shanghai Pudong Development Bank Co., Ltd. (bond abbreviation: 25 SPD Bank STI Bond 01; bond code: 2528009) in the National Interbank Bond Market during 12-14 May 2025. The 3-year fixed-rate bonds came in an issuance size of RMB15 billion, with a coupon rate of 1.66%, the start date of interest accrual of 14 May 2025, and the maturity date of 14 May 2028. The proceeds shall be allocated to STI sectors as defined in the Overall Statistical Framework for the Five Priorities of the Financial Sector (Trial), including the extension of technology loans, the extension of loans to sci-tech industries, and investments in bonds issued by STI enterprises, thereby providing dedicated support for STI-related businesses. The use of proceeds was consistent with the prospectus.

With the approval of relevant regulatory authorities, the Bank issued Tranche 1 of 2025 Green Financial Bonds of Shanghai Pudong Development Bank Co., Ltd. (bond abbreviation: 25 SPD Bank Green Bond 01; bond code: 2528025) in the National Interbank Bond Market during 11-13 November 2025. The 3-year fixed-rate bonds came in an issuance size of RMB20 billion, with a coupon rate of 1.73%, the start date of interest accrual of 11 November 2025, and the maturity date of 13 November 2028. The proceeds shall be allocated to green industry projects as defined in the Green Finance Endorsed Project Catalogue (Version 2025). The use of proceeds was consistent with the prospectus.

With the approval of relevant regulatory authorities, the Bank issued the following bonds in the National Interbank Bond Market during 10-12 December 2025: (1) Tranche 2 of 2025 Financial Bonds of Shanghai Pudong Development Bank Co., Ltd. (Variety I) (bond abbreviation: 25 SPD Bank Bond 03; bond code: 2528033). The 3-year fixed-rate bonds came in an issuance size of RMB12.5 billion, with a coupon rate of 1.85%, the start date of interest accrual of 12 December 2025, and the maturity date of 12 December 2028. (2) Tranche 2 of 2025 Financial Bonds of Shanghai Pudong Development Bank Co., Ltd. (Variety II) (bond abbreviation: 25 SPD Bank Bond 04, bond code: 2528034). The 3-year floating-rate bonds came in an issuance size of RMB7.5 billion. With the coupon rate linked to the one-year LPR minus 112 basis points, the initial coupon rate was 1.88%. The start date of interest accrual was 12 December 2025, and the maturity date was 12 December 2028. The proceeds shall be used to meet the needs of asset and liability allocation of the Bank, diversify the sources of funds, optimize the maturity structure of liabilities and promote the steady development of its business. The proceeds shall be preferentially allocated to credit extension in consumer service sectors, including wholesale and retail, lodging and catering, cultural tourism, education and training, and healthcare and elderly care, thereby supporting the recovery and expansion of consumption. The use of proceeds was consistent with the prospectus.

7.2.2 Capital bonds of the Bank

With the approval of relevant regulatory authorities, the Bank issued the Tranche 1 of 2025 Perpetual Capital Bonds of Shanghai Pudong Development Bank Co., Ltd. (bond abbreviation: 25 SPD Bank Perpetual Bond 01; bond code: 242580019) in the National Interbank Bond Market during 10-12 June 2025. The bonds issued came in an issuance size of RMB30 billion, with a coupon rate of 2.03% in the first five years (which can be adjusted for once every five years) and the conditional redemption right exercisable on each interest payment date in the fifth year and thereafter. The start date of interest accrual was 12 June 2025. The proceeds shall be used to replenish the additional tier 1 capital of the Bank in line with the applicable laws and upon the approval of regulators. The use of proceeds was consistent with the prospectus.

With the approval of relevant regulatory authorities, the Bank issued the Tranche 2 of 2025 Perpetual Capital Bonds of Shanghai Pudong Development Bank Co., Ltd. (bond abbreviation: 25 SPD Bank Perpetual Bond 02; bond code: 242580026) in the National Interbank Bond Market during 9-11 July 2025. The bonds issued came in an issuance size of RMB20 billion, with a coupon rate of 1.96% in the first five years (which can be adjusted for once every five years) and the conditional redemption right exercisable on each interest payment date in the fifth year and thereafter. The start date of interest accrual was 11 July 2025. The proceeds shall be used to replenish the additional tier 1 capital of the Bank in line with the applicable laws and upon the approval of regulators. The use of proceeds was consistent with the prospectus.

With the approval of relevant regulatory authorities, the Bank issued the Tranche 1 of 2025 Tier 2 Capital Bonds of Shanghai Pudong Development Bank Co., Ltd. in the National Interbank Bond Market during 17-19 November 2025 (Variety I bond abbreviation: 25 SPD Bank Tier 2 Capital Bond 01A, bond code: 232580044; Variety II bond abbreviation: 25 SPD Bank Tier 2 Capital Bond 01B, bond code: 232580045). The total issuance size was RMB20 billion. Specifically, Variety I comprised RMB16.5 billion in 5+5-year fixed-rate bonds with a coupon rate of 2.17%, the start date of interest accrual of 19 November 2025, and the maturity date of 19 November 2035. Variety II comprised RMB3.5 billion in 10+5-year fixed-rate bonds with a coupon rate of 2.40%, the start date of interest accrual of 19 November 2025, and the maturity date of 19 November 2040. The proceeds shall be used to replenish the tier 2 capital of the Bank in line with the applicable laws and upon the approval of regulators. The use of proceeds was consistent with the prospectus.

On 23 November 2025, with the approval of the NFRA, the Bank completed the full redemption of its RMB50 billion perpetual capital bonds originally issued during 19-23 November 2020.

Financial Report



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Section VIII Financial Report

8.1 Financial Statements and Auditor's Report for the Year Prepared Based on ASBE (See the Appendix)

8.2 Financial Statements and Auditor's Report for the Year Prepared Based on IFRS(See the Appendix)

Zhang Weizhong, Chairman
Board of Directors of Shanghai Pudong Development Bank Co., Ltd.
27 March 2026

Shanghai Pudong Development Bank Co., Ltd. Financial Statements For the year ended 31 December 2025

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY 2025 TO 31 DECEMBER 2025

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

KPMG Huazhen Shenzi NO. 2606051

The Shareholders of Shanghai Pudong Development Bank Co., Ltd.:

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. ("the Bank") and its subsidiaries (collectively referred to as "the Group") set out on pages 140 to 251, which comprise the consolidated and the Bank's balance sheets as at 31 December 2025, the consolidated and the Bank's income statements, the consolidated and the Bank's cash flows statements and the consolidated and the Bank's statement of changes in owner's equity for the year then ended and relevant notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the consolidated and the Bank's financial position as at 31 December 2025 and of its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the China Code of Ethics for Certified Public Accountants ("the Code") and the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Audit and Review Engagements, as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Measurement of expected credit loss ("ECL") for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments

Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Measurement of ECL for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments involves significant management judgments. The Group established internal controls for the ECL measurement.	Our audit procedures to assess ECL for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments included the following: - Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments: - Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, debt investments, credit quality of financial guarantee contracts and loan commitments; - Understanding and evaluating the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;
The Group assesses whether the credit risks of loans and advances to customers, debt investments and financial guarantee contracts and loan commitments have increased significantly since their initial recognition, and applies a three-stage impairment model to measure their ECL. For loans and advances to customers, debt investments and financial guarantee contracts and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.	- Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used, including prudently evaluating probability of default, loss given default, exposure at default, discount rates, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management judgments involved; - Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, debt investments, financial guarantee contracts and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers, debt investments, financial guarantee contracts and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy; - Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifications of key estimates and parameters input, and assessed the consistency of judgment used by management;

Measurement of ECL for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments (continued)

Refer to Notes III.8.(6), V.6, V.7(b), V.15, V.24, XII.1(1), XII.1(3), XII.1(4) and XII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The measurement models of expected credit losses involves significant management judgments and assumptions, primarily including the following: (1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters; (2) Criteria for determining a significant increase in credit risk, default and credit impairments; (3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.	- Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias; - For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers; - Selecting samples to assess the reasonableness of management judgment on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analyzed the loans and advances to corporate customers, as well as debt investments in financial investments by industry classification; when selecting samples, we considered industries that are significantly affected by current industry cycles and regulatory policies; we focused on loans and debt investments subject to significant risks and selected borrowers with significant risk factors as part of our credit review samples. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;
Measurement of ECL for loans and advances to customers, debt investments, financial guarantee contracts and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operational conditions and capital positions of the Group. In view of these reasons, we identified ECL measurement as a key audit matter.	- Performing credit reviews for the selected credit impaired loans and advances to customers and debt investments by evaluating loss ratio calculation model based on grouping, or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research. We also evaluated the timing and realisation method of collaterals and considered other sources of repayment asserted by the management. We assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources; - Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group; - According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, debt investments, financial guarantee contracts and loan commitments.

Consolidation of structured entities

Refer to Notes III.4 and VII to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund.	Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following: • Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; • Selecting structured entities of each key product type and performing the following procedures for each structured entity selected: - Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgment over whether the Group has the ability to exercise power over the structured entity; - Inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgment as to the exposure, or rights, to variable returns from the Group's involvement in such an entity;
In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgment exercised by management in the qualitative assessment of the terms and nature of each entity.	• Selecting structured entities of each key product type and performing the following procedures for each structured entity selected (continued): - Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgment over the Group's ability to influence its own returns from the structured entity; - Assessing management's judgment over whether the structured entity should be consolidated or not; • Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Valuation of Level 3 financial assets measured at fair value on a recurring basis

Refer to Notes III.8, III.23, III.34 described in the accounting policies, and XII.4 to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trust and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments. The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios. Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgment required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.	Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following: • Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets; • Selecting samples and, using the work of our financial risk management experts, gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation; • Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.

Other Information

Management is responsible for the other information. The other information comprises all the information included in the 2025 annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Bank'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 management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management'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 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.

(5) Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

KPMG Huazhen LLP

Beijing, China

Certified Public Accountants Registered in the People's Republic of China

Ying Chenbin (Engagement Partner)

Xue Chenjun

27 March 2026

Consolidated and the Bank's balance sheets as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Assets					
Cash and balances with central bank	V.1	422,767	411,539	418,792	405,297
Deposits with banks and other financial institutions	V.2	130,131	113,772	99,544	88,993
Placements with banks and other financial institutions	V.3	465,332	419,710	487,125	422,452
Precious metals		82,382	23,062	82,382	23,062
Derivative financial assets	V.4	93,440	89,590	93,364	88,838
Financial assets purchased under resale agreements	V.5	56,119	63,879	56,119	63,879
Loans and advances to customers	V.6	5,572,502	5,269,160	5,461,896	5,146,724
Financial investments:	V.7				
- Financial assets held for trading		820,948	691,019	892,271	767,780
- Debt investments		1,250,256	1,326,638	1,020,042	1,120,026
- Other debt investments		879,201	782,438	862,456	767,129
- Investments in other instruments		11,464	9,029	11,001	8,778
Long-term equity investments	V.8	8,274	1,807	40,910	34,868
Fixed assets	V.9	67,749	56,235	17,558	17,246
Construction in process		1,968	1,272	1,955	1,233
Right-of-use assets	V.10	5,535	6,350	5,194	5,858
Intangible assets	V.11	9,217	9,584	6,737	7,117
Goodwill	V.12	5,351	5,351	-	-
Deferred income tax assets	V.13	85,166	75,261	81,919	72,695
Other assets	V.14	113,944	106,184	107,342	98,832
Total assets		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 150 to 251 form part of these financial statements.

Consolidated and the Bank's balance sheets (continued)

as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Liabilities and equity					
Liabilities					
Borrowing from central bank		139,039	118,442	138,934	117,770
Deposits from banks and other financial institutions	V.16	1,414,528	872,000	1,424,619	884,529
Placements from banks and other financial institutions	V.17	359,161	349,605	208,617	221,830
Financial liabilities held for trading	V.18	66,863	33,172	63,334	29,972
Derivative financial liabilities	V.4	81,292	78,575	80,836	78,434
Financial assets sold under repurchase agreements	V.19	305,914	505,962	206,559	406,346
Deposits from customers	V.20	5,653,358	5,229,282	5,610,763	5,175,643
Employee benefits payable	V.21	10,109	12,373	8,220	10,466
Taxes payable	V.22	21,237	20,535	20,072	19,465
Debt securities issued	V.23	1,140,416	1,419,972	1,139,102	1,417,346
Deferred income tax liabilities	V.13	629	630	-	-
Lease liabilities	V.10	5,152	6,013	4,797	5,507
Provisions	V.24	8,100	7,810	8,097	7,805
Other liabilities	V.25	51,518	62,728	43,804	54,324
Total liabilities		9,257,316	8,717,099	8,957,754	8,429,437
Equity					
Share capital	V.26	33,306	29,352	33,306	29,352
Other equity instruments	V.27	79,919	82,701	79,919	82,701
Capital reserves	V.28	134,461	81,921	134,276	81,719
Other comprehensive income	V.29	6,039	13,036	5,551	12,345
Surplus reserves	V.30	196,551	192,222	196,551	192,222
General risk reserve	V.31	115,675	106,696	111,024	102,500
Retained earnings	V.32	250,963	230,401	228,226	210,531
Equity attributable to the shareholders of the Bank		816,914	736,329	788,853	711,370
Minority interests		7,516	8,452	-	-
Total equity		824,430	744,781	788,853	711,370
Total liabilities and equity		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 150 to 251 form part of these financial statements.

These financial statements were approved for issue by the Board of Directors of the Bank on 27 March 2026.

Chairman of the board
of the directors:
Zhang Weizhong

President
(in-charge of financial work):
Xie Wei

Head of the finance and
accounting department:
Zhang Hui

Consolidated and the Bank's income statements for the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Operating income		173,964	170,748	159,939	161,807
Interest income		265,116	288,125	252,911	277,751
Interest expense		(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	V.33	120,483	114,717	114,138	110,524
Fee and commission income		29,397	29,788	24,971	26,003
Fee and commission expense		(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	V.34	22,725	22,816	18,264	19,039
Investment income	V.35	19,393	29,141	18,898	28,529
<i>Including: Income from joint ventures and associates</i>		158	217	121	155
<i>Gain or loss from derecognition of financial assets at amortized cost</i>		5,471	3,902	4,660	3,897
Other income		622	839	84	124
Gains or losses from change of fair value	V.36	5,443	(1,549)	8,061	2,471
Foreign exchange gains and losses	V.37	250	988	309	1,065
Other operating income		4,967	3,776	156	85
Gains or losses on disposal of assets		81	20	29	(30)
Operating expense		(120,356)	(123,305)	(111,535)	(116,609)
Taxes and surcharges		(2,051)	(1,972)	(1,886)	(1,825)
General and administrative expenses	V.38	(49,582)	(49,795)	(46,356)	(46,967)
Impairment on credit losses	V.39	(65,700)	(69,437)	(63,263)	(67,755)
Impairment losses on other assets		(201)	(43)	(17)	(40)
Other operating expenses		(2,822)	(2,058)	(13)	(22)
Operating profit		53,608	47,443	48,404	45,198
Add: Non-operating income		76	1,184	62	68
Less: Non-operating expenses		(310)	(261)	(281)	(243)
Profit before income tax		53,374	48,366	48,185	45,023
Less: Income tax expense	V.40	(2,969)	(2,531)	(1,564)	(1,737)
Net profit for the year		50,405	45,835	46,621	43,286
1. Classification according to the ability of operation continuation					
- Continued operation net profit		50,405	45,835	46,621	43,286
- Discontinued operation net profit		-	-	-	-
2. Classification according to shareholders					
- Shareholders of the Bank		50,017	45,257	46,621	43,286
- Minority interests		388	578	-	-

The notes on pages 150 to 251 form part of these financial statements.

Consolidated and the Bank's income statements (continued) for the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Other comprehensive income after tax	V.29	(7,097)	11,043	(6,793)	10,452
Other comprehensive income attributes to shareholders of the Bank, after tax		(6,997)	10,929	(6,793)	10,452
Items that may be reclassified to profit or loss		(7,380)	10,051	(7,152)	9,572
- Other comprehensive income recognized under equity method		-	2	-	2
- Changes in fair value of other debt investments		(8,110)	10,795	(8,234)	10,510
- Credit impairment allowance of other debt investments		978	(954)	1,021	(897)
- Cash flow hedge reserve		(168)	167	-	(17)
- Translation differences arising from translation of foreign currency financial statements		(80)	41	61	(26)
Item that will not be reclassified to profit or loss		383	878	359	880
- Changes in fair value of other equity instruments investments		383	878	359	880
Other comprehensive income attributes to minority interests, after tax		(100)	114	-	-
Total comprehensive income		43,308	56,878	39,828	53,738
Attributable to:					
- Shareholders of the Bank		43,020	56,186	39,828	53,738
- Minority interests		288	692	-	-
Earnings per share (Expressed in RMB)	V.41				
Basic earnings per share		1.52	1.36		
Diluted earnings per share		1.42	1.25		

The notes on pages 150 to 251 form part of these financial statements.

Consolidated and the Bank's cash flow statements for the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Cash flows from operating activities					
Net decrease in deposits with central bank, banks and other financial institutions		751	31,778	-	35,216
Net decrease in placements with banks and other financial institutions		-	13,933	-	15,093
Net decrease in resale activities		521	316	521	316
Net decrease in financial assets held for trading purposes		-	30,198	-	22,727
Net increase in borrowing from central banks		21,255	-	21,822	-
Net increase in deposits from customers and deposits from banks and other financial institutions		979,191	23,914	987,368	23,509
Net increase in placements from banks and other financial institutions		-	41,353	-	17,040
Cash received from interest		221,907	238,033	213,213	232,223
Cash received from fee and commissions		30,844	31,241	26,051	27,225
Cash received from other operating activities		66,730	36,326	54,558	31,787
Subtotal of cash inflows		1,321,199	447,092	1,303,533	405,136
Net increase in placements with banks and other financial institutions		(11,284)	-	(30,380)	-
Net increase in loans and advances to customers		(362,158)	(411,592)	(371,602)	(405,430)
Net increase in deposits with the central bank, interbank and other financial institutions		-	-	(4,260)	-
Net increase in financial assets held for trading		(82,200)	-	(94,075)	-
Net decrease in borrowing from central banks		-	(116,098)	-	(116,118)
Net decrease in placement from banks and other financial institutions		(8,722)	-	(31,355)	-
Net decrease in repurchase business		(200,308)	(13,761)	(200,047)	(42,624)
Cash paid for interest		(133,569)	(132,990)	(124,207)	(127,248)
Cash paid for fee and commission		(7,177)	(7,454)	(7,111)	(7,383)
Cash paid to and on behalf of employees		(28,299)	(28,296)	(26,015)	(26,276)
Cash paid for taxes		(25,917)	(30,221)	(22,388)	(27,396)
Cash paid for other operating activities		(85,729)	(40,334)	(82,927)	(39,841)
Subtotal of cash outflows		(945,363)	(780,746)	(994,367)	(792,316)
Net cash flows generated from / (used in) operating activities	V.43	375,836	(333,654)	309,166	(387,180)

The notes on pages 150 to 251 form part of these financial statements.

Consolidated and the Bank's cash flow statements (continued)

For the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Cash flows from investing activities					
Proceeds from disposal of investments		2,475,659	2,001,177	2,469,920	1,900,627
Cash received from investment income		69,919	87,157	65,487	83,110
Cash received from equity transactions of subsidiaries		-	5,145	443	-
Cash received from other investing activities		1,156	1,717	106	32
Subtotal of cash inflows		2,546,734	2,095,196	2,535,956	1,983,769
Payment for acquisition of investments		(2,564,955)	(2,158,620)	(2,515,253)	(2,023,483)
Cash paid to purchase fixed assets, intangible assets and other long-term assets		(20,899)	(20,128)	(4,607)	(3,241)
Subtotal of cash outflows		(2,585,854)	(2,178,748)	(2,519,860)	(2,026,724)
Net cash flows (used in) / generated from investing activities		(39,120)	(83,552)	16,096	(42,955)
Cash flows from financing activities					
Proceeds from issuance of bonds and interbank certificates of deposit		1,432,029	1,607,199	1,430,727	1,607,199
Subtotal of cash inflows		1,432,029	1,607,199	1,430,727	1,607,199
Cash payment of debt repayment		(1,656,636)	(1,219,376)	(1,654,083)	(1,214,349)
Cash paid for dividends, profit and interest of bond issued		(45,376)	(57,414)	(45,040)	(57,066)
Payment for other financing activities		(4,111)	(2,930)	(2,929)	(2,919)
Subtotal of cash outflows		(1,706,123)	(1,279,720)	(1,702,052)	(1,274,334)
Net cash flows (used in) / generated from financial activities		(274,094)	327,479	(271,325)	332,865
Effect of exchange rate changes on cash and cash equivalents		(2,795)	1,224	(2,573)	1,164
Net increase / (decrease) in cash and cash equivalents	V.43	59,827	(88,503)	51,364	(96,106)
Add: Cash and cash equivalents at the beginning of the year	V.43	273,624	362,127	258,837	354,943
Cash and cash equivalents at the end of the year	V.42	333,451	273,624	310,201	258,837

The notes on pages 150 to 251 form part of these financial statements.

Consolidated statement of changes in owners' equity
for the year ended 31 December 2025

	Note	Equity attributable to the shareholder of Bank								Minority interests	Total
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Subtotal		
Balance at 1 January 2025		29,352	82,701	81,921	13,036	192,222	106,696	230,401	736,329	8,452	744,781
Changes in equity during the year											
Net profit		-	-	-	-	-	-	50,017	50,017	388	50,405
Other comprehensive income	V.29	-	-	-	(6,997)	-	-	-	(6,997)	(100)	(7,097)
Investment and reduction of shareholder capital											
- Convertible bonds converted into equity	V.27	3,954	(2,782)	52,606	-	-	-	-	53,778	-	53,778
- Others		-	-	(2)	-	-	-	-	(2)	-	(2)
Profit distribution											
- Appropriation to surplus reserves	V.30	-	-	-	-	4,329	-	(4,329)	-	-	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	8,979	(8,979)	-	-	-
- Cash dividends paid to ordinary shareholders	V.32	-	-	-	-	-	-	(12,410)	(12,410)	-	(12,410)
- Cash dividends paid to preference shareholders	V.32	-	-	-	-	-	-	(1,362)	(1,362)	-	(1,362)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(2,375)	(2,375)	-	(2,375)
Dividends of subsidiaries		-	-	-	-	-	-	-	-	(231)	(231)
Others											
- Purchase of equities of subsidiaries and subsidiaries restructured of branches		-	-	(64)	-	-	-	-	(64)	(993)	(1,057)
Balance at 31 December 2025		33,306	79,919	134,461	6,039	196,551	115,675	250,963	816,914	7,516	824,430

The notes on pages 150 to 251 form part of these financial statements.

Consolidated statement of changes in owners' equity for the year ended 31 December 2024

	Note	Equity attributable to the shareholder of Bank								Minority interests	Total
		Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Subtotal		
Balance at 1 January 2024		29,352	112,691	81,762	2,107	188,929	101,575	208,333	724,749	8,135	732,884
Changes in equity during the year											
Net profit		-	-	-	-	-	-	45,257	45,257	578	45,835
Other comprehensive income	V.29	-	-	-	10,929	-	-	-	10,929	114	11,043
Investment and reduction of shareholder capital											
- Redemption of open-term capital bonds	V.27	-	(29,990)	(10)	-	-	-	-	(30,000)	-	(30,000)
Profit distribution											
- Appropriation to surplus reserves	V.30	-	-	-	-	3,293	-	(3,293)	-	-	-
- Appropriation to general risk reserves	V.31	-	-	-	-	-	5,121	(5,121)	-	-	-
- Cash dividends paid to ordinary shareholders	V.32	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
- Cash dividends paid to preference shareholders	V.32	-	-	-	-	-	-	(1,559)	(1,559)	-	(1,559)
- Interests payment of open-term capital bonds	V.32	-	-	-	-	-	-	(3,794)	(3,794)	-	(3,794)
Capital increase by subsidiary shareholders		-	-	169	-	-	-	-	169	(169)	-
Dividends of subsidiaries		-	-	-	-	-	-	-	-	(206)	(206)
Balance at 31 December 2024		29,352	82,701	81,921	13,036	192,222	106,696	230,401	736,329	8,452	744,781

The notes on pages 150 to 251 form part of these financial statements.

Statement of changes in owners' equity
for the year ended 31 December 2025

Note	Share Capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total
Balance at 1 January 2025	29,352	82,701	81,719	12,345	192,222	102,500	210,531	711,370
Changes in equity during the year								
Net profit	-	-	-	-	-	-	46,621	46,621
Other comprehensive income	-	-	-	(6,793)	-	-	-	(6,793)
Investment and reduction of shareholder capital								
- Convertible bonds converted into equity	3,954	(2,782)	52,606	-	-	-	-	53,778
- Others	-	-	(2)	-	-	-	-	(2)
Profit distribution								
- Appropriation to surplus reserves	-	-	-	-	4,329	-	(4,329)	-
- Appropriation to general risk reserves	-	-	-	-	-	8,300	(8,300)	-
- Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(12,410)	(12,410)
- Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,362)	(1,362)
- Interests payment of open-term capital bonds	-	-	-	-	-	-	(2,375)	(2,375)
Transfers within equity								
- Transfer of other comprehensive income to retained earnings	-	-	-	(1)	-	-	1	-
Others								
- Restructuring of branches by subsidiaries	-	-	(47)	-	-	224	(151)	26
Balance at 31 December 2025	33,306	79,919	134,276	5,551	196,551	111,024	228,226	788,853

The notes on pages 150 to 251 form part of these financial statements.

Statement of changes in owners' equity
For the year ended 31 December 2024

Note	Share Capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total
Balance at 1 January 2024	29,352	112,691	81,712	1,893	188,929	98,000	189,813	702,390
Changes in equity during the year								
Net profit	-	-	-	-	-	-	43,286	43,286
Other comprehensive income	-	-	-	10,452	-	-	-	10,452
Investment and reduction of shareholder capital								
- Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)
- Others	-	-	17	-	-	-	-	17
Profit distribution								
- Appropriation to surplus reserves	-	-	-	-	3,293	-	(3,293)	-
- Appropriation to general risk reserves	-	-	-	-	-	4,500	(4,500)	-
- Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)
- Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
- Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Balance at 31 December 2024	29,352	82,701	81,719	12,345	192,222	102,500	210,531	711,370

The notes on pages 150 to 251 form part of these financial statements.

Notes to the financial statements

I GENERAL INFORMATION

Shanghai Pudong Development Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in Shanghai, the People's Republic of China ("the PRC") on 28 August 1992 in accordance with the approval from the People's Bank of China ("the PBOC" or "Central Bank") (Yin Fu [1992] No.350). The address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank's ordinary shares denominated in RMB were listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as "the Group") are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services and wealth management business approved by the PBOC and the National Financial Regulatory Administration (the "NFRA"), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank's principal regulator is the NFRA. The Bank's overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries consolidated in the Group's financial statements are disclosure in Note VI.

II BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis.

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance (the "MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Bank as at 31 December 2025, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Bank for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group's daily activities and whether it significantly affects the Group's financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners' equity, operating income, operating expenses, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

1 Accounting period

The accounting period is from 1 January to 31 December.

2 Functional currency

The functional currency of the Group's operations in Chinese Mainland is Renminbi (RMB), the currency used for preparing financial statements is RMB. Items included in the financial statements of each of the Group's operations overseas are measured using the currency of the primary economic environment in which the entity operates. The Group translates the financial statements of overseas subsidiaries from their respective functional currencies into the Group's functional currency (see Note III.5).

3 Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, when the acquirer determines whether acquired set of assets constitute a business, it may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed.

If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business. When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against surplus reserves and retained earnings sequentially. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (see Note III.20) after taking into account deferred tax impact. If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving entities not under common control and are achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognizes any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognized in other comprehensive income and other changes in the owners' equity under equity accounting in prior reporting periods relating to the previously-held equity interest that may be reclassified to profit or loss are transferred to investment income at the date of acquisition (see Note III.14(2)(b)); Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognized in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

4 Criteria of control and preparation of consolidated financial statements

General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Bank and its subsidiaries (including a structured entity). Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A structured entity is an entity that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the investee and the relevant activities are directed by means of contractual or relative arrangements.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Bank, the Bank makes necessary adjustments to the financial statements of the subsidiary based on the Bank's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements.

Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity interests is re-measured by the Group at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained.

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognized in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

Changes in non-controlling interests

Where the Bank acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

5 Foreign currency transactions and translation of foreign currency financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items.

The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amount is included in other comprehensive income. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognized in other comprehensive income.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and the translation differences in other comprehensive income, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed of.

6 Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

7 Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in profit or loss.

8 Financial instruments

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

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

At initial recognition, if the fair value of a financial asset or financial liability is determined in another manner, the difference between the fair value and the transaction price shall be deferred.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial

recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses (including any interest or dividend income) are recognized in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless:

- The financial liability is part of a hedging relationship;
- The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group's credit risks are included in other comprehensive income.

- Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the Group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment

The Group recognizes loss allowances for expected credit loss ("ECL") on:

- Financial assets measured at amortized cost;
- Contract assets;
- Debt investments measured at FVOCI;
- Loan commitments and financial guarantee contracts issued, which are not measured at FVTPL;
- Lease receivables.

Financial assets measured at fair value, including debt investments or equity securities measured at FVTPL, equity securities designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The Group's method of measuring the ECLs of financial instruments reflects the following elements: (I) the unbiased probability weighted average amount determined by evaluating a series of possible results; (II) the time value of money; (III) reasonable and reliable information about past events, current situation and prediction of future economic conditions that can be obtained without unnecessary additional costs or efforts on the balance sheet date.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of the lifetime ECL that results from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Refer to Note XII.1(3) for more detailed explanations of measuring ECL.

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for financial instruments measured at amortized cost with a corresponding adjustment to their carrying amount through a loss

allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognized in other comprehensive income, without deducting the carrying amount of the financial asset. For loan commitments and financial guarantee contracts issued, which are not measured at FVTPL, the Group recognizes loss reserves in estimated liabilities (Refer to Note V.24).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Modification of financial asset contracts

In certain cases (such as restructured loans), the Group may renegotiate or otherwise modify the financial asset contracts. The Group would assess whether or not the modified or new contractual terms are substantially different from the original terms.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a new financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contractual cash flows, the Group shall recalculate the book balance of the financial asset and recognize the relevant gains or losses in profit or loss. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or restructured contractual cash flows discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the Group shall adjust the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the Group compares the risk of default at the balance sheet date based on the changed contract terms with the risk of default on initial recognition based on the original contract terms.

(8) Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders' equity and deducted the related transaction costs from shareholders' equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings sequentially. Consideration and transaction costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Bank repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognized in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

9 Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the initial or modified terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note III. 26. Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note III. 8(6)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

The Group's expected credit losses of financial guarantee contracts and loan commitments are presented as "provisions".

10 Derivative financial instruments and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss. Then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method that recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, and a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- 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 the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;

-The hedging relationship no longer meets other criteria for applying hedge accounting.

(1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(2) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognized hedged item not measured at fair value and is recognized in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortized to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortized cost. The amortization is based on a recalculated effective interest rate at the date that amortization begins.

(3) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. When disposing a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognized in profit or loss.

11 Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognized in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognized in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognized as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognized in profit or loss. The liability component is subsequently carried at amortized cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognized in profit or loss.

12 Preference shares and perpetual bonds

At initial recognition, the Group classifies the preference shares, perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognized in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

13 Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refers to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the balance sheet. The purchased target assets purchased for resale are not recognized and recorded off balance sheet; the underlying assets sold and repurchased are still reflected in the balance sheet.

The bid ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

14 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

-The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserves and retained earnings sequentially. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.

-For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination

not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Bank's individual financial statements, the Bank use the cost approach to measure long-term equity investments in subsidiaries unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Bank recognizes its share of the cash dividends or profit distributions declared by the investee as investment income for the current year.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses. For the impairment of the investments in subsidiaries, refer to Note III.21.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note III.4.

(b) Investments in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.14(3)) and rights to the net assets of the arrangement. An associate is an entity over which the Group has significant influence (see Note III.14(3)). An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The accounting treatments under the equity method adopted by the Group are as follows:

-Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.

-After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

-In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.

-The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits has fully covered the share of losses not recognized.

For the impairment of the investments in joint ventures and associates, refer to Note III.21.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

-Whether no single participant party is in a position to control the investee's related activities unilaterally;
-Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

15 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services for rental or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.16.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life unless the fixed assets meet the conditions for holding for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimated useful life	Residual value rate	Depreciation rate
Plant and buildings	30 years	5%	3.17%
Motor vehicles	5 - 10 years	0 - 5%	9.50 - 20.00%
Electronic computers and other equipments	3 - 5 years	0 - 5%	19.00 - 33.33%
Fixed assets leased out	8 - 25 years	0 - 10%	3.60 - 12.50%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end.

(3) For the impairment of the fixed assets, refer to Note III.21.

(4) Disposal of fixed assets

When fixed assets meet one of the following conditions, the carrying amount of a fixed asset is derecognized.

-When the fixed asset is holding for disposal; or
-When no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

16 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labor, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21).

17 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note III.21). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held

for sale.

-Land use right is amortized since the month of acquisition using straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

-Software is amortized since month of acquisition using straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.

-Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of the data resources, etc.

-Brand and franchise right are intangible assets with no expected useful lives, which are not subject to amortization.

Useful lives and amortization methods of intangible assets with finite useful lives are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

18 Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognized as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet of financial position at cost less accumulated amortization and impairment losses (refer to Note III. 21).

19 Repossessed assets

Repossessed assets refer to the physical assets or property rights of the Group that are compensated to the debtor, guarantor or a third party by exercising creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the Group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note III. 8(2).

For the transferred non-financial asset of repossessed assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the repossessed assets. Refer to Note III. 21 for the impairment test method and the impairment provision method.

20 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control. The Group's goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.21). Goodwill is transferred out and recognized in the current period's profit or loss upon disposal of its related asset groups or asset group combinations.

21 Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to dispose and its present value of expected future cash flows (see Note III.23).

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

When the estimation of the recoverable amount indicates that the recoverable amount of an asset is less than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and the amount of the reduction shall be recognized as an impairment loss in profit or loss. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

22 Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non occurrence of future uncertain events; or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the Group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note IX, commitments and contingencies to the financial statements.

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

23 Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

24 Dividend distribution

After the balance sheet date, the dividends or profits to be distributed in the profit distribution plan which has been examined and approved are not really considered as liabilities on the balance sheet date and shall be disclosed separately in the notes.

25 Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The balance sheet of the group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the Group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customer's instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

26 Revenue recognition

Interest income

For all financial instruments measured at amortized cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or the amortized cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

(1) For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortized cost;

(2) Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognized when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point of time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the Group's right to receive dividends is established.

27 Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortized cost of financial liabilities and the timing of capital occupation using the effective interest method, and are recognized in the corresponding period.

Other expenses

Other expenses are recognized on an accrual basis.

28 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income in the periods in which the expenses or losses are recognized. Or included in other income directly.

29 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, and social security contributions such as medical insurance and work injury insurance, and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits

Basic pension insurance

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participates in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable is recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Annuity plan

The Group also participate in a defined contribution retirement benefit plan (the "Annuity Plan"). The Group and its employees are required to contribute a certain percentage of the employees' previous year basic salaries in the previous year to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

Supplementary retirement benefits

The Group pays supplementary retirement benefits for certain retired employees, which is the defined benefit plans. The Group recognizes its liabilities based on the actuarial results, the related actuarial gains and losses are recognized in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting period.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(4) Other long-term employee benefits

According to the actual payment of employees' salaries or services during the accounting period when employees provide services, the amount accrued or paid by employees shall be recognized as a liability, and included in the current profit and loss or related asset costs.

30 Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

31 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, 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.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains multiple separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

(1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to 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.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note III.21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (leases with lower value when a single lease asset is a brand new asset). The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognizes the finance lease receivable and derecognizes the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognizes interest income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognized in accordance with the accounting policy in Note III.8. Variable lease payments not included in the measurement of net investment in the lease are recognized in profit or loss as they are earned.

Lease receipts from operating leases are recognized as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortized in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognized in profit or loss as they are earned.

32 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Group and the Bank determines related parties based on the disclosure requirements of Administrative Measurement on the Information Disclosures of Listed Companies issued by the CSRC.

33 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

34 Significant accounting and judgments and estimates

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the balance sheet date, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For loans and debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note XII. 1 specify the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or combination of asset groups, and estimate the recoverable amount of the asset group or combination of asset groups. Information of impairment tests on the Group's goodwill is set out in Note V.12.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the Group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable income and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable income to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during the fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities has control

The Group manages or invests in multiple fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, trust and asset management plans, asset-backed securities, financial products and other investments in which the Group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note VII.

IV TAXATION

The main applicable taxes and tax rates of the Group's domestic business are as follows:

Value-added tax (VAT)	Output VAT is calculated on 6%~13% of the product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period. Part of VAT is calculated on 3% or 5% of the product sales and taxable services revenue.
City maintenance and construction tax	1%-7% of VAT paid.
Educational surcharge	3%-5% of VAT paid.
Income tax	25% of taxable income.

The tax liabilities of the Group's domestic subsidiaries and overseas subsidiaries are paid in accordance with the relevant local tax laws and applicable tax rates.

V Notes to the main items of the financial statements

1 Cash and deposits with central bank

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash		4,933	5,724	4,854	5,606
Statutory reserves with central bank	(1)	290,918	296,486	288,844	293,867
Surplus reserves with central bank	(2)	125,323	107,378	123,502	103,873
Fiscal deposits with central bank		1,439	1,799	1,439	1,799
Accrued interest		154	152	153	152
Total		422,767	411,539	418,792	405,297

(1)The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

(2)The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

2 Deposits with banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits with domestic banks	91,485	72,192	61,899	47,061
Deposits with overseas banks	36,062	40,375	36,012	41,215
Deposits with domestic non-bank financial institutions	2,049	650	1,395	359
Accrued interest	722	748	298	402
Less: impairment allowance	(187)	(193)	(60)	(44)
Total	130,131	113,772	99,544	88,993

As at 31 December 2025 and 31 December 2024, the Group's due from banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

3 Placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Placements with domestic banks	37,133	31,023	34,624	29,514
Placements with overseas banks	118,397	49,160	118,397	49,160
Placements with domestic non-bank financial institutions	305,433	334,974	329,698	339,133
Placements with overseas non-bank financial institutions	1,715	474	1,715	474
Accrued interest	2,853	4,213	2,887	4,301
Less: impairment allowance	(199)	(134)	(196)	(130)
Total	465,332	419,710	487,125	422,452

4 Derivative financial instruments

31 December 2025			
The Group	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,202,875	22,050	(21,934)
Exchange rate derivatives	3,035,482	14,219	(13,213)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,440	(81,292)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
- Currency swap contracts	12,171	71	(267)
Cash flow hedges			
- Interest rate swap contracts	512	3	-
- Currency swap contracts	49,707	150	(294)
Total		268	(687)

31 December 2024			
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

31 December 2025			
The Bank	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,196,556	22,047	(21,929)
Exchange rate derivatives	3,007,290	14,146	(12,762)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,364	(80,836)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
Cash flow hedges			
- Currency swap contracts	33,369	144	(105)
Total		188	(231)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

The notional amounts of certain types of financial instruments on the balance sheet date provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include other debt investments, debt securities issued and monetary items arising from internal transactions that cannot be fully offset. The management of the Group considers the hedging relationship is effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans and advances to customers, debt investments, other debt investments, deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, debt securities issued, deposits from customers. The management of the Group considers the hedging relationship is effective after the testing.

5 Financial assets purchased under resale agreements

The Group and the Bank	31 December 2025	31 December 2024
Bonds	27,893	51,495
Interbank certificates of deposit	16,917	-
Bills	11,338	12,399
Accrued interest	43	17
Less: impairment allowance	(72)	(32)
Total	56,119	63,879

6 Loans and advances to customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Loans and advances to customers measured at:				
- amortized cost (a)	5,502,383	5,056,985	5,385,616	4,929,774
- FVOCI (b)	195,063	331,012	195,063	331,012
- FVTPL (c)	6,527	3,533	4,926	1,405
Subtotal	5,703,973	5,391,530	5,585,605	5,262,191
Accrued interest	14,253	15,528	13,541	14,752
Less: impairment allowances				
- Principal of loans and advances to customers measured at amortized cost	(144,280)	(136,602)	(135,874)	(128,923)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,444)	(1,296)	(1,376)	(1,296)
Subtotal	(145,724)	(137,898)	(137,250)	(130,219)
Net loans and advances to customers	5,572,502	5,269,160	5,461,896	5,146,724
	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
(a) Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,573,964	3,167,423	3,465,314	3,054,011
Discounted bills	171	295	171	295
Retail loans				
Mortgage loans (1)	908,639	903,704	905,280	898,282
Business loans	408,434	416,147	406,394	412,341
Credit card and overdraft	389,327	370,223	389,327	370,223
Consumer loans and others	221,848	199,193	219,130	194,622
Subtotal	5,502,383	5,056,985	5,385,616	4,929,774
(b) Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,302	9,048	9,302	9,048
Discounted bills	185,761	321,964	185,761	321,964
Subtotal	195,063	331,012	195,063	331,012
(c) Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	5,234	2,683	3,633	555
Discounted bills	1,293	850	1,293	850
Subtotal	6,527	3,533	4,926	1,405
Total loans and advances to customers	5,703,973	5,391,530	5,585,605	5,262,191

(1) Retail mortgage loans include retail housing loans and retail commercial housing loans.

6.1 Loans and advances to customers analyzed by industry

The Group	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	769,880	13.51	649,273	12.04
Manufacturing	740,956	13.00	684,214	12.70
Real estate	399,870	7.01	397,011	7.36
Wholesale and retail	264,904	4.64	210,354	3.90
Water conservancy, environment and public facilities management	234,813	4.12	215,743	4.00
Construction	218,007	3.82	190,723	3.54
Transportation, warehouse and postal services	207,267	3.63	201,696	3.74
Electricity, heat, gas, water production and supply	172,969	3.03	174,549	3.24
Financial services	170,662	2.99	146,268	2.71
Information transmission, software and IT services	142,243	2.49	89,029	1.65
Mining	99,821	1.75	88,356	1.64
Scientific research and technology services	63,898	1.12	46,694	0.87
Education	25,169	0.44	20,499	0.38
Agriculture, forestry, farming and fishery	22,341	0.39	16,701	0.31
Culture, sports and entertainment	20,186	0.35	21,293	0.39
Healthcare and social welfare	18,343	0.32	17,530	0.33
Hotels and catering services	10,188	0.18	6,344	0.12
Public management, social security, and social organizations	4,623	0.08	1,087	0.02
Residential services, repairs and other services	2,360	0.04	1,790	0.03
Subtotal	3,588,500	62.91	3,179,154	58.97
Discounted bills	187,225	3.28	323,109	5.99
Retail loans	1,928,248	33.81	1,889,267	35.04
Total	5,703,973	100.00	5,391,530	100.00

The Bank	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	754,564	13.53	639,650	12.16
Manufacturing	710,194	12.71	654,479	12.44
Real estate	399,849	7.16	396,985	7.54
Wholesale and retail	263,167	4.71	207,248	3.94
Water conservancy, environment and public facilities management	233,854	4.19	214,263	4.07
Construction	215,866	3.86	186,310	3.54
Transportation, warehouse and postal services	176,576	3.16	165,595	3.15
Financial services	174,674	3.13	148,318	2.82
Electricity, heat, gas, water production and supply	161,672	2.89	160,377	3.05
Information transmission, software and IT services	130,766	2.34	81,765	1.55
Mining	96,105	1.72	82,827	1.57
Scientific research and technology services	61,007	1.09	43,232	0.82
Education	24,973	0.45	20,200	0.38
Agriculture, forestry, farming and fishery	20,361	0.36	15,311	0.29
Culture, sports and entertainment	19,539	0.35	20,954	0.40
Healthcare and social welfare	18,109	0.32	17,194	0.33
Hotels and catering services	10,054	0.18	6,154	0.12
Public management, social security, and social organizations	4,618	0.08	1,058	0.02
Residential services, repairs and other services	2,301	0.04	1,694	0.03
Subtotal	3,478,249	62.27	3,063,614	58.22
Discounted bills	187,225	3.35	323,109	6.14
Retail loans	1,920,131	34.38	1,875,468	35.64
Total	5,585,605	100.00	5,262,191	100.00

6.2 Loans and advances to customers analyzed by security type

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Unsecured loans	2,160,385	2,034,367	2,140,136	2,004,128
Guaranteed loans	1,423,762	1,238,069	1,359,301	1,176,498
Collateralized loans	1,865,477	1,857,201	1,855,239	1,842,574
Pledged loans	254,349	261,893	230,929	238,991
Total	5,703,973	5,391,530	5,585,605	5,262,191

6.3 Overdue loans and advances to customers

31 December 2025					
The Group	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	23,273	9,250	2,316	1,093	35,932
Guaranteed loans	4,608	5,412	6,102	1,283	17,405
Collateralized loans	19,756	17,285	9,921	3,902	50,864
Pledged loans	698	315	1,560	773	3,346
Total	48,335	32,262	19,899	7,051	107,547

31 December 2024					
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

31 December 2025					
The Bank	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	23,061	9,216	1,938	808	35,023
Guaranteed loans	4,488	5,033	6,057	1,210	16,788
Collateralized loans	19,639	17,160	9,583	3,893	50,275
Pledged loans	698	289	1,517	773	3,277
Total	47,886	31,698	19,095	6,684	105,363

31 December 2024					
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

The Group and the Bank classify the total loans with principal or interest past due over 1 day (inclusive) as overdue loans.

6.4 Movements of ECL allowance

(a) Movements of ECL allowance of loans and advances to customers at amortized cost

The Group	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025		36,463	29,857	70,282	136,602
Transfers during the year:					
- Transfer to stage 1		4,652	(4,464)	(188)	-
- Transfer to stage 2		(2,480)	8,444	(5,964)	-
- Transfer to stage 3		(1,595)	(15,955)	17,550	-
Net increase during the year	(1)	1,387	25,905	29,982	57,274
Written-offs and disposals during the year		-	-	(60,330)	(60,330)
Recovery of original written off loans and advances		-	-	11,147	11,147
Others		(42)	(13)	(358)	(413)
Balance at 31 December 2025		38,385	43,774	62,121	144,280

	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- Transfer to stage 1		4,163	(4,004)	(159)	-
- Transfer to stage 2		(3,517)	5,692	(2,175)	-
- Transfer to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase during the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of original written off loans and advances		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

The Bank	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025		33,757	27,083	68,083	128,923
Transfers during the year:					
- Transfer to stage 1		4,380	(4,192)	(188)	-
- Transfer to stage 2		(2,231)	8,145	(5,914)	-
- Transfer to stage 3		(1,592)	(15,812)	17,404	-
Net increase during the year	(1)	1,655	24,161	29,251	55,067
Written-offs and disposals during the year		-	-	(59,042)	(59,042)
Recovery of original written off loans and advances		-	-	11,040	11,040
Others		84	33	(231)	(114)
Balance at 31 December 2025		36,053	39,418	60,403	135,874

Note	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	36,032	19,451	66,151	121,634
Transfers during the year:				
- Transfer to stage 1	3,968	(3,810)	(158)	-
- Transfer to stage 2	(3,349)	5,517	(2,168)	-
- Transfer to stage 3	(2,588)	(10,178)	12,766	-
Net (decrease) / increase during the year (1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year	-	-	(58,704)	(58,704)
Recovery of original written off loans and advances	-	-	11,410	11,410
Others	7	1	(10)	(2)
Balance at 31 December 2024	33,757	27,083	68,083	128,923

(1) This item includes changes of Probability of Default ("PD"), Exposure At Default ("EAD"), Loss Given Default ("LGD") due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2) Financial instruments whose credit risks haven't significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the balance sheet date. Refer to Note XII 1.(3) for ECL measurement

(b) Movements of ECL allowance of loans and advances to customers measured at FVOCI

The Group and the Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	145	1	-	146
Transfers during the year:				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	(1)	1	-
Net increase during the year	2	-	53	55
Balance at 31 December 2025	147	-	54	201

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
Net decrease during the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

7 Financial investments

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial assets held for trading	(a)	820,948	691,019	892,271	767,780
Debt investments	(b)	1,250,256	1,326,638	1,020,042	1,120,026
Other debt investments	(c)	879,201	782,438	862,456	767,129
Investments in other instruments	(d)	11,464	9,029	11,001	8,778
Financial investments, net		2,961,869	2,809,124	2,785,770	2,663,713

(a) Financial assets held for trading

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Fund investments		498,560	485,481	530,088	541,561
Government bonds		122,272	39,813	122,272	39,813
Beneficiary certificates of securities companies		49,749	11,913	49,749	11,913
Corporate bonds		18,840	7,084	18,449	6,411
Equity investment		16,713	17,268	12,991	12,122
Bonds issued by financial institutions		7,884	20,312	6,467	18,427
Assets backed securities ("ABS")		4,761	2,222	4,761	2,222
Bonds issued by policy banks		4,534	1,332	4,534	1,332
Interbank certificates of deposit		912	8,579	912	8,579
Other investments in structured entities	(1)	96,723	97,015	142,048	125,400
Total		820,948	691,019	892,271	767,780

(1) Other investments in structured entities mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other investment products not included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, mainly invested in assets such as various types of bonds, equity, equity funds and equity investments with third-party repurchase arrangements; as at 31 December 2025, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB83,757 million.

(b)Debt investments

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds		530,084	537,943	530,084	537,747
Bonds issued by policy banks		177,980	278,855	177,769	278,514
ABS		122,356	106,449	122,234	106,327
Bonds issued by financial institutions		51,307	61,320	50,402	61,248
Corporate bonds		49,071	35,865	47,293	34,720
Beneficiary certificates of securities companies		29,020	-	29,020	-
Interbank certificates of deposit		3,028	13,134	1,744	12,738
Other investments in structured entities	(1)	290,346	296,198	71,055	97,199
Other investments		4,869	2,784	-	-
Subtotal		1,258,061	1,332,548	1,029,601	1,128,493
Accrued interest		16,077	18,683	12,991	15,635
Impairment allowance					
- Principal of debt investments		(23,602)	(24,253)	(22,280)	(23,773)
- Accrued interest of debt investments		(280)	(340)	(270)	(329)
Subtotal of impairment allowance		(23,882)	(24,593)	(22,550)	(24,102)
Debt investments, net		1,250,256	1,326,638	1,020,042	1,120,026

(1)Other investments in structured entities mainly include fund products, fund trusts and asset management plans invested by the Group. As at 31 December 2025, the size of the underlying assets of the Group's investments in the structured entities included in the scope of consolidation amounted to RMB271,663 million, mainly invested in various types of bonds, loans and receivables, etc

(i)Movement for ECL allowance of debt investments:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	492	717	23,044	24,253
Transfer during the year:				
- Transfer to stage 1	37	(37)	-	-
- Transfer to stage 2	(9)	1,487	(1,478)	-
- Transfer to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	307	(213)	5,102	5,196
Write-off during the year	-	-	(6,094)	(6,094)
Recovery of original written off investments	-	-	120	120
Others	(1)	1	127	127
Balance at 31 December 2025	826	1,798	20,978	23,602

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfer during the year:				
- Transfer to stage 1	12	(12)	-	-
- Transfer to stage 2	(125)	125	-	-
- Transfer to stage 3	-	(337)	337	-
Net (decrease) / increase during the year	(359)	(110)	12,121	11,652
Write-off during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	474	718	22,581	23,773
Transfer during the year:				
- Transfer to stage 1	37	(37)	-	-
- Transfer to stage 2	(8)	1,486	(1,478)	-
- Transfer to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	292	(213)	4,862	4,941
Write-off during the year	-	-	(6,544)	(6,544)
Recovery of original written off investments	-	-	120	120
Others	-	-	(10)	(10)
Balance at 31 December 2025	795	1,797	19,688	22,280

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfer during the year:				
- Transfer to stage 1	12	(12)	-	-
- Transfer to stage 2	(125)	125	-	-
- Transfer to stage 3	-	(331)	331	-
Net (decrease) / increase during the year	(355)	(110)	11,748	11,283
Write-off during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

(c) Other debt investments

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds	393,446	388,424	385,583	382,514
Corporate bonds	180,903	140,216	176,635	134,450
Bonds issued by financial institutions	136,715	110,231	133,521	107,816
Bonds issued by policy banks	97,362	84,996	96,349	84,149
ABS	46,694	19,660	46,474	19,373
Interbank certificates of deposit	16,071	31,421	15,972	31,421
Other investments in structured entities	-	16	-	-
Subtotal	871,191	774,964	854,534	759,723
Accrued interest	8,010	7,474	7,922	7,406
Total	879,201	782,438	862,456	767,129

(ii) Movements of ECL allowance of other debt investments:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	363	91	4,727	5,181
Transfer during the year:				
- Transfer to stage 1	4	(4)	-	-
- Transfer to stage 2	(2)	2	-	-
- Transfer to stage 3	-	(47)	47	-
Net increase / (decrease) during the year	369	(2)	1,176	1,543
Write-off during the year	-	-	(405)	(405)
Others	(9)	-	(27)	(36)
Balance at 31 December 2025	725	40	5,518	6,283

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	428	216	5,331	5,975
Transfer during the year:				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(5)	5	-	-
- Transfer to stage 3	-	(137)	137	-
Net (decrease) / increase during the year	(69)	6	533	470
Write-off during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2025	311	76	4,240	4,627
Transfer during the year:				
- Transfer to stage 1	4	(4)	-	-
- Transfer to stage 2	(2)	2	-	-
- Transfer to stage 3	-	(32)	32	-
Net increase / (decrease) during the year	375	(2)	1,150	1,523
Write-off during the year	-	-	(244)	(244)
Others	(6)	-	(12)	(18)
Balance at 31 December 2025	682	40	5,166	5,888

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life-time ECL	Life-time ECL	
Balance at 1 January 2024	378	180	4,905	5,463
Transfer during the year:				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(5)	5	-	-
- Transfer to stage 3	-	(120)	120	-
Net (decrease) / increase during the year	(69)	11	506	448
Write-off during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

(d) Investments in other equity instruments

The Group and the Bank	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Other investment	10,047	7,623	9,584	7,372
Reposessed equity instruments	1,417	1,406	1,417	1,406
Total	11,464	9,029	11,001	8,778

(1) The Group and the Bank designated certain equity investments that are not held for trading as financial assets measured at fair value through other comprehensive income.

(2) In 2025, the Group and the Bank recognized dividend income from investments in such equity instruments of RMB78 million (2024: RMB58 million).

(3) In 2025, the accumulated profit or loss resulting from derecognising such equity instrument investments transferred from other comprehensive income to retained earnings was not significant (In 2024, neither the Group nor the Bank recorded any reclassification of accumulated profit or losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings).

8 Long-term equity investments

8.1 The classification of long-term equity investments is as follow:

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Investments in joint ventures	VI.2	1,564	1,464	1,564	1,464
Investments in associates	VI.2	6,710	343	6,207	-
Investment in subsidiaries		-	-	33,139	33,404
Total		8,274	1,807	40,910	34,868

8.2 The changes in long-term equity investments are as follows:

The Group	1 January 2025	Increase in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2025
Shanghai Xingqi Hengtai Enterprise Management Partnership Enterprise (Limited Partnership) ("Xingqi Hengtai")	-	6,207	-	-	-	-	6,207
AXA SPDB Investment Managers Co., Ltd.	1,464	-	121	-	(21)	-	1,564
Shanghai Guozhi Technology Co., Ltd.	-	109	(1)	-	-	-	108
Shanghai Bund Jinke Economic Development Co., Ltd.	-	20	-	-	-	-	20
Others	343	-	38	-	(6)	-	375
Total	1,807	6,336	158	-	(27)	-	8,274

	1 January 2024	Decrease in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd.	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

In December 2025, the Bank contributed RMB6.207 billion to Xingqi Hengtai, holding 58.33% of its partnership share as a limited partner. Xingqi Hengtai mainly engages in non-listed equity investments.

9 Fixed assets

The Group	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Fixed assets leased out	Total
Cost					
1 January 2024	21,468	436	11,414	33,297	66,615
Purchases	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Purchases	456	24	1,570	14,303	16,353
Transferred in	199	-	3	-	202
Disposals	(61)	(35)	(606)	(1,022)	(1,724)
31 December 2025	22,966	427	12,028	58,738	94,159
Accumulated depreciation					
1 January 2024	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Additions	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Additions	(739)	(24)	(1,185)	(2,018)	(3,966)
Disposals	35	33	581	152	801
31 December 2025	(7,585)	(345)	(8,790)	(9,520)	(26,240)
Impairment allowance					
1 January 2024	-	-	-	(38)	(38)
Transferred out	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Charge	-	-	-	(152)	(152)
31 December 2025	-	-	-	(170)	(170)
Carrying amount					
31 December 2025	15,381	82	3,238	49,048	67,749
31 December 2024	15,491	84	2,875	37,785	56,235

The Bank	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Total
Cost				
1 January 2024	21,002	406	11,131	32,539
Purchases	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Purchases	456	23	1,523	2,002
Transferred in	199	-	11	210
Disposals	(60)	(33)	(564)	(657)
31 December 2025	21,677	397	11,713	33,787
Accumulated depreciation				
1 January 2024	(6,025)	(332)	(7,896)	(14,253)
Additions	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Additions	(683)	(22)	(1,145)	(1,850)
Disposals	35	31	541	607
31 December 2025	(7,348)	(322)	(8,559)	(16,229)
Carrying amount				
31 December 2025	14,329	75	3,154	17,558
31 December 2024	14,382	76	2,788	17,246

As at 31 December 2025, the plant and buildings with cost of RMB1,044 million (December 31 2024: RMB3,448 million) and net book value of RMB899 million (December 31 2024: RMB3,196 million) were already in use by the Group and the Bank while the property registration were still in progress.

The Group regularly performs impairment testing on certain fixed assets leased out under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognized in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and other expenses. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2025 and 2024.

10 Lease

(1) Right-of-use assets

The Group	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Additions	2,133	15	2,148
Decreases	(3,646)	(34)	(3,680)
31 December 2025	13,377	77	13,454
Accumulated depreciation			
1 January 2024	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Additions	(2,814)	(17)	(2,831)
Decreases	3,522	26	3,548
31 December 2025	(7,874)	(45)	(7,919)
Carrying amount			
31 December 2025	5,503	32	5,535
31 December 2024	6,308	42	6,350

The Bank	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Additions	2,084	15	2,099
Decreases	(3,447)	(34)	(3,481)
31 December 2025	12,658	77	12,735
Accumulated depreciation			
1 January 2024	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Additions	(2,701)	(17)	(2,718)
Decreases	3,410	26	3,436
31 December 2025	(7,496)	(45)	(7,541)
Carrying amount			
31 December 2025	5,162	32	5,194
31 December 2024	5,816	42	5,858

(2) Lease liabilities

The analysis based on the remaining maturity date on the balance sheet date is as follows:

The Group	31 December 2025	31 December 2024
Within 3 months	607	669
3 months to 1 year	1,703	1,863
1 year to 5 years	3,025	3,704
More than 5 years	17	83
Total undiscounted lease liabilities	5,352	6,319
Book value of lease liabilities at year-end	5,152	6,013

The Bank	31 December 2025	31 December 2024
Within 3 months	582	628
3 months to 1 year	1,623	1,756
1 year to 5 years	2,762	3,339
More than 5 years	12	52
Total undiscounted lease liabilities	4,979	5,775
Book value of lease liabilities at year-end	4,797	5,507

(3) Short-term leases or leases of low-value assets

The Group's short-term leases and low-value asset leases mainly include houses, buildings and other equipment. See Note V. 38 for relevant lease expenses.

(4) As a lessor

Item	2025	2024
Operating lease income	4,819	3,710
Finance lease income	4,695	4,822

The Group conducts the finance leasing business and operating leasing business in accordance with relevant regulatory requirements. The leased items involved mainly include leased equipment such as aircraft, vessels and clean energy, and the lessees are primarily corporate customers.

11 Intangible assets

The Group	Land use rights	Software and others	Brands and franchise rights	Total
Cost				
1 January 2024	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Additions	-	1,112	-	1,112
Disposals	-	(9)	-	(9)
31 December 2025	6,814	13,399	2,236	22,449
Accumulated amortization				
1 January 2024	(1,148)	(9,165)	-	(10,313)
Amortization	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Amortization	(176)	(1,301)	-	(1,477)
Disposals	-	7	-	7
31 December 2025	(1,500)	(11,732)	-	(13,232)
Carrying amount				
31 December 2025	5,314	1,667	2,236	9,217
31 December 2024	5,490	1,858	2,236	9,584

In 2025, the Group performed an impairment testing for the brands and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. ("Shanghai International Trust"), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank	Land use rights	Software and others	Total
Cost			
1 January 2024	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Additions	-	895	895
Disposals	-	(3)	(3)
31 December 2025	6,811	12,190	19,001
Accumulated amortization			
1 January 2024	(1,146)	(8,428)	(9,574)
Amortization	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Amortization	(176)	(1,098)	(1,274)
Disposals	-	2	2
31 December 2025	(1,498)	(10,766)	(12,264)
Carrying amount			
31 December 2025	5,313	1,424	6,737
31 December 2024	5,489	1,628	7,117

12 Goodwill

	31 December 2025	31 December 2024
Goodwill		
- Shanghai International Trust Co., Ltd. ("Shanghai International Trust")	5,351	5,351
Less: impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank's issuance of ordinary share to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generating unit ("CGU") or CGUs on transaction date according to operating segments are summarized as follows:

	31 December 2025	31 December 2024
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1) Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2025, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust business segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2) Method used to determine the recoverable amount:

As at the reporting date, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	Carrying amount	Recoverable amount	Impairment amount	The method used to determine the fair value and the cost of disposal	Key parameters	Basis for determining the key parameters
Shanghai International Trust	RMB 30.8 billion	RMB 36.3 billion	-	Use the comparable company analysis method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (0.9 times to 2.6 times)	Determine based on the comparable company P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax (EBIT) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBIT margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realized financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBIT margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, and no impairment was recognized.

13 Deferred income tax

13.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred income tax assets	85,166	75,261	81,919	72,695
Deferred income tax liabilities	(629)	(630)	-	-

13.2 Deferred income tax assets/liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

The Group	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	347,323	86,831	312,228	78,058
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	7,098	1,775	6,906	1,726
Employee benefits payable	4,320	1,080	4,996	1,249
Provisions	8,098	2,025	7,806	1,951
Fair value changes of financial instruments measured at FVTPL	15,611	3,903	6,860	1,715
Others	9,190	2,296	12,226	3,056
Subtotal	472,476	118,119	429,456	107,364
Offset amounts		(32,953)		(32,103)
Deferred income tax assets after offsetting		85,166		75,261

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,854)	(22,214)
Fair value changes of financial instruments measured at FVTPL	(25,717)	(6,429)	(15,859)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,630)	(1,908)	(17,843)	(4,471)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations of entities not under common control	(2,403)	(601)	(2,464)	(616)
Others	(5,213)	(1,303)	(5,876)	(1,468)
Subtotal	(134,327)	(33,582)	(130,896)	(32,733)
Offset amounts		32,953		32,103
Deferred tax liabilities after offsetting		(629)		(630)

The Bank	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	337,787	84,447	304,702	76,176
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	6,651	1,663	6,386	1,596
Provisions	8,097	2,024	7,805	1,951
Employee benefits payable	2,802	701	3,368	842
Fair value changes of financial instruments measured at FVTPL	15,583	3,896	6,869	1,717
Others	7,112	1,777	11,505	2,877
Subtotal	458,868	114,717	419,069	104,768
Offset amounts		(32,798)		(32,073)
Deferred income tax assets after offsetting		81,919		72,695

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,838)	(22,210)
Fair value changes of financial instruments measured at FVTPL	(25,082)	(6,270)	(15,857)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,535)	(1,884)	(17,739)	(4,435)
Others	(5,210)	(1,303)	(5,858)	(1,464)
Subtotal	(131,191)	(32,798)	(128,292)	(32,073)
Offset amounts		32,798		32,073
Deferred tax liabilities after offsetting		-		-

13.3 The movement of the deferred income tax account is as follows:

	Note	The Group		The Bank	
		2025	2024	2025	2024
Balance at the beginning of the year		74,631	70,584	72,695	69,250
Charged to profit or loss	V.40	7,555	7,688	6,939	6,944
Charged to other comprehensive income	V.29	2,351	(3,641)	2,285	(3,499)
Balance at the end of the year		84,537	74,631	81,919	72,695

14 Other assets

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Margin deposits	49,229	42,953	48,365	42,378
Suspense accounts	45,840	41,843	44,593	40,261
Other receivables	8,135	9,478	7,367	8,158
Interest receivable	3,704	3,940	3,517	3,940
Long-term deferred expenses	1,134	1,334	1,065	1,262
Prepayment	689	2,892	666	1,123
Repossessed assets	539	582	313	298
Payments to Trust Protection Fund	307	658	-	-
Others	4,367	2,504	1,456	1,412
Total	113,944	106,184	107,342	98,832

15 Impairment allowances for assets

The Group	1 January 2025	Net (decrease) / increase	Write-off and disposal	Others	31 December 2025
Deposits with banks and other financial institutions	188	(5)	-	(1)	182
Placements with banks and other financial institutions	133	66	-	(1)	198
Financial assets purchased under resale agreements	32	39	-	-	71
Loans and advances to customers measured at amortized cost	136,602	57,274	(60,330)	10,734	144,280
Loans and advances to customers measured at FVOCI	146	55	-	-	201
Debt investments	24,253	5,196	(6,094)	247	23,602
Other debt investments	5,181	1,543	(405)	(36)	6,283
Accrued interest and interest receivable	5,103	1,836	(1,207)	(118)	5,614
Other assets	5,346	(393)	(1,371)	(54)	3,528
Financial guarantees and loan commitments	7,733	290	-	-	8,023
Total	184,717	65,901	(69,407)	10,771	191,982

	1 January 2024	Net (decrease) / increase	Write-off and disposal	Others	31 December 2024
Deposits with banks and other financial institutions	190	(2)	-	-	188
Placements with banks and other financial institutions	353	(220)	-	-	133
Financial assets purchased under resale agreements	14	18	-	-	32
Loans and advances to customers measured at amortized cost	128,424	55,724	(59,464)	11,918	136,602
Loans and advances to customers measured at FVOCI	315	(169)	-	-	146
Debt investments	28,345	11,652	(15,898)	154	24,253
Other debt investments	5,975	470	(1,300)	36	5,181
Accrued interest and interest receivable	4,928	1,386	(1,461)	250	5,103
Other assets	5,124	614	(222)	(170)	5,346
Financial guarantees and loan commitments	7,726	7	-	-	7,733
Total	181,394	69,480	(78,345)	12,188	184,717

The Bank	1 January 2025	Net (decrease) / increase	Write-off and disposal	Others	31 December 2025
Deposits with banks and other financial institutions	44	4	-	12	60
Placements with banks and other financial institutions	129	67	-	(1)	195
Financial assets purchased under resale agreements	32	39	-	-	71
Loans and advances to customers measured at amortized cost	128,923	55,067	(59,042)	10,926	135,874
Loans and advances to customers measured at FVOCI	146	55	-	-	201
Financial investment at amortized cost	23,773	4,941	(6,544)	110	22,280
Debt investments at FVOCI	4,627	1,523	(244)	(18)	5,888
Accrued interest and interest receivable	5,087	1,886	(1,207)	(168)	5,598
Other assets	5,026	(595)	(1,371)	96	3,156
Financial guarantees and loan commitments	7,732	293	-	(3)	8,022
Total	175,519	63,280	(68,408)	10,954	181,345

	1 January 2024	Net (decrease) / increase	Write-off and disposal	Others	31 December 2024
Deposits with banks and other financial institutions	111	(67)	-	-	44
Placements with banks and other financial institutions	352	(223)	-	-	129
Financial assets purchased under resale agreements	14	18	-	-	32
Loans and advances to customers measured at amortized cost	121,634	54,585	(58,704)	11,408	128,923
Loans and advances to customers measured at FVOCI	315	(169)	-	-	146
Financial investment at amortized cost	28,236	11,283	(15,898)	152	23,773
Debt investments at FVOCI	5,463	448	(1,300)	16	4,627
Accrued interest and interest receivable	4,907	1,400	(1,460)	240	5,087
Other assets	4,921	514	(222)	(187)	5,026
Financial guarantees and loan commitments	7,726	6	-	-	7,732
Total	173,679	67,795	(77,584)	11,629	175,519

16 Deposits from banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits from domestic banks	137,765	99,083	145,228	108,093
Deposits from overseas banks	1,239	1,659	1,239	1,659
Deposits from domestic non-bank financial institutions	1,243,247	752,408	1,244,902	754,990
Deposits from overseas non-bank financial institutions	28,294	14,680	29,256	15,602
Accrued interest	3,983	4,170	3,994	4,185
Total	1,414,528	872,000	1,424,619	884,529

17 Placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Placements from domestic banks	319,530	278,883	180,686	161,988
Placements from overseas banks	31,858	67,811	21,038	57,674
Placements from domestic non-bank financial institutions	6,569	1,185	6,569	1,185
Accrued interest	1,204	1,726	324	983
Total	359,161	349,605	208,617	221,830

18 Financial liabilities held for trading

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial liabilities related to short selling of bonds		56,965	24,787	56,965	24,787
Financial liabilities related to precious metals		6,369	5,185	6,369	5,185
Interest of other unitholders in consolidated structured entities	(1)	3,529	3,200	-	-
Total		66,863	33,172	63,334	29,972

(1) The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2) As at 31 December 2025 and 31 December 2024, no significant fair value changes have occurred due to changes in the Group's own credit risk.

19 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds	296,342	352,006	196,987	252,390
Bills	7,921	153,761	7,921	153,761
Interbank certificates of deposit	1,196	-	1,196	-
Accrued interest	455	195	455	195
Total	305,914	505,962	206,559	406,346

20 Deposits from customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Current deposits				
- Corporate	1,623,986	1,620,275	1,612,447	1,606,476
- Retail	454,197	414,676	452,188	411,861
Time deposits				
- Corporate	2,212,093	1,943,073	2,197,927	1,928,882
- Retail	1,279,798	1,160,310	1,265,517	1,138,522
Other deposits	12,361	7,625	12,341	7,592
Subtotal	5,582,435	5,145,959	5,540,420	5,093,333
Accrued interest	70,923	83,323	70,343	82,310
Total	5,653,358	5,229,282	5,610,763	5,175,643

21 Employee benefits payable

The Group	1 January 2025	Additions during the year	Decreased and other changes during the year	31 December 2025
1.Salaries				
Salaries, bonuses, allowances	11,908	19,994	(22,247)	9,655
Staff welfare	-	1,169	(1,169)	-
Social insurance				
- Medical and maternity insurance	49	1,065	(1,070)	44
- Work-related injury insurance	1	29	(29)	1
Housing fund	13	1,713	(1,713)	13
Labor union fee, staff and workers' education fee	205	449	(445)	209
Others	51	626	(619)	58
2.Post employment benefits				
Basic pension insurance	139	1,983	(1,999)	123
Unemployment insurance	6	68	(69)	5
Annuity	1	850	(850)	1
Total	12,373	27,946	(30,210)	10,109

	1 January 2024	Additions during the year	Decreased and other changes during the year	31 December 2024
1.Salaries				
Salaries, bonuses, allowances	13,373	19,989	(21,454)	11,908
Staff welfare	-	1,200	(1,200)	-
Social insurance				
- Medical and maternity insurance	53	1,099	(1,103)	49
- Work-related injury insurance	1	26	(26)	1
Housing fund	14	1,755	(1,756)	13
Labor union fee, staff and workers' education fee	204	433	(432)	205
Others	46	691	(686)	51
2.Post employment benefits				
Basic pension insurance	174	1,986	(2,021)	139
Unemployment insurance	14	61	(69)	6
Annuity	-	990	(989)	1
Total	13,879	28,230	(29,736)	12,373

The Bank	1 January 2025	Additions during the year	Decreased and other changes during the year	31 December 2025
1.Salaries				
Salaries, bonuses, allowances	10,063	18,256	(20,485)	7,834
Staff welfare	-	1,105	(1,105)	-
Social insurance				
- Medical and maternity insurance	46	1,003	(1,008)	41
- Work-related injury insurance	1	27	(27)	1
Housing fund	12	1,619	(1,619)	12
Labor union fee, staff and workers' education fee	204	416	(411)	209
Others	-	567	(567)	-
2.Post employment benefits				
Basic pension insurance	133	1,862	(1,878)	117
Unemployment insurance	6	64	(65)	5
Annuity	1	768	(768)	1
Total	10,466	25,687	(27,933)	8,220

	1 January 2024	Additions during the year	Decreased and other changes during the year	31 December 2024
1.Salaries				
Salaries, bonuses, allowances	11,619	18,373	(19,929)	10,063
Staff welfare	-	1,121	(1,121)	-
Social insurance				
- Medical and maternity insurance	49	1,042	(1,045)	46
- Work-related injury insurance	1	25	(25)	1
Housing fund	12	1,675	(1,675)	12
Labor union fee, staff and workers' education fee	203	401	(400)	204
Others	-	635	(635)	-
2.Post employment benefits				
Basic pension insurance	169	1,884	(1,920)	133
Unemployment insurance	14	58	(66)	6
Annuity	-	907	(906)	1
Total	12,067	26,121	(27,722)	10,466

(1)Salaries, bonuses, allowances and subsidies and other social security payable to employees mentioned above are paid in accordance with the timeframes set forth in relevant laws, regulations and the Group's policies.

22 Taxes payable

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Corporate income tax	17,775	17,060	17,053	16,484
Value added tax	2,882	2,607	2,532	2,486
Withholding tax and others	580	868	487	495
Total	21,237	20,535	20,072	19,465

23 Debt securities issued

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Interbank certificates of deposit and certificates of deposit issued	(1)	830,796	1,010,322	830,995	1,010,322
Bonds issued					
2020 Tie II First Financial Bond	(2)	-	32,000	-	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	-	30,000	-	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2022 First Financial Bond	(6)	-	25,000	-	25,000
2022 Second Financial Bond	(6)	-	5,000	-	5,000
2022 Third Financial Bond	(7)	-	30,000	-	30,000
2022 Fourth Financial Bond	(8)	-	30,000	-	30,000
2023 Green Financial Bond	(9)	30,000	30,000	30,000	30,000
2024 First Tier II Capital Notes (Series 1) (Variety I)	(10)	35,000	35,000	35,000	35,000
2024 First Tier II Capital Notes (Series 1) (Variety II)	(10)	5,000	5,000	5,000	5,000
2024 Second Tier II Capital Notes (Series 2) (Variety I)	(11)	34,000	34,000	34,000	34,000
2024 Second Tier II Capital Notes (Series 2) (Variety II)	(11)	6,000	6,000	6,000	6,000
2024 First Financial Bond	(12)	29,990	29,990	30,000	30,000
2024 Second Financial Bond	(13)	30,000	30,000	30,000	30,000
2025 First Financial Bond	(14)	25,000	-	25,000	-
2025 Second Financial Bond	(14)	5,000	-	5,000	-
2025 Sci-tech innovation bond (Series 1)	(15)	15,000	-	15,000	-
2025 Third Financial Bond	(16)	12,500	-	12,500	-
2025 Fourth Financial Bond	(16)	7,500	-	7,500	-
2025 SPDB Financial Leasing Green Financial Bond (Series 1)	(17)	20,000	-	20,000	-
2025 First Tier II Capital Notes (Series 1) (Variety I)	(18)	16,500	-	16,500	-
2025 First Tier II Capital Notes (Series 1) (Variety II)	(18)	3,500	-	3,500	-
Hong Kong medium-term note	(19)	6,944	3,600	6,944	3,600
Singapore medium-term note	(20)	2,097	2,190	2,097	2,190
London medium-term note	(21)	2,796	2,920	2,796	2,920
SPDB Convertible corporate bonds	(22)	-	49,998	-	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(23)	-	1,100	-	-
2022 First SPDB Financial Leasing Financial Bond	(24)	-	1,500	-	-
2025 First SPDB Financial Leasing Financial Bond (Bond Connect)	(25)	1,500	-	-	-
Subtotal		306,327	401,298	304,837	398,708
Add: Unamortized issue cost and others		(43)	2,346	(42)	2,348
Bonds issued		306,284	403,644	304,795	401,056
Accrued interest		3,336	6,006	3,312	5,968
Total		1,140,416	1,419,972	1,139,102	1,417,346

(1)As at 31 December 2025, the Group and the Bank issued a total of 194 interbank certificates of deposit in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.53% to 2.02% (As at 31 December 2024, the Group and the Bank issued a total of 182 interbank certificates of deposit in the domestic inter-bank market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.60% to 2.47%).

The deposit certificates of the Group were all issued by overseas institutions of the Group. As at 31 December 2025, the number of deposit certificates publicly issued but not yet expired were 65 in total, with the longest term to maturity being 375 days and actual interest rates falling within a range from 1.68% to 4.52% (As at 31 December 2024, the number of deposit certificates issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and actual interest rates falling within a range from 1.99% to 5.66%).

(2)The Bank issued Tier II capital instruments in the amount of RMB32 billion in the domestic inter-bank market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the aforementioned redemption option.

(3)The Bank issued Tier II capital instruments in the amount of RMB8 billion in the domestic inter-bank market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4)The Bank issued Tier II capital instruments in the amount of RMB30 billion in the domestic inter-bank market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the afore-mentioned redemption option.

(5)The Bank issued Tier II capital instruments in the amount of RMB10 billion in the domestic inter-bank market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6)The Bank publicly issued "2022 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2022 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic inter-bank market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%. As at 31 December 2025, the bond was matured and been fully repaid.

(7)The Bank publicly issued "2022 Second Financial Bond" in the amount of RMB30 billion in the domestic inter-bank market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%. As at 31 December 2025, the bond had matured and been fully repaid.

(8)The Bank publicly issued "2022 Third Financial Bond" in the amount of RMB30 billion in the domestic inter-bank market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%. As at 31 December 2025, the bond had matured and been fully repaid.

(9)The Bank issued "2025 First Green Financial Bond" in the amount of RMB30 billion in the domestic inter-bank market on 24 March 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(10)The Bank issued Tier II Capital Instruments with a total amount of RMB35 billion and RMB5 billion respectively in the domestic inter-bank market on 14 August 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(11)The Bank issued Tier II Capital Instruments with a total amount of RMB34 billion and RMB6 billion respectively in the domestic inter-bank market on 6 December 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(12)The Bank issued "2024 First Financial Bond" in the amount of RMB30 billion in the domestic inter-bank market on 29 February 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%.

(13)The Bank issued "2024 Second Financial Bond" in the amount of RMB30 billion in the domestic inter-bank market on 26 March 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14)The Bank issued "2025 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2025 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic inter-bank market on 24 April 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.82% and 1.81%, respectively.

(15)The Bank issued "2025 First Sci-tech Innovation Bond" in the amount of RMB15 billion in the domestic inter-bank market on 12 May 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.66%.

(16) The Bank issued "2025 Second Financial Bond (Variety I)" in the amount of RMB12.5 billion and "2025 Second Financial Bond (Variety II)" in the amount of RMB7.5 billion in the domestic inter-bank market on 10 December 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.85% and a floating interest rate of LPR-1.12%, respectively.

(17) The Bank issued "2025 First Green Financial Bond" in the amount of RMB20 billion in the domestic inter-bank market on 11 November 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.73%.

(18) The Bank issued "2025 First Tier II Capital Bond (Variety I)" in the amount of RMB16.5 billion and "2025 First Tier II Capital Bond (Variety II)" in the amount of RMB3.5 billion in the domestic inter-bank market on 17 November 2025. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bonds at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.40%, respectively.

(19) The Bank issued HKD1.5 billion medium-term notes and USD300 million medium-term notes on the Hong Kong Stock Exchange on 20 March 2024; the notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate of 4.60% and floating rate of SOFR+59BPS. The Bank issued RMB3.5 billion medium-term notes on the Hong Kong Stock Exchange on 17 July 2025; the notes have a fixed rate of 1.80%.

(20) The Bank issued medium-term notes totalling USD300 million on the Singapore Exchange on 21 October 2024; the notes have a term of 3 years and a floating interest rate of SOFR+60BPS.

(21) The Bank issued USD400 million medium-term notes on London Stock Exchange on 14 July 2022; the notes have a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum. As at 31 December 2025, the medium-term notes had been redeemed upon maturity. The Bank issued USD400 million medium-term notes on London Stock Exchange on 3 June 2025; the notes have a term of 3 years through maturity and a floating interest rate of SOFR+53BPS.

(22) The Bank made a public offering of RMB50 billion of convertible corporate bonds, which was listed on 15 November 2019 on the Shanghai Stock Exchange. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2025, the bond had matured, a total of RMB49,837,082,000 convertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 3,953,757,903, accounting for 13.47% of the Bank's total issued ordinary shares before the conversion, and the total amount of redemption at maturity was RMB179,209,800.

(23) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB1.1 billion in the domestic inter-bank market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The subsidiary of the Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the subsidiary of the Bank had exercised the afore-mentioned redemption option.

(24) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2022 First Financial Bond (Freight and logistics)" in the amount of RMB1.5 billion in the domestic inter-bank market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%. As at 31 December 2025, the bond had matured and been fully repaid.

(25) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2025 First Financial Bond (Bond Connect)" in the amount of RMB1.5 billion in the domestic inter-bank market on 17 January 2025 which had a term of 3 years through maturity, with a fixed annual coupon rate of 1.75%.

24 Provisions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Impairment allowance for financial guarantees and loan commitments	8,023	7,733	8,022	7,732
Losses from pending lawsuits	75	73	75	73
Others	2	4	-	-
Total	8,100	7,810	8,097	7,805

25 Other liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Suspense accounts	38,297	47,755	38,185	47,504
Advance for performance and other deposits	3,227	3,797	519	678
Contract liabilities	2,450	2,469	1,848	1,920
Accrued charges	1,961	2,501	1,834	2,389
Dividends payable	48	55	47	45
Others	5,535	6,151	1,371	1,788
Total	51,518	62,728	43,804	54,324

26 Share capital

The Group and the Bank	31 December 2025	31 December 2024
Domestic listed RMB ordinary share (A shares)	33,306	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB1 per share. All shares rank pari passu in all respects with each other.

In 2025, some bondholders of convertible corporate bonds issued by the Bank applied for conversion, resulting in a total increase of 3.954 billion shares of the Bank's ordinary shares.

27 Other equity instruments

The Group and the Bank	Note	31 December 2025	31 December 2024
Preference shares and perpetual bonds included in other tier 1 capital of the Bank	(1)	79,919	79,919
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB convertible corporate bonds	(2)	-	2,782
Total		79,919	82,701

(1) Preference shares and perpetual bonds included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1 (a)	6% for the first five years; 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2 (a)	5.5% for the first five years 4.81% for the second five years 3.80% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
20 SPDB Perpetual bonds (b)	4.75% for the first five years	100	500 million	50,000	(50,000)	-	Redeemed	No
25 SPDB Perpetual bonds 01(b)	2.03% for the first five years	100	300 million	-	30,000	30,000	No maturity date	No
25 SPDB Perpetual bonds 02(b)	1.96% for the first five years	100	200 million	-	20,000	20,000	No maturity date	No
Less: Issue expenses				(81)	-	(81)		
Carrying amount				79,919	-	79,919		

(a) On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB30 billion to domestic investors. The proceeds after deducting transaction costs amounted to RMB29.92 billion and were recorded as other equity instruments. The Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the regulatory approval. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the regulatory approval, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the Common Equity Tier 1 ("CET1") adequacy ratio of the Bank decreases to 5.125% or below, upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary A shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's CET1 adequacy ratio back to above 5.125%;

2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A shares at the price of RMB7.62 per share when meeting the mandatory conversion triggering conditions. Following the board resolution date, if the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible corporate bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the "Approval from China Banking and Insurance Regulatory Commission (CBIRC) on the Bank's Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association" (Yinjianfu [2014] No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank's preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank's ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b) The Bank issued "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB50 billion), "2025 First Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB30 billion) and "2025 Second Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB20 billion) in the inter-bank market on 19 November 2020, 10 June 2025 and 9 July 2025 respectively, which were all accounted for as other equity instruments after deducting issuance expenses. The

duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and approval from relevant regulatory authorities, the funds raised from open-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with unfixed terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the above open-term capital bonds, if the trigger events do not occur, the Bank has the right to write down the bonds in whole or in part, without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) NFRA determines that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

As at 31 December 2025, "2020 Open-term Capital Bonds of Shanghai Pudong Development Bank Co., Ltd." had been redeemed in advance.

(2)As at 31 December 2025, the convertible corporate bonds issued by the Bank had been converted into shares or redeemed. The equity component had been fully transferred out. See Note V. 23(22) for details.

28 Capital reserves

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Share premium	134,297	81,691	134,297	81,691
Other capital surplus				
- Capital increase of subsidiaries and purchase of minority equity	155	219	(47)	-
- Others	9	11	26	28
Total	134,461	81,921	134,276	81,719

As mentioned in Note V. 23(22), with the regulatory approval and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB50 billion in 2019. As at 31 December 2025, about RMB49,837 million of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the Bank's share capital of 3,954 million shares; in addition, the amount redeemed upon maturity of the convertible corporate bonds was RMB179 million. Accordingly, the Bank's share premium increased due to the above-mentioned matter.

29 Other comprehensive income

The Group	Opening balance of other comprehensive income attributable to the Bank's Shareholders	For the year from 1 January 2025 to 31 December 2025						Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Transfers within equity	
Items that may be reclassified to profit or loss								
Financial assets at FVOCI								
- Fair value changes	7,150	(5,945)	(4,896)	2,731	(8,110)	-	-	(960)
- Impairment allowance	4,417	1,573	(262)	(333)	978	-	-	5,395
Exchange differences from the translation of foreign operations	510	(107)	-	-	(80)	(27)	-	430
Cash flow hedge reserve	237	(322)	-	81	(168)	(73)	-	69
Others	2	-	-	-	-	-	-	2
Items that will not be reclassified to profit or loss								
Changes in fair value of investments in other equity instruments	720	511	-	(128)	383	-	-	1,103
Total	13,036	(4,290)	(5,158)	2,351	(6,997)	(100)	-	6,039

	Opening balance of other comprehensive income attributable to the Bank's Shareholders	For the year from 1 January 2024 to 31 December 2024						Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Transfers within equity	
Items that may be reclassified to profit or loss								
Financial assets at FVOCI								
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	-	510
Cash flow hedge reserve	70	330	-	(82)	167	81	-	237
Others	-	2	-	-	2	-	-	2
Items that will not be reclassified to profit or loss								
Changes in fair value of investments in other equity instruments	(158)	1,171	-	(293)	878	-	-	720
Total	2,107	19,396	(4,712)	(3,641)	10,929	114	-	13,036

The Bank	Opening balance of other comprehensive income	For the year from 1 January 2025 to 31 December 2025				Ending balance of other comprehensive income	
		Transfer in before tax	Less: transfer out	Less: income tax	After tax	Transfers within equity	
Items that may be reclassified to profit or loss							
Financial assets at FVOCI							
- Fair value changes	7,708	(6,177)	(4,803)	2,746	(8,234)	-	(526)
- Impairment allowance	3,966	1,624	(262)	(341)	1,021	-	4,987
Exchange differences from the translation of foreign operations	(46)	61	-	-	61	-	15
Cash flow hedge reserve	(7)	-	-	-	-	-	(7)
Others	2	-	-	-	-	-	2
Items that will not be reclassified to profit or loss							
Changes in fair value of investments in other equity instruments	722	479	-	(120)	359	(1)	1,080
Total	12,345	(4,013)	(5,065)	2,285	(6,793)	(1)	5,551

	Opening balance of other comprehensive income	For the year from 1 January 2024 to 31 December 2024				Ending balance of other comprehensive income	
		Transfer in before tax	Less: transfer out	Less: income tax	After tax		
Items that may be reclassified to profit or loss							
Financial assets at FVOCI							
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510		7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)		3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)		(46)
Cash flow hedge reserve	10	(22)	-	5	(17)		(7)
Others	-	2	-	-	2		2
Items that will not be reclassified to profit or loss							
Changes in fair value of investments in other equity instruments	(158)	1,173	-	(293)	880		722
Total	1,893	18,567	(4,616)	(3,499)	10,452		12,345

30 Surplus reserves

The Group and the Bank	1 January 2025	Addition	31 December 2025
Statutory surplus reserve	25,499	4,329	29,828
Discretionary surplus reserve	166,723	-	166,723
Total	192,222	4,329	196,551

	1 January 2024	Addition	31 December 2024
Statutory surplus reserve	22,206	3,293	25,499
Discretionary surplus reserve	166,723	-	166,723
Total	188,929	3,293	192,222

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory surplus reserve until such reserve has reached 50% of ordinary shares. After the appropriation of statutory surplus reserve, the Bank may further appropriate discretionary surplus reserve.

31 General risk reserve

The Group	1 January 2025	Addition	31 December 2025
General risk reserve	106,696	8,979	115,675

	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696

The Bank	1 January 2025	Addition	31 December 2025
General risk reserve	102,500	8,524	111,024

	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

Pursuant to the "Administrative Measures on Accrual of Provisions by Financial Enterprises" (Caijin [2012] No. 20) issued by the MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes appropriation of the Bank's subsidiaries required by industry or district regulations.

32 Profit distribution

(1) Profit distribution for the year ended 31 December 2024

Pursuant to the approval at the Shareholders' Meeting on 27 June 2025, the Bank's profit distribution plan for the year ended 31 December 2024 is as follows:

- (i) The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB4,329 million;
- (ii) Appropriate RMB8.3 billion as general risk reserve;
- (iii) The Bank declared and distributed cash dividends of RMB4.1 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution. In case of any changes in the total share capital that occur before the date of equity registration for equity distribution, the dividend per share remains unchanged, with any adjustment to total dividend distribution accordingly.

(2) Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders' Meeting on 28 June 2024, the Bank's profit distribution plan for the year ended 31 December 2023 is as follows:

(i) The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB3,293 million;

(ii) Appropriate RMB4.5 billion as general risk reserve;

(iii) The Bank declared and distributed cash dividends of RMB3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of common stock on the date of equity registration for profit distribution.

(3) Dividend distribution for preference shares

On 25 November 2025, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB640.5 million in total (tax included) on 3 December 2025, which were calculated according to the coupon rate of Pufayou 1 (4.27%).

On 21 February 2025, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2025, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4) Interests payment of open-term capital bonds

In November 2025, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In November 2024, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2024, the Bank has declared the distribution of RMB1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

33 Net interest income

	The Group		The Bank	
	2025	2024	2025	2024
Interest income				
Loans and advances to customers				
- Corporate loans	107,846	110,307	102,221	104,674
- Retail loans	75,621	87,913	75,111	87,234
- Discounted bills	2,766	5,117	2,766	5,117
Financial investments				
- Debt investments	35,799	41,264	30,866	38,010
- Other debt investments	21,340	19,227	20,898	18,836
Placements with banks and other financial institutions	11,697	12,881	11,757	13,102
Deposits from central bank	4,827	4,964	4,788	4,932
Deposits from banks and other financial institutions	3,810	4,286	3,105	3,683
Financial assets purchased under resale agreements	1,410	2,166	1,399	2,163
Subtotal	265,116	288,125	252,911	277,751
Interest expense				
Deposits from customers	(85,452)	(96,452)	(84,549)	(95,602)
Debt securities issued	(27,858)	(32,959)	(27,780)	(32,759)
Deposits from banks and other financial institutions	(14,995)	(22,845)	(14,483)	(22,489)
Placements from banks and other financial institutions	(6,931)	(9,477)	(4,178)	(5,929)
Financial assets sold under repurchase agreements	(7,427)	(6,627)	(5,819)	(5,414)
Borrowing from central bank	(1,970)	(5,048)	(1,964)	(5,034)
Subtotal	(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	120,483	114,717	114,138	110,524

34 Net fee and commission income

	The Group		The Bank	
	2025	2024	2025	2024
Fee and commission income				
Fees from bank cards	9,957	11,462	9,957	11,462
Custodian and other fiduciary activities commissions	7,348	6,038	3,155	2,430
Agency commission	4,681	4,026	4,605	3,983
Fees from investment banking activities	3,196	3,836	3,115	3,779
Credit commitment fees	2,241	2,307	2,241	2,307
Settlement and clearing fees	724	880	721	878
Others	1,250	1,239	1,177	1,164
Subtotal	29,397	29,788	24,971	26,003
Fee and commission expense	(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	22,725	22,816	18,264	19,039

35 Investment income

	Note	The Group		The Bank	
		2025	2024	2025	2024
Financial investments and derivative instruments					
- Financial assets held for trading	(1)	8,609	21,138	9,010	20,660
- Debt investments		5,471	3,902	4,660	3,897
- Other debt investments		3,703	2,004	3,611	1,908
- Investments in other equity instruments		78	61	68	59
Loans and advances to customers		1,306	1,484	1,234	1,484
Long-term equity investments accounted for using the equity method		158	217	121	155
Dividends from subsidiaries		-	-	128	159
Others		68	335	66	207
Total		19,393	29,141	18,898	28,529

(1) The tradable financial instruments include gains and losses from financial assets held for trading, derivative financial instruments, and precious metal investments measured at FVTPL.

36 Gains or losses from change of fair value

	Note	The Group		The Bank	
		2025	2024	2025	2024
Tradable financial instruments	(1)	6,343	(1,597)	8,973	2,463
Loans and advances to customers measured at FVTPL		10	49	(2)	9
Hedged bonds		(952)	18	(952)	18
Others		42	(19)	42	(19)
Total		5,443	(1,549)	8,061	2,471

(1) The tradable financial instruments include gains and losses from financial assets held for trading, derivative financial instruments, and precious metal investments measured at FVTPL.

37 Foreign exchange gains and losses

	The Group		The Bank	
	2025	2024	2025	2024
Gains or losses from investment in foreign exchange derivatives and others	3,290	(4,459)	3,235	(4,265)
Gains or losses from changes in fair values of foreign exchange derivatives	(3,040)	5,447	(2,926)	5,330
Total	250	988	309	1,065

38 General and administrative expenses

	The Group		The Bank	
	2025	2024	2025	2024
Staff costs				
- Employee benefits	25,045	25,193	22,993	23,272
- Post-employment benefits	2,901	3,037	2,694	2,849
Depreciation and amortization	6,637	6,652	6,315	6,453
Short-term and low-value asset lease fees and rental expenses	325	307	318	267
Others	14,674	14,606	14,036	14,126
Total	49,582	49,795	46,356	46,967

39 Impairment on credit losses

	The Group		The Bank	
	2025	2024	2025	2024
Loans and advances to customers	57,329	55,555	55,122	54,416
Financial investments				
- Debt investments	5,196	11,652	4,941	11,283
- Other debt investments	1,543	470	1,523	448
Others	1,632	1,760	1,677	1,608
Total	65,700	69,437	63,263	67,755

40 Income tax expense

	The Group		The Bank	
	2025	2024	2025	2024
Current income tax expense	10,524	10,219	8,503	8,681
Deferred income tax expense	(7,555)	(7,688)	(6,939)	(6,944)
Total	2,969	2,531	1,564	1,737

The relationship between the Group's income tax expenses and profit before income tax as follows:

	The Group		The Bank	
	2025	2024	2025	2024
Profit before income tax	53,374	48,366	48,185	45,023
Tax calculated at statutory tax rate of the PRC	13,344	12,092	12,046	11,256
Tax effect from other various tax rates adopted by subsidiaries	(7)	56	-	-
Tax effect of non-deductible expenses	588	565	573	497
Tax effect of non-taxable income	(9,485)	(9,796)	(9,429)	(9,685)
Other tax adjustments	(1,471)	(386)	(1,626)	(331)
Income tax expense	2,969	2,531	1,564	1,737

41 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares results in the Bank having contingent issuable ordinary shares. As at 31 December 2025, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group	2025	2024
Net profit for the year attributable to shareholders of the Bank	50,017	45,257
Less: Net profit for the year attributable to preference shareholders of the Bank	(1,362)	(1,559)
Payment of interests of non-fixed term capital bonds	(2,375)	(3,794)
Net profit for the year attributable to the shareholders of the Bank's share capital	46,280	39,904
Weighted average number of outstanding share capital (million)	30,422	29,352
Basic EPS (RMB)	1.52	1.36

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank divided by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group	2025	2024
Net profit for the current year attributable to shareholders of the Bank	46,280	39,904
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,089	1,530
Net profit for calculating diluted earnings per share this year	47,369	41,434
Weighted average number of outstanding ordinary shares (million)	30,422	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	2,894	3,776
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,316	33,128
Diluted earnings per share (RMB)	1.42	1.25

42 Cash and cash equivalents

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash on hand	4,933	5,724	4,854	5,606
Surplus reserves with central bank	125,323	107,378	123,502	103,873
Deposits with banks and other financial institutions with original maturities no more than three months	88,283	77,060	69,508	68,480
Placements with banks and other financial institutions with original maturities no more than three months	59,630	20,955	57,055	18,371
Financial assets purchased under resale agreements with original maturities no more than three months	55,282	62,507	55,282	62,507
Total	333,451	273,624	310,201	258,837

43 Details of statement of cash flow

(a)Supplementary information of statement of cash flow

Reconciliation of net profit to cash flows from operating activities:

	The Group		The Bank	
	2025	2024	2025	2024
Net profit	50,405	45,835	46,621	43,286
Add: Impairment on credit losses	65,700	69,437	63,263	67,755
Impairment losses on other assets	201	43	17	40
Depreciations and amortizations	8,655	8,287	6,315	6,453
Interest expense on lease liabilities	177	210	166	198
Net (gains) / losses from disposal of fixed assets, intangible assets and other long-term assets	(81)	(20)	(29)	30
Net (gains) / losses from changes in fair value	(5,443)	1,549	(8,061)	(2,471)
Foreign exchange losses / (gains)	3,040	(5,447)	2,926	(5,330)
Interest expenses on debt securities issued	27,858	32,959	27,780	32,759
Interest income from investment in debt instruments and other debt investments	(57,139)	(60,491)	(51,764)	(56,846)
Net investment gains	(19,381)	(25,862)	(18,752)	(25,223)
Increase in deferred tax assets	(7,554)	(7,304)	(6,939)	(6,944)
Decrease in deferred tax liabilities	(1)	(384)	-	-
Increase in operating receivables	(494,518)	(368,527)	(542,885)	(362,567)
Increase / (decrease) in operating payables	803,917	(23,939)	790,508	(78,320)
Net cash flows generated from / (used in) operating activities	375,836	(333,654)	309,166	(387,180)

(b)Changes in cash and cash equivalents

	The Group		The Bank	
	2025	2024	2025	2024
Cash and cash equivalents at the end of the year	333,451	273,624	310,201	258,837
Less: Cash and cash equivalents at the beginning of the year	(273,624)	(362,127)	(258,837)	(354,943)
Net increase / (decrease) in cash and cash equivalents	59,827	(88,503)	51,364	(96,106)

(c)Monetary funds other than cash and cash equivalents

	The Group		The Bank	
	2025	2024	2025	2024
Balances with central bank	292,357	298,285	290,283	295,666
Deposits with banks and other financial institutions	41,313	36,136	29,798	20,155
Placements with banks and other financial institutions	382,484	385,358	406,814	390,986
Financial assets purchased under resale agreements	866	1,387	866	1,387
Total	717,020	721,166	727,761	708,194

The above funds are not cash and cash equivalents as they have weak liquidity due to the fact that they cannot be withdrawn at any time, their usages are restricted, or with the original maturities term over three months.

(d) Liabilities arising from financing activities

The Group's liabilities arising from financing activities include all types of liabilities related to financing activities, such as debt securities issued, and information on the related changes is detailed in the consolidated statement of cash flows.

44 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2025, the Group transferred financial assets amounted to RMB34,341 million through assets backed securitization transactions, and all have met the requirement of derecognition (31 December 2024: RMB29,621 million).

As at 31 December 2025, except for the aforementioned securitised transactions, the Group transferred credit assets of an original book value of RMB35,874 million (31 December 2024: RMB35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognize the assets on the statement of financial position according to the degree of its continued involvement, and the rest will be derecognized. As at 31 December 2025, the assets value of the Group's continued recognition was RMB4,650 million (31 December 2024: RMB4,650 million).

Transfer of non-performing financial assets

In 2025, the Group directly transferred non-performing loans and financial investments totalling RMB15,661 million to third-party asset management companies, with all such assets derecognized (2024: directly transferred non-performing loans and financial investments totalling RMB20,508 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2025, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB40,200 million (31 December 2024: RMB51,405 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group's retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note V.19.

VI Interests in other entities

1 Interests in major subsidiaries

1.1 Major subsidiaries of the Group

<i>Name of subsidiaries</i>	<i>Place of main business</i>	<i>Place of registration</i>	<i>Registered capital</i>	<i>Obtaining method</i>	<i>Share-holding percentage (direct)</i>
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY150,000,000	Establishment	80.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY150,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY50,000,000	Establishment	74.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY50,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY50,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY100,000,000	Establishment	100.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY100,000,000	Establishment	97.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY50,000,000	Establishment	100.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY50,000,000	Establishment	100.00%

During 2025, the Bank received approvals from the relevant local offices of the NFRA ("local offices of the NFRA") to acquire minority equity of Yuzhong SPD Rural Bank Co., Ltd., Harbin Hulan SPD Rural Bank Co., Ltd., Linchuan SPD Rural Bank Co., Ltd., Fumin SPD Rural Bank Co., Ltd., Tianjin Baodi SPD Rural Bank Co., Ltd., Chongqing Banan SPD Rural Bank Co., Ltd., Chongqing Tongliang SPD Rural Bank Co., Ltd., Zhejiang Pingyang SPD Rural Bank Co., Ltd., Zouping SPD Rural Bank Co., Ltd., Zezhou SPD Rural Bank Co., Ltd., Dalian Ganjingzi SPD Rural Bank Co., Ltd. and Jiangyin SPD Rural Bank Co., Ltd., and the Bank shall undertake all assets, liabilities, rights and obligations of the aforementioned subsidiaries. As at 31 December 2025, the aforementioned subsidiaries had been approved by local offices of the NFRA for dissolution and being restructured to branches of the Bank.

Except for the aforementioned subsidiaries, the Bank received the approvals from local offices of the NFRA to acquire minority equity of Gongyi SPD Rural Bank Co., Ltd., Hancheng SPD Rural Bank Co., Ltd., Ningbo Haishu SPD Rural Bank Co., Ltd., Urumqi Midong SPD Rural Bank Co., Ltd., Qianxinan Yilong SPD Rural Bank Co., Ltd. and Fufeng SPD Rural Bank Co., Ltd. As at 31 December 2025, the aforementioned subsidiaries had not been approved by local offices of the NFRA for dissolution or being restructured as branches of the Bank.

The above-mentioned subsidiaries are all non-listed companies.

1.2 Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has minority interest that is material to the Group.

2 Interests in joint ventures and associates

2.1 General information of major joint ventures and associates

Name of the investee	Note	Place of main business	Place of registration	Strategic investment	Share-holding percentage (Direct)	Business nature
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51.00%	Financial industry
Associate:						
Xingqi Hengtai	(b)	Shanghai	Shanghai	N	58.33%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a)According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds (including the number) voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit distributions and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

(b)Shanghai Pudong Development Bank, as one of the limited partners, made capital contribution to Xingqi Hengtai. According to the partner decision-making mechanism, all significant matters shall be resolved by the partner meetings, and the Bank is unable to independently lead the relevant activities of Xingqi Hengtai, so the Bank has no control over Xingqi Hengtai.

2.2 Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

VII Involvement with unconsolidated structured entities

1 Structured entities sponsored by third party institutions in which the Group holds an interest

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment, trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

Carrying amount	The Group	
	31 December 2025	31 December 2024
Financial assets held for trading		
Fund investments	495,875	485,481
Equity investment	11,854	11,100
ABS	4,668	2,211
Trust and asset management plans	658	3,990
Other investments	3,387	4,099
Debt investments		
ABS	118,384	101,171
Trust and asset management plans	5,967	94,314
Other debt investments		
ABS	46,893	19,660
Investments in other equity instruments		
Reposessed equity instruments	498	495
Other investments	210	105

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortized cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

2 Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of notes to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2025, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, were RMB1,564,410 million (31 December 2024: RMB1,395,127 million).

As at 31 December 2025, the Group did not provide liquidity support to unconsolidated wealth management products sponsored by the Group (31 December 2024: Nil).

As at 31 December 2025, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, were RMB1,269,243 million (31 December 2024: RMB768,245 million).

As at 31 December 2025, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, were RMB12,394 million (31 December 2024: RMB22,772 million).

As at 31 December 2025, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, were RMB103,195 million (31 December 2024: RMB118,262 million).

In 2025, the Group's commission income from providing services to the wealth management products and Trust plans was RMB4,554 million and RMB911 million, respectively. (In 2024: RMB3,279 million and RMB652 million). The commission income from other non-consolidated structured entities managed by the Group is not material.

3 Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2025

The total amount of the wealth management products issued by the Group after 1 January 2025 but matured before 31 December 2025 was RMB122,969 million (The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB139,445 million).

The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2025 and expired before 31 December 2025 was not significant (The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant).

VIII SEGMENT REPORTING

The senior management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas and very few customers from other regions, therefore operating segments are analyzed principally based on the location of the assets. The Group's operating segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of different regions are set out as follows:

Head Office:	Head Office (including the direct institutions under Head Office)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strait:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Xizang
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas subsidiaries

For the year from 1 January 2025 to 31 December 2025										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
I. Operating income	56,629	43,995	13,122	15,800	12,101	11,642	4,196	16,492	(13)	173,964
Interest income	106,777	89,834	24,390	31,625	19,607	23,827	8,122	18,059	(57,125)	265,116
<i>Including: External interest income</i>	97,863	58,725	21,455	23,377	18,367	22,797	5,808	17,326	(602)	265,116
<i>Internal interest income</i>	8,914	31,109	2,935	8,248	1,240	1,030	2,314	733	(56,523)	-
Interest expense	(80,879)	(51,337)	(13,439)	(16,851)	(8,609)	(12,600)	(3,974)	(14,070)	57,126	(144,633)
<i>Including: External interest expense</i>	(45,719)	(41,315)	(10,708)	(15,455)	(8,105)	(7,602)	(3,974)	(12,367)	612	(144,633)
<i>Internal interest expense</i>	(35,160)	(10,022)	(2,731)	(1,396)	(504)	(4,998)	-	(1,703)	56,514	-
Net fee and commission income / (expense)	9,806	4,841	1,910	574	804	50	(86)	4,827	(1)	22,725
Investment income	16,473	460	173	308	192	259	81	1,447	-	19,393
<i>Including: Investments in associates and joint ventures</i>	121	-	-	-	-	-	-	37	-	158
Other income	11	32	8	7	8	17	1	538	-	622
Gains or losses from change of fair value	5,170	(121)	7	(9)	55	67	32	242	-	5,443
Foreign exchange gains and losses	(785)	263	71	88	32	19	21	541	-	250
Other operating income	57	19	3	25	10	10	-	4,856	(13)	4,967
Gains or losses on disposal of assets	(1)	4	(1)	33	2	(7)	(1)	52	-	81
II. Operating expense	(39,599)	(20,256)	(13,178)	(9,053)	(10,253)	(14,182)	(3,325)	(10,523)	13	(120,356)
Taxes and surcharges	(525)	(528)	(202)	(201)	(173)	(196)	(56)	(170)	-	(2,051)
General and administrative expenses	(16,968)	(10,321)	(3,366)	(5,174)	(3,465)	(4,659)	(1,644)	(3,998)	13	(49,582)
<i>Including: Depreciation and amortization expenses</i>	(2,416)	(1,101)	(603)	(779)	(475)	(576)	(234)	(453)	-	(6,637)
Impairment on credit losses	(22,106)	(9,396)	(9,608)	(3,677)	(6,612)	(9,324)	(1,615)	(3,362)	-	(65,700)
Impairment losses on other assets	-	(7)	(1)	-	-	(2)	(7)	(184)	-	(201)
Other operating expense	-	(4)	(1)	(1)	(3)	(1)	(3)	(2,809)	-	(2,822)
III. Operating profits / (losses)	17,030	23,739	(56)	6,747	1,848	(2,540)	871	5,969	-	53,608
Add: Non-operating income	5	17	1	18	4	8	8	15	-	76
Less: Non-operating expenses	(173)	(48)	(10)	(8)	(13)	(18)	(4)	(36)	-	(310)
IV. Total segment profits / (losses) before tax	16,862	23,708	(65)	6,757	1,839	(2,550)	875	5,948	-	53,374

31 December 2025										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	439,865	1,980,775	714,513	751,435	564,605	704,876	175,737	245,455	(4,759)	5,572,502
Investments in associates and joint ventures	7,771	-	-	-	-	-	-	503	-	8,274
Total segment assets	5,231,631	3,153,708	835,912	1,173,942	640,500	764,533	290,947	524,553	(2,533,980)	10,081,746
Deposits from customers	(90,010)	(2,501,542)	(663,143)	(894,850)	(563,619)	(542,195)	(235,593)	(162,792)	386	(5,653,358)
Total segment liabilities	(4,471,358)	(3,129,912)	(835,965)	(1,167,456)	(638,648)	(767,323)	(290,929)	(489,705)	2,533,980	(9,257,316)
Segment net position of assets and liabilities	760,273	23,796	(53)	6,486	1,852	(2,790)	18	34,848	-	824,430

Expressed in millions of RMB unless otherwise stated

For the year from 1 January 2024 to 31 December 2024										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
I. Operating income	66,988	39,256	12,323	14,944	11,384	11,260	3,857	10,865	(129)	170,748
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
<i>Including: External interest income</i>	106,691	61,557	23,224	24,843	20,019	25,050	6,732	20,741	(732)	288,125
<i>Internal interest income</i>	11,836	29,046	4,290	9,064	988	972	1,740	756	(58,692)	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
<i>Including: External interest expense</i>	(52,852)	(48,880)	(14,061)	(19,347)	(10,075)	(8,854)	(4,735)	(15,348)	744	(173,408)
<i>Internal interest expense</i>	(37,547)	(8,437)	(3,888)	(763)	(627)	(6,053)	(12)	(1,368)	58,695	-
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Investment income	26,057	726	243	327	224	303	78	1,186	(3)	29,141
<i>Including: Investments in associates and joint ventures</i>	155	-	-	-	-	-	-	62	-	217
Other income	19	48	8	18	8	19	4	715	-	839
Gains or losses from change of fair value	2,255	(135)	26	(19)	59	114	142	(3,991)	-	(1,549)
Foreign exchange gains and losses	338	323	60	94	30	23	27	93	-	988
Other operating income	10	8	-	13	7	7	1	3,870	(140)	3,776
Gains or losses on disposal of assets	(25)	3	(1)	5	7	(7)	(12)	50	-	20
II. Operating expense	(53,320)	(17,457)	(12,952)	(8,194)	(6,668)	(11,942)	(3,138)	(9,763)	129	(123,305)
Taxes and surcharges	(389)	(546)	(214)	(212)	(188)	(211)	(61)	(151)	-	(1,972)
General and administrative expenses	(19,410)	(9,677)	(3,347)	(4,454)	(3,286)	(4,424)	(1,559)	(3,767)	129	(49,795)
<i>Including: Depreciation and amortization expenses</i>	(2,431)	(1,120)	(633)	(782)	(481)	(598)	(244)	(363)	-	(6,652)
Impairment on credit losses	(33,522)	(7,218)	(9,390)	(3,518)	(3,185)	(7,304)	(1,495)	(3,805)	-	(69,437)
Impairment losses on other assets	(1)	(11)	-	-	(7)	(2)	(20)	(2)	-	(43)
Other operating expense	2	(5)	(1)	(10)	(2)	(1)	(3)	(2,038)	-	(2,058)
III. Operating profits / (losses)	13,668	21,799	(629)	6,750	4,716	(682)	719	1,102	-	47,443
Add: Non-operating income	7	17	8	9	5	10	4	1,124	-	1,184
Less: Non-operating expenses	(154)	(29)	(22)	(10)	(11)	(14)	(2)	(19)	-	(261)
IV. Total segment profits / (losses) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366

31 December 2024										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associates and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment liabilities	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Segment net position of assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

IX CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2025	31 December 2024
Bank acceptance bills	868,231	760,672
Credit cards commitments	623,805	586,705
Letters of credit issued	309,226	277,511
Other loan commitments	210,606	246,865
Letters of guarantee issued	117,470	113,713
Total	2,129,338	1,985,466

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeem these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2025, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group and the Bank amounted to RMB2,517 million (31 December 2024: RMB2,833 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2025, the major capital commitments the Group had signed but not paid amounted to RMB4,880 million (31 December 2024: RMB6,348 million). Additionally, as at 31 December 2025, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB830 million (31 December 2024: RMB426 million).

As at 31 December 2025, the major capital commitments the Group had approved but not signed amounted to RMB3,597 million (31 December 2024: RMB1,075 million).

4 Legal proceedings

As at 31 December 2025, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 275 and 112, respectively. The corresponding amount involved was about RMB2,840 million and RMB345 million, respectively, the estimated compensation amount is approximately RMB75 million (As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB3,176 million and RMB928 million, respectively, the estimated compensation amount is approximately RMB73 million).

X FIDUCIARY BUSINESSES

The Group provides entrusted loan businesses to independent third party customers. The assets arising from these businesses are not recorded on the Group's balance sheet. As at 31 December 2025, the balance of entrusted loan business was RMB61,561 million (As at 31 December 2024: RMB65,111 million).

XI RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2025 and 31 December 2024, major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.28%	Investment Management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	8.35%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	5.29%	Insurance Business

2 Other substantial shareholders having significant influence over the Bank

As at 31 December 2025, other substantial shareholders having significant influence over the Bank include:

	Direct shareholding percentage	Major business
China Orient Asset Management Co., Ltd.	4.51%	Asset management
Cinda Investment Co., Ltd.	3.27%	Investment management

3 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note VI.1 'Interests in major subsidiaries'.

4 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note VI.2 'Interests in joint ventures and associates'.

5 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors and senior executives) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

6 Transactions and balances with related parties

The amounts of material transactions between the Group and its related parties and related balances at the balance sheet date are summarized as follows:

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions / balances
Amounts of significant transactions from 1 January 2025 to 31 December 2025 are listed below:							
Interest income	289	-	717	56	1	1,063	0.40%
Interest expense	(960)	(2)	(273)	(217)	(1)	(1,453)	1.00%
Fee and commission income	3	34	45	3	1	86	0.29%
Investment income	(1)	158	(1)	60	-	216	1.11%
Gains or losses from change of fair value	-	-	6	201	-	207	3.80%
Foreign exchange gains and losses	-	-	43	16	-	59	23.60%
General and administrative expenses	(11)	-	(290)	-	-	(301)	0.61%
Other comprehensive income	(13)	-	57	421	-	465	(6.55%)
Transfers of financial assets	-	-	2,406	-	-	2,406	Not applicable

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnel and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions / balances
Significant item balances at 31 December 2025:							
Deposits with banks and other financial institutions	-	-	1	177	-	178	0.14%
Placements with banks and other financial institutions	55,000	-	49,900	200	-	105,100	22.59%
Loans and advances to customers	-	-	4,092	550	19	4,661	0.08%
Derivative financial assets	-	-	61	598	-	659	0.71%
Financial investments:							
- Financial assets held for trading	-	-	606	6,047	-	6,653	0.81%
- Debt investments	-	-	775	4,952	-	5,727	0.46%
- Other debt investments	1,884	-	4,513	1,927	-	8,324	0.95%
- Investments in other equity instruments	-	-	-	2,762	-	2,762	24.09%
Long-term equity investments	-	8,274	-	-	-	8,274	100.00%
Other assets	-	-	1	-	-	1	0.01%
Deposits from banks and other financial institutions	(1,301)	(615)	(25,006)	(6,462)	-	(33,384)	2.36%
Placements from banks and other financial institutions	-	-	(3,759)	-	-	(3,759)	1.05%
Derivative financial liabilities	-	-	(52)	(375)	-	(427)	0.53%
Deposits from customers	(30,719)	(56)	(15,312)	(6,108)	(22)	(52,217)	0.92%
Other liabilities	(1)	-	(99)	-	-	(100)	0.19%
Significant off-balance item at 31 December 2025:							
Letters of guarantee issued	-	-	352	-	-	352	0.30%
Credit card and loan commitments	-	-	1,398	-	13	1,411	0.17%
Guarantees provided for credit business	-	-	-	60	-	60	0.01%
Bank acceptance bill	-	-	427	-	-	427	0.05%
Issuing wealth management products funds	525	68	2,273	476	-	3,342	0.23%
Notional principal of derivative financial instruments	-	-	6,330	88,947	-	95,277	0.87%

Note (1): As at 31 December 2025, key management of the Bank possessed a total number of 684,100 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnel and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions / balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below:							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Investment income	-	217	-	302	-	519	1.78%
Gains or losses from change of fair value	-	(4)	-	(237)	-	(241)	15.56%
Foreign exchange gains and losses	-	(5)	-	(54)	-	(59)	(5.97%)
General and administrative expenses	(11)	-	(260)	-	-	(271)	0.54%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties with significant influence by key management personnel and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions / balances
Significant item balances at 31 December 2024:							
Deposits with banks and other financial institutions	-	-	-	101	-	101	0.09%
Loans and advances to customers	-	-	906	653	25	1,584	0.03%
Derivative financial assets	-	-	-	273	-	273	0.30%
Financial investments:							
- Financial assets held for trading	-	-	-	1,203	-	1,203	0.17%
- Debt investments	-	-	40	121	-	161	0.01%
- Other debt investments	386	-	-	170	-	556	0.07%
- Investments in other equity instruments	-	-	-	2,544	-	2,544	28.18%
Long-term equity investments	-	1,807	-	-	-	1,807	100.00%
Other assets	-	-	3	-	-	3	0.01%
Deposits from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	3.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.12%
Significant off-balance item at 31 December 2024:							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bill	-	-	-	210	-	210	0.03%
Issuing wealth management products funds	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note (1): As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of common stock issued by the Bank and regularly received corresponding cash dividends.

Note (2): As at 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% of shares of convertible corporate bonds issued by the Bank.

7 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarized as follows:

	31 December 2025	31 December 2024
Balances at the year end:		
Deposits with banks and other financial institutions	-	100
Placements with banks and other financial institutions	3,037	8,225
Derivative financial assets	15	11
Loans and advances to customers	4,759	3,058
Deposits to and placements from banks and other financial institutions	10,090	12,529
Placements from banks and other financial institutions	128	153
Derivative financial liabilities	29	96
Deposits from customers	386	205
Debt securities issued	209	10
Other current accounts	43	52
	2025	2024
Transactions during the year:		
Interest income from deposits with banks and other financial institutions	1	1
Interest income from placements with banks and other financial institutions	215	283
Interest income from loans and advances to customers	159	165
Interest expenses on deposits from banks and other financial institutions	225	293
Interest expenses from placements from banks and other financial institutions	4	1
Fee and commission income	59	61
Fee and commission expense	94	69
Interest expenses from debt securities issued	2	-
Other operating income	4	4
General and administrative expenses	-	127

8 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2025	2024
Compensation of key management personnel	9	13

The key management personnel are represented by directors and senior management personnel who have served in the Bank for the past 12 months of the reporting period or in the next 12 months according to relevant agreements. The compensation for key management personnel for 2025 refers to those all compensation received from the Bank during the year, excluding social insurance contributions made by the Bank. The compensation of key management personnel for 2024 includes the pre-tax compensation obtained from the Bank during the reporting period disclosed in the 2024 annual report and the remaining pre-tax compensation after the assessment of the 2022-2024 term.

9 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

10 Major credit related transactions

Major credit related transactions to related parties refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the accumulated transaction amount between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2025, the newly added major related party credit in major credited related transactions between the Bank and related parties outside the Group are as follows:

Related parties	Total credit limit to related parties and other companies in their group
Guotai Haitong Securities Co., Ltd.	120,000
China Cinda Asset Management Co., Ltd.	109,892
Shanghai International Group Co., Ltd.	35,000
China Mobile Communications Group Co., Ltd.	20,000

For details of major credit related transactions, please refer to the relevant resolutions of the Board of Directors publicly disclosed by the Bank.

XII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyzes, evaluates, accepts and manages a certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent financial risks are an inevitable consequence of business operation. The Group's aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group's financial performance.

The Group has designed a series of risk management policies to identify and analyze these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the Head Office are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1) Credit risk management

(i) Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on singular counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to an annual or more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee

deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure
- Commercial assets, such as commercial property, inventory and accounts receivable
- Financial instruments, such as bonds and equity shares

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

The management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor's ability to meet obligations.

(ii) Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor's or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long-term RMB bonds should be at AA or above and rating of short-term RMB bonds, their credit ratings should be at A-1 (by rating agencies identified by the PBOC). The Bank independently manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc.

(iii) Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group implements an admission system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-lending management periodically. Setting limit management for the ultimate financing parties of trust plans and asset management plans in which the Bank's proprietary funds are invested independently, and conducting regular subsequent risk management.

(iv) Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has credit risk exposure in the Group. The Bank regularly reviews and manages the credit risks of individual financial institution.

(v) Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi) Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters to guarantee, bill

acceptance and letters of credit are irrevocable commitment from the Group. The Group undertakes credit risks similar to loans and commits to pay third parties on behalf on customers or make payments in the event that customers cannot meet obligations to third parties. When the requested amount of credit commitment exceeds the original credit limit, margin deposits are required to mitigate the credit risk. The Group's potential credit exposure is equivalent to the total amount of credit commitments. In addition, cash outflows may occur when customers spend credit card and loan commitment granted by the Group in the future.

(vii) Trust plan

The main credit risk of the trust plan is the potential loss of fiduciary estate when the counterparties fail, cannot or be unwilling to fulfil the contract commitments in the course of transactions. The Group strictly enforces the policy "pre-loan investigation, in-process review, post-lending inspection" over trust plan. In the design of the product trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2) Credit risk measurement

To ensure the Group's current financial asset risk classification mechanism complies with the "Rules on Risk Classification of Financial Assets of Commercial Banks" (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China, hereafter referred to as the "Rules"), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans.

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3) ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;

Stage 2 significant increase in credit risk since initial recognition; and

Stage 3 (credit-impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product (GDP) and consumer price index (CPI). The Group periodically forecasts three kinds of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

Credit risk rating

The Group has established a comprehensive internal rating system in accordance with the "Rules on Capital Management of Commercial Banks", employing statistical models, expert judgment, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgment of the Bank's credit customers' or retail debt obligations' solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards for Business Enterprises.

Stage division

Significant increase in credit risk ("SICR")

The Group assesses on each balance sheet date whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considers all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reporting date. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reporting date against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operational results of the borrower
- Early signs of cashflow/liquidity problems such as delay in repayment of payables/loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analyzed if the credit risks of the relevant financial assets will increase significantly since the initial recognition after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and credit-impaired

In alignment with the "Rules on Capital Management of Commercial Banks", the Group has established unified internal policies for customer default management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets "capability to repay is apparently in question" criteria, which indicates the borrower is in significant financial difficulty and examples include:

- The issuer or borrower is in significant financial difficulties
- The borrower has breached financial contract(s), such as default or past due of interest or principal repayments
- Concessions have been made by the lender relating to the borrower's financial difficulty with consideration of economy and contract
- The borrower is likely to head towards bankruptcy or other debts restructuring
- Issuer or borrower's financial difficulties lead to disappearance of active market for financial assets
- Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.

The criteria above have been applied to all financial assets held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's ECL measurement.

Grouping of credit risk exposure

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the groupings and conducts quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred

since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is the amounts the Group expects to be repaid at the time of default.
- LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL models

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group's internal experts' judgment, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reporting date. The scenario weightings are determined by combination of statistical analysis and expert judgment, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2026 under the standard scenario is 5.00%, and the GDP year-on-year growth rate for 2026 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyzes the non-linearities and asymmetries within the Group's different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

Combination method for evaluation of expected credit risk

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilization percentage range
- The range of mortgage rate (loan balance / collateral value)

Assessment of ECLs on other receivables

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence. The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4) Maximum exposure to credit risk

Financial assets and financial guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
Cash and balances with central bank	417,834	-	-	417,834
Deposits with banks and other financial institutions	130,131	-	-	130,131
Placements with banks and other financial institutions	444,676	-	-	444,676
Financial assets purchased under resale agreements	56,119	-	-	56,119
Loans and advances to customers measured at				
- Amortized cost	5,149,865	204,665	16,382	5,370,912
- FVOCI	193,865	1,063	135	195,063
Financial investments				
- Debt investments	1,208,323	29,637	12,296	1,250,256
- Other debt investments	877,036	803	1,362	879,201
Other financial assets	104,878	1,159	1,178	107,215
Total	8,582,727	237,327	31,353	8,851,407

	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Cash and balances with central bank	405,815	-	-	405,815
Deposits with banks and other financial institutions	113,772	-	-	113,772
Placements with banks and other financial institutions	410,787	-	-	410,787
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments				
- Debt investments	1,262,375	24,787	39,476	1,326,638
- Other debt investments	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance bills	865,291	758,120
Credit cards commitments	620,607	583,169
Letters of credit issued	308,923	277,356
Other loan commitments	209,284	245,579
Letters of guarantee issued	117,210	113,509
Total	2,121,315	1,977,733

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows.

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Financial assets at fair value through profit or loss		
Financial assets held for trading	820,948	691,019
Derivative financial assets	93,440	89,590
Loans and advances to customers	6,527	3,533
Total	920,915	784,142

(5) Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2025, carrying amount of the Group's loans and advances to customers that are credit-impaired is RMB78,638 million (31 December 2024: RMB92,537 million), in which the loans covered by collaterals are amounting to RMB45,873 million (31 December 2024: RMB52,847 million).

(6) Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repay the debt, including new loans to refinance existing debts and additional financing. As at 31 December 2025, the Group's restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB37,932 million (31 December 2024: RMB36,932 million).

(7) Bonds and other investments

The table below analyzes the Group's investment securities by external rating agencies, including S&P or equivalent credit agencies identified by the PBOC.

	31 December 2025			
	Financial assets held for trading	Debt investments	Other debt investments	Total
Medium or long-term:				
AAA	26,655	526,235	289,575	842,465
AA+ to AA-	1,354	14,336	32,017	47,707
A+ to A-	717	10,935	46,989	58,641
Below A-	1,334	5,094	32,307	38,735
Short-term:				
AAA	822	36,512	376	37,710
AA+ to AA-	8	161	5,741	5,910
A or below A	696	759	12,200	13,655
Unrated-Bonds	186,121	656,224	459,996	1,302,341
Total	217,707	1,250,256	879,201	2,347,164

31 December 2024				
	Financial assets held for trading	Debt investments	Other debt investments	Total
Medium or long-term:				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short-term:				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A or below A	318	2,666	10,322	13,306
Unrated-Bonds	70,482	783,845	337,510	1,191,837
Total	101,066	1,326,638	782,438	2,210,142

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the group-wide market risk management system, organizational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of Head Office are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyzes and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the established internal controls and independent inspections are integrated in the group-wide market risk management system. Relevant business units are responsible for executing the daily control activities. A three-line defence system includes the market risk management, the compliance department and the review department.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1) Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarizes the Group's exposure to currency risk. Included in the table are the Group's financial assets and liabilities at carrying amounts in RMB, categorized by original currency.

	31 December 2025				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	412,972	7,824	1,509	462	422,767
Deposits with banks and other financial institutions	84,940	31,168	1,805	12,218	130,131
Placements with banks and other financial institutions	313,515	128,554	1,188	1,510	444,767
Derivative financial assets	89,715	3,483	172	70	93,440
Financial assets purchased under resale agreements	47,358	8,734	-	27	56,119
Loans and advances to customers	5,410,204	106,803	31,655	23,840	5,572,502
Financial investments:					
- Financial assets held for trading	810,893	9,495	13	547	820,948
- Debt investments	1,211,692	26,294	328	11,942	1,250,256
- Other debt investments	700,559	150,790	4,317	23,535	879,201
- Investments in other equity instruments	11,464	-	-	-	11,464
Other financial assets	75,255	31,540	369	51	107,215
Total financial assets	9,168,567	504,685	41,356	74,202	9,788,810
Borrowing from central bank	139,039	-	-	-	139,039
Deposits from banks and other financial institutions	1,297,214	87,768	7,591	21,955	1,414,528
Placements from banks and other financial institutions	164,729	62,346	10,398	3,536	241,009
Financial liabilities at profit or loss	66,542	321	-	-	66,863
Derivative financial liabilities	78,095	3,010	170	17	81,292
Financial assets sold under repurchase agreement	284,578	4,543	1,428	15,365	305,914
Deposits from customers	5,344,096	261,769	30,147	17,346	5,653,358
Debt securities issued	1,115,712	14,211	9,304	1,189	1,140,416
Lease liabilities	4,577	40	528	7	5,152
Other financial liabilities	45,442	1,002	194	73	46,711
Total financial liabilities	8,540,024	435,010	59,760	59,488	9,094,282
Net position of financial instruments	628,543	69,675	(18,404)	14,714	694,528
Currency derivatives	49,396	(69,174)	(777)	20,809	254
Credit commitments	2,052,841	54,459	7,793	6,222	2,121,315

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits with banks and other financial institutions	60,450	43,861	1,739	7,722	113,772
Placements with banks and other financial institutions	366,050	40,684	482	3,571	410,787
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments:					
- Financial assets held for trading	676,922	13,401	194	502	691,019
- Debt investments	1,302,636	21,720	-	2,282	1,326,638
- Other debt investments	656,879	117,119	4,404	4,036	782,438
- Investments in other equity instruments	9,029	-	-	-	9,029
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits from banks and other financial institutions	790,943	70,356	3,498	7,203	872,000
Placements from banks and other financial institutions	139,828	118,002	19,524	4,587	281,941
Financial liabilities at profit or loss	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

The Group measures the possible effect on net profit arising from foreign exchange rate fluctuation using sensitivity analysis. The table below shows the result of sensitivity analysis of the balance sheet date.

Net profit	31 December 2025		31 December 2024	
	Exchange rate fluctuation		Exchange rate fluctuation	
(Decrease) / Increase	(1%)	1%	(1%)	1%
USD against RMB	(4)	4	185	(185)
Other currencies against RMB	(123)	123	(83)	83

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB. The assumptions are shown as below:

- Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) on the financial reporting date;
- Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
- Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, Group net profit may differ from the sensitivity analysis results.

(2) Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of banking book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of banking book. The Group has established a sound interest rate risk management system for banking books. The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management independently.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate risk in the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate risk in the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarizes the Group's exposures to interest rate risk. The table presents the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

	31 December 2025						
	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	406,647	-	-	-	-	16,120	422,767
Deposits with banks and other financial institutions	92,922	12,872	23,272	348	-	717	130,131
Placements with banks and other financial institutions	58,058	255,744	128,113	-	-	2,852	444,767
Derivative financial assets	-	-	-	-	-	93,440	93,440
Financial assets purchased under resale agreements	53,258	2,532	287	-	-	42	56,119
Loans and advances to customers	1,323,723	1,007,278	2,446,761	724,183	57,747	12,810	5,572,502
Financial investments:							
- Financial assets held for trading	11,319	48,556	66,863	74,541	16,259	603,410	820,948
- Debt investments	12,818	28,464	139,112	475,047	576,141	18,674	1,250,256
- Other debt investments	8,302	29,784	88,199	431,899	311,765	9,252	879,201
- Investments in other equity instruments	-	-	-	-	-	11,464	11,464
Other financial assets	3,880	-	-	-	-	103,335	107,215
Total financial assets	1,970,927	1,385,230	2,892,607	1,706,018	961,912	872,116	9,788,810
Liabilities							
Borrowing from central bank	1,108	22,059	115,089	-	-	783	139,039
Deposits from banks and other financial institutions	866,568	161,198	382,779	-	-	3,983	1,414,528
Placements from banks and other financial institutions	78,133	128,175	33,497	-	-	1,204	241,009
Financial liabilities held for trading	-	-	-	-	-	66,863	66,863
Derivative financial liabilities	-	-	-	-	-	81,292	81,292
Financial assets sold under repurchase agreements	237,346	36,575	30,357	-	1,181	455	305,914
Deposits from customers	2,588,056	531,228	1,048,821	1,414,330	-	70,923	5,653,358
Debt securities issued	173,983	244,100	453,663	147,352	117,982	3,336	1,140,416
Lease liabilities	237	368	1,675	2,859	13	-	5,152
Other financial liabilities	460	-	-	-	-	46,251	46,711
Total financial liabilities	3,945,891	1,123,703	2,065,881	1,564,541	119,176	275,090	9,094,282
Total interest repricing gap	(1,974,964)	261,527	826,726	141,477	842,736	597,026	694,528

	31 December 2024						Total
	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits with banks and other financial institutions	74,215	17,846	16,484	4,484	-	743	113,772
Placements with banks and other financial institutions	83,733	98,909	214,354	9,579	-	4,212	410,787
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments:							
- Financial assets held for trading	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Debt investments	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- Other debt investments	5,987	29,534	102,482	379,221	257,251	7,963	782,438
- Investments in other equity instruments	-	-	-	-	-	9,029	9,029
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits from banks and other financial institutions	784,218	29,416	54,195	-	-	4,171	872,000
Placements from banks and other financial institutions	120,356	93,946	50,519	9,386	6,008	1,726	281,941
Financial liabilities held for trading	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

Note: Financial assets listed as within 1 month include overdue amount at 31 December 2025 and 31 December 2024 (less provision for impairment).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The table below shows the results of the sensitivity analysis on the balance sheet date.

	31 December 2025		31 December 2024	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(5,046)	5,046	3,312	(3,312)
Increase / (decrease) in other comprehensive income under equity	22,251	(20,573)	8,213	(7,703)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period.

Based on the following assumptions:

- Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced in the middle of each specified period;
- The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
- The yield curve moves in parallel with interest rate;
- There are no changes in assets and liabilities at year end.

Based on the above assumptions, the actual change in net profit may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group's liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system. The Board of Directors of the Bank is responsible for reviewing and approving liquidity risk appetite and material policies and procedures, and bears the ultimate responsibility for managing the liquidity risk. The Board of Supervisors is responsible for supervising the performance of the Board of Directors and the senior management on liquidity risk management. The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organizational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the Board of Directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Head Office of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the Head Office of the Bank is responsible for the internal audit on liquidity risks independently. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group's liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the reporting period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predict cash flow gap changes in future assets and liabilities on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjust the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group's non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

31 December 2025									
	Repayable on demand	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	130,410	-	-	-	-	-	-	292,357	422,767
Deposits with banks and other financial institutions	87,825	5,615	13,167	23,931	374	-	-	-	130,912
Placements with banks and other financial institutions	-	61,671	106,218	166,090	120,184	281	-	-	454,444
Financial assets purchased under resale agreements	-	53,455	2,573	300	-	-	-	-	56,328
Loans and advances to customers	-	581,231	610,661	1,529,175	1,997,216	1,561,208	107,370	-	6,386,861
Financial investments:									
Financial assets held for trading	574,207	6,821	50,892	69,881	78,064	16,687	2,372	29,133	828,057
Debt investments	-	10,077	34,438	167,141	582,378	665,800	25,265	-	1,485,099
Other debt investments	-	10,250	33,458	105,546	486,813	395,103	2,875	-	1,034,045
Investments in other equity instruments	-	-	-	-	-	-	-	11,464	11,464
Other financial assets	55,527	-	-	-	-	-	8,760	49,234	113,521
Total financial assets	847,969	729,120	851,407	2,062,064	3,265,029	2,639,079	146,642	382,188	10,923,498
Liabilities									
Borrowing from central bank	-	1,127	22,479	116,957	-	-	-	-	140,563
Deposits from banks and other financial institutions	681,859	185,765	162,825	389,178	-	-	-	-	1,419,627
Placements from banks and other financial institutions	-	78,897	100,200	51,131	12,507	2,723	-	-	245,458
Financial liabilities held for trading	6,369	2,740	6,521	50,129	-	-	-	1,104	66,863
Financial assets sold under repurchase agreements	-	237,601	36,862	30,672	-	4,638	-	-	309,773
Deposits from customers	2,112,798	486,332	543,933	1,087,538	1,567,863	-	-	-	5,798,464
Debt securities issued	-	174,156	246,942	463,216	164,140	132,823	-	-	1,181,277
Lease liabilities	-	237	370	1,703	3,025	17	-	-	5,352
Other financial liabilities	42,529	351	803	1,529	826	673	-	-	46,711
Total financial liabilities	2,843,555	1,167,206	1,120,935	2,192,053	1,748,361	140,874	-	1,104	9,214,088
Net liquidity	(1,995,586)	(438,086)	(269,528)	(129,989)	1,516,668	2,498,205	146,642	381,084	1,709,410
Cash flows of derivative financial instruments									
Derivative financial instruments on a net settlement basis	-	6,607	(1,062)	3,796	(1,055)	9	-	-	8,295
Derivative financial instruments on a gross settlement basis	-	(786)	397	(443)	142	-	-	-	(690)
Including: Cash inflow	-	483,745	411,729	556,533	53,024	-	-	-	1,505,031
Cash outflow	-	484,531	411,332	556,976	52,882	-	-	-	1,505,721
Credit commitments	627,393	225,807	357,970	717,212	76,148	124,808	-	-	2,129,338

31 December 2024								
	Repayable on demand	Within a month	1 to 3 months	3 to 12 months	1 to 5 years	Overdue	No maturity	Total
Assets								
Cash and deposits with central bank	112,755	-	-	-	-	-	298,784	411,539
Deposits with banks and other financial institutions	66,153	10,259	27,103	37,006	24,961	-	-	165,482
Placements with banks and other financial institutions	-	85,074	100,524	218,723	10,095	-	-	414,416
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	110,896	-	5,997,235
Financial investments:								
Financial assets held for trading	564,849	1,930	12,136	30,272	35,520	2,715	26,524	698,956
Debt investments	-	25,609	42,381	182,394	571,848	28,683	-	1,592,743
Other debt investments	-	7,145	32,412	117,902	426,311	4,498	-	856,387
Investments in other equity instruments	-	-	-	-	-	-	9,029	9,029
Other financial assets	55,136	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	155,316	377,290	10,316,450
Liabilities								
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	119,609
Deposits from banks and other financial institutions	747,401	40,797	30,132	56,104	-	-	-	874,434
Placements from banks and other financial institutions	805	120,130	95,214	52,369	10,613	-	-	287,064
Financial liabilities held for trading	5,185	2,543	24,826	-	-	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	-	-	1,578,765
Lease liabilities	-	256	411	1,863	3,705	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	155,316	377,290	1,477,844
Cash flows of derivative financial instruments								
Derivative financial instruments on a net settlement basis	-	(1,960)	411	4,537	(3,334)	-	-	(356)
Derivative financial instruments on a gross settlement basis	-	(4,082)	(327)	2,743	746	-	-	(920)
Including: Cash inflow	-	329,042	267,708	939,199	72,042	-	-	1,607,991
Cash outflow	-	333,124	268,035	936,456	71,296	-	-	1,608,911
Credit commitments	609,984	187,655	305,753	620,412	86,599	-	-	1,985,466

4 Fair value of financial instruments

(1) Fair value hierarchy

According to the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most Over-the-Counter ("OTC") derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2) Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), debt investments, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers and debt securities issued.

The book value and corresponding fair value of financial investment not measured at fair value (debt investments) and debt securities issued as at 31 December 2025 and 31 December 2024 are listed in the following table.

31 December 2025					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Debt investments	1,250,256	1,749	1,159,701	114,440	1,275,890
Financial liabilities:					
Debt securities issued	1,140,416	38,987	1,100,601	-	1,139,588

31 December 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Debt investments	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities:					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

(i) Debt investments

The fair value of debt investments is based on market quotes, and therefore belongs to the first level. If the relevant market information of debt investments cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of debt investments is determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii) Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not at fair value in the statement of financial position are determined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3) Assets and liabilities measured at fair value a recurring basis

	31 December 2025			Total
	Level 1	Level 2	Level 3	
Financial investments:				
Financial assets held for trading				
- Fund investments	495,437	1	3,122	498,560
- Bond investments	-	152,716	814	153,530
- Beneficiary certificates of securities companies	-	49,749	-	49,749
- Equity investment	2,355	-	14,358	16,713
- ABS	-	4,761	-	4,761
- Interbank certificates of deposit	-	912	-	912
- Other investments in structured entities	57,263	9,339	30,121	96,723
Other debt investments				
- Bond investments	10,130	798,296	-	808,426
- ABS	221	46,473	-	46,694
- Interbank certificates of deposit	688	15,383	-	16,071
Investments in other equity instruments				
- Other investments	463	-	9,584	10,047
- Repossessed equity instruments	1	-	1,416	1,417
Loans and advances to customers:				
FVOCI				
- Discounted bills	-	185,761	-	185,761
- Corporate loans and advances	-	9,302	-	9,302
FVTPL				
- Corporate loans and advances	-	3,633	1,601	5,234
- Discounted bills	-	1,293	-	1,293
Derivative financial assets	-	93,440	-	93,440
Total financial assets	566,558	1,371,059	61,016	1,998,633
Derivative financial liabilities	-	81,292	-	81,292
Financial liabilities held for trading				
- Financial liabilities associated with bonds	-	56,965	-	56,965
- Financial liabilities related to precious metals	-	6,369	-	6,369
- Interest of other unit holders in consolidated structured entities	-	2,425	1,104	3,529
Deposits from customers	-	3,777	-	3,777
Total financial liabilities	-	150,828	1,104	151,932

	31 December 2024			Total
	Level 1	Level 2	Level 3	
Financial investments:				
Financial assets held for trading				
- Fund investments	482,620	712	2,149	485,481
- Bond investments	3,411	63,974	1,156	68,541
- Equity investment	1,748	-	15,520	17,268
- Beneficiary certificates of securities companies	-	11,913	-	11,913
- Interbank certificates of deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investments in structured entities	79,841	10,826	6,348	97,015
Other debt investments				
- Bond investments	71,814	652,053	-	723,867
- Interbank certificates of deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Trust and asset management plans	-	-	16	16
Investments in other equity instruments				
- Other investments	251	-	7,372	7,623
- Repossessed equity instruments	1	-	1,405	1,406
Loans and advances to customers:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	553	2,130	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,220,511	36,102	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities held for trading				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between Level 1 and Level 2 this year.

(i) Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in Level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in Level 3.

The financial instruments classified by the Group as Level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using discounted cash flow method and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii) Level 3 financial instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial assets held for trading	Other debt investments	Investments in other equity instruments	Loans and advances to customers	Financial liabilities held for trading	Total
1 January 2025	25,179	16	8,777	2,130	(618)	35,484
Additions	27,795	-	1,851	1,447	(486)	30,607
Disposals or settlements	(4,222)	(16)	(4)	(2,061)	-	(6,303)
Total gains / (losses) recorded in profit or loss	(337)	-	-	85	-	(252)
Total gains recorded in other comprehensive income	-	-	376	-	-	376
31 December 2025	48,415	-	11,000	1,601	(1,104)	59,912
Unrealized losses recognized in profit or loss for the year ended 31 December 2025 for the positions held at 31 December 2025	58	-	-	13	-	71

	Financial assets held for trading	Other debt investments	Investments in other equity instruments	Loans and advances to customers	Financial liabilities held for trading	Total
1 January 2024	31,348	20	6,729	1,849	(558)	39,388
Additions	1,505	-	251	1,976	-	3,732
Disposals or settlements	(7,762)	(4)	-	(1,789)	59	(9,496)
Total gains / (losses) recorded in profit or loss	88	-	-	94	(119)	63
Total gains recorded in other comprehensive income	-	-	1,797	-	-	1,797
31 December 2024	25,179	16	8,777	2,130	(618)	35,484
Unrealized losses recognized in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	-	21	(32)	(1,035)

The relevant information of Level 3 of fair value measurement using important unobservable inputs is as follows:

	31 December 2025		
	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial assets held for trading			
- Fund investments	3,122	Market approach	Liquidity discount
- Bonds investments	814	Income approach	Discount rate
- Equity investments	12,529	Net Asset Based Method	Liquidity discount
	1,829	Market approach	Liquidity discount
- Other investments in structured entities	23,588	Net Asset Based Method	Liquidity discount
	5,321	Market approach	Liquidity discount
	1,212	Income approach	Discount rate
Total	48,415		
Investments in other equity instruments			
- Other investments	7,150	Net Asset Based Method	Liquidity discount
	2,302	Market approach	Liquidity discount
	132	Income approach	Discount rate
- Repossessed equity instruments	962	Market approach	Liquidity discount
	454	Net Asset Based Method	Liquidity discount
Total	11,000		
Loans and advances to customers			
- Corporate loans and advances	1,601	Income approach	Credit spread
Financial liabilities held for trading			
- Interest of other unit holders in consolidated structured entities	1,104	Note1	Note1

	31 December 2024		
	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial assets held for trading			
- Fund investments	2,149	Market approach	Liquidity discount
- Bonds investments	1,156	Income approach	Discount rate
- Equity investments	13,716	Net Asset Based Method	Liquidity discount
	1,804	Market approach	Liquidity discount
- ABS	6	Income approach	Discount rate
- Other investments in structured entities	5,209	Market approach	Liquidity discount
	1,139	Income approach	Discount rate
Total	25,179		
Other debt investments			
- Trust and asset management plan	16	Income approach	Discount rate
Investments in other equity instruments			
- Other investments	5,378	Net Asset Based Method	Liquidity discount
	1,874	Market approach	Liquidity discount
	120	Income approach	Discount rate
- Repossessed equity instruments	953	Market approach	Liquidity discount
	448	Net Asset Based Method	Liquidity discount
	4	Income approach	Discount rate
Total	8,777		
Loans and advances to customers			
- Corporate loans and advances	2,130	Income approach	Credit spread
Financial liabilities held for trading			
- Interest of other unit holders in consolidated structured entities	618	Note1	Note1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investor of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the requirements of the Accounting Standards for Business Enterprises, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2025, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

- (1) Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimize capital stock and structure.
- (2) Ensure adequate capital for resisting corresponding risks, realize the operational safety, and keep capital at an adequate and reasonable level.
- (3) Establish a capital allocation and management system that focuses on economic capital, optimize the resource allocation and management control mechanism at the group level, achieve capital intensive management to ultimately maximize shareholders' value.

The Group manages its capital structure and adjusts it based on the changes in economic condition and the risk characteristics. Generally,

the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2025, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the "Rules on Capital Management of Commercial Banks" which required the capital adequacy ratio of CET1 shall not be less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated "Measures for the Assessment of Systemically Important Banks" and the "Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation)". According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by CET1. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the "List of Domestic Systemically Important Banks" most recently issued by the PBOC and the NFRA, the Bank was identified as systemically important banks in Group II. Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of CET1 adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at 31 December 2025, the Group's CET1 ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the "Rules on Capital Management of Commercial Banks" and other relevant regulations.

XIII ASSET PLEDGED AS COLLATERAL

Certain financial assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2025	31 December 2024
Financial investments	672,653	712,451
Bills	7,930	154,078
Deposits with banks and other financial institutions	8,117	9,056
Loans	658	1,045
Total	689,358	876,630

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant at the end of 2025 (at the end of 2024: not significant).

XIV POST BALANCE SHEET DATE EVENTS

1 Profit distribution plan

The Bank convened the meeting of the Board of Directors on 27 March 2026, approved the profit distribution plan for 2025 and submitted it to the Annual General Meeting for consideration and approval.

XV COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.

Shanghai Pudong Development Bank Co., Ltd.

Supplementary information for the financial statements

for the year ended 31 December 2025

I Earnings per share

In accordance with "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) (Hereafter referred to as the "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities No.9") issued by the CSRC and relevant accounting standards, the Group's earnings per share are calculated as follows:

	2025	2024
Earnings per share before deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	46,280	39,904
- Basic earnings per share attributable to shareholders of the Bank (in RMB)	1.52	1.36
- Diluted earnings per share attributable to shareholders of the Bank (in RMB)	1.42	1.25
Earnings per share after deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	46,407	38,854
- Basic earnings per share attributable to shareholders of the Bank (in RMB)	1.53	1.32
- Diluted earnings per share attributable to shareholders of the Bank (in RMB)	1.43	1.22

II Return on net assets

In accordance with the "Rules for the Information Disclosure and Reporting No.9" issued by the CSRC and relevant accounting standards, the Group's return on net assets are calculated as follows:

	2025	2024
Before deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	46,280	39,904
- Weighted average of return on net assets	6.76%	6.28%
After deducting extraordinary gains and losses		
- Net profit attributable to shareholders of the Bank	46,407	38,854
- Weighted average of return on net assets	6.78%	6.12%

III Extraordinary gains and losses

Extraordinary gains and losses listed below are presented in accordance with "Interpretive Pronouncement on the Preparation of Information Disclosure of Companies Issuing Public Shares No.1 – Extraordinary Gains and Losses (Revised in 2023)":

	2025	2024
Government grants	102	180
Profits arising from the disposal of non-current assets	28	20
Other non - operating income / (expenses)	(234)	923
The impact of income tax on extraordinary gain and loss	(23)	(42)
Total	(127)	1,081
Including:		
Net amount of extraordinary gains and losses affecting the net profit of the Bank's shareholders	(127)	1,050
Net amount of extraordinary gains and losses affecting the net profit of the Group's minority shareholders	-	31

The offsetting portion of the provision for impairment of assets generated by the normal operation of the Group, as well as other income closely related to the normal operation and having a sustained impact on the Group's profit and loss, and the income from custodial fees obtained from entrusted operations, have not been disclosed as non-recurring gains and losses.

IV Explanations on differences between the PRC accounting standards and the International Financial Reporting Standards (IFRS)

There is no difference between the Group's net profit for 2025 as presented in the financial statements prepared in accordance with the PRC accounting standards and the financial statements prepared in accordance with IFRS (2024: no difference), and there is no difference in shareholders' equity as at 31 December 2025 (31 December 2024: no difference).

V Leverage ratio

For more detailed information about leverage ratios, please refer to the column on investor relations at the Bank's website: www.spdb.com.cn.

VI Regulatory capital

For more information about regulatory capital, please refer to the "Report under the third pillar of 2025" on investor relations at the Bank's website: www.spdb.com.cn.

Shanghai Pudong Development Bank Co., Ltd.

Financial Statements for the year ended 31 December 2025

English Translation of the Financial Statements

IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

Independent Auditor's Report

KPMG Huazhen Tongzi NO. 2600178

To the Shareholders of Shanghai Pudong Development Bank Co., Ltd.
(*incorporated in the People's Republic of China with limited liability*)

Opinion

We have audited the financial statements of Shanghai Pudong Development Bank Co., Ltd. ("the Bank") and its subsidiaries ("the Group") set out on pages 261 to 359, which comprise the consolidated and the Bank's statement of financial position as at 31 December 2025, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Bank's financial position as at 31 December 2025, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

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

Key audit matters

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

Measurement of expected credit losses ("ECL") for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments involves subjective judgment by management. The Group established internal controls for the ECL measurement.	Our audit procedures to assess ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments included the following: - Understanding and evaluating the design and operating effectiveness of the key internal controls over financial reporting related to ECL measurement for loans and advances to customers, financial investment at amortized cost, financial guarantee contracts and loan commitments: - Understanding and evaluating the design and operating effectiveness of the key internal controls of the financial reporting process, including credit approval, recording, monitoring, periodic re-evaluation of credit grading, and the accrual of loss allowance; in particular, we assessed the design and operating effectiveness of the key internal controls over financial reporting related to the classification of loans by credit quality across all stages, financial investment at amortized cost, credit quality of financial guarantee contracts and loan commitments; - Utilising the work of our information technology experts and financial risk management experts to understand and evaluate the design and operating effectiveness of information system controls, including: general information technology control, completeness of key internal historical data, inter-system data transmission, mapping of parameters of ECL model, and system calculation logic of loss allowance for ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments, based on the works of our Information Technology Risk Management ("IRM") Specialists and Financial Risk Management ("FRM") Specialists;
The Group assesses whether the credit risks of loans and advances to customers, financial investments at amortized cost and financial guarantee contracts and loan commitments have increased significantly since their initial recognition, and applies a three-stage impairment model to measure their ECL. For loans and advances to customers, financial investments at amortized cost and financial guarantee contracts and loan commitments, management assesses loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default, loss given default, exposure at default and discount rates.	- Based on the work of FRM Specialists, evaluating the reliability of ECL models and parameters used by management, including prudently evaluating probability of default, loss given default, exposure at default, discount rates, forward-looking information adjustment and other adjustment factors, and evaluating the reasonableness of key management judgments involved; - Evaluating the completeness and accuracy of key data used by the ECL models. For key internal data related to the original business files, we compared the respective amount of loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments used by the management to evaluate the loss allowances with the general ledger amounts, in order to assess the completeness of lists. Select samples and compare the information of the loans and advances to customers and financial investment at amortized cost, financial guarantee contracts and loan commitments with relevant agreements and other relevant documents to assess the accuracy of the lists. For key external data, we compared it with public information to check its accuracy; - Evaluating key parameters involving subjective judgments by seeking evidence from external sources and comparing it with internal records including historical loss scenarios and security types. As part of these procedures, we inquired management about the reasons for modifications of key estimates and parameters input, and assessed the consistency of judgment used by management;

Measurement of ECL for loans and advances to customers, financial investments at amortized cost, financial guarantee contracts and loan commitments (continued)

Refer to Notes II.4(8)(vi), III.13, III.14(b), III.27, VIII.1(1), VIII.1(3), VIII.1(4) and VIII.1(5) to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The ECL model involves significant management judgments and assumptions, primarily including the following: (1) Division of business operations sharing similar credit risk characteristics into the same group, selection of appropriate models and determination of relevant key parameters; (2) Criteria for determining a significant increase in credit risk, default and credit impairments; (3) Application of economic indicators, economic scenarios and their respective weightings for forward-looking information.	• Comparing the predictive economic indicators used by the management to measure the ECL in the previous year with the actual situation of the current year to consider whether there are indicators of management bias; • For key internal data which was generated by the system calculation, we selected samples and compared the input data used in the system with the original business files to evaluate the accuracy of the data input. In addition, based on the work of IRM Specialists, we selected samples and tested the logic of preparing overdue information of loans and advances to customers; • Selecting samples to assess the reasonableness of management judgment on whether the credit risk has increased significantly since initial recognition and whether credit impairment has occurred. We analyzed the loan portfolio and financial investments at amortized cost by industry sector to select samples in industries sensitive to the current business cycle and regulatory policies. We also focused on loans and financial investments at amortized cost with perceived higher risk and selected samples from borrowers with significant risk factors. On the basis of sample selection, we reviewed the business documents, checked the overdue information, inquired customer managers about the operation conditions of borrowers, checked the financial information of the borrower and searched for market information about the borrower's business and operation;
Measurement of ECL for loans and advances to customers, financial investment at amortized cost, financial guarantee contracts and loan commitments is subject to inherent uncertainty and involves management judgments, and has an important influence on operational conditions and capital positions of the Group. In view of these reasons, we identified the ECL measurement of loans and advances to customers, financial investments measured at amortized cost, financial guarantee contracts and loan commitments as a key audit matter.	• Performing credit reviews for the selected credit impaired loans and advances to customers and financial investment at amortized cost by evaluating loss ratio calculation model based on grouping, or assessing the forecast of recoverable cash flows through inquiry, applying professional judgment and performing independent research, including the timing and realisation method of collaterals and other sources of repayment asserted by the management. We also assessed the consistency of the application of key assumptions made by the management and compared the assumptions with our data sources; • Selecting samples and reviewing the calculation of ECL to assess the application of ECL model by the Group; • According to the relevant accounting standards, evaluate the reasonableness of the information disclosure of financial statements in terms of loans and advances to customers, financial investments measured at amortized cost, financial guarantee contracts and loan commitments.

Consolidation of structured entities

Refer to Notes II.4(1) and III.37 to the financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor to, a structured entity, through issuing a wealth management product, an asset-backed security, a trust plan, an asset management plan or a securities investment fund. In determining whether the Group should retain any partial interests in a structured entity or should consolidate a structured entity, management is required to consider the risks and rewards retained, the power the Group is able to exercise over the activities of the entity and its ability to influence the Group's own returns from the entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions. We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgment exercised by management in the qualitative assessment of the terms and nature of each entity.	Our audit procedures to assess the recognition of interests in and consolidation of structured entities included the following: • Making enquiries of management and inspecting documents relating to the judgment process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; • Selecting significant structured entities of each key product type and performing the following procedures for each structured entity selected: - Inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgment over whether the Group has the ability to exercise power over the structured entity; - Inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management's judgment as to the exposure, or rights, to variable returns from the Group's involvement in such an entity; - Evaluating management's analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group's economic interests in the structured entity, to assess management's judgment over the Group's ability to influence its own returns from the structured entity; - Assessing management's judgment over whether the structured entity should be consolidated or not; • Evaluating the disclosures relating to structured entities in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Valuation of Level 3 financial assets measured at fair value on a recurring basis

Refer to Note II.4.(8), Note II.4.(22), Note II.4.(31) of the accounting policy to the financial statements, and Note VIII.4.

The Key Audit Matter**How the matter was addressed in our audit**

The Group classified certain financial instruments without active market quotations – including unlisted equities, unlisted investment funds, certain fund trusts and asset management plans, and asset-backed securities – as Level 3 financial assets measured at fair value on a recurring basis. This classification was made because the Group used significant unobservable inputs that materially affected the valuation of these financial instruments.

The Group applied various valuation techniques to assess the fair value of Level 3 financial assets, primarily using income approach, market approach, and net asset value approach. These approaches involve unobservable inputs including cash flows of underlying assets, liquidity discounts, discount rates, and price-to-book ratios.

Due to the material amount of the Level 3 financial assets measured at fair value on a recurring basis, the complexity of fair value measurement techniques, and the significant management judgment required when using unobservable inputs as key assumptions, we identified the Level 3 financial assets measured at fair value on a recurring basis as a key audit matter.

Our audit procedures relating to the evaluation of valuation of Level 3 financial assets measured at fair value on a recurring basis included the following:

- Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to the application of valuation models and front-to-back reconciliations for these assets;
- Selecting samples and using the work of our financial risk management experts gained an understanding of management's valuation models (including whether there were any changes during the year) and evaluated the appropriateness of the valuation methods under relevant accounting standards. These procedures specifically included comparing the Group's valuation models with industry-standard valuation methods we were aware of, independently testing significant inputs used in fair value calculations, assessing the appropriateness of valuation parameters applied, and building parallel valuation models to reperform the calculation;
- Evaluating the reasonableness of the financial statement disclosures relating to these Level 3 financial assets measured at fair value on a recurring basis under relevant accounting standards, including disclosures about the fair value hierarchy.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2025 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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, then we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance but it 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 management.
- Conclude on the appropriateness of management'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 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, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 this independent auditor's report is Ying Chenbin.

KPMG Huazhen LLP

Beijing, China

27 March 2026

Consolidated and the Bank's Statement of Profit or Loss

For the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Interest income		265,116	288,125	252,911	277,751
Interest expense		(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	III.1	120,483	114,717	114,138	110,524
Fee and commission income		29,397	29,788	24,971	26,003
Fee and commission expense		(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	III.2	22,725	22,816	18,264	19,039
Net trading gains	III.3	14,370	20,912	17,446	24,403
Net gains arising from financial investments	III.4	10,558	7,451	9,701	7,507
Other net operating income		5,769	5,884	353	310
Operating expenses	III.5	(54,788)	(54,151)	(48,558)	(49,120)
Impairment losses	III.6	(65,901)	(69,480)	(63,280)	(67,795)
Net gains arising from associates and joint ventures		158	217	121	155
Profit before income tax		53,374	48,366	48,185	45,023
Income tax expense	III.7	(2,969)	(2,531)	(1,564)	(1,737)
Net profit		50,405	45,835	46,621	43,286
Net profit attributable to:					
Shareholders of the Bank		50,017	45,257	46,621	43,286
Non-controlling interests		388	578	-	-
Earnings per share attributable to the shareholders of the Bank:					
Basic earnings per share (expressed in RMB)	III.8	1.52	1.36		
Diluted earnings per share (expressed in RMB)	III.8	1.42	1.25		

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	The Group		The Bank	
		2025	2024	2025	2024
Net profit		50,405	45,835	46,621	43,286
Other comprehensive income	III.34				
<i>Items that may be reclassified to profit or loss</i>					
Other comprehensive income recognized under equity method		-	2	-	2
Changes in fair value of debt investments at fair value through other comprehensive income recognized		(8,110)	10,795	(8,234)	10,510
Credit impairment allowance of debt investments at fair value through other comprehensive income		978	(954)	1,021	(897)
Cash flow hedge reserve		(241)	248	-	(17)
Exchange differences from the translations of foreign financial statements		(107)	74	61	(26)
<i>Item that will not be reclassified to profit or loss</i>					
Changes in fair value of equity instruments investments at fair value through other comprehensive income		383	878	359	880
Other comprehensive income, net of tax		(7,097)	11,043	(6,793)	10,452
Total comprehensive income		43,308	56,878	39,828	53,738
Total comprehensive income attributable to:					
Shareholder of the Bank		43,020	56,186	39,828	53,738
Non-controlling interests		288	692	-	-

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Financial position as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Assets					
Cash and deposits with central bank	III.9	422,767	411,539	418,792	405,297
Deposits and placements with banks and other financial institutions	III.10	595,463	533,482	586,669	511,445
Precious metals		82,382	23,062	82,382	23,062
Derivative financial assets	III.11	93,440	89,590	93,364	88,838
Financial assets purchased under resale agreements	III.12	56,119	63,879	56,119	63,879
Loans and advances to customers	III.13	5,572,502	5,269,160	5,461,896	5,146,724
Financial investments:	III.14				
-Financial investments at fair value through profit or loss		820,948	691,019	892,271	767,780
-Financial investments at amortized cost		1,250,256	1,326,638	1,020,042	1,120,026
-Financial investments at fair value through other comprehensive income		890,665	791,467	873,457	775,907
Investments in associates and joint ventures	III.15	8,274	1,807	7,771	1,464
Investments in subsidiaries		-	-	33,139	33,404
Fixed assets	III.16	67,749	56,235	17,558	17,246
Construction in progress		1,968	1,272	1,955	1,233
Right-of-use assets	III.17	5,535	6,350	5,194	5,858
Intangible assets	III.18	9,217	9,584	6,737	7,117
Goodwill	III.19	5,351	5,351	-	-
Deferred income tax assets	III.20	85,166	75,261	81,919	72,695
Other assets	III.21	113,944	106,184	107,342	98,832
Total assets		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Financial position (continued)

as at 31 December 2025

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Liabilities					
Borrowing from central bank		139,039	118,442	138,934	117,770
Deposits and placements from banks and other financial institutions	III.22	1,773,689	1,221,605	1,633,236	1,106,359
Financial liabilities at fair value through profit or loss	III.23	66,863	33,172	63,334	29,972
Derivative financial liabilities	III.11	81,292	78,575	80,836	78,434
Financial assets sold under repurchase agreements	III.24	305,914	505,962	206,559	406,346
Deposits from customers	III.25	5,653,358	5,229,282	5,610,763	5,175,643
Income tax payable		17,775	17,060	17,053	16,484
Debt securities issued	III.26	1,140,416	1,419,972	1,139,102	1,417,346
Deferred income tax liabilities	III.20	629	630	-	-
Lease liabilities	III.17	5,152	6,013	4,797	5,507
Provisions	III.27	8,100	7,810	8,097	7,805
Other liabilities	III.28	65,089	78,576	55,043	67,771
Total liabilities		9,257,316	8,717,099	8,957,754	8,429,437
Equity					
Share capital	III.29	33,306	29,352	33,306	29,352
Other equity instruments	III.30	79,919	82,701	79,919	82,701
Capital reserves	III.31	134,461	81,921	134,276	81,719
Surplus reserves	III.32	196,551	192,222	196,551	192,222
General risk reserve	III.33	115,675	106,696	111,024	102,500
Other reserves	III.34	6,039	13,036	5,551	12,345
Retained earnings	III.35	250,963	230,401	228,226	210,531
Equity attributable to the shareholders of the Bank		816,914	736,329	788,853	711,370
Non-controlling interests		7,516	8,452	-	-
Total equity		824,430	744,781	788,853	711,370
Total liabilities and equity		10,081,746	9,461,880	9,746,607	9,140,807

The notes on pages 271 to 359 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors of the Bank on 27 March 2026:

Chairman of the board
of the directors:
Weizhong Zhang

President
(in-charge of financial work):
Wei Xie

Head of the finance and
accounting department:
Hui Zhang

Consolidated and the Bank's statement of Changes in Equity For the year ended 31 December 2025

	Equity attributable to the shareholders of the Bank							Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings		
Balance at 1 January 2025	29,352	82,701	81,971	192,222	106,696	13,036	230,401	8,452	744,781
Net profit	-	-	-	-	-	-	50,017	388	50,405
Other comprehensive income	-	-	-	-	-	(6,997)	-	(100)	(7,097)
Total comprehensive income	-	-	-	-	-	(6,997)	50,017	288	43,308
Appropriation to surplus reserves and general risk reserve	-	-	-	4,329	8,979	-	(13,308)	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(12,410)	-	(12,410)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,362)	-	(1,362)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(2,375)	-	(2,375)
Dividends of subsidiaries	-	-	-	-	-	-	-	(231)	(231)
Convertible bonds converted into equity	3,954	(2,782)	52,606	-	-	-	-	-	53,778
Purchase of equities of subsidiaries and subsidiaries restructured to branches	-	-	(64)	-	-	-	-	(993)	(1,057)
Others	-	-	(2)	-	-	-	-	-	(2)
Balance at 31 December 2025	33,306	79,919	134,461	196,551	115,675	6,039	250,963	7,516	824,430

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2024

	Equity attributable to the shareholders of the Bank							Non-controlling interests	Total
	Ordinary Shares	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings		
Balance at 1 January 2024	29,352	112,691	81,762	188,929	101,575	2,107	208,333	8,135	732,884
Net profit	-	-	-	-	-	-	45,257	578	45,835
Other comprehensive income	-	-	-	-	-	10,929	-	114	11,043
Total comprehensive income	-	-	-	-	-	10,929	45,257	692	56,878
Appropriation to surplus reserves and general risk reserve	-	-	-	3,293	5,121	-	(8,414)	-	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	-	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	-	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	-	(3,794)
Capital increase to subsidiary	-	-	169	-	-	-	-	(169)	-
Dividends of subsidiaries	-	-	-	-	-	-	-	(206)	(206)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	-	(30,000)
Balance at 31 December 2024	29,352	82,701	81,921	192,222	106,696	13,036	230,401	8,452	744,781

The notes on pages 271 to 359 are an integral part of these financial statements.

The Bank's statement of Changes in Equity For the year ended 31 December 2025

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2025	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370
Net profit	-	-	-	-	-	-	46,621	46,621
Other comprehensive income	-	-	-	-	-	(6,793)	-	(6,793)
Total comprehensive income	-	-	-	-	-	(6,793)	46,621	39,828
Appropriation to surplus reserves and general risk reserve	-	-	-	4,329	8,300	-	(12,629)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(12,410)	(12,410)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,362)	(1,362)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(2,375)	(2,375)
Convertible bonds converted into equity	3,954	(2,782)	52,606	-	-	-	-	53,778
Other reserves transferred to retained earnings	-	-	-	-	-	(1)	1	-
Subsidiaries restructured to branches	-	-	(47)	-	224	-	(151)	26
Others	-	-	(2)	-	-	-	-	(2)
Balance at 31 December 2025	33,306	79,919	134,276	196,551	111,024	5,551	228,226	788,853

The notes on pages 271 to 359 are an integral part of these financial statements.

The Bank's statement of Changes in Equity (continued)
For the year ended 31 December 2024

	Share capital	Other equity instruments	Capital reserves	Surplus reserves	General risk reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2024	29,352	112,691	81,712	188,929	98,000	1,893	189,813	702,390
Net profit	-	-	-	-	-	-	43,286	43,286
Other comprehensive income	-	-	-	-	-	10,452	-	10,452
Total comprehensive income	-	-	-	-	-	10,452	43,286	53,738
Appropriation to surplus reserves and general risk reserve	-	-	-	3,293	4,500	-	(7,793)	-
Cash dividends paid to ordinary shareholders	-	-	-	-	-	-	(9,422)	(9,422)
Cash dividends paid to preference shareholders	-	-	-	-	-	-	(1,559)	(1,559)
Interests payment of open-term capital bonds	-	-	-	-	-	-	(3,794)	(3,794)
Redemption of open-term capital bonds	-	(29,990)	(10)	-	-	-	-	(30,000)
Others	-	-	17	-	-	-	-	17
Balance at 31 December 2024	29,352	82,701	81,719	192,222	102,500	12,345	210,531	711,370

The notes on pages 271 to 359 are an integral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements

For the year ended 31 December 2025

	The Group		The Bank	
	2025	2024	2025	2024
Cash flows from operating activities				
Profit before income tax	53,374	48,366	48,185	45,023
Adjustment for:				
Depreciation and amortization	8,655	8,287	6,315	6,453
Interest expense on lease liability	177	210	166	198
Assets impairment losses	65,901	69,480	63,280	67,795
Interest expense from financing activities	27,858	32,959	27,780	32,759
Interest income from financial investments	(57,139)	(60,491)	(51,764)	(56,846)
Net profit or loss on disposal of fixed assets, intangible assets and other long-term assets	(81)	(20)	(29)	30
Net investment profit from associates and joint ventures	(158)	(217)	(121)	(155)
Unrealized net profit or loss on derivative financial instruments	(3,705)	(6,927)	(3,816)	(6,802)
Net profit or loss arising from financial investments	(10,558)	(7,451)	(9,701)	(7,507)
Net trading profit or loss	(7,363)	(15,143)	(10,240)	(18,538)
Foreign exchange gain or loss arising from investing and financing activities	-	(22)	(9)	(22)
Changes in operating assets:				
Statutory reserves with central bank	5,568	27,605	5,023	27,843
Deposits and placements with banks and other financial institutions	(16,101)	18,106	(39,663)	22,466
Financial assets held for trading	(82,200)	30,198	(94,075)	22,727
Financial assets purchased under resale agreements	521	316	521	316
Loans and advances to customers	(362,158)	(411,592)	(371,602)	(405,430)
Other operating assets	(40,148)	(33,160)	(43,089)	(30,489)
Changes in operating liabilities:				
Borrowing from central bank	21,255	(116,098)	21,822	(116,118)
Deposits and placements from banks and other financial institutions	533,993	(96,062)	508,926	(100,341)
Financial assets sold under repurchase agreements	(200,308)	(13,761)	(200,047)	(42,624)
Deposits from customers	436,476	161,329	447,087	140,890
Other operating liabilities	11,786	45,403	12,151	44,767
Cash generated from operating activities before income tax payment	385,645	(318,685)	317,100	(373,605)
Income tax paid	(9,809)	(14,969)	(7,934)	(13,575)
Net cash generated from / (used in) operating activities	375,836	(333,654)	309,166	(387,180)

The notes on pages 271 to 359 form an integral part of these financial statements.

Consolidated and the Bank's Cash Flow Statements (continued)

For the year ended 31 December 2024

	The Group		The Bank	
	2025	2024	2025	2024
Cash flows from investing activities				
Cash received from redemption of investment	2,475,659	2,001,177	2,469,920	1,900,627
Investment income received	69,919	87,157	65,487	83,110
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,156	1,717	106	32
Cash received from equity transactions of subsidiaries	-	5,145	443	-
Purchase of fixed assets, intangible assets and other long-term assets	(20,899)	(20,128)	(4,607)	(3,241)
Cash payment of investment	(2,564,955)	(2,158,620)	(2,515,253)	(2,023,483)
Net cash (used in) / generated from investing activities	(39,120)	(83,552)	16,096	(42,955)
Cash flows from financing activities				
Proceeds from issuance of bonds and interbank certificates of deposit	1,432,029	1,607,199	1,430,727	1,607,199
Cash payment of debt repayment	(1,656,636)	(1,219,376)	(1,654,083)	(1,214,349)
Cash paid for dividends, profit and interest of bond issued	(45,376)	(57,414)	(45,040)	(57,066)
Payment for other financing activities	(4,111)	(2,930)	(2,929)	(2,919)
Net cash (used in) / generated from financing activities	(274,094)	327,479	(271,325)	332,865
Effect of exchange rate changes on cash and cash equivalents	(2,795)	1,224	(2,573)	1,164
Net increase / (decrease) in cash and cash equivalents	59,827	(88,503)	51,364	(96,106)
Cash and cash equivalents at the beginning of the year	273,624	362,127	258,837	354,943
Cash and cash equivalents at the end of the year	333,451	273,624	310,201	258,837
Cash flows from operating activities include:				
Interest received	221,907	238,033	213,213	232,223
Interest paid	(133,569)	(132,990)	(124,207)	(127,248)
Composition of cash and cash equivalents:	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash	4,933	5,724	4,854	5,606
Surplus reserves with central bank	125,323	107,378	123,502	103,873
Deposits and placements with banks and other financial institutions with original maturities no more than three months	147,913	98,015	126,563	86,851
Financial assets purchased under resale agreements with original maturities no more than three months	55,282	62,507	55,282	62,507
Total	333,451	273,624	310,201	258,837

The notes on pages 271 to 359 form an integral part of these financial statements.

Notes to the financial statements

I General Information

Shanghai Pudong Development Bank Co., Ltd. (the "Bank") is a joint-stock commercial bank incorporated in Shanghai, the People's Republic of China ("the PRC") on 28 August 1992 in accordance with the approval from the People's Bank of China ("the PBOC" or "Central Bank") (Yin Fu [1992] No.350). The Address of the head office is 12 First East Zhongshan Road, Shanghai. The Bank obtained its business licence from Shanghai Municipal Administration of Industry and Commerce on 19 October 1992 and commenced its business on 9 January 1993. On 10 November 1999, the Bank's share capital denominated in RMB was listed and traded on the Shanghai Stock Exchange.

The unified social credit code of the Bank is 9131000013221158XC, and the financial service certificate No. of the Bank is B0015H131000001.

The Bank and its subsidiaries (collectively referred to as "the Group") are mainly engaged in financial businesses. The scope of business mainly includes commercial banking services, financial leasing businesses, trust services, wealth management business approved by the PBOC and the National Financial Regulatory Administration (the "NFRA"), investment banking and fund management business defined by relevant licenses issued by Securities & Futures Commission of Hong Kong. The Bank's principal regulator is the NFRA. The Bank's overseas branches and subsidiaries are subject to the supervision by local regulators.

The major subsidiaries are consolidated in the Bank's financial statements are disclosure in Note III.38(1).

II Basis of preparation and accounting policies

1 Basis of preparation

The accounting year of the Group is from 1 January to 31 December.

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), on the basis of going concern. The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL"), financial assets measured at fair value through other comprehensive income ("FVOCI") and precious metals and commodities held for trading purposes.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Judgments made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note II.4(31).

2 Changes in significant accounting policies

The Group has adopted the following amendments to the IFRS issued by the IASB in the current year.

- *Lack of Exchangeability - Amendments to IAS 21*

The above amended IFRS Accounting Standards that are effective in 2025 has been initially adopted in the financial report. The initial adoption of the above amendments did not have any material impact on the financial position and financial performance of the Group.

3 Impact of issued but not yet effective International Financial Reporting Standards

The Group has not adopted the following issued but not yet effective standards and amendments in the financial statements.

- *Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7⁽¹⁾*
- *Contracts Referencing Nature-dependent Electricity - - Amendments to IFRS 9 and IFRS 7⁽¹⁾*
- *Annual Improvements to IFRS Accounting Standards - Volume 11⁽¹⁾*
- *Presentation and Disclosure in Financial Statements - IFRS 18⁽²⁾*
- *Subsidiaries without Public Accountability: Disclosures - IFRS 19⁽²⁾*
- *Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21⁽²⁾*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28⁽³⁾*

(1) Effective for accounting periods beginning on or after 1 January 2026.

(2) Effective for accounting periods beginning on or after 1 January 2027.

(3) Effective date indefinitely deferred.

The adoption of the above amendments will not have a material impact on the Group's consolidated financial statements.

4 Summary of significant accounting policies

The Group determines the materiality of the financial statement disclosures, both in terms of nature and amount. In determining the materiality of the nature, the Group considers whether the matter is part of the Group's daily activities and whether it significantly affects the Group's financial position, financial performance, cash flows and other factors. In determining the materiality of the amount, the Group considers the proportion of the amount to the amount of the relevant items (such as total assets, total liabilities, total owners' equity, operating income, operating costs, net profit, total comprehensive income), or to the amount of a separate item in the financial statements to which it belongs.

(1) Subsidiaries

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity if it is exposed to, 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. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g., those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

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

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 any unrealized profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, its investments in subsidiaries are stated at cost less impairment losses (see Note II. 4(20)).

(2) Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to a parent.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Bank, and net profit attributable to non-controlling interests and shareholders of the Bank is presented separately in the consolidated statement of profit or loss.

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 recognized.

(3) Associates and joint ventures

An associate is an entity in which the Group has significant influence.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

The Group's investments in associates or joint ventures are accounted for under the equity method of accounting. Under the equity method, an investment in an associate or joint venture is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate or joint venture, less any impairment losses. The consolidated statement of profit or loss reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Under the equity method, unrealized profits and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures.

In the Bank's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note II.4(20)).

(4) Functional currency

The functional currency of the Group's domestic institutions is Renminbi and these financial statements are presented in Renminbi. Items included in the financial statements of each of the Group's overseas institutions are measured using the currency of the primary economic environment in which the entity operates. Their financial statements have been translated based on the accounting policy set out in Note II.4(5).

(5) Foreign currency translation

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate on the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate on the reporting date. For monetary items denominated in foreign currency and classified as financial assets measured at fair value and whose changes are included in other comprehensive income, the foreign currency translation difference is decomposed into the translation difference caused by the change of amortized cost and the translation difference caused by the change of other book amounts of these items. The translation difference arising from the change of amortized cost is included in the current profit and loss, and the translation difference arising from the change of other carrying amounts is included in other comprehensive income. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets.

Non-monetary items that are measured at historical cost in a foreign currency are still translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value is determined. The resulting exchange differences are recognized in profit or loss, except for the differences arising from the re-translation of equity investments at fair value through other comprehensive income, which are recognized in other comprehensive income.

As at the end of the reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Bank at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits and the translation differences in other comprehensive income are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the statement of profit or loss are translated at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The exchange differences arising from the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

(6) Criteria for determining cash and cash equivalents

Cash and cash equivalents refer to cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(7) Precious metals

Precious metals comprise gold, silver and other precious metals. Precious metals that are not related to the Group's precious metals trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals acquired by the Group for trading purposes are initially measured at fair value and subsequent changes in fair value are recorded in the statement of profit or loss.

(8) Financial instruments

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

(i) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

At initial recognition, if the fair value of a financial asset or financial liability is determined in another manner, the difference between the fair value and the transaction price shall be deferred.

(ii) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing

financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

-Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses (including any interest or dividend income) are recognized in profit or loss unless the financial assets are part of a hedging relationship.

-Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, reclassified, amortized under the effective interest method or when an impairment gain or loss is recognised.

-Debt investments measured at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

-Equity investments measured at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii) Classification and subsequent measurement of financial liabilities

-Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as a financial liability designated at fair value through profit or loss (including

derivative financial liability).

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss, unless:

- The financial liability is part of a hedging relationship;
- The financial liability is a financial liability designated at fair value through profit or loss, and changes in fair value arising from changes in the Group's credit risks are included in other comprehensive income.

-Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities, financial guarantee contracts and loan commitments arising from transfers of financial assets that do not qualify for the derecognition conditions or continue to be involved in the transferred financial assets.

(iv) Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognized amounts;
- The Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(v) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- The Group's contractual rights to the cash flows from the financial asset expire;
- The financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- The financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

The financial assets have been transferred. If the Group neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and retains the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the corresponding liabilities shall be recognized.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment measured at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi) Impairment

The Group recognizes loss allowances for expected credit loss ("ECL") on:

- Financial assets measured at amortized cost;
- Contract assets;
- Debt instruments measured at FVOCI;
- Loan commitments and financial guarantee contracts that are not measured at FVTPL; and
- Lease receivables.

Financial assets measured at fair value, including debt investments or equity instruments investments measured at FVTPL, equity instruments investments designated as at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses for financial instruments with a risk of default. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the entity discounted at the original effective interest rate in accordance with the contract and the cash flows that the Group expects to receive.

The Group's method of measuring ECL of financial instruments reflects the following elements: (i) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (ii) time value of money; (iii) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of the lifetime ECL that results from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Refer to Note VIII.1(3) for more detailed explanations of measuring ECL.

Presentation of allowance for ECL

ECL is remeasured at the end of each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for financial instruments measured at amortized cost with a corresponding adjustment to their carrying amount through a loss allowance account; for debt investments that are measured at FVOCI, the loss allowance is recognized in other comprehensive income, without deducting the carrying amount of the financial asset. For loan commitments and financial guarantee contracts that are not measured at fair value and whose changes are included in current profits and losses, the Group recognizes loss reserves in estimated liabilities (Refer to Note III.27).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(vii) Modification of financial asset contracts

In some cases (such as restructured loans), the Group may renegotiate or otherwise modify the financial assets contracts. The Group would assess or renegotiate whether or not the new contractual terms are substantially different to the original maturities.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a new financial asset under the revised terms.

If the modified contract terms do not change substantially, but lead to changes in the contract cash flow, the Group shall recalculate the book balance of the financial assets and record the relevant gains or losses into the current profits and losses. The recalculated book balance of the financial asset shall be determined according to the present value of the modified or renegotiated contract cash flow discounted at the original effective interest rate of the financial asset (or the purchased or originated financial asset with credit impairment shall be discounted at the effective interest rate adjusted by credit). For all costs or expenses incurred in modifying or renegotiating the contract, the Group adjusts the book value of the modified financial asset and amortizes it within the remaining period of the modified financial asset. When assessing whether the credit risk of relevant financial instruments has increased significantly, the Group compares the risk of default on the reporting date based on the changed contract terms with the risk of default on the initial recognition based on the original contract terms.

(viii) Equity instrument

The Bank recorded equity instruments it issued at their actual issue prices in shareholders' equity and deducted the related transaction costs from shareholders' equity (capital reserves). Where capital reserves were insufficient to absorb these costs, the Bank offset them against surplus reserves and retained earnings in that order. Transaction consideration and costs paid by the Bank for repurchasing self-issued equity instruments are deducted from shareholders' equity.

(9) Financial guarantee contracts and loan commitments

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the initial or modified terms of a debt instrument.

The financial guarantee contract shall be initially recognized at fair value on the date of providing the guarantee. After initial recognition, the relevant income of the financial guarantee contract shall be amortized and included in the current profit and loss in accordance with the accounting policies described in Note II.4(25). Financial guarantee liabilities are subsequently measured according to the higher of the amount of loss reserves determined according to the impairment principle of financial instruments (Refer to Note II.4(8)) and the balance of its initially recognized amount after deducting the accumulated amortization of the income related to the financial guarantee contract.

Loan commitments

Loan commitment refers to the definite commitment to provide credit according to the pre-defined terms and conditions.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

The Group's expected credit losses of financial guarantee contracts and loan commitments are presented as "provisions".

(10) Derivatives and hedge accounting

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments with positive fair value are recognized as an asset, and those with negative fair value are recognized as a liability.

If the main contract included in the hybrid contract is an asset within the scope of financial instrument standards, the embedded derivative will no longer be separated from the main contract of financial assets, but the relevant provisions on the classification of financial assets will be applied to the hybrid financial instruments as a whole. If the main contract included in the hybrid contract is not an asset within the scope of the financial instrument standard, when some embedded derivative financial instruments are not closely related to the economic characteristics and risks of their main contract, the separate instrument with the same terms as the embedded derivative meets the definition of derivative financial instrument, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss, then the embedded derivative financial instrument shall be separated from the hybrid contract and treated as an independent derivative financial instrument. These embedded derivative financial instruments are measured at fair value, and the changes in fair value are included in the current profit and loss.

If the profits and losses derived from the changes in the fair value of derivative financial instruments do not meet the requirements of hedge accounting, they shall be directly included in the current profits and losses.

Hedge accounting

Hedge accounting is a method that recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in fair value or cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include fixed-rate borrowings that expose the Group to the risk of changes in fair value, floating rate borrowings that expose the Group to the risk of variability in cash flows, and a firm commitment that is settled with a fixed amount of foreign currency and that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- 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 the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(i) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve recognized in other comprehensive income and includes it in the initial carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve recognized in other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy;
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve recognized in other comprehensive income to profit or loss as a reclassification adjustment.

(ii) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognized hedged item not measured at fair value and is recognized in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortized to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortized cost. The amortization is based on a recalculated effective interest rate at the date that amortization begins.

(iii) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. When disposing of a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognized in profit or loss.

(11) Convertible instruments

Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both

liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognized in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, is allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognized in equity if it relates to the equity component.

Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognized as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognized in profit or loss. The liability component is subsequently carried at amortized cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognized in profit or loss.

(12) Preference shares and perpetual bonds

At initial recognition, the Group classifies the preference shares, perpetual bonds issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognized in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

(13) Financial assets purchased under resale agreements and financial assets sold under repurchase agreements

The financial assets purchased under resale agreements refer to the funds raised by the Group to buy financial assets first and then resell them at a fixed price according to the resale agreement. The financial assets sold under repurchase agreements refer to the funds incorporated into the Group's financial assets sold first according to the repurchase agreement and then repurchased at a fixed price.

The financial assets purchased under resale agreements and financial assets sold under repurchase agreements shall be recorded according to the actual payment or receipt at the time of business and reflected in the statement of financial position. The purchased target assets purchased for resale are not recognized and recorded off statement of financial position; The underlying assets sold and repurchased are still reflected in the statement of financial position.

The bid-ask price difference of buy for resale and sell for repurchase business is amortized by the effective interest method during the relevant transaction period and recognized as interest income and interest expense respectively.

(14) Fixed assets

Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in supply of services, for rental or for administrative purposes with useful lives over one accounting year.

The initial cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The initial cost of self-constructed assets is measured in accordance with the policy set out in Note II.4(15).

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating the use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing a component of fixed assets are recognized as the cost of the fixed assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held-for-sale. The estimated useful lives, estimated residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	Estimate useful life	Estimated residual value rate	Depreciation rate
Plant and buildings	30 years	5%	3.17%
Motor vehicles	5 - 10 years	0 - 5%	9.50 - 20.00%
Electronic computers and other equipment	3 - 5 years	0 - 5%	19.00 - 33.33%
Leased out fixed assets	8 - 25 years	0 - 10%	3.60 - 12.50%

Useful lives, estimated residual values and depreciation methods are reviewed at least at each year-end by the Group.

For the impairment of the fixed assets, refer to Note II.4(20).

Disposal of fixed assets

The carrying amount of a fixed asset is derecognized:

- when the fixed asset is held for disposal;
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognized in profit or loss on the date of retirement or disposal.

(15)Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labor, capitalised borrowing costs, and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the statement of financial position at cost less accumulated impairment losses (see Note II.4(20)).

(16)Intangible assets

Intangible assets are stated in the statement of financial position at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note II.4(20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held-for-sale.

-Land use right is amortized since the month of acquisition using the straight-line method within its statutory useful life. The useful life of the land use right is 27 to 70 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

-Software is amortized since the month of acquisition using the straight-line method over its beneficial life. The useful life of the software is 1 to 10 years.

-Where data resources met the recognition criteria of intangible assets, the Group commenced amortization from the month of acquisition or the month when the assets became available for use. The amortization method reflected the expected pattern of consumption of the future economic benefits. In determining the useful lives, the Group gave particular consideration to the factors such as business models, limitation of rights, update frequency and timeliness, iterations of relevant products or technologies, and similar competing products of the same kind of data resources, etc.

-Brand and franchise rights are intangible assets with no expected useful lives, which are not subject to amortization.

The Group at least reviews the useful life and amortization method of a finite useful life intangible assets at the end of each year.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

(17) Long-term deferred expenses

Expenditures incurred with a beneficial period of over one year are recognized as long-term deferred expenses. Long-term deferred expenses are stated in the statement of financial position at cost less accumulated amortization and impairment losses.

(18) Repossessed assets

Repossessed assets refer to the physical assets or property rights of the Group that are compensated to the debtor, guarantor or a third party by exercising the creditor's rights or security interests according to law.

For the transferred financial asset of repossessed assets, the Group initially measures them at their fair value, and classifies and subsequently measures them in accordance with the accounting policies described in Note II.4(8).

For the transferred non-financial asset of repossessed assets, the Group makes initial measurement according to the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the assets, and makes subsequent measurement according to the lower of the cost and the net realizable value of the debt paying assets. Refer to Note II.4(20) for the impairment test method and the impairment provision method.

(19) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control. The Group's goodwill is not amortized and is stated in the statement of financial position at cost less accumulated impairment losses (see Note II.4(20)). On disposal of an asset group or a set of asset groups, goodwill shall be transferred out and included in the calculation of the profit or loss on disposal.

(20) Impairment of assets other than financial assets

The carrying amounts of the following assets are reviewed at each reporting date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- long-term equity investments
- goodwill
- long-term deferred expenses
- non-financial-asset-linked repossessed assets, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually and the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups; the same below) is the higher of its fair value (see Note II.4(22)) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

When the estimation of the recoverable amount indicates that the recoverable amount of an asset is less than its carrying amount, the carrying amount shall be reduced to the recoverable amount, and the amount of the reduction shall be recognized as an impairment loss in profit or loss. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation

would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

(21) Provisions and contingent liabilities

Contingent liabilities refer to the potential obligations formed by past transactions or events, and their existence must be confirmed by the occurrence or non-occurrence of future uncertain events; Or the current obligation formed by past transactions or events, the performance of the obligation is not likely to lead to the outflow of economic benefits from the Group or the amount affected by the obligation cannot be measured reliably. The Group does not recognize these obligations and only discloses contingent liabilities in Note V, contingencies and commitments to the financial statements.

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision on the reporting date and adjusts the carrying amount to the current best estimate.

(22) Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions on the sale or use of the asset) that market participants would consider when pricing the asset or liability on the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(23) Dividend distribution

Dividends are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders in general meetings and declared. Interim dividends are deducted from equity when they are approved and declared, and are no longer at the discretion of the Bank. Dividend for the year that is approved after the end of the reporting period is disclosed as an event after the reporting period.

(24) Fiduciary activities

The Group acts as the manager, trustee or agent of customers in the entrusted business. The statement of financial position of the Group does not include the assets held by the Group due to entrusted business and the commitment to return such assets to customers. The risks and benefits of such assets are borne by customers.

The Group signed an entrusted loan agreement with the customer, and the customer provided funds to the Group (hereinafter referred to as "entrusted loan funds"), and the Group issued loans to third parties (hereinafter referred to as "entrusted loans") according to the customers instructions. As the Group does not bear the risks and rewards of entrusted loans and related entrusted loan funds, entrusted loans and entrusted loan funds are recorded as off-balance sheet items according to their principal, and no impairment provision is made for these entrusted loans.

(25) Revenue recognition

Interest income

For all financial instruments measured at amortized cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the book value of the financial asset, or

the amortized cost of financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not expected credit losses.

The Group determines the interest income is calculated by applying the effective interest rate to the book value of financial assets and reports it as interest income, except for:

(i) For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortized cost;

(ii) Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e., net of the expected credit loss provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book value.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income is recognized when its performance obligation in contracts is satisfied. The income is recognized at the time point or period when the customer obtains the control right of relevant services.

The Group recognizes income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met; otherwise, the Group recognizes the income at a certain point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

Dividend income

Dividend income from equity instruments is recognized in the current profit and loss when the Group's right to receive dividends is established.

Net trading income

Net trading income includes gains and losses arising from holding financial assets and liabilities measured at fair value through profit or loss, holding derivative financial instruments, trading precious metals and bulk commodities, etc.

(26) Expenses

Interest expenses

Interest expenses on financial liabilities are calculated based on the amortized cost of financial liabilities and the timing of capital occupation using the effective interest method, and are recognized in the corresponding period.

Other expenses

Other expenses are recognized on an accrual basis.

(27) Employee benefits

Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Post-employment benefits

Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as a liability and charged to part of the cost of the assets or profit or loss as the related services are rendered by the employees.

In addition, employees also participate in a defined contribution retirement benefit plan established by the Group (the "Annuity Plan").

The Group and its employees are required to contribute a certain percentage of the employees' basic salaries in the previous year to the Annuity Plan. The contribution is charged to profit or loss when it is incurred. The Group pays a fixed contribution into the Annuity Plan and has no obligation to pay further contributions if the Annuity Plan does not hold sufficient assets to pay all employee benefits.

The Group pays supplementary retirement benefits for certain retired employees, which are the defined benefit plans. The Group recognizes its liabilities based on the actuarial results, and the related actuarial gains and losses are recognized in other comprehensive income and shall not be reversed to profit or loss in subsequent accounting periods.

Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Other long-term employee benefits

According to the actual payment of employees salaries or services during the accounting period, when employees provide services, the amount accrued or paid by employees shall be recognized as a liability, and included in the current profit and loss or cost of related assets.

(28) Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the end of the reporting period, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognized for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the end of the reporting period, the Group measured the carrying amount of deferred tax assets and liabilities based on the expected recovery or settlement method of the deferred tax assets and liabilities, in accordance with the tax laws and regulations that have been promulgated, at the applicable tax rate during the expected period of recovery of the assets or settlement of the liabilities.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

At the end of the reporting period, deferred tax assets and liabilities are shown in net offset amounts at the end of the reporting period when both of the following conditions are met:

- That taxpayer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities;
- Deferred tax assets and liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different taxpayer, but within the period of the reversal of each deferred tax asset and liability of importance in the future, the involved taxpayer intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time.

(29) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, 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.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

-The contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified when the assets are available for use by the customer in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

-The lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

-The lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components.

1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to 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.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note II.4(20).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

-There is a change in the amounts expected to be payable under a residual value guarantee;

-There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

-There is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or the exercise of the extension or termination option is inconsistent with the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will recognize the remaining amount into the profit and loss of current period.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases (leases with a term of 12 months or less) and leases of low-value assets (a lease of a single leased asset with relatively low value when the single leased asset is a new asset). The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

2) As a lessor

The Group determines at lease inception whether each lease is a financial leasing or an operating lease. A lease is classified as a financial leasing if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a financial leasing.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies a practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a financial leasing, at the commencement date, the Group recognizes the financial leasing receivable and derecognizes the financial leasing asset. The financial leasing receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognizes interest income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the financial leasing receivable are recognized in accordance with the accounting policy in Note II.4(8). Variable lease payments not included in the measurement of net investment in the lease are recognized in profit or loss as they are earned.

Lease receipts from operating leases are recognized as income using the straight-line method or other systematic and reasonable methods over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortized in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognized in profit or loss as they are earned.

(30) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

(31) Significant accounting estimates and judgments

In preparing the financial statements, the management of the Group is required to apply estimates and assumptions which affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses. The reality may differ from these estimates. The Group's management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimates, and the impact of changes in accounting estimates is recognized in the current and future periods of the changes.

In the process of implementing the Group's accounting policies, the management will make judgments and assumptions on the impact of future uncertainties on the financial statements. On the reporting date, the management makes the following judgments and main assumptions on major future uncertainties, which may lead to significant adjustments to the book value of assets and liabilities in the next accounting period.

Measurement of ECL

For loans and debt instrument investments measured at amortized cost and at fair value with changes included in other comprehensive income, as well as loan commitments and financial guarantee contracts, complex models and a large number of assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the possibility of customer default and corresponding losses). Note VIII.1 specifies the parameters, assumptions and estimation techniques used in the measurement of expected credit loss.

Goodwill impairment

The Group tests whether goodwill is impaired at least annually, and an impairment test is also required when there are signs that goodwill may be impaired. During the impairment test, it is necessary to allocate goodwill to the corresponding asset group or set of asset groups, and assess the recoverable amount generated by the asset group or set of asset groups. Information on impairment tests on the Group's goodwill is set out in Note III.19.

Income tax

The Group needs to make judgments on the future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax laws and regulations, the Group carefully judges the income tax impact corresponding to the transaction and accrues income tax accordingly. Deferred income tax assets can only be recognized when it is possible to have future taxable profits and can be used to offset relevant temporary differences. In this regard, it is necessary to make a significant judgment on the tax treatment of some transactions and make a significant estimation on whether there are enough future taxable profits to offset the possibility of deferred income tax assets.

Fair value of financial instruments

For financial instruments that lack an active market, the Group uses valuation methods to determine their fair value. The valuation method includes referring to the transaction price determined during a fair transaction between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or estimating by using discounted cash flow analysis and option pricing model. The valuation method makes maximum use of observable market information. However, when observable market information is unavailable, the management will estimate the significant unobservable information included in the valuation method.

Judgment on whether the structured entities have control

The Group manages or invests in multiple fund investments, equity investments, fund trusts as well as asset management plans, asset-backed securities, financial products and other investments. When judging whether to control such structured entities, the Group determines whether it exercises its decision-making power as the main responsible person or agent, and evaluates its overall economic benefits to such structured entities (including the income generated by direct holding and expected management fees) and the scope of decision-making power to such structured entities. When the other party has the decision-making power, it is also necessary to determine whether the other party exercises the decision-making power as its agent.

For fund investments, equity investments, fund trusts as well as asset management plans, asset-backed securities, financial products and other investments in which the Group has interests or is the initiator but is not included in the scope of the consolidated financial statements, see Note III.37.

III NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

1 Net interest income

	The Group		The Bank	
	2025	2024	2025	2024
Interest income				
Loans and advances to customers				
-Corporate loans	107,846	110,307	102,221	104,674
-Retail loans	75,621	87,913	75,111	87,234
-Discounted bills	2,766	5,117	2,766	5,117
Financial investments				
-at amortized cost	35,799	41,264	30,866	38,010
-at fair value through other comprehensive income	21,340	19,227	20,898	18,836
Deposits and placements with banks and other financial institutions	15,507	17,167	14,862	16,785
Deposits with central bank	4,827	4,964	4,788	4,932
Financial assets purchased under resale agreements	1,410	2,166	1,399	2,163
Subtotal	265,116	288,125	252,911	277,751
Interest expense				
Deposits from customers	(85,452)	(96,452)	(84,549)	(95,602)
Debt securities issued	(27,858)	(32,959)	(27,780)	(32,759)
Deposits and placements from banks and other financial institutions	(21,926)	(32,322)	(18,661)	(28,418)
Financial assets sold under repurchase agreements	(7,427)	(6,627)	(5,819)	(5,414)
Borrowing from central bank	(1,970)	(5,048)	(1,964)	(5,034)
Subtotal	(144,633)	(173,408)	(138,773)	(167,227)
Net interest income	120,483	114,717	114,138	110,524

2 Net fee and commission income

	The Group		The Bank	
	2025	2024	2025	2024
Fee and commission income				
Fees from bank cards	9,957	11,462	9,957	11,462
Custodian and other fiduciary activities commissions	7,348	6,038	3,155	2,430
Agency commissions	4,681	4,026	4,605	3,983
Fees from investment banking activities	3,196	3,836	3,115	3,779
Credit commitment fees	2,241	2,307	2,241	2,307
Settlement and clearing fees	724	880	721	878
Others	1,250	1,239	1,177	1,164
Subtotal	29,397	29,788	24,971	26,003
Fee and commission expense	(6,672)	(6,972)	(6,707)	(6,964)
Net fee and commission income	22,725	22,816	18,264	19,039

3 Net trading gains and losses

	The Group		The Bank	
	2025	2024	2025	2024
Financial investments measured at FVTPL	14,962	19,590	17,981	23,132
Exchange gains and losses	250	988	309	1,065
Hedged bonds	(952)	18	(952)	18
Others	110	316	108	188
Total	14,370	20,912	17,446	24,403

4 Net gains and losses arising from financial investments

	The Group		The Bank	
	2025	2024	2025	2024
Financial investments measured at amortized cost	5,471	3,902	4,660	3,897
Financial investments measured at FVOCI	5,009	3,488	4,845	3,392
Dividend income	78	61	196	218
Total	10,558	7,451	9,701	7,507

5 Operating expenses

	The Group		The Bank	
	2025	2024	2025	2024
Staff costs				
- Employee benefits	25,045	25,193	22,993	23,272
- Post-employment benefits	2,901	3,037	2,694	2,849
Subtotal	27,946	28,230	25,687	26,121
Depreciation and amortization	6,637	6,652	6,315	6,453
Taxes and surcharges	2,051	1,972	1,886	1,825
Others	18,154	17,297	14,670	14,721
Total	54,788	54,151	48,558	49,120

6 Impairment losses

	The Group		The Bank	
	2025	2024	2025	2024
Loans and advances to customers	57,329	55,555	55,122	54,416
Financial investments measured at:				
-Amortized cost	5,196	11,652	4,941	11,283
-FVOCI	1,543	470	1,523	448
Others	1,833	1,803	1,694	1,648
Total	65,901	69,480	63,280	67,795

7 Income tax expense

	The Group		The Bank	
	2025	2024	2025	2024
Current income tax expense	10,524	10,219	8,503	8,681
Deferred income tax expense	(7,555)	(7,688)	(6,939)	(6,944)
Total	2,969	2,531	1,564	1,737

Reconciliation between the Group and the Bank's total income tax expenses and the product of accounting profit multiplied by the applicable tax rates:

	The Group		The Bank	
	2025	2024	2025	2024
Profit before income tax	53,374	48,366	48,185	45,023
Tax calculated at statutory tax rate of the PRC	13,344	12,092	12,046	11,256
Tax effect from other various tax rates adopted by subsidiaries	(7)	56	-	-
Tax effect of non-deductible expenses	588	565	573	497
Tax effect of non-taxable income	(9,485)	(9,796)	(9,429)	(9,685)
Other income tax adjustments	(1,471)	(386)	(1,626)	(331)
Income tax expense	2,969	2,531	1,564	1,737

8 Earnings per share

(1) Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to the holders of the Bank's share capital by the weighted average number of share capital outstanding during the year. The conversion feature of preference shares is considered to fall within the category of contingently issuable share capital. As at 31 December 2025, the triggering events of share conversion did not occur. Therefore, the conversion feature of preference shares has no effect on the calculation of basic and diluted earnings per share in the current period.

The Group	2025	2024
Net profit for the year attributable to shareholders of the Bank	50,017	45,257
Less: Net profit for the year attributable to preference shareholders of the Bank	(1,362)	(1,559)
Payment of interests of open-term capital bonds	(2,375)	(3,794)
Net profit for the year attributable to the shareholders of the Bank	46,280	39,904
Weighted average number of outstanding share capital (million)	30,422	29,352
Basic EPS (RMB)	1.52	1.36

(2) Diluted earnings per share

The diluted earnings per share is calculated on the assumption that the RMB50 billion convertible corporate bonds publicly issued by the Bank in 2019 deemed to have all been converted to ordinary shares upon issuance and by dividing, after adjustments for the interest expenses of the convertible corporate bonds for the year the net profit of the year attributable to ordinary shareholders of the Bank by the adjusted weighted average number of ordinary shares outstanding during the year.

The Group	2025	2024
Net profit for the current year attributable to shareholders of the Bank	46,280	39,904
Add: Interest expenses of convertible corporate bonds in the current year (after tax)	1,089	1,530
Net profit for calculating diluted earnings per share this year	47,369	41,434
Weighted average number of outstanding ordinary shares issued by the Bank (million)	30,422	29,352
Add: Assume that convertible corporate bonds are entirely converted to weighted average number of ordinary shares (million)	2,894	3,776
Weighted average number of outstanding ordinary shares of the year for calculating diluted earnings per share (million)	33,316	33,128
Diluted earnings per share (RMB)	1.42	1.25

9 Cash and deposits with central bank

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Cash		4,933	5,724	4,854	5,606
Statutory reserves with central bank	(1)	290,918	296,486	288,844	293,867
Surplus reserves with central bank	(2)	125,323	107,378	123,502	103,873
Fiscal deposits with central bank		1,439	1,799	1,439	1,799
Accrued interest		154	152	153	152
Total		422,767	411,539	418,792	405,297

(1) The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

(2) The surplus reserves refer to money deposited by the Group with the PBOC and overseas central banks for the purpose of funds liquidation.

10 Deposits and placements with banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits with domestic banks	91,485	72,192	61,899	47,061
Deposits with overseas banks	36,062	40,375	36,012	41,215
Deposits with domestic non-bank financial institutions	2,049	650	1,395	359
Placements with domestic banks	37,133	31,023	34,624	29,514
Placements with overseas banks	118,397	49,160	118,397	49,160
Placements with domestic non-bank financial institutions	305,433	334,974	329,698	339,133
Placements with overseas non-bank financial institutions	1,715	474	1,715	474
Accrued interest	3,575	4,961	3,185	4,703
Less: Impairment allowance	(386)	(327)	(256)	(174)
Total	595,463	533,482	586,669	511,445

As at 31 December 2025 and 31 December 2024, the Group's due from and placements with banks and other financial institutions included refundable deposits and risk reserves, and were restricted in usage.

11 Derivative financial instruments

The Group	31 December 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,202,875	22,050	(21,934)
Exchange rate derivatives	3,035,482	14,219	(13,213)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,440	(81,292)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
- Currency swap contracts	12,171	71	(267)
Cash flow hedges			
- Interest rate swap contracts	512	3	-
- Currency swap contracts	49,707	150	(294)
Total		268	(687)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,891,771	37,371	(36,810)
Exchange rate derivatives	3,091,321	30,901	(27,347)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		89,590	(78,575)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
- Currency swap contracts	15,150	28	(195)
Cash flow hedges			
- Interest rate swap contracts	452	12	-
- Currency swap contracts	64,829	974	(153)
Total		1,069	(481)

The Bank	31 December 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	7,196,556	22,047	(21,929)
Exchange rate derivatives	3,007,290	14,146	(12,762)
Precious metal and other derivatives	775,850	57,171	(46,145)
Total		93,364	(80,836)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	10,774	44	(126)
Cash flow hedges			
- Currency swap contracts	33,369	144	(105)
Total		188	(231)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	5,889,179	37,357	(36,803)
Exchange rate derivatives	3,057,730	30,163	(27,213)
Precious metal and other derivatives	534,488	21,318	(14,418)
Total		88,838	(78,434)
Derivatives designated as hedging instruments:			
Fair value hedges			
- Interest rate swap contracts	14,653	55	(133)
Cash flow hedges			
- Currency swap contracts	44,691	318	(153)
Total		373	(286)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. With fluctuations in foreign exchange rates, market interest rates, precious metal prices, and other market prices related to the terms of derivative financial product contracts, the valuation of derivative financial products may have favorable (recognized as assets) or unfavorable (recognized as liabilities) effects on the Group, which may have significant fluctuations in different periods.

Fair value hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge a portion of its exposure to changes in fair value due to changes in interest rates or changes in foreign exchange rates respectively. Hedged items include other debt investments, debt securities issued and monetary items arising from internal transactions that cannot be fully offset. The management of the Group considers the hedging relationship is effective after the testing.

Cash flow hedges

The Group uses the interest rate swap instruments and currency swap instruments to hedge the cash flow fluctuations due to the interest rate risk and foreign currency risk respectively. Hedged items include loans and advances to customers, debt investments, other debt investments, deposits and placements with banks and other financial institutions, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, debt securities issued, deposits from customers. The management of the Group considers the hedging relationship is effective after the testing.

12 Financial assets purchased under resale agreements

The Group and the Bank	31 December 2025	31 December 2024
Bonds	27,893	51,495
Interbank certificates of deposit	16,917	-
Bills	11,338	12,399
Accrued interest	43	17
Less: Impairment allowance	(72)	(32)
Total	56,119	63,879

13 Loans and advances to customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Loans and advances to customers measured at:				
- amortized cost (a)	5,502,383	5,056,985	5,385,616	4,929,774
- FVOCI (b)	195,063	331,012	195,063	331,012
- FVTPL (c)	6,527	3,533	4,926	1,405
Subtotal	5,703,973	5,391,530	5,585,605	5,262,191
Accrued interest	14,253	15,528	13,541	14,752
Less: impairment allowances				
- Principal of loans and advances to customers measured at amortized cost	(144,280)	(136,602)	(135,874)	(128,923)
- Accrued interest of loans and advances to customers measured at amortized cost	(1,444)	(1,296)	(1,376)	(1,296)
Subtotal	(145,724)	(137,898)	(137,250)	(130,219)
Net loans and advances to customers	5,572,502	5,269,160	5,461,896	5,146,724

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
(a) Loans and advances to customers measured at amortized cost				
Corporates loans				
Corporate loans and advances	3,573,964	3,167,423	3,465,314	3,054,011
Discounted bills	171	295	171	295
Retail loans				
Mortgage loans (1)	908,639	903,704	905,280	898,282
Business loans	408,434	416,147	406,394	412,341
Credit card and overdraft	389,327	370,223	389,327	370,223
Consumer loans and others	221,848	199,193	219,130	194,622
Subtotal	5,502,383	5,056,985	5,385,616	4,929,774
(b) Loans and advances to customers measured at FVOCI				
Corporates loans				
Corporate loans and advances	9,302	9,048	9,302	9,048
Discounted bills	185,761	321,964	185,761	321,964
Subtotal	195,063	331,012	195,063	331,012
(c) Loans and advances to customers measured at FVTPL				
Corporates loans				
Corporate loans and advances	5,234	2,683	3,633	555
Discounted bills	1,293	850	1,293	850
Subtotal	6,527	3,533	4,926	1,405
Total loans and advances to customers	5,703,973	5,391,530	5,585,605	5,262,191

(1) Retail mortgage loans include retail housing loans and retail commercial housing loans.

13.1 Loans and advances to customers analyzed by industry

The Group	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	769,880	13.50	649,273	12.04
Manufacturing	740,956	12.99	684,214	12.70
Real estate	399,870	7.01	397,011	7.36
Wholesale and retail	264,904	4.64	210,354	3.90
Water conservancy, environment and public facilities management	234,813	4.12	215,743	4.00
Construction	218,007	3.82	190,723	3.54
Transportation, warehouse and postal services	207,267	3.63	201,696	3.74
Electricity, heat, gas, water production and supply	172,969	3.03	174,549	3.24
Financial services	170,662	2.99	146,268	2.71
Information transmission, software and IT services	142,243	2.49	89,029	1.65
Mining	99,821	1.75	88,356	1.64
Scientific research and technology services	63,898	1.12	46,694	0.87
Education	25,169	0.44	20,499	0.38
Agriculture, forestry, farming and fishery	22,341	0.39	16,701	0.31
Culture, sports and entertainment	20,186	0.35	21,293	0.39
Healthcare and social welfare	18,343	0.32	17,530	0.33
Hotels and catering services	10,188	0.18	6,344	0.12
Public management, social security, and social organizations	4,623	0.08	1,087	0.02
Residential services, repairs and other services	2,360	0.04	1,790	0.03
Subtotal	3,588,500	62.91	3,179,154	58.97
Discounted bills	187,225	3.28	323,109	5.99
Retail loans	1,928,248	33.81	1,889,267	35.04
Total	5,703,973	100.00	5,391,530	100.00

The Bank	31 December 2025		31 December 2024	
	Amount	Rate (%)	Amount	Rate (%)
Corporate loans				
Lease and commercial service	754,564	13.53	639,650	12.16
Manufacturing	710,194	12.71	654,479	12.44
Real estate	399,849	7.16	396,985	7.54
Wholesale and retail	263,167	4.71	207,248	3.94
Water conservancy, environment and public facilities management	233,854	4.19	214,263	4.07
Construction	215,866	3.86	186,310	3.54
Transportation, warehouse and postal services	176,576	3.16	165,595	3.15
Financial services	174,674	3.13	148,318	2.82
Electricity, heat, gas, water production and supply	161,672	2.89	160,377	3.05
Information transmission, software and IT services	130,766	2.34	81,765	1.55
Mining	96,105	1.72	82,827	1.57
Scientific research and technology services	61,007	1.09	43,232	0.82
Education	24,973	0.45	20,200	0.38
Agriculture, forestry, farming and fishery	20,361	0.36	15,311	0.29
Culture, sports and entertainment	19,539	0.35	20,954	0.40
Healthcare and social welfare	18,109	0.32	17,194	0.33
Hotels and catering services	10,054	0.18	6,154	0.12
Public management, social security, and social organizations	4,618	0.08	1,058	0.02
Residential services, repairs and other services	2,301	0.04	1,694	0.03
Subtotal	3,478,249	62.27	3,063,614	58.22
Discounted bills	187,225	3.35	323,109	6.14
Retail loans	1,920,131	34.38	1,875,468	35.64
Total	5,585,605	100.00	5,262,191	100.00

13.2 Loans and advances to customers analyzed by security type

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Unsecured loans	2,160,385	2,034,367	2,140,136	2,004,128
Guaranteed loans	1,423,762	1,238,069	1,359,301	1,176,498
Collateralized loans	1,865,477	1,857,201	1,855,239	1,842,574
Pledged loans	254,349	261,893	230,929	238,991
Total	5,703,973	5,391,530	5,585,605	5,262,191

13.3 Overdue loans

31 December 2025					
The Group	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	23,273	9,250	2,316	1,093	35,932
Guaranteed loans	4,608	5,412	6,102	1,283	17,405
Collateralized loans	19,756	17,285	9,921	3,902	50,864
Pledged loans	698	315	1,560	773	3,346
Total	48,335	32,262	19,899	7,051	107,547

31 December 2024					
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	21,001	10,707	2,266	1,577	35,551
Guaranteed loans	4,204	4,802	7,839	686	17,531
Collateralized loans	21,342	16,352	9,340	4,306	51,340
Pledged loans	1,282	2,465	1,123	1,604	6,474
Total	47,829	34,326	20,568	8,173	110,896

31 December 2025					
The Bank	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	23,061	9,216	1,938	808	35,023
Guaranteed loans	4,488	5,033	6,057	1,210	16,788
Collateralized loans	19,639	17,160	9,583	3,893	50,275
Pledged loans	698	289	1,517	773	3,277
Total	47,886	31,698	19,095	6,684	105,363

31 December 2024					
	Past due up to 90 days (inclusive)	Past due 90 days to 1 year (inclusive)	Past due 1 year to 3 years (inclusive)	Past due over 3 years	Total
Unsecured loans	20,554	10,544	2,029	975	34,102
Guaranteed loans	3,777	4,738	7,730	586	16,831
Collateralized loans	21,244	16,231	8,929	4,301	50,705
Pledged loans	1,279	2,421	1,123	1,566	6,389
Total	46,854	33,934	19,811	7,428	108,027

The Group and the Bank classify the total loans with principal or interest past due over 1 day (inclusive) as overdue loans.

13.4 Movements of ECL allowance

(a) Movements of ECL allowance of loans and advances to customers at amortized cost

The Group	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025		36,463	29,857	70,282	136,602
Transfers during the year:					
- to stage 1		4,652	(4,464)	(188)	-
- to stage 2		(2,480)	8,444	(5,964)	-
- to stage 3		(1,595)	(15,955)	17,550	-
Net increase during the year	(1)	1,387	25,905	29,982	57,274
Written-offs and disposals during the year		-	-	(60,330)	(60,330)
Recovery of original written off loans and advances		-	-	11,147	11,147
Others		(42)	(13)	(358)	(413)
Balance at 31 December 2025		38,385	43,774	62,121	144,280

	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024		38,847	21,298	68,279	128,424
Transfers during the year:					
- to stage 1		4,163	(4,004)	(159)	-
- to stage 2		(3,517)	5,692	(2,175)	-
- to stage 3		(2,592)	(10,481)	13,073	-
Net (decrease) / increase during the year	(1)	(497)	17,334	38,887	55,724
Written-offs and disposals during the year		-	-	(59,464)	(59,464)
Recovery of original written off loans and advances		-	-	11,739	11,739
Others		59	18	102	179
Balance at 31 December 2024		36,463	29,857	70,282	136,602

The Bank	Note	Stage 1	Stage 2	Stage 3	Total
		12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025		33,757	27,083	68,083	128,923
Transfers during the year:					
- to stage 1		4,380	(4,192)	(188)	-
- to stage 2		(2,231)	8,145	(5,914)	-
- to stage 3		(1,592)	(15,812)	17,404	-
Net increase during the year	(1)	1,655	24,161	29,251	55,067
Written-offs and disposals during the year		-	-	(59,042)	(59,042)
Recovery of original written off loans and advances		-	-	11,040	11,040
Others		84	33	(231)	(114)
Balance at 31 December 2025		36,053	39,418	60,403	135,874

Note	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	36,032	19,451	66,151	121,634
Transfers during the year:				
- to stage 1	3,968	(3,810)	(158)	-
- to stage 2	(3,349)	5,517	(2,168)	-
- to stage 3	(2,588)	(10,178)	12,766	-
Net (decrease) / increase during the year (1)	(313)	16,102	38,796	54,585
Written-offs and disposals during the year	-	-	(58,704)	(58,704)
Recovery of original written off loans and advances	-	-	11,410	11,410
Others	7	1	(10)	(2)
Balance at 31 December 2024	33,757	27,083	68,083	128,923

(1) This item includes changes of Probability of Default ("PD"), Exposure At Default ("EAD"), Loss Given Default ("LGD") due to routine updates to model parameters, and the impact of stage changes on the measurement of ECL.

(2) Financial instruments whose credit risks haven't significantly increased since the initial recognition are classified into stage 1, then they will be transferred into stage 2 if their credit risks have significantly increased since the initial recognition with no objective evidence for impairment, and will be further transferred into stage 3 where there is objective impairment evidence on the reporting date. Refer to Note VIII. 1(3) for ECL measurement.

(b) Movements of ECL allowance of loans and advances to customers at fair value through other comprehensive income

The Group and the Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	145	1	-	146
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	(1)	1	-
Net increase during the year	2	-	53	55
Balance at 31 December 2025	147	-	54	201

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	311	4	-	315
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	-	-	-	-
- to stage 3	-	-	-	-
Net decrease during the year	(166)	(3)	-	(169)
Balance at 31 December 2024	145	1	-	146

14 Financial Investments

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial investments measured at FVTPL	(a)	820,948	691,019	892,271	767,780
Financial investments measured at amortized cost	(b)	1,250,256	1,326,638	1,020,042	1,120,026
Financial investments measured at FVOCI	(c)	890,665	791,467	873,457	775,907
Net financial investments		2,961,869	2,809,124	2,785,770	2,663,713

(a) Financial investments measured at FVTPL

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Fund investments		498,560	485,481	530,088	541,561
Government bonds		122,272	39,813	122,272	39,813
Beneficiary certificates of securities companies		49,749	11,913	49,749	11,913
Corporate bonds		18,840	7,084	18,449	6,411
Equity investment		16,713	17,268	12,991	12,122
Bonds issued by financial institutions		7,884	20,312	6,467	18,427
Assets backed securities ("ABS")		4,761	2,222	4,761	2,222
Bonds issued by policy banks		4,534	1,332	4,534	1,332
Interbank certificates of deposit		912	8,579	912	8,579
Other investments in structured entities	(1)	96,723	97,015	142,048	125,400
Total		820,948	691,019	892,271	767,780

(1) Other investments in structured entities mainly include the Group's investments in structured entities included in the scope of consolidation, the long-term employee benefits payable to Changjiang Pension Insurance Co., Ltd. for investment entrusted by the Group and other investment products not included in the scope of consolidation. The Group's investments in structured entities included in the scope of consolidation include fund products, trust and asset management plans controlled by the Group, mainly invested in assets such as various types of bonds, equity, equity funds and equity investments with third-party repurchase arrangements; as at 31 December 2025, the size of the underlying assets of the Group's above investments in the structured entities included in the scope of consolidation amounted to RMB83,757 million.

(b) Financial Investments measured at amortized cost

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds		530,084	537,943	530,084	537,747
Bonds issued by policy banks		177,980	278,855	177,769	278,514
ABS		122,356	106,449	122,234	106,327
Bonds issued by financial institutions		51,307	61,320	50,402	61,248
Corporate bonds		49,071	35,865	47,293	34,720
Beneficiary certificates of securities companies		29,020	-	29,020	-
Interbank certificates of deposit		3,028	13,134	1,744	12,738
Other investments in structured entities	(1)	290,346	296,198	71,055	97,199
Other investments		4,869	2,784	-	-
Subtotal		1,258,061	1,332,548	1,029,601	1,128,493
Accrued interest		16,077	18,683	12,991	15,635
Impairment allowance					
- Principal of financial investments		(23,602)	(24,253)	(22,280)	(23,773)
-Accrued interest of financial Investments		(280)	(340)	(270)	(329)
Subtotal of impairment allowance		(23,882)	(24,593)	(22,550)	(24,102)
Financial investments at amortized cost, net		1,250,256	1,326,638	1,020,042	1,120,026

(1) Other investments in structured entities mainly include fund products, fund trusts and asset management plans invested by the Group. As at 31 December 2025, the size of the underlying assets of the Group's investments in the structured entities included in the scope of consolidation amounted to RMB271,663 million, mainly invested in various types of bonds, loans and receivables, etc.

(i) Movement for ECL allowance of the financial investments measured at amortized cost:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	492	717	23,044	24,253
Transfers during the year:				
- to stage 1	37	(37)	-	-
- to stage 2	(9)	1,487	(1,478)	-
- to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	307	(213)	5,102	5,196
Write-off and disposals during the year	-	-	(6,094)	(6,094)
Recovery of original written off investments	-	-	120	120
Others	(1)	1	127	127
Balance at 31 December 2025	826	1,798	20,978	23,602

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	962	1,051	26,332	28,345
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(337)	337	-
Net (decrease) / increase during the year	(359)	(110)	12,121	11,652
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	9	11
Balance at 31 December 2024	492	717	23,044	24,253

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	474	718	22,581	23,773
Transfers during the year:				
- to stage 1	37	(37)	-	-
- to stage 2	(8)	1,486	(1,478)	-
- to stage 3	-	(157)	157	-
Net increase / (decrease) during the year	292	(213)	4,862	4,941
Write-off and disposals during the year	-	-	(6,544)	(6,544)
Recovery of original written off investments	-	-	120	120
Others	-	-	(10)	(10)
Balance at 31 December 2025	795	1,797	19,688	22,280

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	940	1,046	26,250	28,236
Transfers during the year:				
- to stage 1	12	(12)	-	-
- to stage 2	(125)	125	-	-
- to stage 3	-	(331)	331	-
Net (decrease) / increase during the year	(355)	(110)	11,748	11,283
Write-off and disposals during the year	-	-	(15,898)	(15,898)
Recovery of original written off investments	-	-	143	143
Others	2	-	7	9
Balance at 31 December 2024	474	718	22,581	23,773

(c) Financial investments measured at FVOCI

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Government bonds		393,446	388,424	385,583	382,514
Corporate bonds		180,903	140,216	176,635	134,450
Bonds issued by financial institutions		136,715	110,231	133,521	107,816
Bonds issued by policy banks		97,362	84,996	96,349	84,149
ABS		46,694	19,660	46,474	19,373
Interbank certificates of deposit		16,071	31,421	15,972	31,421
Reposessed equity instruments (1)	(1)	1,417	1,406	1,417	1,406
Other equity investment (1)	(1)	10,047	7,623	9,584	7,372
Trust and asset management plans		-	16	-	-
Subtotal		882,655	783,993	865,535	768,501
Accrued interest		8,010	7,474	7,922	7,406
Total		890,665	791,467	873,457	775,907

(1) The Group and the Bank designated certain equity investments that are not held for trading as financial assets measured at fair value through other comprehensive income.

In 2025, the Group and the Bank recognized dividend income from investments in such equity instruments of RMB78 million (2024: RMB58 million). In 2025, the accumulated profit or loss resulting from derecognising such equity instrument investments transferred from other comprehensive income to retained earnings was not significant (in 2024, neither the Group nor the Bank recorded any reclassification of accumulated losses from the disposal of such equity instrument investments from other comprehensive income to retained earnings).

(i) Movements of ECL allowance of financial investments measured at FVOCI:

The Group	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	363	91	4,727	5,181
Transfers during the year:				
- to stage 1	4	(4)	-	-
- to stage 2	(2)	2	-	-
- to stage 3	-	(47)	47	-
Net increase / (decrease) during the year	369	(2)	1,176	1,543
Write-off and disposals during the year	-	-	(405)	(405)
Others	(9)	-	(27)	(36)
Balance at 31 December 2025	725	40	5,518	6,283

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	428	216	5,331	5,975
Transfers during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(137)	137	-
Net (decrease) / increase during the year	(69)	6	533	470
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	9	1	23	33
Balance at 31 December 2024	363	91	4,727	5,181

The Bank	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2025	311	76	4,240	4,627
Transfer during the year:				
- to stage 1	4	(4)	-	-
- to stage 2	(2)	2	-	-
- to stage 3	-	(32)	32	-
Net increase / (decrease) during the year	375	(2)	1,150	1,523
Write-off and disposals during the year	-	-	(244)	(244)
Others	(6)	-	(12)	(18)
Balance at 31 December 2025	682	40	5,166	5,888

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Balance at 1 January 2024	378	180	4,905	5,463
Transfer during the year:				
- to stage 1	-	-	-	-
- to stage 2	(5)	5	-	-
- to stage 3	-	(120)	120	-
Net (decrease) / increase during the year	(69)	11	506	448
Write-off and disposals during the year	-	-	(1,300)	(1,300)
Recovery of original written off investments	-	-	3	3
Others	7	-	6	13
Balance at 31 December 2024	311	76	4,240	4,627

15 Investments in associate and joint ventures

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Investments in joint ventures	III.38(2)	1,564	1,464	1,564	1,464
Investments in associates	III.38(2)	6,710	343	6,207	-
Total		8,274	1,807	7,771	1,464

The Group	1 January 2025	Increase in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2025
Shanghai Xingqi Hengtai Enterprise Management Partnership Enterprise (Limited Partnership) ("Xingqi Hengtai")	-	6,207	-	-	-	-	6,207
AXA SPDB Investment Managers Co., Ltd.	1,464	-	121	-	(21)	-	1,564
Shanghai Guozhi Technology Co., Ltd.	-	109	(1)	-	-	-	108
Shanghai Bund Jinke Economic Development Co., Ltd.	-	20	-	-	-	-	20
Others	343	-	38	-	(6)	-	375
Total	1,807	6,336	158	-	(27)	-	8,274

	1 January 2024	Decrease in investments	Net income adjusted by equity method	OCI adjusted by equity method	Declared cash dividends	Other changes	31 December 2024
AXA SPDB Investment Managers Co., Ltd.	1,386	-	130	(1)	(51)	-	1,464
SPD Silicon Valley Bank Co., Ltd.	1,072	-	25	3	-	(1,100)	-
Others	367	(1)	62	-	(85)	-	343
Total	2,825	(1)	217	2	(136)	(1,100)	1,807

The Group and the Bank conduct impairment tests on long-term equity investments, and the recoverable amount is determined based on the present value of the expected future cash flows of the relevant subsidiaries. The expected future cash flows are determined based on financial forecasts approved by the management of the corresponding subsidiaries. The average growth rate, discount rate, and other assumptions used to forecast cash flows all reflect the specific risks associated with them.

In December 2025, the Bank contributed RMB6.207 billion to Xingqi Hengtai, holding 58.33% of its partnership share as a limited partner. Xingqi Hengtai mainly engages in non-listed equity investments.

16 Fixed assets

The Group	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Leased out fixed assets	Total
Cost					
1 January 2024	21,468	436	11,414	33,297	66,615
Purchases	80	29	820	14,405	15,334
Transferred in	824	-	32	-	856
Disposals	-	(27)	(1,205)	(2,245)	(3,477)
31 December 2024	22,372	438	11,061	45,457	79,328
Purchases	456	24	1,570	14,303	16,353
Transferred in	199	-	3	-	202
Disposals	(61)	(35)	(606)	(1,022)	(1,724)
31 December 2025	22,966	427	12,028	58,738	94,159
Accumulated depreciation					
1 January 2024	(6,174)	(356)	(8,107)	(6,632)	(21,269)
Additions	(707)	(24)	(1,222)	(1,635)	(3,588)
Disposals	-	26	1,143	613	1,782
31 December 2024	(6,881)	(354)	(8,186)	(7,654)	(23,075)
Additions	(739)	(24)	(1,185)	(2,018)	(3,966)
Disposals	35	33	581	152	801
31 December 2025	(7,585)	(345)	(8,790)	(9,520)	(26,240)
Impairment allowance					
1 January 2024	-	-	-	(38)	(38)
Transferred out	-	-	-	20	20
31 December 2024	-	-	-	(18)	(18)
Charge	-	-	-	(152)	(152)
31 December 2025	-	-	-	(170)	(170)
Carrying amount					
31 December 2025	15,381	82	3,238	49,048	67,749
31 December 2024	15,491	84	2,875	37,785	56,235

The Bank	Plant and buildings	Motor vehicles	Electronic computers and other equipment	Total
Cost				
1 January 2024	21,002	406	11,131	32,539
Purchases	80	25	790	895
Transferred in	-	-	12	12
Disposals	-	(24)	(1,190)	(1,214)
31 December 2024	21,082	407	10,743	32,232
Purchases	456	23	1,523	2,002
Transferred in	199	-	11	210
Disposals	(60)	(33)	(564)	(657)
31 December 2025	21,677	397	11,713	33,787
Accumulated depreciation				
1 January 2024	(6,025)	(332)	(7,896)	(14,253)
Additions	(675)	(21)	(1,189)	(1,885)
Disposals	-	22	1,130	1,152
31 December 2024	(6,700)	(331)	(7,955)	(14,986)
Additions	(683)	(22)	(1,145)	(1,850)
Disposals	35	31	541	607
31 December 2025	(7,348)	(322)	(8,559)	(16,229)
Carrying amount				
31 December 2025	14,329	75	3,154	17,558
31 December 2024	14,382	76	2,788	17,246

As at 31 December 2025, the plant and buildings with original cost of RMB1,044 million (2024: RMB3,448 million) and net book value of RMB899 million (2024: RMB3,196 million) were in use by the Group and the Bank while the property right registration were still in progress.

The Group regularly performs impairment testing on certain leased out fixed assets under operating leases. If the results of the impairment testing indicate that the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made in accordance with the differences and recognized in impairment losses. The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The management obtained the value of the assets at the end of the lease term from a professional evaluation authority, the costs of disposal include legal costs, related taxes and etc. In calculating the present value of the expected future cash flows from the assets, the management uses the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for the estimate of future cash flows and selects an appropriate discount rate to determine the present value of the future cash flows, as well as estimating the future cash flows under different scenarios for certain lessees. Except for certain fixed assets leased out under operating leases as mentioned above, there were no significant indications of impairment of the Group's other fixed assets at the end of 2025 and 2024.

17 Lease

(1) Right-of-use assets

The Group	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	16,264	137	16,401
Additions	2,072	15	2,087
Decreases	(3,446)	(56)	(3,502)
31 December 2024	14,890	96	14,986
Additions	2,133	15	2,148
Decreases	(3,646)	(34)	(3,680)
31 December 2025	13,377	77	13,454
Accumulated amortization			
1 January 2024	(9,166)	(85)	(9,251)
Additions	(2,790)	(22)	(2,812)
Decreases	3,374	53	3,427
31 December 2024	(8,582)	(54)	(8,636)
Additions	(2,814)	(17)	(2,831)
Decreases	3,522	26	3,548
31 December 2025	(7,874)	(45)	(7,919)
Carrying amount			
31 December 2025	5,503	32	5,535
31 December 2024	6,308	42	6,350

The Bank	Plant & buildings	Equipment & others	Total
Cost			
1 January 2024	15,383	137	15,520
Additions	1,884	15	1,899
Decreases	(3,246)	(56)	(3,302)
31 December 2024	14,021	96	14,117
Additions	2,084	15	2,099
Decreases	(3,447)	(34)	(3,481)
31 December 2025	12,658	77	12,735
Accumulated amortization			
1 January 2024	(8,719)	(85)	(8,804)
Additions	(2,641)	(22)	(2,663)
Decreases	3,155	53	3,208
31 December 2024	(8,205)	(54)	(8,259)
Additions	(2,701)	(17)	(2,718)
Decreases	3,410	26	3,436
31 December 2025	(7,496)	(45)	(7,541)
Carrying amount			
31 December 2025	5,162	32	5,194
31 December 2024	5,816	42	5,858

(2) Lease liabilities

As at the date of financial statement, the analysis by remaining maturity date is as follows:

The Group	31 December 2025	31 December 2024
Within 3 months	607	669
3 months to 1 year	1,703	1,863
1 year to 5 years	3,025	3,704
More than 5 years	17	83
Total undiscounted lease liabilities	5,352	6,319
Book value of lease liabilities at year-end	5,152	6,013

The Bank	31 December 2025	31 December 2024
Within 3 months	582	628
3 months to 1 year	1,623	1,756
1 year to 5 years	2,762	3,339
More than 5 years	12	52
Total undiscounted lease liabilities	4,979	5,775
Book value of lease liabilities at year-end	4,797	5,507

(3) Short-term leases and leases of low-value assets

The Group's short-term leases and leases of low-value assets mainly represent plant and buildings and other equipment.

(4) Leases in which the Group is lessor

Items	2025	2024
Operating leasing income	4,819	3,710
Financial leasing income	4,695	4,822

The Group conducts the finance leasing business and operating leasing business in accordance with relevant regulatory requirements. The leased items involved mainly include leased equipment such as aircraft, vessels and clean energy, and the lessees are primarily corporate customers.

18 Intangible assets

The Group	Land use rights	Software and others	Brand and franchise right	Total
Cost				
1 January 2024	6,800	11,044	2,236	20,080
Additions	14	1,255	-	1,269
Disposals	-	(3)	-	(3)
31 December 2024	6,814	12,296	2,236	21,346
Additions	-	1,112	-	1,112
Disposals	-	(9)	-	(9)
31 December 2025	6,814	13,399	2,236	22,449
Accumulated amortization				
1 January 2024	(1,148)	(9,165)	-	(10,313)
Amortization	(176)	(1,274)	-	(1,450)
Disposals	-	1	-	1
31 December 2024	(1,324)	(10,438)	-	(11,762)
Amortization	(176)	(1,301)	-	(1,477)
Disposals	-	7	-	7
31 December 2025	(1,500)	(11,732)	-	(13,232)
Carrying amount				
31 December 2025	5,314	1,667	2,236	9,217
31 December 2024	5,490	1,858	2,236	9,584

In 2025, the Group performed an impairment testing for the brand and franchise rights (with indefinite useful lives) of Shanghai International Trust Co., Ltd. ("Shanghai International Trust"), and concluded that no provisions for impairment were required. In the impairment testing, the recoverable amount is determined by reference to its fair value less costs of disposal. The management selected comparable company cases and evaluated the fair value of such brands and franchise rights with a price to book value ratio method, and corrected the price to book value ratio according to specific risk factors.

The Bank	Land use rights	Software and others	Total
Cost			
1 January 2024	6,797	10,241	17,038
Additions	14	1,057	1,071
Disposals	-	-	-
31 December 2024	6,811	11,298	18,109
Additions	-	895	895
Disposals	-	(3)	(3)
31 December 2025	6,811	12,190	19,001
Accumulated amortization			
1 January 2024	(1,146)	(8,428)	(9,574)
Amortization	(176)	(1,242)	(1,418)
Disposals	-	-	-
31 December 2024	(1,322)	(9,670)	(10,992)
Amortization	(176)	(1,098)	(1,274)
Disposals	-	2	2
31 December 2025	(1,498)	(10,766)	(12,264)
Carrying amount			
31 December 2025	5,313	1,424	6,737
31 December 2024	5,489	1,628	7,117

19 Goodwill

	31 December 2025	31 December 2024
Goodwill		
-Shanghai International Trust	5,351	5,351
Less: impairment allowances	-	-
Total	5,351	5,351

The goodwill is recognized as a result of the Bank's issuance of ordinary shares to acquire 97.33% equity of Shanghai International Trust in March 2016.

The goodwill allocated to the cash generating unit (CGU) or CGUs on transaction date according to operating segments are summarized as follows:

	31 December 2025	31 December 2024
Shanghai International Trust	4,739	4,739
Subsidiaries of Shanghai International Trust	612	612
Total	5,351	5,351

(1) Asset groups or asset group combinations related to goodwill

It mainly represents the Shanghai International Trust asset group and the asset group of Shanghai International Trust's related subsidiaries. At the end of 2025, the cash flows of the above asset groups were basically independent of cash inflows generated by other assets or asset groups, and belonged to the trust operating segment, monetary brokerage segment and investment management segment respectively. The asset group to which the Group's goodwill was allocated remained unchanged during the year.

(2) Method used to determine the recoverable amount:

As at the reporting date, the recoverable amount of the Shanghai International Trust asset group was determined by reference to its fair value less costs of disposal.

Item	Carrying amount (RMB)	Recoverable amount (RMB)	Impairment amount	The method used to determine the fair value and the cost of disposal	Key parameters	Basis for determining the key parameters
Shanghai International Trust	30.8 billion	36.3 billion	-	Use the comparable company analysis method to determine fair value and consider related costs of disposal	Price-to-book ratio (P/B) (0.9 time to 2.6 times)	Determine based on the comparable company P/B multiples and adjust the P/B in accordance with specific risk factors

As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was determined by reference to the present value of expected future cash flows. Key parameters used to calculate the present value of future cash flows include revenue growth rate, earnings before interest, tax, depreciation and amortization (EBITDA) margin, gross margin, pre-tax discount rate, etc. The Group comprehensively determines the revenue growth rate, EBITDA margin and gross margin for the five-year forecast period based on historical experience and market development, and on the basis of the realized financial performance in the year prior to the forecast period, taking into account the expected limitations on the scope of the future operations as well as the level of the related expenses; the Group determines the revenue growth rate for the future stable period based on the level of long-term inflation rate for the PRC economy, and the EBITDA margin and gross margin for the stable period based on the forecast level for the last period of the forecast period; the pre-tax discount rate reflects the risks specific to the future cash flows of the underlying asset group. As at the reporting date, the recoverable amount of the asset group of Shanghai International Trust's related subsidiaries was higher than the carrying amount, no impairment was recognized.

20 Deferred income tax

20.1 The table below includes the deferred income tax assets and liabilities of the Group and the Bank after offsetting qualifying amounts:

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred income tax assets	85,166	75,261	81,919	72,695
Deferred income tax liabilities	(629)	(630)	-	-

20.2 Deferred income tax assets and liabilities and related temporary differences, before offsetting qualifying amounts, are attributable to the following items:

The Group	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	347,323	86,831	312,228	78,058
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	7,098	1,775	6,906	1,726
Employee benefits payable	4,320	1,080	4,996	1,249
Provisions	8,098	2,025	7,806	1,951
Fair value changes of financial instruments measured at FVTPL	15,611	3,903	6,860	1,715
Others	9,190	2,296	12,226	3,056
Subtotal	472,476	118,119	429,456	107,364
Offset amounts		(32,953)		(32,103)
Deferred income tax assets after offsetting		85,166		75,261

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,854)	(22,214)
Fair value changes of financial instruments measured at FVTPL	(25,717)	(6,429)	(15,859)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,630)	(1,908)	(17,843)	(4,471)
Differences between fair value and carrying amount of identifiable net assets arising from business combinations of entities not under common control	(2,403)	(601)	(2,464)	(616)
Others	(5,213)	(1,303)	(5,876)	(1,468)
Subtotal	(134,327)	(33,582)	(130,896)	(32,733)
Offset amounts		32,953		32,103
Deferred tax liabilities after offsetting		(629)		(630)

The Bank	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Impairment allowances for assets	337,787	84,447	304,702	76,176
Fair value changes of derivative financial liabilities	80,836	20,209	78,434	19,609
Fair value changes of financial assets measured at FVOCI	6,651	1,663	6,386	1,596
Provisions	8,097	2,024	7,805	1,951
Employee benefits payable	2,802	701	3,368	842
Fair value changes of financial instruments measured at FVTPL	15,583	3,896	6,869	1,717
Others	7,112	1,777	11,505	2,877
Subtotal	458,868	114,717	419,069	104,768
Offset amounts		(32,798)		(32,073)
Deferred income tax assets after offsetting		81,919		72,695

	31 December 2025		31 December 2024	
	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)
Fair value changes of derivative financial assets	(93,364)	(23,341)	(88,838)	(22,210)
Fair value changes of financial instruments measured at FVTPL	(25,082)	(6,270)	(15,857)	(3,964)
Fair value changes of financial assets measured at FVOCI	(7,535)	(1,884)	(17,739)	(4,435)
Others	(5,210)	(1,303)	(5,858)	(1,464)
Subtotal	(131,191)	(32,798)	(128,292)	(32,073)
Offset amounts		32,798		32,073
Deferred tax liabilities after offsetting		-		-

20.3 The movement of the deferred income tax account is as follows:

	Note	The Group		The Bank	
		2025	2024	2025	2024
Balance at the beginning of the year		74,631	70,584	72,695	69,250
Charged to profit or loss	III.7	7,555	7,688	6,939	6,944
Charged to other comprehensive income	III.34	2,351	(3,641)	2,285	(3,499)
Balance at the end of the year		84,537	74,631	81,919	72,695

21 Other assets

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Refundable deposits	49,229	42,953	48,365	42,378
Suspense accounts	45,840	41,843	44,593	40,261
Other receivables	8,135	9,478	7,367	8,158
Interest receivable	3,704	3,940	3,517	3,940
Long-term deferred expenses	1,134	1,334	1,065	1,262
Prepayments	689	2,892	666	1,123
Repossessed assets	539	582	313	298
Payments to Trust Protection Fund	307	658	-	-
Others	4,367	2,504	1,456	1,412
Total	113,944	106,184	107,342	98,832

22 Deposits and placements from banks and other financial institutions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposits from domestic banks	137,765	99,083	145,228	108,093
Deposits from overseas banks	1,239	1,659	1,239	1,659
Deposits from domestic non-bank financial institutions	1,243,247	752,408	1,244,902	754,990
Deposits from overseas non-bank financial institutions	28,294	14,680	29,256	15,602
Placements from domestic banks	319,530	278,883	180,686	161,988
Placements from overseas banks	31,858	67,811	21,038	57,674
Placements from domestic non-bank financial institutions	6,569	1,185	6,569	1,185
Accrued interest	5,187	5,896	4,318	5,168
Total	1,773,689	1,221,605	1,633,236	1,106,359

23 Financial liabilities measured at FVTPL

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Financial liabilities associated with bonds		56,965	24,787	56,965	24,787
Financial liabilities related to precious metals		6,369	5,185	6,369	5,185
Interest of other unit holders in consolidated structured entities	(1)	3,529	3,200	-	-
Total		66,863	33,172	63,334	29,972

(1) The Group designated interests attributable to other unit holders in consolidated structured entities as financial liabilities measured at FVTPL.

(2) As at 31 December 2025 and 31 December 2024, no significant fair value changes have occurred due to changes in the Group's own credit risk.

24 Financial assets sold under repurchase agreements

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bonds	296,342	352,006	196,987	252,390
Bills	7,921	153,761	7,921	153,761
Interbank certificates of deposit	1,196	-	1,196	-
Accrued interest	455	195	455	195
Total	305,914	505,962	206,559	406,346

25 Deposits from customers

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Current deposits				
-Corporate	1,623,986	1,620,275	1,612,447	1,606,476
-Retail	454,197	414,676	452,188	411,861
Time deposits				
-Corporate	2,212,093	1,943,073	2,197,927	1,928,882
-Retail	1,279,798	1,160,310	1,265,517	1,138,522
Other deposits	12,361	7,625	12,341	7,592
Subtotal	5,582,435	5,145,959	5,540,420	5,093,333
Accrued interest	70,923	83,323	70,343	82,310
Total	5,653,358	5,229,282	5,610,763	5,175,643

26 Debt securities issued

	Note	The Group		The Bank	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
Interbank certificates of deposit and certificates of deposit issued	(1)	830,796	1,010,322	830,995	1,010,322
Bonds issued					
2020 Tier II First Financial Bond	(2)	-	32,000	-	32,000
2020 Tier II Second Financial Bond	(3)	8,000	8,000	8,000	8,000
2020 Tier II Third Financial Bond	(4)	-	30,000	-	30,000
2020 Tier II Fourth Financial Bond	(5)	10,000	10,000	10,000	10,000
2022 First Financial Bond	(6)	-	25,000	-	25,000
2022 Second Financial Bond	(6)	-	5,000	-	5,000
2022 Third Financial Bond	(7)	-	30,000	-	30,000
2022 Fourth Financial Bond	(8)	-	30,000	-	30,000
2023 Green Financial Bond	(9)	30,000	30,000	30,000	30,000
2024 First Tier II Capital Bond (Variety I)	(10)	35,000	35,000	35,000	35,000
2024 First Tier II Capital Bond (Variety II)	(10)	5,000	5,000	5,000	5,000
2024 Second Tier II Capital Bond (Variety I)	(11)	34,000	34,000	34,000	34,000
2024 Second Tier II Capital Bond (Variety II)	(11)	6,000	6,000	6,000	6,000
2024 First Financial Bond	(12)	29,990	29,990	30,000	30,000
2024 Second Financial Bond	(13)	30,000	30,000	30,000	30,000
2025 First Financial Bond	(14)	25,000	-	25,000	-
2025 Second Financial Bond	(14)	5,000	-	5,000	-
2025 Sci-tech innovation bond (Series 1)	(15)	15,000	-	15,000	-
2025 Third Financial Bond	(16)	12,500	-	12,500	-
2025 Fourth Financial Bond	(16)	7,500	-	7,500	-
2025 SPDB Financial Leasing Green Financial Bond (Series 1)	(17)	20,000	-	20,000	-
2025 First Tier II Capital Bond (Variety I)	(18)	16,500	-	16,500	-
2025 First Tier II Capital Bond (Variety II)	(18)	3,500	-	3,500	-
Hong Kong medium-term note	(19)	6,944	3,600	6,944	3,600
Singapore medium-term note	(20)	2,097	2,190	2,097	2,190
London medium-term note	(21)	2,796	2,920	2,796	2,920
SPDB Convertible corporate bonds	(22)	-	49,998	-	49,998
2020 Tier II SPDB Financial Leasing Financial Bond	(23)	-	1,100	-	-
2022 First SPDB Financial Leasing Financial Bond	(24)	-	1,500	-	-
2025 First SPDB Financial Leasing Financial Bond (Bond Connect)	(25)	1,500	-	-	-
Subtotal		306,327	401,298	304,837	398,708
Add: Unamortized issue cost and others		(43)	2,346	(42)	2,348
Debt securities issued		306,284	403,644	304,795	401,056
Accrued interest		3,336	6,006	3,312	5,968
Total		1,140,416	1,419,972	1,139,102	1,417,346

(1)As at 31 December 2025, the Group and the Bank issued a total of 194 interbank certificates of deposit in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.53% to 2.02% (As at 31 December 2024, the Group and the Bank issued a total of 182 interbank certificates of deposit in the domestic interbank bond market which have not yet expired, with the longest term to maturity being 365 days and actual interest rates falling within a range from 1.60% to 2.47%).

The deposit certificates of the Group were all issued by overseas institutions of the Group. As at 31 December 2025, the number of deposit certificates publicly issued but not yet expired were 65 in total, with the longest term to maturity being 375 days and actual interest rates falling within a range from 1.68% to 4.52% (As at 31 December 2024, the number of deposit certificates issued but not yet expired were 122 in total, with the longest term to maturity being 387 days and actual interest rates falling within a range from 1.99% to 5.66%).

(2)The Bank issued Tier II capital instruments in the amount of RMB32 billion in the domestic interbank bond market on 30 July 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 3.87%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the afore-mentioned redemption option.

(3)The Bank issued Tier II capital instruments in the amount of RMB8 billion in the domestic interbank bond market on 30 July 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.18%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(4)The Bank issued Tier II capital instruments in the amount of RMB30 billion in the domestic interbank bond market on 15 September 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.27%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the Bank had exercised the afore-mentioned redemption option.

(5)The Bank issued Tier II capital instruments in the amount of RMB10 billion in the domestic interbank bond market on 15 September 2020 which have a term of 15 years through maturity, with a fixed annual coupon rate of 4.52%. The Bank is entitled to redeem entire portion or part of the instruments at par value on its tenth anniversary under certain conditions.

(6)The Bank publicly issued "2022 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2022 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic interbank bond market on 21 January 2022. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 2.69%. As at 31 December 2025, the bond was matured and been fully repaid.

(7)The Bank publicly issued "2022 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 February 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.78%. As at 31 December 2025, the bond had matured and been fully repaid.

(8)The Bank publicly issued "2022 Third Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 9 November 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.45%. As at 31 December 2025, the bond had matured and been fully repaid.

(9)The Bank issued "2025 First Green Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 24 March 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.79%.

(10)The Bank issued Tier II Capital Instruments with a total amount of RMB35 billion and RMB5 billion respectively in the domestic interbank bond market on 14 August 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.30%, respectively.

(11)The Bank issued Tier II Capital Instruments with a total amount of RMB34 billion and RMB6 billion respectively in the domestic interbank bond market on 6 December 2024. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bond at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.15% and 2.34%, respectively.

(12)The Bank issued "2024 First Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 29 February 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.35%.

(13)The Bank issued "2024 Second Financial Bond" in the amount of RMB30 billion in the domestic interbank bond market on 26 March 2024; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 2.38%.

(14)The Bank issued "2025 First Financial Bond (Variety I)" in the amount of RMB25 billion and "2025 First Financial Bond (Variety II)" in the amount of RMB5 billion in the domestic interbank bond market on 24 April 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.82% and 1.81% respectively.

(15)The Bank issued "2025 First Sci-tech Innovation Bond" in the amount of RMB15 billion in the domestic interbank bond market on 12 May 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.66%.

(16) The Bank issued "2025 Second Financial Bond (Variety I)" in the amount of RMB12.5 billion and "2025 Second Financial Bond (Variety II)" in the amount of RMB7.5 billion in the domestic interbank bond market on 10 December 2025. Both bonds have a term of 3 years through maturity, with a fixed annual coupon rate of 1.85% and a floating interest rate of LPR-1.12% respectively.

(17) The Bank issued "2025 First Green Financial Bond" in the amount of RMB20 billion in the domestic interbank bond market on 11 November 2025; the bond has a term of 3 years through maturity, with a fixed annual coupon rate of 1.73%.

(18) The Bank issued "2025 First Tier II Capital Bond (Variety I)" in the amount of RMB16.5 billion and "2025 First Tier II Capital Bond (Variety II)" in the amount of RMB3.5 billion in the domestic interbank bond market on 17 November 2025. The bonds have a maturity of 10 years and 15 years respectively, and the Bank has the option to conditionally redeem all or part of the bonds at face value at the end of the fifth and tenth year, with fixed annual interest rates of 2.17% and 2.40%, respectively.

(19) The Bank issued HKD1.5 billion medium-term notes and USD300 million medium-term notes on the Hong Kong Stock Exchange on 20 March 2024; the notes have a maturity of 2 years and 3 years respectively, and the coupon rates are fixed rate of 4.60% and floating rate of SOFR+59BPS. The Bank issued RMB3.5 billion medium-term notes on the Hong Kong Stock Exchange on 17 July 2025; the notes have a fixed rate of 1.80%.

(20) The Bank issued medium-term notes totalling USD300 million on the Singapore Exchange on 21 October 2024; the notes have a term of 3 years and a floating interest rate of SOFR+60BPS.

(21) The Bank issued USD400 million medium-term notes on the London Stock Exchange on 14 July 2022; the notes have a term of 3 years through maturity, with a fixed coupon rate of 3.25% per annum. As at 31 December 2025, the medium-term notes had been redeemed upon maturity. The Bank issued USD400 million medium-term notes on the London Stock Exchange on 3 June 2025; the notes have a term of 3 years through maturity and a floating interest rate of SOFR+53BPS.

(22) The Bank made a public offering of RMB50 billion of convertible corporate bonds, which was listed on 15 November 2019 on the Shanghai Stock Exchange. The convertible corporate bonds have a term of six years from 28 October 2019 to 27 October 2025, at coupon rates of 0.20% for the first year, 0.80% for the second year, 1.50% for the third year, 2.10% for the fourth year, 3.20% for the fifth year and 4.00% for the sixth year. The bond is payable on an annual basis, with principal and last year's interest due. The conversion of these convertible corporate bonds begins from the first trading day after six months upon the completion date of the offering (4 May 2020) to the maturity date (27 October 2025).

In accordance with formulas set out in the prospectus of the convertible corporate bonds, the initial conversion price of the convertible corporate bonds is RMB15.05 per share, and the price of the convertible corporate bonds will be adjusted to reflect the impact of cash dividends and change in paid-in capital under specified circumstances (excluding the conversion of convertible bonds due to this issue). The holder of this bond applies for a conversion within the conversion period. The number of conversions is calculated by dividing the total amount of the bond faced by the bond holder applying for the conversion by the effective conversion price on the day of application for the conversion. Within five trading days after the expiration of the convertible bonds issued by the Bank, the Bank will redeem all unconverted convertible bonds at 110% of the face value of the convertible bonds (including the interest of the last year). For the specific issuance terms of this bond, please refer to the relevant issuance announcement.

As at 31 December 2025, the bond had matured, a total of RMB49,837,082,000 convertible corporate bonds were converted to ordinary share of the Bank, and the accumulated numbers of shares converted were 3,953,757,903, accounting for 13.47% of the Bank's total issued ordinary shares before the conversion, and the total amount of redemption at maturity was RMB179,209,800.

(23) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank issued Tier II capital instruments in the amount of RMB1.1 billion in the domestic interbank bond market on 11 August 2020 which have a term of 10 years through maturity, with a fixed annual coupon rate of 4.20%. The subsidiary of the Bank is entitled to redeem entire portion or part of the instruments at par value on its fifth anniversary under certain conditions. As at 31 December 2025, the subsidiary of the Bank had exercised the afore-mentioned redemption option.

(24) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2022 First Financial Bond (Freight and logistics)" in the amount of RMB1.5 billion in the domestic interbank bond market on 8 July 2022 which has a term of 3 years through maturity, with a fixed annual coupon rate of 2.93%. As at 31 December 2025, the bond had matured and been fully repaid.

(25) SPDB Financial Leasing Co., Ltd., the subsidiary of the Bank, issued "2025 First Financial Bond (Bond Connect)" in the amount of RMB1.5 billion in the domestic interbank bond market on 17 January 2025 which has a term of 3 years through maturity, with a fixed annual coupon rate of 1.75%.

27 Provisions

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Impairment allowance for financial guarantee contracts and loan commitments	8,023	7,733	8,022	7,732
Pending litigation losses	75	73	75	73
Others	2	4	-	-
Total	8,100	7,810	8,097	7,805

28 Other liabilities

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Suspense accounts	38,297	47,755	38,185	47,504
Employee benefits payable	10,109	12,373	8,220	10,466
VAT and other taxes payable	3,462	3,475	3,019	2,981
Advance for performance and other deposits	3,227	3,797	519	678
Contract liabilities	2,450	2,469	1,848	1,920
Accrued expenses	1,961	2,501	1,834	2,389
Dividend payable	48	55	47	45
Others	5,535	6,151	1,371	1,788
Total	65,089	78,576	55,043	67,771

29 Share capital

The Group and the Bank	31 December 2025	31 December 2024
Domestic listed RMB ordinary share (A shares)	33,306	29,352

A shares issued by the Bank are all ordinary share, with par value of RMB1 per share. All shares rank pari passu in all respects with each other.

In 2025, some bondholders of convertible corporate bonds issued by the Bank applied for conversion, resulting in a total increase of 3.954 billion shares of the Bank's ordinary shares.

30 Other equity instrument

The Group and the Bank	Note	31 December 2025	31 December 2024
Preference shares and perpetual bonds included in other tier 1 capital of the Bank	(1)	79,919	79,919
Other equity instruments included in the tier 1 capital of the Bank-Equity of SPDB convertible corporate bonds	(2)	-	2,782
Total		79,919	82,701

(1) Preference shares and perpetual bonds included in other tier 1 capital of the Bank

Name of other equity instruments outstanding	Dividend rate	Issuance Price (RMB)	Number	Opening amount	Movements during the year	Closing amount	Maturity date or renewals	Conversion (Yes/No)
Pufayou 1 (a)	6% for the first five years 5.58% for the second five years 4.27% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
Pufayou 2 (a)	5.5% for the first five years 4.81% for the second five years 3.80% for the third five years	100	150 million	15,000	-	15,000	No maturity date	No
20 SPDB Perpetual bonds (b)	4.75% for the first five years	100	500 million	50,000	(50,000)	-	Redeemed	No
25 SPDB Perpetual bonds 01(b)	2.03% for the first five years	100	300 million	-	30,000	30,000	No maturity date	No
25 SPDB Perpetual bonds 02(b)	1.96% for the first five years	100	200 million	-	20,000	20,000	No maturity date	No
Less: Issue expenses				(81)	-	(81)		
Carrying amount				79,919	-	79,919		

(a) On 28 November 2014 and 6 March 2015, the Bank issued non-cumulative preference shares with a total par value of RMB30 billion to domestic investors. The proceeds after deducting transaction costs amounted to RMB29.92 billion and were recorded as other equity instruments. During the term of preference shares, the Bank has the option to redeem part or all outstanding preference shares on any dividend payment date after five years from the issuance if certain conditions are met, under the approval obtained from the regulatory authorities. Holders of the preference shares have no right to require the Bank to redeem the outstanding preference shares. Dividends of the preference shares are payable in cash on annual basis at a fixed dividend rate which is adjusted every five years. The Bank at its discretion has the right not to declare and distribute the dividends of the preference shares in part or full.

Upon occurrence of any of the following triggering events and subject to the approval from the regulatory authorities, the Bank's outstanding preference shares shall be mandatorily converted in part or full to the Bank's ordinary shares:

1. When the Common Equity Tier 1 ("CET1") adequacy ratio of the Bank decreases to 5.125% (or below), upon the approval from the Board of Directors, the outstanding preference share shall be converted into the Bank's ordinary A shares in part or full at a pre-determined mandatory conversion price so as to bring the Bank's CET1 adequacy ratio back to above 5.125%;
2. When any triggering event of the Bank's tier 2 capital instruments occurs, the outstanding preference shares shall be converted to the Bank's ordinary A shares at the pre-determined mandatory conversion price.

Under the approval from regulatory authority, the outstanding preference shares will be fully or partially converted to ordinary A-shares at the price of RMB7.62 per share when meeting the mandatory conversion triggering conditions. Following the board resolution date, if the Bank subsequently appropriates bonus shares, transfers retained earnings to ordinary shares, issues new ordinary shares (excluding any increase of ordinary shares due to conversion of convertible financial instruments issued by the Bank, such as preference shares and convertible corporate bonds, etc.) or issue rights, the conversion price shall be adjusted subject to the terms and formula provided by the offering documents to adjust for the dilutive effects of these specified increases in ordinary shares.

Pursuant to the relevant laws and regulations, and the Approval from CBIRC on the Bank's Non-Public Offering of Preference Shares and Corresponding Revisions to the Article of Association (Yin jianfu [2014] No.564), the proceeds from the issuance of preference shares shall be used to supplement the other tier 1 capital of the Bank.

Upon liquidation, the holders of the Bank's preference shares are entitled to the repayment at the par value of the outstanding preference shares prior to any distribution to the holders of the Bank's ordinary shares. If the remaining assets of the Bank are not sufficient to cover the par value, they are allocated to the holders of preference shares on proportionate basis.

(b) The Bank issued "2020 Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB50 billion), "2025 First Open-term capital bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB30 billion) and "2025 Second Open-term capital

bonds of the Shanghai Pudong Development Bank Co., Ltd." (RMB20 billion) in the interbank bond market on 19 November 2020, 10 June 2025 and 9 July 2025 respectively, which were all accounted for as other equity instruments after deducting issuance expenses. The duration of this open-term capital bonds was consistent with the duration of the Bank's continuing operations. The Bank shall have the right to redeem the open-term capital bonds in whole or in part on the fifth distribution payment date since the issuance, provided that prerequisite for redemption is met and such redemption is approved by the regulatory authorities, and the bond investors have no right to request the Bank to redeem the capital bonds with unfixed terms. The Bank shall have the right to cancel, in whole or in part, declaration and distributions on the open-term capital bonds.

Pursuant to applicable laws and regulations and approval from relevant regulatory authorities, the funds raised from open-term capital bonds are used to supplement other Tier 1 capital of the Bank.

The compensation order of the open-term capital bonds is behind of depositors, general creditors and subordinated debts that are prior than the capital bonds with unfixed terms, and ahead of all types of shares held by shareholders of the Bank; the open-term capital bonds will be compensated in the same order with other Tier 1 capital instruments which have the same compensation order.

As for the above open-term capital bonds, in the case of an unable-to-survive trigger event, the Bank has the right to write down the bonds in whole or in part without obtaining the consent of the bond holder.

No occurrence of trigger events refers to the earlier of the below situation: (1) NFRA determines that the issuer will not survive without written-off; or (2) the relevant departments determine that the issuer will not survive without the capital contribution from public sector or equivalent support.

As at 31 December 2025, "2020 Open-term Capital Bonds of Shanghai Pudong Development Bank Co., Ltd." had been redeemed in advance.

(2) As at 31 December 2025, the convertible corporate bonds issued by the Bank had been converted into shares or redeemed. The equity component had been fully transferred out. See Note III. 26(22) for details.

31 Capital reserves

	The Group		The Bank	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Share premium	134,297	81,691	134,297	81,691
Other capital surplus				
- Capital increase of subsidiaries and purchase of minority equity	155	219	(47)	-
- Others	9	11	26	28
Total	134,461	81,921	134,276	81,719

As mentioned in Note III. 26(22), with the regulatory approval and other relevant institutions, the Bank publicly issued A-share convertible corporate bonds with a face value of RMB50 billion in 2019. As at 31 December 2025, about RMB49,837 million of convertible corporate bonds had been converted into A-share ordinary shares, accumulatively increasing the Bank's share capital of 3,954 million shares; in addition, the amount redeemed upon maturity of the convertible corporate bonds was RMB179 million. Accordingly, the Bank's share premium increased due to the above-mentioned matter.

32 Surplus reserves

The Group and The Bank	1 January 2025	Addition	31 December 2025
Statutory surplus reserve	25,499	4,329	29,828
Discretionary surplus reserve	166,723	-	166,723
Total	192,222	4,329	196,551

	1 January 2024	Addition	31 December 2024
Statutory surplus reserve	22,206	3,293	25,499
Discretionary surplus reserve	166,723	-	166,723
Total	188,929	3,293	192,222

Pursuant to related PRC regulations, the Bank is required to appropriate 10% of its annual net profit to a statutory surplus reserve until such surplus reserve has reached 50% of ordinary shares. After the appropriation of statutory surplus reserve, the Bank may further appropriate discretionary surplus reserve.

33 General risk reserve

The Group	1 January 2025	Addition	31 December 2025
General risk reserve	106,696	8,979	115,675
	1 January 2024	Addition	31 December 2024
General risk reserve	101,575	5,121	106,696
The Bank	1 January 2025	Addition	31 December 2025
General risk reserve	102,500	8,524	111,024
	1 January 2024	Addition	31 December 2024
General risk reserve	98,000	4,500	102,500

Pursuant to Caijin [2012] No. 20 "Administration Rules on Appropriation to General Risk Reserve for Financial Institutions" issued by the MOF, the Bank is required to make appropriation to a general risk reserve.

General risk reserve of the Group also includes other reserves of the Bank's subsidiaries required by industry or district regulations.

34 Other reserves

The Group	Opening balance of other comprehensive income attributable to the Bank's Shareholders	2025					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: transfer out	Less: income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	Transfers within equity
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	7,150	(5,945)	(4,896)	2,731	(8,110)	-	(960)
- Impairment allowance	4,417	1,573	(262)	(333)	978	-	5,395
Exchange differences from the translation of foreign operations	510	(107)	-	-	(80)	(27)	430
Cash flow hedge reserve	237	(322)	-	81	(168)	(73)	69
Others	2	-	-	-	-	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	720	511	-	(128)	383	-	1,103
Total	13,036	(4,290)	(5,158)	2,351	(6,997)	(100)	6,039
	Opening balance of other comprehensive income attributable to the Bank's Shareholders	2024					Ending balance of other comprehensive income attributable to the Bank's Shareholders
		Transfer in before tax	Less: Transfer out	Less: Income tax	Attributable to the Bank after tax	Attributable to minority shareholders after tax	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	(3,645)	17,699	(3,412)	(3,492)	10,795	-	7,150
- Impairment allowance	5,371	120	(1,300)	226	(954)	-	4,417
Exchange differences from the translation of foreign operations	469	74	-	-	41	33	510
Cash flow hedge reserve	70	330	-	(82)	167	81	237
Others	-	2	-	-	2	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	(158)	1,171	-	(293)	878	-	720
Total	2,107	19,396	(4,712)	(3,641)	10,929	114	13,036

Expressed in millions of RMB unless otherwise stated

The Bank	Opening balance of other comprehensive income	2025					Ending balance of other comprehensive income
		Transfer in before tax	Less: transfer out	Less: income tax	After tax	Transfers within equity	
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	7,708	(6,177)	(4,803)	2,746	(8,234)	-	(526)
- Impairment allowance	3,966	1,624	(262)	(341)	1,021	-	4,987
Exchange differences from the translation of foreign operations	(46)	61	-	-	61	-	15
Cash flow hedge reserve	(7)	-	-	-	-	-	(7)
Others	2	-	-	-	-	-	2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	722	479	-	(120)	359	(1)	1,080
Total	12,345	(4,013)	(5,065)	2,285	(6,793)	(1)	5,551
	Opening balance of other comprehensive income	2024					Ending balance of other comprehensive income
		Transfer in before tax	Less: Transfer out	Less: Income tax	After tax		
Items that may be reclassified to profit or loss							
Debt instruments measured at FVOCI							
- Fair value changes	(2,802)	17,336	(3,316)	(3,510)	10,510		7,708
- Impairment allowance	4,863	104	(1,300)	299	(897)		3,966
Exchange differences from the translation of foreign operations	(20)	(26)	-	-	(26)		(46)
Cash flow hedge reserve	10	(22)	-	5	(17)		(7)
Others	-	2	-	-	2		2
Item that will not be reclassified to profit or loss							
Change in fair value of other equity instruments							
- Fair value changes	(158)	1,173	-	(293)	880		722
Total	1,893	18,567	(4,616)	(3,499)	10,452		12,345

35 Profit distribution

(1) Profit distribution for the year ended 31 December 2024

Pursuant to the approval at the Shareholders' meeting on 27 June 2025, the Bank's profit distribution plan for the year ended 31 December 2024 is as follows:

(i) The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB4,329 million;

(ii) Appropriate RMB8.3 billion as general risk reserve;

(iii) The Bank declared and distributed cash dividends of RMB4.1 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution. In case of any changes in the total share capital that occur before the date of equity registration for equity distribution, the dividend per share remains unchanged, with any adjustment to total dividend distribution accordingly.

(2) Profit distribution for the year ended 31 December 2023

Pursuant to the approval at the Shareholders' meeting on 28 June 2024, the Bank's profit distribution plan for the year ended 31 December 2023 is as follows:

(i) The Bank appropriated for statutory surplus reserve at 10% of the profit after tax, amounting to RMB3,293 million;

(ii) Appropriate RMB4.5 billion as general risk reserve;

(iii) The Bank declared and distributed cash dividends of RMB3.21 (tax included) for every 10 shares to all shareholders based on the total share capital of ordinary shares on the date of equity registration for profit distribution.

(3) Dividend distribution for preference shares

On 25 November 2025, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB640.5 million in total (tax included) on 3 December 2025, which were calculated according to the coupon rate of Pufayou 1 (4.27%).

On 21 February 2025, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2025, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

On 29 October 2024, the dividend distribution plan for Pufayou 1 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB837 million in total (tax included) on 3 December 2024, which were calculated according to the coupon rate of Pufayou 1 (5.58%).

On 23 February 2024, the dividend distribution plan for Pufayou 2 was approved by the Board of Directors of the Bank. The Bank distributed dividends of RMB721.5 million in total (tax included) on 11 March 2024, which were calculated according to the coupon rate of Pufayou 2 (4.81%).

(4) Interests payment of open-term capital bonds

In November 2025, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In November 2024, the Bank has declared the distribution of RMB2.375 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2020 open-term capital bonds.

In July 2024, the Bank has declared the distribution of RMB1.419 billion of interests of open-term capital bonds according to the relevant terms of issuance of the 2019 open-term capital bonds.

36 Transfers of financial assets

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or to special purpose vehicles. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continued to recognize the transferred assets.

Assets backed securitization transaction

The Group sells loan assets to structured entities, which then issue asset-backed securities to investors. The partial securitization transactions conducted by the Group will result in the Group terminating the recognition of all transferred financial assets. For the year ended 31 December 2025, the Group transferred financial assets amounted to RMB34,341 million through assets backed securitization transactions, and all have met the requirement of derecognition (31 December 2024: RMB29,621 million).

As at 31 December 2025, except for the aforementioned securitised transactions, the Group transferred credit assets of an original book value of RMB35,874 million (31 December 2024: RMB35,874 million) to securitised entities. The Group neither transfers nor retains substantially all of the risks and rewards related to ownership of the credit assets, but it retains control over the credit assets. The Group will recognize the assets on the statement of financial position according to the degree of its continued involvement, and the rest will be derecognized. As at 31 December 2025, the assets value of the Group's continued recognition was RMB4,650 million (31 December 2024: RMB4,650 million).

Transfer of non-performing financial assets

In 2025, the Group directly transferred non-performing loans and financial investments totalling RMB15,661 million to third-party asset management companies, with all such assets derecognized (2024: directly transferred non-performing loans and financial investments totalling RMB20,508 million to third-party asset management companies, with all such assets derecognized).

Securities lending transaction

In the securities lending transaction, the counterparty may sell or re-use the above securities in the condition that no default exists, but at the same time bear the obligation to return the above securities on the expiration date specified in the agreement. For the above business, the Group believes that the Group retains most of the risks and rewards of the relevant securities and therefore does not derecognize the relevant securities. As at 31 December 2025, the carrying amount of the assets transferred by the Group in securities lending transactions was RMB40,200 million (31 December 2024: RMB51,405 million).

Financial assets sold under repurchase agreements

Sale and repurchase agreements represent transactions in which the Group sells financial assets while simultaneously entering into an agreement to repurchase the same or substantially identical assets at a predetermined price on a specified future date. As the repurchase price is fixed, the Group retains substantially all credit and market risks and rewards associated with the sold assets. The sold financial assets (which remain unavailable to the Group during the repurchase period) are not derecognized in the financial statements. Instead, they are classified as collateral for corresponding secured borrowings, given the Group's retention of substantially all risks and rewards. Furthermore, the Group recognizes a financial liability for the consideration received. Please see Note III. 24.

37 Involvement with unconsolidated structured entities

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

The Group directly holds an interest in some structured entities sponsored by third party institutions through investments in the products issued by these structured entities. Such structured entities include fund investment, equity investment, trust and asset management plans, ABS and other investments, the Group does not consolidate these structured entities. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors and are financed through the issue of investment products to investors.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in the structured entities sponsored by third party institutions:

Carrying amount	The Group	
	31 December 2025	31 December 2024
Financial investments measured at FVTPL		
Fund investments	495,875	485,481
Equity investments	11,854	11,100
ABS	4,668	2,211
Trust and asset management plans	658	3,990
Other investments	3,387	4,099
Financial investments measured at amortized cost		
ABS	118,384	101,171
Trust and asset management plans	5,967	94,314
Financial investments measured at FVOCI		
ABS	46,893	19,660
Reposessed equity instruments	498	495
Other investments	210	105

The maximum exposures to loss in the above trust and asset management plans and ABS are the amortized cost or fair value of the assets held by the Group at the reporting date. The maximum exposures to loss in the fund investment and other investments are the fair value of the assets held by the Group at the reporting date.

(2) Structured entities sponsored by the Group which the Group did not consolidate but held an interest

The types of unconsolidated structured entities sponsored by the Group include wealth management products, trust plan, fund investment and ABS. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of investment products to investors. Interest held by the Group includes investments in notes issued by these structured entities and fees charged by providing management services.

As at 31 December 2025, the amount of assets held by the unconsolidated wealth management products, which are sponsored by the Group, was RMB1,564,410 million (31 December 2024: RMB1,395,127 million).

As at 31 December 2025, the Group did not provide liquidity support to unconsolidated wealth management products sponsored by the Group (31 December 2024: Nil).

As at 31 December 2025, the amount of assets held by the unconsolidated trust plans, which are sponsored by the Group, was RMB1,269,243 million (31 December 2024: RMB768,245 million).

As at 31 December 2025, the amount of assets held by the unconsolidated fund investments, which are sponsored by the Group, was RMB12,394 million (31 December 2024: RMB22,772 million).

As at 31 December 2025, the amount of assets held by the unconsolidated ABS, which are sponsored by the Group, was RMB103,195 million (31 December 2024: RMB118,262 million).

In 2025, the Group's commission income from providing services to the wealth management products and trust plans was RMB4,554 million and RMB911 million, respectively. (In 2024: RMB3,279 million and RMB652 million). The commission income from other non-consolidated structured entities managed by the Group is not material.

(3) Unconsolidated structured entities sponsored by the Group during the year in which the Group does not have an interest at 31 December 2025

The total amount of the wealth management products issued by the Group after 1 January 2025 but matured before 31 December 2025 was RMB122,969 million (The total amount of the wealth management products issued by the Group after 1 January 2024 but matured before 31 December 2024 was RMB139,445 million).

The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2025 and expired before 31 December 2025 was not significant (The total amount of ABS, trust plans or investments in funds issued by the Group after 1 January 2024 and expired before 31 December 2024 was not significant).

38 Interests in other entities

(1) Interests in major subsidiaries

(i) Major subsidiaries of the Group

Name of subsidiaries	Place of main business	Place of registration	Registered capital	Obtaining method	Share-holding percentage (direct)
SPDB Financial Leasing Co., Ltd.	Shanghai	Shanghai	CNY6,403,574,436	Establishment	69.56%
Shanghai International Trust	Shanghai	Shanghai	CNY5,000,000,000	Acquisition	97.33%
SPDB International Holding, Ltd.	Hong Kong	Hong Kong	HKD505,000,000	Acquisition	100.00%
SPDB Wealth Management Co., Ltd.	Shanghai	Shanghai	CNY5,000,000,000	Establishment	100.00%
Shanghai Innovation Bank Co., Ltd.	Shanghai	Shanghai	CNY1,000,000,000	Establishment	100.00%
Mianzhu SPD Rural Bank Co., Ltd.	Mianzhu, Sichuan	Mianzhu, Sichuan	CNY50,000,000	Establishment	55.00%
Liyang SPD Rural Bank Co., Ltd.	Liyang, Jiangsu	Liyang, Jiangsu	CNY150,000,000	Establishment	51.00%
Gongyi SPD Rural Bank Co., Ltd.	Gongyi, Henan	Gongyi, Henan	CNY150,000,000	Establishment	80.00%
Shanghai Fengxian SPD Rural Bank Co., Ltd.	Fengxian, Shanghai	Fengxian, Shanghai	CNY150,000,000	Establishment	51.00%
Zixing SPD Rural Bank Co., Ltd.	Zixing, Hunan	Zixing, Hunan	CNY150,000,000	Establishment	51.00%
Hancheng SPD Rural Bank Co., Ltd.	Hancheng Shaanxi	Hancheng Shaanxi	CNY50,000,000	Establishment	74.00%
Zhejiang Xinchang SPD Rural Bank Co., Ltd.	Xinchang, Zhejiang	Xinchang, Zhejiang	CNY100,000,000	Establishment	51.00%
Yuanjiang SPD Rural Bank Co., Ltd.	Yuanjiang, Hunan	Yuanjiang, Hunan	CNY50,000,000	Establishment	51.00%
Chaling SPD Rural Bank Co., Ltd.	Zhuzhou, Hunan	Zhuzhou, Hunan	CNY50,000,000	Establishment	51.00%
Linwu SPD Rural Bank Co., Ltd.	Chenzhou, Hunan	Chenzhou, Hunan	CNY50,000,000	Establishment	51.00%
Hengnan SPD Rural Bank Co., Ltd.	Hengyang, Hunan	Hengyang, Hunan	CNY50,000,000	Establishment	51.00%
Gongzhuling SPD Rural Bank Co., Ltd.	Siping, Jilin	Siping, Jilin	CNY50,000,000	Establishment	51.00%
Ningbo Haishu Rural Bank Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	CNY100,000,000	Establishment	100.00%
Urumchi Midong SPD Rural Bank Co., Ltd.	Urumchi, Xinjiang	Urumchi, Xinjiang	CNY100,000,000	Establishment	97.00%
Qianxinan yilong SPD Rural Bank Co., Ltd.	Yilong, Guizhou	Yilong, Guizhou	CNY50,000,000	Establishment	100.00%
Fufeng SPD Rural Bank Co., Ltd.	Baoji, Shaanxi	Baoji, Shaanxi	CNY50,000,000	Establishment	100.00%

During 2025, the Bank received approvals from the relevant local offices of the NFRA ("local offices of the NFRA") to acquire minority equity of Yuzhong SPD Rural Bank Co., Ltd., Harbin Hulan SPD Rural Bank Co., Ltd., Linchuan SPD Rural Bank Co., Ltd., Fumin SPD Rural Bank Co., Ltd., Tianjin Baodi SPD Rural Bank Co., Ltd., Chongqing Banan SPD Rural Bank Co., Ltd., Chongqing Tongliang SPD Rural Bank Co., Ltd., Zhejiang Pingyang SPD Rural Bank Co., Ltd., Zouping SPD Rural Bank Co., Ltd., Zezhou SPD Rural Bank Co., Ltd., Dalian Ganjingzi SPD Rural Bank Co., Ltd. and Jiangyin SPD Rural Bank Co., Ltd., and the Bank shall undertake all assets, liabilities, rights and obligations of the aforementioned subsidiaries. As at 31 December 2025, the aforementioned subsidiaries had been approved by local offices of the NFRA for dissolution and being restructured to branches of the Bank.

Except for the aforementioned subsidiaries, the Bank received the approvals from local offices of the NFRA to acquire minority equity of Gongyi SPD Rural Bank Co., Ltd., Hancheng SPD Rural Bank Co., Ltd., Ningbo Haishu SPD Rural Bank Co., Ltd., Urumqi Midong SPD Rural Bank Co., Ltd., Qianxinan Yilong SPD Rural Bank Co., Ltd. and Fufeng SPD Rural Bank Co., Ltd. As at 31 December 2025, the aforementioned subsidiaries had not been approved by local offices of the NFRA for dissolution or being restructured as branches of the Bank.

The above-mentioned subsidiaries are all non-listed companies.

(ii) Relevant information of major partly-owned subsidiaries

After individual assessment, the Group concluded that no subsidiary has non-controlling interest that is material to the Group.

(2) Interests in joint ventures and associates

(i) General information of major joint ventures and associates

Name of the investee	Note	Place of main business	Place of registration	Strategic investment	Share-holding percentage (Direct)	Business nature
Joint ventures:						
AXA SPDB Investment Managers Co., Ltd.	(a)	Shanghai	Shanghai	Y	51.00%	Financial industry
Associate:						
Xingqi Hengtai	(b)	Shanghai	Shanghai	N	58.33%	Financial industry

Equity investments above-mentioned are all accounted for by equity method.

(a) According to the Articles of Association of AXA SPDB Investment Managers Co., Ltd., resolutions on certain significant operations and finance decisions shall be approved by shareholders representing more than two-thirds (including the number) voting shares. These resolutions are involved with the Company's strategic plans, investment plans, authorization on the Board of Directors for approval of annual financial budget and settlement plans, approval of profit distributions and plans to cover accumulated losses, and approval of equity transfers and modification of the Articles of Association, etc. Although the Group owns 51% voting shares of AXA SPDB Investment Management Co., Ltd., it has to exercise influences over the company jointly with other major shareholders.

(b) Shanghai Pudong Development Bank, as one of the limited partners, made capital contribution to Xingqi Hengtai. According to the partner decision-making mechanism, all significant matters shall be resolved by the partner meetings, and the Bank is unable to independently lead the relevant activities of Xingqi Hengtai, so the Bank has no control over Xingqi Hengtai.

(ii) Key financial information of major joint ventures and associates

The Group's joint ventures and associates are all unlisted companies. The Group is of the view that these joint ventures and associates are not material to the Group in terms of their aggregated net profit and net assets.

IV SEGMENT REPORTING

The senior management of the Group reviews the performance of the Bank's branches and subsidiaries in different economic regions from geographic perspective. The branches and subsidiaries of the Bank mainly provide services to local customers domiciled in respective geographic areas, therefore operating segments are analyzed principally based on the location of the assets. The Group's operating segments primarily derive revenue from providing commercial banking services and investment activities, including deposit-taking and lending, bill transactions, trade finance, money market operations, and securities investments.

The Group's operating segments of regions are set out as follows:

Head Office:	Head Office (including the direct institutions under Head Office)
Yangtze River Delta:	Branches in Shanghai, Jiangsu, Zhejiang, Anhui
Pearl River Delta and West Side of Taiwan Strait:	Branches in Guangdong and Fujian
Bohai Rim:	Branches in Beijing, Tianjin, Hebei and Shandong
Central China:	Branches in Shanxi, Henan, Hubei, Hunan, Jiangxi and Hainan
Western China:	Branches in Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongoli and Xizang
North-east China:	Branches in Liaoning, Jilin and Heilongjiang
Overseas and subsidiaries:	Overseas branches and domestic and overseas Subsidiaries

2025										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	106,777	89,834	24,390	31,625	19,607	23,827	8,122	18,059	(57,125)	265,116
<i>Including: External interest income</i>	<i>97,863</i>	<i>58,725</i>	<i>21,455</i>	<i>23,377</i>	<i>18,367</i>	<i>22,797</i>	<i>5,808</i>	<i>17,326</i>	<i>(602)</i>	<i>265,116</i>
<i>Internal interest income</i>	<i>8,914</i>	<i>31,109</i>	<i>2,935</i>	<i>8,248</i>	<i>1,240</i>	<i>1,030</i>	<i>2,314</i>	<i>733</i>	<i>(56,523)</i>	-
Interest expense	(80,879)	(51,337)	(13,439)	(16,851)	(8,609)	(12,600)	(3,974)	(14,070)	57,126	(144,633)
<i>Including: External interest expense</i>	<i>(45,719)</i>	<i>(41,315)</i>	<i>(10,708)</i>	<i>(15,455)</i>	<i>(8,105)</i>	<i>(7,602)</i>	<i>(3,974)</i>	<i>(12,367)</i>	<i>612</i>	<i>(144,633)</i>
<i>Internal interest expense</i>	<i>(35,160)</i>	<i>(10,022)</i>	<i>(2,731)</i>	<i>(1,396)</i>	<i>(504)</i>	<i>(4,998)</i>	-	<i>(1,703)</i>	<i>56,514</i>	-
Net interest income	25,898	38,497	10,951	14,774	10,998	11,227	4,148	3,989	1	120,483
Net fee and commission income / (expense)	9,806	4,841	1,910	574	804	50	(86)	4,827	(1)	22,725
Net trading income	11,036	602	251	387	279	345	134	1,336	-	14,370
Net gains arising from financial investments	9,701	-	-	-	-	-	-	857	-	10,558
Other operating income / (expense)	95	72	11	83	24	28	8	5,461	(13)	5,769
Operating expenses	(17,689)	(10,901)	(3,579)	(5,384)	(3,654)	(4,874)	(1,707)	(7,013)	13	(54,788)
Impairment losses	(22,106)	(9,403)	(9,609)	(3,677)	(6,612)	(9,326)	(1,622)	(3,546)	-	(65,901)
Share of profits of associates and joint ventures	121	-	-	-	-	-	-	37	-	158
Total segment profits/(losses) before tax	16,862	23,708	(65)	6,757	1,839	(2,550)	875	5,948	-	53,374
31 December 2025										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	439,865	1,980,775	714,513	751,435	564,605	704,876	175,737	245,455	(4,759)	5,572,502
Investments in associates and joint ventures	7,771	-	-	-	-	-	-	503	-	8,274
Total segment assets	5,231,631	3,153,708	835,912	1,173,942	640,500	764,533	290,947	524,553	(2,533,980)	10,081,746
Deposits from customers	(90,010)	(2,501,542)	(663,143)	(894,850)	(563,619)	(542,195)	(235,593)	(162,792)	386	(5,653,358)
Total segment liabilities	(4,471,358)	(3,129,912)	(835,965)	(1,167,456)	(638,648)	(767,323)	(290,929)	(489,705)	2,533,980	(9,257,316)
Net position of segment assets and liabilities	760,273	23,796	(53)	6,486	1,852	(2,790)	18	34,848	-	824,430

2024										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Interest income	118,527	90,603	27,514	33,907	21,007	26,022	8,472	21,497	(59,424)	288,125
Including: External interest income	106,691	61,557	23,224	24,843	20,019	25,050	6,732	20,741	(732)	288,125
Internal interest income	11,836	29,046	4,290	9,064	988	972	1,740	756	(58,692)	-
Interest expense	(90,399)	(57,317)	(17,949)	(20,110)	(10,702)	(14,907)	(4,747)	(16,716)	59,439	(173,408)
Including: External interest expense	(52,852)	(48,880)	(14,061)	(19,347)	(10,075)	(8,854)	(4,735)	(15,348)	744	(173,408)
Internal interest expense	(37,547)	(8,437)	(3,888)	(763)	(627)	(6,053)	(12)	(1,368)	58,695	-
Net interest income	28,128	33,286	9,565	13,797	10,305	11,115	3,725	4,781	15	114,717
Net fee and commission income / (expense)	10,206	4,997	2,422	709	744	(314)	(108)	4,161	(1)	22,816
Net trading income	20,992	914	329	402	313	440	247	(2,722)	(3)	20,912
Net gains arising from financial investments	7,503	-	-	-	-	-	-	(52)	-	7,451
Other operating income / (expense)	76	76	15	45	27	29	(3)	5,759	(140)	5,884
Operating expenses	(20,016)	(10,257)	(3,584)	(4,686)	(3,487)	(4,650)	(1,625)	(5,975)	129	(54,151)
Impairment losses	(33,523)	(7,229)	(9,390)	(3,518)	(3,192)	(7,306)	(1,515)	(3,807)	-	(69,480)
Share of profits of associates and joint ventures	155	-	-	-	-	-	-	62	-	217
Total segment profits/(losses) before tax	13,521	21,787	(643)	6,749	4,710	(686)	721	2,207	-	48,366
31 December 2024										
	Head Office	Yangtze River Delta	Pearl River Delta and West Side of Taiwan Strait	Bohai Rim	Central China	Western China	North-east China	Overseas and subsidiaries	Elimination	Total
Loans and advances to customers	467,759	1,819,076	677,446	683,677	539,842	683,491	180,413	220,514	(3,058)	5,269,160
Investments in associates and joint ventures	1,464	-	-	-	-	-	-	343	-	1,807
Total segment assets	4,859,101	2,879,811	754,997	1,052,634	607,397	740,412	280,258	565,939	(2,278,669)	9,461,880
Deposits from customers	(69,231)	(2,345,633)	(583,455)	(855,908)	(516,853)	(511,605)	(229,798)	(117,004)	205	(5,229,282)
Total segment liabilities	(4,176,436)	(2,857,950)	(755,618)	(1,046,164)	(602,665)	(741,395)	(280,327)	(535,213)	2,278,669	(8,717,099)
Net position of segment assets and liabilities	682,665	21,861	(621)	6,470	4,732	(983)	(69)	30,726	-	744,781

V CONTINGENCIES AND COMMITMENTS

1 Credit commitments

The Group's credit commitments are listed as follows:

	31 December 2025	31 December 2024
Bank acceptance bills	868,231	760,672
Credit cards commitments	623,805	586,705
Letters of credit issued	309,226	277,511
Other loan commitments	210,606	246,865
Letters of guarantee issued	117,470	113,713
Total	2,129,338	1,985,466

2 Commitment on redemption of treasury saving bonds

The Group is entrusted by the MOF to underwrite certificate treasury saving bonds. The investors of these treasury saving bonds have a right to redeem the bonds in advance and the Group is committed to redeem these treasury saving bonds. The redemption price is the principal value of the saving bonds plus unpaid interest. As at 31 December 2025, the outstanding principal value of the commitment on redemption treasury saving bonds sold by the Group and the Bank amounted to RMB2,517 million (31 December 2024: RMB2,833 million). The original maturities of these treasury saving bonds vary from three to five years. The management expects the amount of saving bonds to be eventually redeemed by the Group before the maturity date will not be material.

3 Capital commitments

As at 31 December 2025, the major capital commitments the Group had signed but not paid amounted to RMB4,880 million (31 December 2024: RMB6,348 million). Additionally, as at 31 December 2025, the amount of the procurement plan of operating fixed assets that the Bank's subsidiaries had signed but not paid was RMB830 million (31 December 2024: RMB426 million).

As at 31 December 2025, the major capital commitments the Group had approved but not signed amounted to RMB3,597 million (31 December 2024: RMB1,075 million).

4 Legal proceedings

As at 31 December 2025, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 275 and 112, respectively. The corresponding amount involved was about RMB2,840 million and RMB345 million, respectively, the estimated compensation amount is approximately RMB75 million (As at 31 December 2024, the number of outstanding legal proceedings where the Group acts as the defendant and third party defendant was 235 and 112, respectively. The corresponding amount involved was about RMB3,176 million and RMB928 million, respectively, the estimated compensation amount is approximately RMB73 million).

VI FIDUCIARY BUSINESSES

The Group provides entrusted loan businesses to independent third party customers. The assets arising from these businesses are not recorded on the Group's balance sheet. As at 31 December 2025, the balance of entrusted loan business was RMB61,561 million (As at 31 December 2024: RMB65,111 million).

VII RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Major shareholders holding more than 5% shares of the Bank

As at 31 December 2025 and 31 December 2024 major shareholders holding more than 5% ordinary shares of the Bank are as follows:

	Direct shareholding percentage	Major business
Shanghai International Group Co., Ltd.	21.28%	Investment Management
China Mobile Group Guangdong Company Limited	18.18%	Mobile and Communication
Funde Sino Life Insurance Co., Ltd. – Traditional	8.35%	Insurance Business
Funde Sino Life Insurance Co., Ltd. – Capital	5.29%	Insurance Business

2 Other substantial shareholders having significant influence over the Bank

As at 31 December 2025, other substantial shareholders having significant influence over the Bank include:

	Direct shareholding percentage	Major business
China Orient Asset Management Co., Ltd.	4.51%	Asset management
Cinda Investment Co., Ltd.	3.27%	Investment management

3 Subsidiaries

For general information of the Group's subsidiaries, please refer to Note III. 38(1) "Interests in other entities".

4 Joint ventures and associates

For general information of the joint ventures and associates, please refer to Note III. 38(2) "Interests in joint ventures and associates".

5 Other major related parties

Other related parties mainly include respective group companies of shareholders who hold 5%, other substantial shareholders and the Group to which they belong that have significant influence on the Group, key management personnel of the Bank (including the directors and the senior management) and their close family members, and the companies that are controlled or jointly controlled by these key management personnel and their close family members, or the companies in which key management personnel and their close family members serve as directors (excluding independent directors in both parties) or senior executives.

6 Transactions and balances with related parties

The amounts of material transactions and significant off-balance items between the Group and its related parties and related balances at the reporting date are summarized as follows:

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions / balances
Amounts of significant transactions from 1 January 2025 to 31 December 2025 are listed below:							
Interest income	289	-	717	56	1	1,063	0.40%
Interest expense	(960)	(2)	(273)	(217)	(1)	(1,453)	1.00%
Fee and commission income	3	34	45	3	1	86	0.29%
Net trading gains and net gains arising from financial investments	(1)	-	48	277	-	324	1.30%
Share of profits of associates and joint ventures	-	158	-	-	-	158	100.00%
Operating expenses	(11)	-	(290)	-	-	(301)	0.55%
Other comprehensive income	(13)	-	57	421	-	465	(6.55%)
Transfers of financial assets	-	-	2,406	-	-	2,406	Not applicable

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties with significant influence by key management personnel and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions and balances
Significant item balances at 31 December 2025:							
Deposits and placements with banks and other financial institutions	55,000	-	49,901	377	-	105,278	17.68%
Loans and advances to customers	-	-	4,092	550	19	4,661	0.08%
Derivative financial assets	-	-	61	598	-	659	0.71%
Financial investments:							
- Financial investments measured at FVTPL	-	-	606	6,047	-	6,653	0.81%
- Financial investments measured at amortized cost	-	-	775	4,952	-	5,727	0.46%
- Financial investments measured at FVOCI	1,884	-	4,513	4,689	-	11,086	1.24%
Investments in associates and joint ventures	-	8,274	-	-	-	8,274	100.00%
Other assets	-	-	1	-	-	1	0.01%
Deposits and placements from banks and other financial institutions	(1,301)	(615)	(28,765)	(6,462)	-	(37,143)	2.09%
Derivative financial liabilities	-	-	(52)	(375)	-	(427)	0.53%
Deposits from customers	(30,719)	(56)	(15,312)	(6,108)	(22)	(52,217)	0.92%
Other liabilities	(1)	-	(99)	-	-	(100)	0.15%
Significant off-balance item at 31 December 2025:							
Letters of guarantee issued	-	-	352	-	-	352	0.30%
Credit card and loan commitments	-	-	1,398	-	13	1,411	0.17%
Guarantees provided for credit business	-	-	-	60	-	60	0.01%
Bank acceptance bills	-	-	427	-	-	427	0.05%
Investment of funds for issuing wealth management products	525	68	2,273	476	-	3,342	0.23%
Notional principal of derivative financial instruments	-	-	6,330	88,947	-	95,277	0.87%

Note1: As at 31 December 2025, key management of the Bank possessed a total number of 684,100 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnels and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions and balances
Amounts of significant transactions from 1 January 2024 to 31 December 2024 are listed below:							
Interest income	-	-	10	24	1	35	0.01%
Interest expense	(852)	(2)	(392)	(154)	(1)	(1,401)	0.81%
Fee and commission income	2	41	2	1	1	47	0.16%
Net trading gains and net gains arising from financial investments	-	(9)	-	11	-	2	0.01%
Share of profits of associates and joint ventures	-	217	-	-	-	217	100.00%
Operating expenses	(11)	-	(260)	-	-	(271)	0.50%
Other comprehensive income	14	-	-	1,070	-	1,084	9.82%

	Major shareholders	Joint ventures and associates	Other major related parties - group companies of major shareholders (exclusive)	Other major related parties - companies with significant influence by key management personnel and their close relatives (exclusive)	Other major related parties - individuals	Total	Proportion of relevant transactions and balances
Significant item balances at 31 December 2024:							
Deposits and placements with banks and other financial institutions	-	-	-	101	-	101	0.02%
Loans and advances to customers	-	-	906	653	25	1,584	0.03%
Derivative financial assets	-	-	-	273	-	273	0.30%
Financial investments:							
- Financial investments measured at FVTPL	-	-	-	1,203	-	1,203	0.17%
- Financial investments measured at amortized cost	-	-	40	121	-	161	0.01%
- Financial investments measured at FVOCI	386	-	-	2,714	-	3,100	0.39%
Investments in associates and joint ventures	-	1,807	-	-	-	1,807	100.00%
Other assets	-	-	3	-	-	3	0.01%
Deposits and placements from banks and other financial institutions	-	(128)	(21,244)	(9,038)	-	(30,410)	2.49%
Derivative financial liabilities	-	-	-	(217)	-	(217)	0.28%
Deposits from customers	(35,805)	(11)	(12,807)	(6,578)	(20)	(55,221)	1.06%
Other liabilities	(1)	-	(77)	-	-	(78)	0.10%
Significant off-balance item at 31 December 2024:							
Letters of guarantee issued	-	-	157	-	-	157	0.14%
Credit card and loan commitments	-	-	-	-	14	14	0.01%
Guarantees provided for credit business	-	-	906	10,919	-	11,825	0.35%
Bank acceptance bills	-	-	-	210	-	210	0.03%
Investment of funds for issuing financial products	-	-	-	145	-	145	0.01%
Notional principal of derivative financial instruments	-	-	-	24,460	-	24,460	0.26%

Note 1: As at 31 December 2024, key management of the Bank possessed a total number of 684,100 shares of ordinary shares issued by the Bank and regularly received corresponding cash dividends.

Note 2: As at 31 December 2024, China Mobile Group Guangdong Co., Ltd., directly holds 18.17% shares of convertible corporate bonds issued by the Bank.

7 Related parties that are controlled by the Bank

Related parties that are controlled by the Bank are the subsidiaries of the Bank. Major transactions with these subsidiaries and their balances are eliminated in the consolidated financial statements, and are summarized as follows:

Balances at the year end:	31 December 2025	31 December 2024
Deposits and placements with banks and other financial institutions	3,037	8,325
Loans and advances to customers	4,759	3,058
Deposits and placements from banks and other financial institutions	10,218	12,682
Derivative financial assets	15	11
Derivative financial liabilities	29	96
Deposits from customers	386	205
Debt securities issued	209	10
Others	43	52
Transactions during the year:	2025	2024
Interest income from deposits and placements from banks and other financial institutions	216	284
Interest income from loans and advances to customers	159	165
Interest expenses on deposits from banks and other financial institutions	229	294
Interest expenses from debt securities issued	2	-
Fee and commission income	59	61
Fee and commission expense	94	69
Other operating net income	4	4
Operating expenses	-	127

8 Compensation of key management personnel

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of the Group, either directly or indirectly, including directors and senior executives.

Compensation of key management personnel for the respective periods (excluding the social insurance charges paid by the Bank) is as follows:

	2025	2024
Compensation of key management personnel	9	13

The key management personnel are represented by directors and senior management personnel who have served in the Bank for the past 12 months of the reporting period or in the next 12 months according to relevant agreements. The compensation for key management personnel for 2025 refers to those all compensation received from the Bank during the year, excluding social insurance contributions made by the Bank. The compensation of key management personnel for 2024 includes the pre-tax compensation obtained from the Bank during the reporting period disclosed in the 2024 annual report and the remaining pre-tax compensation after the assessment of the 2022-2024 term.

9 Transactions with the annuity plan

In terms of the enterprise annuity funds established by the Group, in addition to the normal contribution, there has been no other related party transactions during the reporting period.

10 Major credit related transactions to related parties

Major credit related transactions to related parties refer to transactions in which the amount of a single transaction between the Bank and a related party accounts for more than 1% of the latest audited net assets of the Bank, or the accumulated transaction amount between the Bank and a related party accounts for more than 5% of the latest audited net assets of the Bank.

In 2025, the newly added major related party credit in major credited related transactions between the Bank and related parties outside the Group are as follows:

Related parties	Total credit limit to related parties and other companies in their group
Guotai Haitong Securities Co., Ltd.	120,000
China Cinda Asset Management Co., Ltd.	109,892
Shanghai International Group Co., Ltd.	35,000
China Mobile Communications Group Co., Ltd.	20,000

For details of major credit related transactions, please refer to the relevant resolutions of the Board of Directors publicly disclosed by the Bank.

VIII FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks in its operating activities. The Group analyzes, evaluates, accepts and manages a certain degree of risks or risk portfolios. Managing financial risk is critical to the financial industry, and the inherent financial risks are an inevitable consequence of business operation. The Group's aim is therefore to strike an appropriate balance between risk and return and minimise potential adverse impact on the Group's financial performance.

The Group has designed a series of risk management policies to identify and analyze these risks, so as to set appropriate risk limits and formulate control procedures. It has also monitored the risks and their limits through reliable information systems.

The most significant types of risks to the Group are credit risk, market risk and liquidity risk. Market risk mainly consists of foreign currency risk, interest rate risk and commodity price risk.

The Board of Directors of the Bank is responsible for determining the Group's overall risk appetite. Within this framework, the senior management of the Bank designs risk management policies and procedures for credit risk, market risk and liquidity risk accordingly. After the policies and procedures are approved by the Board of Directors, relevant departments of the Head Office are responsible for the implementation.

1 Credit risk

Credit risk is the risk of loss that a customer or counterparty may fail to fulfil an obligation or commitment to the Group.

(1) Credit risk management

(i) Loans

The Group manages, restricts and controls the concentration of credit risk identified, especially with regards to concentration on singular counterparty, group, industry and region.

The Group continuously optimizes the credit risk structure by setting limits on the borrower, group of borrowers, geographical and industry segments. Concentration risks are monitored on ongoing basis and subject to more frequent review where necessary.

The Group manages the exposure to credit risk through regular analysis of borrowers' ability to repay principal and interest payments and amends the credit facilities where appropriate.

The Group has established relevant policies and various measures to mitigate credit risk. Obtaining collateral, pledged assets, guarantee deposits or guarantees from corporates or individuals has been one of the main strategies to control credit risk. The Group provides guidelines on the specific types of acceptable collateral or pledged assets, mainly include the following:

- Residential property and land tenure;
- Commercial assets, such as commercial property, inventory and accounts receivable;
- Financial instruments, such as bonds and equity shares.

Fair value of collaterals or pledged assets is generally assessed by professional evaluation agencies designated by the Group. When

there are indications of impairment, the value of collaterals or pledged assets will be re-examined by the Group to assess whether the collaterals or pledged assets could adequately cover the credit risks associated with loans. To mitigate the credit risk, the Group has implemented loan-to-value ratio requirement based on type of collaterals or pledged assets. The main types of collaterals or pledged assets for corporate loans and retail loans and their corresponding maximum loan-to-value ratio are as follows:

Collaterals or pledged assets	Maximum loan-to-value ratio
Time deposits	90% - 100%
Government bonds	90% - 100%
Financial bonds	90% - 100%
Corporate bonds (including financial institutions)	80%
Right to collect fees	60% - 70%
Franchise right	50%
Commercial property and standard plant	60%
Residential property	70%
Land use right	50% - 60%

The management assesses fair value of collaterals or pledged assets based on the latest available external valuation results, and adjusts the fair value with reference to experience, current market conditions and disposal expenses to be incurred.

For loans guaranteed by third parties, the Group evaluates the financial condition and credit record of guarantors and guarantor's ability to meet obligations.

(ii) Bonds and other bills

The Group manages the credit risk exposure of bonds and other bills through mechanisms include controlling the investment scale, setting access list of issuers, rating access, establishing post-investment management, etc. Generally, external credit rating of the issuer of foreign currency bonds at the time of purchase (by Standard & Poor's or equivalent rating agencies) should be at BBB- or above. Overseas investments in RMB bonds are limited to those issuers with external credit rating at BBB+ or above (by rating agencies identified by the PBOC). Rating of domestic middle to long term RMB bonds should be at AA or above (by rating agencies identified by the PBOC) and rating of short term RMB bonds should be at A-1 (by rating agencies identified by the PBOC). For proprietary investments, the Bank manages credit risk exposure on bonds and other notes through investment size controls, issuer eligibility review processes, rating thresholds, and post-investment monitoring mechanisms.

(iii) Other financial assets measured at amortized cost

Other financial assets measured at amortized cost mainly include trust and asset management plans. The Group implements an admission system on the trust companies, security companies and fund companies with the set credit facility for ultimate investors of trust plans and asset management plans, and performs post-risk management periodically. Setting limit management for the ultimate financing parties of trust plans and asset management plans in which the Bank's proprietary funds are invested independently, and conducting regular subsequent risk management.

(iv) Inter-bank transactions

The Group reviews and manages the credit risk of individual financial institution on regularly basis and sets credit limit for individual bank or non-banking financial institution which has credit risk exposure in the Group. The Bank regularly reviews and manages the credit risks of individual financial institution.

(v) Derivative financial instruments

The Group strictly restricts transactions in derivative financial instruments. For corporate customers, the Group mitigates credit risk associated with derivative financial instruments by acquiring margin deposits.

(vi) Credit commitments

The primary purpose of credit commitments is to ensure that funds are available to customers as required. Letters of guarantee issued, acceptance bills and letters of credit are irrevocable commitments the Group made and the Group will make payments on behalf of its clients in the event that its customer cannot perform the obligations to third parties. Credit commitments carry the same credit risk as loans. When the amount of credit commitment applied exceeds that of the original credit limit of the client, margin deposits are required to mitigate the credit risk. The Group's exposure to the credit risk is equivalent to the total amount of credit commitments. In addition, credit card limit and loan commitments granted by the Group will incur cash outflows when credit card limit and loan commitments are used.

(vii) Trust plan

The credit risk of trust plan is mainly the possibility of potential loss to the trust property due to the failure of the counterparties to fulfill their commitments and inability or unwillingness to fulfill their contractual commitments. The Group strictly enforces the policy "pre-loan investigation, in-process review, post-lending inspection" over trust plan. In the design of the product trade structure, the Group introduces guarantee mechanism including financial institution credit, property mortgage, rights pledge to comprehensively manages risks through avoidance, prevention, dispersion, transfer and compensation, and disperses and transfers credit risks of financing entities to reduce risk exposure.

(2) Credit risk measurement

To ensure the Group's current financial asset risk classification mechanism complies with the "Rules on Risk Classification of Financial Assets of Commercial Banks" (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and the People's Bank of China, hereafter referred to as the "Rules"), the Group implements dynamic, real-time adjustments to the financial asset risk classifications with quarterly reviews as the minimum frequency. During the reporting period, the Group classified the relevant financial assets into five categories, including: pass, special-mention, substandard, doubtful and loss, among which credit assets with the grading of substandard, doubtful and loss are regarded as non-performing loans.

During the reporting period, the Group established a sound long-term mechanism for the prevention and resolution of significant risks, actively prevented and controlled risks in key areas and continued to improve asset quality.

(3) ECL measurement

Pursuant to the new accounting standards, the Group divides the loss allowance for expected credit losses on financial assets into three stages:

Stage 1 (no significant increase in credit risk since initial recognition): measure the loss at an amount equal to 12-month ECL;

Stage 2 (significant increase in credit risk since initial recognition): measure the loss allowance at an amount equal to the lifetime ECL; and

Stage 3 (credit-impaired assets): measure the loss allowance at an amount equal to the lifetime ECL.

The Group has developed the impairment model to calculate ECL in accordance with the new accounting standards. A top-down development method was adopted to establish a logistic regression model of risk parameters and macroeconomic indicators such as gross domestic product (GDP) and consumer price index (CPI). The Group periodically forecasts three kind of macroeconomic scenarios (optimistic, basic and pessimistic) and measures ECL based on different scenarios.

Credit risk rating

The Group has established a comprehensive internal rating system in accordance with the "Rules on Capital Management of Commercial Banks", employing statistical models, expert judgment, or a combination of both approaches, along with standardized and uniform evaluation and criteria. This system includes internal rating frameworks for sovereign, financial institution, and corporate risk exposures (i.e., non-retail risk exposures), as well as a risk-pooling system for retail risk exposures. Through investigation, analysis and judgment of the Bank's credit customers' or retail debt obligations' solvency and performance ability, the Bank achieves internal estimation of probability of default and qualification of credit risk.

The Group has no financial assets recognized as "low risk" and subject to credit risk management in accordance with the relevant requirements of the Accounting Standards.

Stage division

Significant increase in credit risk ("SICR")

The Group assesses on each reporting date whether the credit risk of the relevant financial assets has increased significantly since initial recognition. When considering the ECL stage of financial assets, the Group considers all reasonable and supportable information, including that which is forward-looking. The main factors to be considered are regulatory and operational environment, internal and external credit rating, solvency, operational capability, loan contract terms, repayment behaviour, etc.

The Group considers that there has been a significant increase in credit risk of financial instrument when one or more of the following quantitative, qualitative or upper limits criteria have been met:

Quantitative criteria:

The Group assesses whether credit risk has significantly increased for corporate loans and financial investments by evaluating changes in counterparties' credit ratings from the initial recognition date to the reporting date. Specifically, the Group considers whether these ratings have declined to Grade B or lower. For personal loans, the Group determines a significant increase in credit risk by comparing the probability of default (PD) on the reporting date against threshold values or the initial PD levels. This assessment includes identifying if the PD has risen to 8-14 times the initial PD.

Qualitative criteria:

For corporate loans and financial investments, if the borrower is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operational results of the borrower
- Early signs of cashflow / liquidity problems such as delay in repayment of payables / loans

Upper limit:

If the borrower fails to make payment for more than 30 days after contractual payment date.

According to the relevant policies from regulators, the Group has carefully evaluated the deferred loan payment applications for whom are influenced by COVID-19 in order to offer temporary convenience for qualified borrowers. Meanwhile, the Group has analyzed if the credit risks of the relevant financial assets will increase significantly since the initial recognition after the borrowers received their first approval, based on the policy of deferred loan payment, the repayment ability of borrowers, and other relevant factors.

Default and credit-impaired

In alignment with the "Rules on Capital Management of Commercial Banks", the Group has established unified internal policies for customer default management – precisely defining default events, standardizing identification protocols, and ensuring consistent enforcement across all business lines. The Group defines a financial asset as credit impaired when it meets one or more of the following criteria:

Qualitative criteria:

The borrower meets "capability to repay is apparently in question" criteria, which indicates the borrower is in significant financial difficulty and examples include:

- The issuer or borrower is in significant financial difficulties
- The borrower has breached financial contract(s), such as default or past due of interest or principal repayments
- Concessions have been made by the lender relating to the borrower's financial difficulty with consideration of economy and contract
- The borrower is likely to head towards bankruptcy or other debts restructuring
- Issuer or borrower's financial difficulties lead to disappearance of active market for financial assets
- Financial assets are purchased or originated at substantial discount that reflects the incurred credit losses

Upper limit:

If the borrower fails to make payment for more than 90 days after contractual payment date.

The criteria above have been applied to all financial assets held by the Group and are consistent with internal credit risk management purposes. The default definition has been consistently applied to establish models for the PD, Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Group's ECL measurement.

Grouping of credit risk exposure

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has obtained sufficient information to ensure the data reliability for statistical purposes and group the credit risk exposure according to the credit risk characteristics such as product types, client types and client industries. The Group re-examines and corrects the reasonableness of the groupings and conducts quantitative and qualitative assessments on a regular basis. When the credit risk characteristics of risk exposures in the portfolio change, the Group shall re-examine the reasonableness of the groupings in a timely manner, and re-group the assets according to the risk characteristics of relevant credit risk exposures when necessary.

Explanation of parameters, assumptions and estimation techniques of ECL model

The ECL is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the PD, EAD and LGD, and the relevant definitions are as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is the amounts the Group expects to be repaid at the time of default.
- LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by projecting the PD, LGD and EAD for individual future exposure, which effectively calculates the ECL for each

future month.

The Lifetime PD is based on expiry information derived from 12M PD. Maturity analysis covers the change of loan default situation from initial recognition to maturity. Maturity portfolio is based on historical observed data with the assumption of same portfolio and identical credit rating assets. The above analysis is supported by historical data.

The Group determines LGD based on factors affecting recovery after default, which vary by product type.

Forward-looking economic information should be considered in determining the 12M and lifetime ECL.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

Forward-looking information incorporated in the ECL model

Both the assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group identifies the key economic indicators impacting credit risk and ECL for each portfolio through historical data analysis.

The Group has selected a series of macroeconomic indicators based on industry best practices and the Group's internal experts' judgment, and has formed forecasts of macroeconomic indicators under multiple scenarios such as standard, optimistic and pessimistic. The Group also establishes statistical relationship between actual PD, LGD and macro indicators for each model exposure, and calculates the actual PD and LGD by using forecasted economic indicators.

The number and attributes of scenarios are reassessed at each reporting date. The scenario weightings are determined by combination of statistical analysis and expert judgment, taking into account of the range of possible outcomes represented by scenarios. The Group adopts the base and lifetime PD with scenario weightings, along with qualitative and upper limit criteria to determine whether the credit risk has increased significantly. The determination of financial instrument stage indicates the measurement of the loss allowance at an amount equal to the 12-month or lifetime ECL accordingly. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

Macroeconomic information used by the Group includes macro indicators such as gross domestic product (GDP), consumer price index (CPI) and producer price index (PPI). The GDP year-on-year growth rate for 2026 under the standard scenario is 5.00%, and the GDP year-on-year growth rate for 2026 under the optimistic and pessimistic scenarios are formed by adjusting upward and downward by a certain level, respectively, from the standard scenario projections.

The Group considers these projections have represented the best estimate of the possible outcomes and analyzes the non-linearities and asymmetries within the Group's different portfolios to determine that selected scenarios adequately represent scenarios that might occur. Similar to other economic projections, there are inherent uncertainties regarding estimates of projected values and likelihood of occurrence, thus substantial differences may occur between actual results and projections.

Combination method for evaluation of expected credit risk

When analysing the relevance of ECL with macroeconomic indicators, the Group has classified the assets with similar credit risk characteristics into the same portfolio. The Group has obtained sufficient information to ensure the statistical reliability for the portfolio classification. Where sufficient information is not available internally, the Group establishes the model with reference to internal or external supplementary data. The characteristics and any supplementary data used to determine portfolio classification are outlined below:

Corporate loans and financial investments

- Industry
- Collateral type

Retail loans

- Product type (i.e. mortgage loans, consumer loan and credit card)
- Repayment type
- Utilization percentage range
- The range of mortgage rate (loan balance / collateral value)

Assessment of ECLs on other receivables

The Group measures its loss provision for other receivables that meet relevant requirements at an amount equivalent to the ECL over the entire period of existence. The Group uses the ECL model to calculate the ECLs on the above financial assets based on the historical credit loss experience, and the related methodology is the same as the "ECL measurement" in this section.

(4) Maximum exposure to credit risk

Financial assets and guarantee commitment subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The book value of financial assets below represents the Group's maximum exposure to credit risk on these assets.

	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
Cash and deposits with central bank	417,834	-	-	417,834
Deposits and placements with banks and other financial institutions	574,807	-	-	574,807
Financial assets purchased under resale agreements	56,119	-	-	56,119
Loans and advances to customers measured at:				
- Amortized cost	5,149,865	204,665	16,382	5,370,912
- FVOCI	193,865	1,063	135	195,063
Financial investments measured at:				
- Amortized cost	1,208,323	29,637	12,296	1,250,256
- FVOCI	877,036	803	1,362	879,201
Other financial assets	104,878	1,159	1,178	107,215
Total	8,582,727	237,327	31,353	8,851,407

	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Cash and deposits with central bank	405,815	-	-	405,815
Deposits and placements with banks and other financial institutions	524,559	-	-	524,559
Financial assets purchased under resale agreements	63,879	-	-	63,879
Loans and advances to customers measured at:				
- Amortized cost	4,695,922	216,456	22,237	4,934,615
- FVOCI	330,515	479	18	331,012
Financial investments measured at:				
- Amortized cost	1,262,375	24,787	39,476	1,326,638
- FVOCI	778,694	2,136	1,608	782,438
Other financial assets	95,957	645	2,270	98,872
Total	8,157,716	244,503	65,609	8,467,828

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Commitment and guarantee:		
Bank acceptance bills	865,291	758,120
Credit cards commitments	620,607	583,169
Letters of credit issued	308,923	277,356
Other loan commitments	209,284	245,579
Letters of guarantee issued	117,210	113,509
Total	2,121,315	1,977,733

Financial assets not included in impairment assessment

The analysis of maximum credit risk exposure of those financial assets which are not included in expected credit losses assessment are as follows:

	31 December 2025	31 December 2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
Financial investments measured at FVTPL	820,948	691,019
Derivative financial assets	93,440	89,590
Loans and advances to customers	6,527	3,533
Total	920,915	784,142

(5) Credit-impaired loans and advances to customers

The Group closely monitors collateral held for financial assets considered to be credit-impaired, because the Group is more likely to confiscate these collateral to reduce potential credit losses comparing to other collaterals. As at 31 December 2025, carrying amount of the Group's loans and advances to customers that are credit-impaired is RMB78,638 million (31 December 2024: RMB92,537 million), in which the loans covered by collaterals are amounting to RMB45,873 million (31 December 2024: RMB52,847 million).

(6) Restructured loans

According to the Rules, restructured loans refer to loans where the Group modifies the original loan contract terms to accommodate borrowers experiencing financial difficulties or provides refinancing for existing loans to urge the borrowers to repay the debt, including new loans to refinance existing debts and additional financing. As at 31 December 2025, the Group's restructured loans balance meeting the Rules effective requirements and involving renegotiated written contract terms amounted to RMB37,932 million (31 December 2024: RMB36,932 million).

(7) Bonds and other investments

The table below analyzes the Group's investment securities by major rating agencies in the countries where Standard & Poor's or the bond issuing institution is located.

	31 December 2025			
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	Total
Medium or long-term bonds:				
AAA	26,655	526,235	289,575	842,465
AA+ to AA-	1,354	14,336	32,017	47,707
A+ to A-	717	10,935	46,989	58,641
Below A-	1,334	5,094	32,307	38,735
Short-term bonds:				
AAA	822	36,512	376	37,710
AA+ to AA-	8	161	5,741	5,910
A and below A	696	759	12,200	13,655
Unrated	186,121	656,224	459,996	1,302,341
Total	217,707	1,250,256	879,201	2,347,164

	31 December 2024			Total
	Financial investments measured at FVTPL	Financial investments measured at amortized cost	Financial investments measured at FVOCI	
Medium or long-term bonds:				
AAA	23,561	514,560	347,409	885,530
AA+ to AA-	1,908	5,268	30,429	37,605
A+ to A-	1,578	8,447	34,545	44,570
Below A-	3,025	787	17,714	21,526
Short-term bonds:				
AAA	12	10,959	396	11,367
AA+ to AA-	182	106	4,113	4,401
A and below A	318	2,666	10,322	13,306
Unrated	70,482	783,845	337,510	1,191,837
Total	101,066	1,326,638	782,438	2,210,142

2 Market risk

Market risk is the risk of losses of on and off-balance sheet businesses arising from adverse movements in market prices, such as interest rates, exchange rates, price of stock and commodity. Both the Group's trading book and banking book is exposed to market risk, which mainly consists of interest rate risk, currency risk and commodity price risk. The Group considers the exposure to the commodity price risk to be insignificant.

The Board of Directors of the Bank is ultimately responsible for monitoring the market risk management and ensuring the Group can effectively identify, measure, monitor and control the market risk associated with the Group's business activities. Under the authorisation of the Board of Directors, the senior management of the Group is responsible for establishing the Group-wide market risk management system, organizational structure with well-defined roles and responsibilities, authorisation structures and accountability mechanism. Relevant departments of Head Office are responsible for carrying out detailed market risk management activities including policies and procedures, measurement approaches and models, analyses and reporting and monitoring of various limits in order to timely and accurately identify, measure, monitor and control the market risk exposures in respective business areas and reporting to the senior management and Board of Directors on timely basis.

Meanwhile, the Group's market risk management follows the principle of combining internal control with external supervision. Relevant business units are responsible for executing the daily control activities, together with the market risk management department, compliance department, and review department, form the three lines of defense for market risk management.

The Group measures market risk based on established standards and current management capabilities. The major measurement approaches include stress testing, gap analysis and sensitivity analysis etc. The market risk of new products and businesses should be identified before these new products and businesses are launched according to relevant policies.

(1) Currency risk

The Group mainly operates in the PRC and its main business activities are conducted in RMB. Majority of its foreign currency business are conducted in USD. The table below summarizes the Group's exposure to currency risk. Included in the table are the Group's financial assets and liabilities at carrying amounts in RMB, categorized by original currency.

	31 December 2025				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	412,972	7,824	1,509	462	422,767
Deposits and placements with banks and other financial institutions	398,455	159,722	2,993	13,728	574,898
Derivative financial assets	89,715	3,483	172	70	93,440
Financial assets purchased under resale agreements	47,358	8,734	-	27	56,119
Loans and advances to customers	5,410,204	106,803	31,655	23,840	5,572,502
Financial investments measured at:					
- FVTPL	810,893	9,495	13	547	820,948
- Amortized cost	1,211,692	26,294	328	11,942	1,250,256
- FVOCI	712,023	150,790	4,317	23,535	890,665
Other financial assets	75,255	31,540	369	51	107,215
Total financial assets	9,168,567	504,685	41,356	74,202	9,788,810
Borrowing from central bank	139,039	-	-	-	139,039
Deposits and placements from banks and other financial institutions	1,461,943	150,114	17,989	25,491	1,655,537
Financial liabilities measured at FVTPL	66,542	321	-	-	66,863
Derivative financial liabilities	78,095	3,010	170	17	81,292
Financial assets sold under repurchase agreement	284,578	4,543	1,428	15,365	305,914
Deposits from customers	5,344,096	261,769	30,147	17,346	5,653,358
Debt securities issued	1,115,712	14,211	9,304	1,189	1,140,416
Lease liabilities	4,577	40	528	7	5,152
Other financial liabilities	45,442	1,002	194	73	46,711
Total financial liabilities	8,540,024	435,010	59,760	59,488	9,094,282
Net position of financial instruments	628,543	69,675	(18,404)	14,714	694,528
Currency derivatives	49,396	(69,174)	(777)	20,809	254
Credit commitments	2,052,841	54,459	7,793	6,222	2,121,315

	31 December 2024				
	RMB	USD Into RMB	HKD Into RMB	Others Into RMB	Total Into RMB
Cash and deposits with central bank	401,765	1,232	8,174	368	411,539
Deposits and placements with banks and other financial institutions	426,500	84,545	2,221	11,293	524,559
Derivative financial assets	84,145	5,390	49	6	89,590
Financial assets purchased under resale agreements	57,932	5,947	-	-	63,879
Loans and advances to customers	5,131,927	97,930	22,820	16,483	5,269,160
Financial investments measured at:					
- FVTPL	676,922	13,401	194	502	691,019
- Amortized cost	1,302,636	21,720	-	2,282	1,326,638
- FVOCI	665,908	117,119	4,404	4,036	791,467
Other financial assets	80,253	18,089	305	225	98,872
Total financial assets	8,827,988	365,373	38,167	35,195	9,266,723
Borrowing from central bank	118,442	-	-	-	118,442
Deposits and placements from banks and other financial institutions	930,771	188,358	23,022	11,790	1,153,941
Financial liabilities measured at FVTPL	21,604	11,568	-	-	33,172
Derivative financial liabilities	75,121	3,396	54	4	78,575
Financial assets sold under repurchase agreement	485,607	18,586	-	1,769	505,962
Deposits from customers	4,992,970	214,767	9,642	11,903	5,229,282
Debt securities issued	1,393,136	23,038	3,115	683	1,419,972
Lease liabilities	5,239	43	714	17	6,013
Other financial liabilities	53,604	2,708	224	178	56,714
Total financial liabilities	8,076,494	462,464	36,771	26,344	8,602,073
Net position of financial instruments	751,494	(97,091)	1,396	8,851	664,650
Currency derivatives	(57,932)	72,424	(1,118)	1,905	15,279
Credit commitments	1,923,149	43,956	5,644	4,984	1,977,733

The Group employs sensitivity analysis to measure possible impacts of changes in exchange rates on the Group's net profits. The following table presents the results of foreign exchange sensitivity analysis performed on financial assets and financial liabilities as at the reporting date using prevailing exchange rates.

Net profit	31 December 2025		31 December 2024	
	Exchange rate fluctuation		Exchange rate fluctuation	
(Decrease) / Increase	(1%)	1%	(1%)	1%
USD against RMB	(4)	4	185	(185)
Other currencies against RMB	(123)	123	(83)	83

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities, and calculated the impact on the net profit from changes in exchange rates of other foreign currencies against RMB when other factors remain constant. The assumptions are shown as below:

- Exchange rate sensitivity represents the exchange gain or loss resulting from the 1% change in daily closing exchange rates (middle) of each currency against the RMB on the reporting date;
- Changes in exchange rates of other foreign currencies means the exchange rates of other foreign currencies against RMB are fluctuating simultaneously and in the same direction;
- Foreign currency exposure contains spot exchange exposure and forward exchange exposure. Based on the above assumption, the actual exchange gains or losses may differ from the sensitivity analysis results.

(2) Interest rate risk

Interest rate risk is the risk of losses in overall earnings and economic value arising from adverse movements in factors such as interest rates, term structure, etc., including interest rate risk in the banking book and trading book.

Interest rate risk of banking book refers to the risk that adverse changes in interest rate level and term structure will lead to loss of economic value and overall income of banking book. The Group has established a sound interest rate risk management system for banking books. The Board of Directors of the Bank is responsible for approving the interest rate risk appetite and material policies and procedures in the banking books, and bears the ultimate responsibility for managing the interest rate risk in the banking books. The senior management of the bank is responsible for developing the appropriate management mechanism for interest rate risk in the banking book, the organizational structure, systems and processes in accordance with the risk appetites for interest rate risk in the banking book approved by the Board of Directors to ensure the achievement of management objectives. The Bank's Asset-Liability Management Committee formulates policies and strategies for interest rate risks in the banking book management. The Asset-Liability and Financial Management Department leads the daily processes of risk identification, measurement, monitoring, control, and mitigation. The Risk Management Department of the Bank independently validates the interest rate risks in the banking book models, while the Audit Department of the Bank conducts internal audits of the interest rate risks in the banking book management independently.

The Group mainly uses appropriate measurement methods and tools (such as repricing gap analysis, duration analysis, sensitivity analysis, scenario simulation and other suitable measurement) to measure and monitor the interest rate risk in the banking book. During the reporting period, the Group adhered to the neutral and prudent risk appetite for interest rate risk in the banking book, enhanced the research and judgment on domestic and foreign macro policies as well as monetary policies, carried out dynamic monitoring and forward-looking risk management based on interest rate liberalization, trends of interest rate curve reform; During the reporting period, the Group guided the adjustments of business scale and term structure based on risk management strategies as well as asset and liability business objectives through asset and liability active configuration tools and price tools, maintained the interest rate risk in the banking book indicators within the risk appetite of the Board of Directors and kept sustainable operation.

The table below summarizes the Group's exposures to interest rate risk. The table presents the Group's financial assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

31 December 2025						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
Assets						Total
Cash and deposits with central bank	406,647	-	-	-	-	16,120
Deposits and placements with banks and other financial institutions	150,980	268,616	151,385	348	-	3,569
Derivative financial assets	-	-	-	-	-	93,440
Financial assets purchased under resale agreements	53,258	2,532	287	-	-	42
Loans and advances to customers	1,323,723	1,007,278	2,446,761	724,183	57,747	12,810
Financial investments measured at:						
- FVTPL	11,319	48,556	66,863	74,541	16,259	603,410
- Amortized cost	12,818	28,464	139,112	475,047	576,141	18,674
- FVOCI	8,302	29,784	88,199	431,899	311,765	20,716
Other financial assets	3,880	-	-	-	-	103,335
Total financial assets	1,970,927	1,385,230	2,892,607	1,706,018	961,912	872,116
Liabilities						
Borrowing from central bank	1,108	22,059	115,089	-	-	783
Deposits and placements from banks and other financial institutions	944,701	289,373	416,276	-	-	5,187
Financial liabilities measured at FVTPL	-	-	-	-	-	66,863
Derivative financial liabilities	-	-	-	-	-	81,292
Financial assets sold under repurchase agreements	237,346	36,575	30,357	-	1,181	455
Deposits from customers	2,588,056	531,228	1,048,821	1,414,330	-	70,923
Debt securities issued	173,983	244,100	453,663	147,352	117,982	3,336
Lease liabilities	237	368	1,675	2,859	13	-
Other financial liabilities	460	-	-	-	-	46,251
Total financial liabilities	3,945,891	1,123,703	2,065,881	1,564,541	119,176	275,090
Total interest repricing gap	(1,974,964)	261,527	826,726	141,477	842,736	597,026

31 December 2024							
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and deposits with central bank	395,188	-	-	-	-	16,351	411,539
Deposits and placements with banks and other financial institutions	157,948	116,755	230,838	14,063	-	4,955	524,559
Derivative financial assets	-	-	-	-	-	89,590	89,590
Financial assets purchased under resale agreements	18	62,474	657	730	-	-	63,879
Loans and advances to customers	820,522	492,198	1,992,188	1,328,397	620,799	15,056	5,269,160
Financial investments measured at:							
- FVTPL	9,694	11,353	27,600	30,926	23,111	588,335	691,019
- Amortized cost	33,145	34,984	151,053	449,268	639,845	18,343	1,326,638
- FVOCI	5,987	29,534	102,482	379,221	257,251	16,992	791,467
Other financial assets	3,953	-	42,866	-	-	52,053	98,872
Total financial assets	1,426,455	747,298	2,547,684	2,202,605	1,541,006	801,675	9,266,723
Liabilities							
Borrowing from central bank	20,527	33,128	63,346	-	-	1,441	118,442
Deposits and placements from banks and other financial institutions	904,574	123,362	104,714	9,386	6,008	5,897	1,153,941
Financial liabilities measured at FVTPL	-	-	-	-	-	33,172	33,172
Derivative financial liabilities	-	-	-	-	-	78,575	78,575
Financial assets sold under repurchase agreements	434,845	48,739	22,184	-	-	194	505,962
Deposits from customers	2,487,241	547,553	1,035,142	1,076,023	-	83,323	5,229,282
Debt securities issued	120,265	244,524	795,214	94,690	159,273	6,006	1,419,972
Lease liabilities	256	665	1,827	3,199	66	-	6,013
Other financial liabilities	1,153	1,916	923	-	-	52,722	56,714
Total financial liabilities	3,968,861	999,887	2,023,350	1,183,298	165,347	261,330	8,602,073
Total interest repricing gap	(2,542,406)	(252,589)	524,334	1,019,307	1,375,659	540,345	664,650

Note: The above financial assets listed as within one month include overdue amounts as at 31 December 2025 and 31 December 2024 (excluding impairment provisions).

The Group performs sensitivity analysis to measure the potential impact of changes in interest rate on net profit and equity. The following table presents the results of interest rate sensitivity analysis conducted on assets and liabilities as at the reporting date.

	31 December 2025		31 December 2024	
	Interest rate fluctuation (Basis points)		Interest rate fluctuation (Basis points)	
	-100	+100	-100	+100
(Decrease) / increase in net profit	(5,046)	5,046	3,312	(3,312)
Increase / (decrease) in other comprehensive income under equity	22,251	(20,573)	8,213	(7,703)

The above sensitivity analysis was performed on the basis of static characteristics of the interest risk of the assets and liabilities. The analysis only measures the impact of changes in the interest rates within one year, showing how annualised interest income would have been affected by repricing of the Group's assets and liabilities within the one-year period based on the following assumptions:

- Except for current deposits, assets and liabilities, whose maturity dates are within three months or more than three months but will be repricing within one year, are assumed to be re-priced or matured in the middle of each specified period;
- The interest rates of current deposits and statutory deposit reserves with central bank remain unchanged;
- The yield curve moves in parallel with interest rate;
- There are no changes in asset and liability portfolios.

Based on the assumptions, the actual change in net profit caused by changes in interest rates may be different from the sensitivity analysis results.

Based on the assumption of the parallel movement of the yield curve along with interest rate change, the sensitivity analysis of the equity is derived by remeasuring the fair value of debt instruments at fair value through other comprehensive income as a result of changes in interest rate with a certain percentage.

3 Liquidity risk

The Group's liquidity risk management is intended to meet the obligations to serve customers for withdrawal and payment, to achieve the balance between the total amount and structure of assets and liabilities; to reduce the liquidity cost, avoid liquidity crisis of the Group, and to effectively respond to systematic liquidity risk by active management.

The Group has established a relatively complete liquidity risk governance system. The Board of Directors of the bank is responsible for reviewing and approving liquidity risk appetite and material policies and procedures, and bears the ultimate responsibility for managing the liquidity risk. The Board of Supervisors is responsible for supervising the performance of the Board of Directors and the senior management on liquidity risk management. The senior management of the Bank is responsible for developing appropriate liquidity risk management mechanisms, organizational structures, systems and processes, risk limits, key assumptions for stress test, and emergency plans based on the liquidity risk appetite approved by the Board of Directors, to ensure the Bank achieves its management objectives. The Asset and Liability Management Committee of the Bank is responsible for reviewing liquidity risk management strategies, risk limits, key assumptions for stress test, etc. The Asset-Liability and Financial Management Department of the Head Office of the Bank is responsible for drafting liquidity risk management policies and procedures at a group level and leading specific management of the liquidity risk management, such as qualitative and quantitative analysis. Audit Department of the Head Office of the Bank is responsible for the internal audit on liquidity risks independently. The Group has a prudent liquidity risk preference which complies with the regulatory requirements and management requirements of the Group.

The Group's liquidity risk management system comprises mainly regular and contingent management system which includes 10 components, such as policies and strategies, management framework, regulations, management tools, daily operation, stress tests, system construction, risk monitoring, risk report, and emergency management and drilling.

During the reporting period, the Group implemented forward-looking and proactive management of liquidity risk at different levels in accordance with the requirements of the balance in the total amount and structure; it carries out real-time monitoring on daily position accounts in local and foreign currencies, and made centralised allocation of positions in local and foreign currencies; it established a beforehand declaration system for large-amount positions, and established a monitoring mechanism for total liquidity level; it prepared a cash flow gap table on a daily basis, used the gap management method to predict cash flow gap changes in future assets and liabilities' on and off-balance sheet items, and conducted liquidity risk assessments on both internal and external items of the statement of financial position in a timely manner, and in accordance with the liquidity risk policy and risk limit requirements of the Group, adjusted the total amount, structure, and pace of the Group's business development to meet the requirements of liquidity safety through active financing arrangements and asset liability portfolio adjustments.

The following table presents the contractual undiscounted cash flows of the Group's non-derivative financial assets and non-derivative financial liabilities by remaining maturity. The actual remaining maturities of these financial instruments may differ materially from the analysis presented below. For instance, while demand deposits are classified as repayable on demand in the table, they are expected to maintain stable or even growing balances.

31 December 2025									
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	130,410	-	-	-	-	-	-	292,357	422,767
Deposits and placements with banks and other financial institutions	87,825	67,286	119,385	190,021	120,558	281	-	-	585,356
Financial assets purchased under resale agreements	-	53,455	2,573	300	-	-	-	-	56,328
Loans and advances to customers	-	581,231	610,661	1,529,175	1,997,216	1,561,208	107,370	-	6,386,861
Financial investments measured at:									
- FVTPL	574,207	6,821	50,892	69,881	78,064	16,687	2,372	29,133	828,057
- Amortized cost	-	10,077	34,438	167,141	582,378	665,800	25,265	-	1,485,099
- FVOCI	-	10,250	33,458	105,546	486,813	395,103	2,875	11,464	1,045,509
Other financial assets	55,527	-	-	-	-	-	8,760	49,234	113,521
Total financial assets	847,969	729,120	851,407	2,062,064	3,265,029	2,639,079	146,642	382,188	10,923,498
Liabilities									
Borrowing from central bank	-	1,127	22,479	116,957	-	-	-	-	140,563
Deposits and placements from banks and other financial institutions	681,859	264,662	263,025	440,309	12,507	2,723	-	-	1,665,085
Financial liabilities held for trading	6,369	2,740	6,521	50,129	-	-	-	1,104	66,863
Financial assets sold under repurchase agreements	-	237,601	36,862	30,672	-	4,638	-	-	309,773
Deposits from customers	2,112,798	486,332	543,933	1,087,538	1,567,863	-	-	-	5,798,464
Debt securities issued	-	174,156	246,942	463,216	164,140	132,823	-	-	1,181,277
Lease liabilities	-	237	370	1,703	3,025	17	-	-	5,352
Other financial liabilities	42,529	351	803	1,529	826	673	-	-	46,711
Total financial liabilities	2,843,555	1,167,206	1,120,935	2,192,053	1,748,361	140,874	-	1,104	9,214,088
Net liquidity	(1,995,586)	(438,086)	(269,528)	(129,989)	1,516,668	2,498,205	146,642	381,084	1,709,410
Cash flows of derivative financial instruments									
Derivative financial instruments on a net settlement basis	-	6,607	(1,062)	3,796	(1,055)	9	-	-	8,295
Derivative financial instruments on a gross settlement basis	-	(786)	397	(443)	142	-	-	-	(690)
Including: Cash inflow	-	483,745	411,729	556,533	53,024	-	-	-	1,505,031
Cash outflow	-	484,531	411,332	556,976	52,882	-	-	-	1,505,721
Credit commitments	627,393	225,807	357,970	717,212	76,148	124,808	-	-	2,129,338

31 December 2024									
	Repayable on demand	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Overdue	No maturity	Total
Assets									
Cash and deposits with central bank	112,755	-	-	-	-	-	-	298,784	411,539
Deposits and placements with banks and other financial institutions	66,153	95,333	127,627	255,729	35,056	-	-	-	579,898
Financial assets purchased under resale agreements	-	62,616	676	758	-	-	-	-	64,050
Loans and advances to customers	-	770,144	444,330	1,540,511	1,544,195	1,587,159	110,896	-	5,997,235
Financial investments measured at:									
- FVTPL	564,849	1,930	12,136	30,272	35,520	25,010	2,715	26,524	698,956
- Amortized cost	-	25,609	42,381	182,394	571,848	741,828	28,683	-	1,592,743
- FVOCI	-	7,145	32,412	117,902	426,311	268,119	4,498	9,029	865,416
Other financial assets	55,136	-	-	-	-	-	8,524	42,953	106,613
Total financial assets	798,893	962,777	659,562	2,127,566	2,612,930	2,622,116	155,316	377,290	10,316,450
Liabilities									
Borrowing from central bank	-	21,043	33,942	64,624	-	-	-	-	119,609
Deposits and placements from banks and other financial institutions	748,206	160,927	125,346	108,473	10,613	7,933	-	-	1,161,498
Financial liabilities held for trading	5,185	2,543	24,826	-	-	618	-	-	33,172
Financial assets sold under repurchase agreements	-	436,126	49,055	22,352	-	-	-	-	507,533
Deposits from customers	2,066,194	438,856	564,614	1,083,600	1,219,231	-	-	-	5,372,495
Debt securities issued	-	122,383	249,650	802,894	120,355	283,483	-	-	1,578,765
Lease liabilities	-	256	411	1,863	3,705	83	-	-	6,318
Other financial liabilities	53,268	661	2,143	1,587	1,042	515	-	-	59,216
Total financial liabilities	2,872,853	1,182,795	1,049,987	2,085,393	1,354,946	292,632	-	-	8,838,606
Net liquidity	(2,073,960)	(220,018)	(390,425)	42,173	1,257,984	2,329,484	155,316	377,290	1,477,844
Cash flows of derivative financial instruments									
Derivative financial instruments on a net settlement basis	-	(1,960)	411	4,537	(3,334)	(10)	-	-	(356)
Derivative financial instruments on a gross settlement basis	-	(4,082)	(327)	2,743	746	-	-	-	(920)
Including: Cash inflow	-	329,042	267,708	939,199	72,042	-	-	-	1,607,991
Cash outflow	-	333,124	268,035	936,456	71,296	-	-	-	1,608,911
Credit commitments	609,984	187,655	305,753	620,412	86,599	175,063	-	-	1,985,466

4 Fair value of financial instruments

(1) Fair value hierarchy

According to the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement, the levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities. The financial instruments of this level include listed equity securities, debt instruments and open-end fund investments;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities. The financial instruments of this level include most Over-the-Counter ("OTC") derivatives and bonds. The sources of the yield curve or counterparty credit risk input value parameters are Thomson Reuters, Bloomberg and ChinaBond.com.
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities. The financial instruments of this level include equity instruments and debt instruments with significant non-observable components.

(2) Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value in the statement of financial position mainly include: deposits with central banks, deposits and placements with banks and other financial institutions, financial assets purchased under resale agreements, loans and advances to customers (measured at amortized cost), financial investment measured at amortized cost, borrowing from central bank, deposits and placements from banks and other financial institutions, financial assets sold under repurchase agreements, deposits from customers, lease liabilities and debt securities issued.

The book value and corresponding fair value of financial investment not measured at fair value (financial investment measured at amortized cost) and bonds issued as at the financial statement date are listed in the following table.

31 December 2025					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Financial investment measured at amortized cost	1,250,256	1,749	1,159,701	114,440	1,275,890
Financial liabilities:					
Debt securities issued	1,140,416	38,987	1,100,601	-	1,139,588

31 December 2024					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Financial investment measured at amortized cost	1,326,638	15,650	1,256,618	109,788	1,382,056
Financial liabilities:					
Debt securities issued	1,419,972	54,497	1,375,798	-	1,430,295

(i) Financial investment measured at amortized cost

The fair value of financial investments measured at amortized cost is based on market quotes, and therefore belongs to the first level. If the relevant market information of financial investments measured at amortized cost cannot be obtained, then the discounted cash flow model is used for the valuation of fair value, which belongs to Level 3. Where applicable, the fair value of financial investments measured at amortized cost are determined with reference to the valuation results of China Central Depository & Clearing Co., Ltd., China Securities Index Co., Ltd. or Bloomberg, which belongs to Level 2.

(ii) Debt securities issued

The fair value of bonds issued is based on public quotes on the market. For bonds that cannot be quoted in the market, the fair value is determined by the discounted cash flow method and is based on the actual return rate matching the remaining maturity of the bond.

In addition to the above financial assets and financial liabilities, the fair value of other financial assets and financial liabilities that are not

measured at fair value in the statement of financial position are determined with the discounted future cash flow method. There is no significant difference between their book value and fair value because these financial instruments have a shorter duration, or their interest rates fluctuate with market interest rates.

(3) Assets and liabilities measured at fair value on a recurring basis

The Group's assets and liabilities measured at fair value on a recurring basis are presented in the following three levels:

	31 December 2025			Total
	Level 1	Level 2	Level 3	
Financial investments:				
Financial investments measured at FVTPL				
- Fund investments	495,437	1	3,122	498,560
- Bond investments	-	152,716	814	153,530
- Beneficiary certificates of securities companies	-	49,749	-	49,749
- Equity investments	2,355	-	14,358	16,713
- ABS	-	4,761	-	4,761
- Interbank certificates of deposit	-	912	-	912
- Other investments in structured entities	57,263	9,339	30,121	96,723
Financial investments measured at FVOCI				
- Bond investments	10,130	798,296	-	808,426
- ABS	221	46,473	-	46,694
- Interbank certificates of deposit	688	15,383	-	16,071
- Repossessed equity instruments	1	-	1,416	1,417
- Other investments	463	-	9,584	10,047
Loans and advances to customers:				
Loans and advances to customers measured at FVOCI				
- Discounted bills	-	185,761	-	185,761
- Corporate loans and advances	-	9,302	-	9,302
Loans and advances to customers measured at FVTPL				
- Corporate loans and advances	-	3,633	1,601	5,234
- Discounted bills	-	1,293	-	1,293
Derivative financial assets	-	93,440	-	93,440
Total financial assets	566,558	1,371,059	61,016	1,998,633
Derivative financial liabilities	-	81,292	-	81,292
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	-	56,965	-	56,965
- Financial liabilities related to precious metals	-	6,369	-	6,369
- Interest of other unit holders in consolidated structured entities	-	2,425	1,104	3,529
Deposits from customers	-	3,777	-	3,777
Total financial liabilities	-	150,828	1,104	151,932

	31 December 2024			Total
	Level 1	Level 2	Level 3	
Financial investments:				
Financial investments measured at FVTPL				
- Fund investments	482,620	712	2,149	485,481
- Bond investments	3,411	63,974	1,156	68,541
- Equity investments	1,748	-	15,520	17,268
- Beneficiary certificates of securities companies	-	11,913	-	11,913
- Trust and asset management plans	-	8,672	1,139	9,811
- Interbank certificates of deposit	-	8,579	-	8,579
- ABS	-	2,216	6	2,222
- Other investments	79,841	2,154	5,209	87,204
Financial investments measured at FVOCI				
- Bond investments	71,814	652,053	-	723,867
- Interbank certificates of deposit	2,308	29,113	-	31,421
- ABS	540	19,120	-	19,660
- Repossessed equity instruments	1	-	1,405	1,406
- Trust and asset management plans	-	-	16	16
- Other investments	251	-	7,372	7,623
Loans and advances to customers measured at:				
FVOCI				
- Discounted bills	-	321,964	-	321,964
- Corporate loans and advances	-	9,048	-	9,048
FVTPL				
- Corporate loans and advances	-	553	2,130	2,683
- Discounted bills	-	850	-	850
Derivative financial assets	-	89,590	-	89,590
Total financial assets	642,534	1,220,511	36,102	1,899,147
Derivative financial liabilities	-	78,575	-	78,575
Financial liabilities measured at FVTPL				
- Financial liabilities associated with bonds	805	23,982	-	24,787
- Financial liabilities related to precious metals	-	5,185	-	5,185
- Interest of other unit holders in consolidated structured entities	-	2,582	618	3,200
Deposits from customers	-	5,222	-	5,222
Total financial liabilities	805	115,546	618	116,969

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels this year.

(i) Level 2 Financial Instruments

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined using valuation techniques. Valuation techniques use observable market data (if any) as much as possible, and rely as little as possible on the entity's specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable data, the financial instrument is included in level 2. If one or more significant inputs are not based on observable market data, the financial instrument is included in level 3.

The financial instruments classified by the Group as level 2 mainly include bonds, foreign exchange forwards and swaps, interest rate swaps and foreign exchange options. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Foreign exchange forwards and swaps, interest rate swaps, foreign exchange options are valued using discounted cash flow method and the Blair-Scholes model. All significant valuation parameters are obtained from observable market information.

(ii) Level 3 Financial Instruments

The changes in the Group's Level 3 assets and liabilities as follows:

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Loans and advances to customers measured at FVTPL	Financial liabilities measured at FVTPL	Total
1 January 2025	25,179	8,793	2,130	(618)	35,484
Additions	27,795	1,851	1,447	(486)	30,607
Disposals and settlements	(4,222)	(20)	(2,061)	-	(6,303)
Total gains / (losses) recorded in profit or loss	(337)	-	85	-	(252)
Total gains recorded in other comprehensive income	-	376	-	-	376
31 December 2025	48,415	11,000	1,601	(1,104)	59,912
Unrealized gains or losses recognized in profit or loss for the year ended 31 December 2025 for the positions held at 31 December 2025	58	-	13	-	71

	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Loans and advances to customers measured at FVTPL	Financial liabilities measured at FVTPL	Total
1 January 2024	31,348	6,749	1,849	(558)	39,388
Additions	1,505	251	1,976	-	3,732
Disposals and settlements	(7,762)	(4)	(1,789)	59	(9,496)
Total gains / (losses) recorded in profit or loss	88	-	94	(119)	63
Total gains recorded in other comprehensive income	-	1,797	-	-	1,797
31 December 2024	25,179	8,793	2,130	(618)	35,484
Unrealized gains or losses recognized in profit or loss for the year ended 31 December 2024 for the positions held at 31 December 2024	(1,024)	-	21	(32)	(1,035)

The relevant information of Level 3 of fair value measurement using important unobservable input values is as follows:

31 December 2025	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial investments measured at FVTPL			
- Fund investments	3,122	Market approach	Liquidity discount
- Bond investments	814	Income approach	Discount rate
- Equity investments	12,529	Net asset based method	Liquidity discount
	1,829	Market approach	Liquidity discount
- Other investments in structured entities	23,588	Net asset based method	Liquidity discount
	5,321	Market approach	Liquidity discount
	1,212	Income approach	Discount rate
Total	48,415		
Financial investments measured at FVOCI			
- Other equity investments	7,150	Net asset based method	Liquidity discount
	2,302	Market approach	Liquidity discount
	132	Income approach	Discount rate
- Repossessed equity instruments	962	Market approach	Liquidity discount
	454	Net asset based method	Liquidity discount
Total	11,000		
Loans and advances to customers measured at FVOCI			
- Corporate loans and advances	1,601	Income approach	Credit spread
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	1,104	Note 1	Note 1

31 December 2024	Fair value	Valuation method	Unobservable inputs
Financial investment:			
Financial investments measured at FVTPL			
- Fund investments	2,149	Market approach	Liquidity discount
- Bond investments	1,156	Income approach	Discount rate
- Equity investments	13,716	Net asset based method	Liquidity discount
	1,804	Market approach	Liquidity discount
- ABS	6	Income approach	Discount rate
- Other investments in structured entities	5,209	Market approach	Liquidity discount
	1,139	Income approach	Discount rate
Total	25,179		
Financial investments measured at FVOCI			
- Other investments	5,378	Net asset based method	Liquidity discount
	1,874	Market approach	Liquidity discount
	120	Income approach	Discount rate
- Repossessed equity instruments	953	Market approach	Liquidity discount
	448	Net asset based method	Liquidity discount
	4	Income approach	Discount rate
- Trust and asset management plan	16	Income approach	Discount rate
Total	8,793		
Loans and advances to customers			
- Corporate loans and advances	2,130	Income approach	Credit spread
Financial liabilities measured at FVTPL			
- Interest of other unit holders in consolidated structured entities	618	Note 1	Note 1

Note1: The fair value of the interest of other unit holders in consolidated structured entities is the amount attributable to the investors of the structured entity based on the net value of the structured entity.

5 Offsetting of financial assets and financial liabilities

Some financial assets and financial liabilities in the Group follow executable net amount settlement arrangements or similar agreements. Such arrangements with the Group and counterparties normally allow the net amount settlement under agreements of both parties. If no agreement is reached, it would be settled in full amount. But one party could choose to settle in net amount under the condition that the other party violates the agreement. According to the relevant requirements of the Accounting Standards, the Group did not offset these financial assets and financial liabilities.

As at 31 December 2025, the amount of the Group's financial assets and financial liabilities following executable net amount settlement arrangements or similar agreements is not significant.

6 Capital management

The objectives of the Group's capital management are to:

- (1) Satisfy regulatory requirements for capital adequacy ratio on an ongoing basis, ensure operational compliance to ultimately optimize capital stock and structure.
- (2) Ensure adequate capital for resisting corresponding risks, realize the operational safety, and keep capital at an adequate and reasonable level.
- (3) Establish a capital allocation and management system that focuses on economic capital, optimize the resource allocation and management control mechanism at the Group level, achieve capital intensive management to ultimately maximise shareholders' value.

The Group manages its capital structure and adjusts it based on the changes in economic condition and the risk characteristics. Generally, the mechanism of adjusting the capital structure comprises dividend distribution policies and issuance of additional capital instruments such as tier 1 capital instruments and tier 2 capital instruments, etc.

As at 31 December 2025, commercial banks in China should meet the minimum requirements for capital adequacy ratio set out in the Administrative Measures on the Capital of Commercial Banks which required the capital adequacy ratio of CET1 shall not be less than 7.5%, capital adequacy ratio of tier 1 capital shall not be less than 8.5% and capital adequacy ratio shall not be less than 10.5%.

In addition, the PBOC and related regulatory departments have formulated "Measures for the Assessment of Systemically Important Banks" and the "Additional Regulatory Rules for Systemically Important Banks (for Trial Implementation)". According to the above provisions, systemically important banks shall meet certain additional capital requirements in addition to minimum capital requirements, reserve capital and counter-cyclical capital requirements, which are satisfied by CET1. Systemically important banks are divided into five groups, and the additional capital requirements of 0.25%, 0.5%, 0.75%, 1% and 1.5% shall apply to the banks in Group I to Group V respectively. According to the List of Domestic Systemically Important Banks most recently issued by the PBOC and the NFRA, the Bank was identified as systemically important banks in Group II. Therefore, after considering the additional capital requirements of systemically important banks, the Group should meet the minimum requirement of 8% of CET1 adequacy, 9% of tier 1 capital adequacy and 11% of capital adequacy.

As at December 31, 2025, the Group's CET1 ratio, tier 1 capital ratio, and capital ratio all meet the requirements of the "Rules on Capital Management of Commercial Banks" and other relevant regulations.

IX ASSET PLEDGED AS COLLATERAL

Certain assets of the Group are pledged as collateral for financial liabilities, and the analysis of these assets are as follows:

	31 December 2025	31 December 2024
Financial investments	672,653	712,451
Bills	7,930	154,078
Deposits with banks and other financial institutions	8,117	9,056
Loans	658	1,045
Total	689,358	876,630

Apart from the aforementioned collaterals and the Group's assets for operating leases, the amount of assets with restricted ownership or usage due to pledges, seizures, freezes, or detentions was not significant as the end of 2025 (at the end of 2024: not significant).

X EVENTS AFTER THE REPORTING DATE

1 Profit distribution plan

The Bank convened the meeting of the Board of Directors on 27 March 2026, approved the profit distribution plan for 2025 and submitted it to the Annual General Meeting for consideration and approval.

XI COMPARATIVE FIGURES

In order to be consistent with the presentation of financial statements for the current year, a number of comparative figures have been reclassified.